



D365 Payroll Setup and Configuration Guide

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1 App Description

For anyone responsible for payroll runs who wants to simplify the process, D365 Payroll for Dynamics 365 for Financials is a complete payroll solution that is easy to set up and use. D365 Payroll helps you pay and manage hourly and salary-based employees.

Simple setup – D365 Payroll seamlessly integrates with Dynamics 365 for Financials. No need to involve your tech support guy.

Perfect for your company – D365 Payroll grows with your company with support for hourly and salaried staff with multiple pay-period options to choose.

Save time – D365 Payroll enables you to track your employee time and payroll information including pay rates and pay types all in one easy-to-use add-in.



Note: A valid Microsoft Dynamics 365 User License is required.

2 Configuration

The following sections describe the various configuration tasks required to set up D365 Payroll.

This App leverages Dynamics 365 Employees and Dynamics 365 Time sheets. In order to access these pages the User Experience Level must be set to "Suite" on the Company Information Page. The Payroll Setup wizard will attempt to change this for you, if the person running the setup has the appropriate permission. Without this setting you will not be able to access Employees in Dynamics 365 for Financials, and consequently won't be able to configure their payroll information, or run payroll for employees.

2.1 Payroll Setup Wizard

The payroll setup wizard will guide you through configuring payroll for the first time. It must be run before configuring anything else.

In this wizard you will configure which bank account to use, which G/L accounts to post with, hourly pay codes (if any), and typical payment and payroll run settings. Employee specific details must be setup individually after the payroll setup wizard is complete.

You can start the wizard in a few different ways:

1. If this is a first-time D365 Payroll setup, a notification will appear on your Role Center page, as well as on all D365 Payroll pages. Select "Click Here to Setup" in the notification to launch the Payroll Setup Wizard.
2. Or, in the assisted setup, choose "Set Up D365 Payroll"
3. Or, navigate to "Payroll Setup Wizard" in the search bar.

2.1.1 Terms and Conditions

To begin the setup, agree to the Terms and Conditions, and enable the checkbox before choosing "Next".

If this is your first time with D365 Payroll, or have otherwise not previously registered then choose 'I need to sign up for a new account'.

If your company already has an account, choose 'I already have an account', and enter the account Registration Code (values for External Reference, User, and Password aren't required). If you aren't sure what these values should be, contact support and they will help provide the details.

Choose Next to continue.

2.1.2 Payroll Run Default Settings

Payroll Run default settings are configured next. These values are used for employees have not been configured for D365 Payroll.

To change the default Payroll Run settings later, go to the Payroll Service Setup page, or run the Payroll Setup Wizard again. To change Payroll settings for an employee later, select an employee from the Employees page, and go to the Payroll FastTab.

The following table lists each setup question, and its description.

Setup Question	Description
When are your employees typically paid?	Refers to Payment Frequency. Choose the time interval that the company employees are paid at. Options include Monthly, Semi-Monthly, Bi-Weekly, and Weekly.
How many pay periods do you typically have?	Refers to Pay Periods Per Year. This value changes when you set the Payment Frequency. Additional values are available by choosing the More button, and selecting a different value.
Are they mostly salaried or hourly?	Refers to Default Pay Type. Choose a Pay Type based on how employees are usually compensated. Options include Fixed Salary, and By Hours. If your employees are salaried then you must enter their salary information on the Employee Card. If your employees are hourly then you must enter the rates either at the employee level, or at the hourly paycode level.
How are they typically paid?	Refers to the default Bank Payment Type. Choose a value based on what method is used for paying most employees. Options include Computer Check, Manual Check, Electronic Payment, and Electronic Payment-IAT. Electronic Payment-IAT can be used for workers with international bank accounts, such as employees from the USA.
What payment method should be used?	Refers to Payment Method Code. This value is used when transferring payroll details to the Payment Journal. Options include all Payment Method Codes available for your company, which may include codes for cash, cheque, and bank transfers. Choose a Payment Method that will work with the default Bank Payment type.

Who usually approves time sheets?	Refers to Time Sheet Approver User ID. Assign a value based on the User that will usually be approving time that will be used in the payroll worksheet.
Will all your employees be set up?	<p>Refers to Auto Employee Setup. Choose 'All My employees' to have D365Payroll attempt to help maintain some basic records such as the Resource, Vendor, and stubbed Vendor Bank Account for the employee.</p> <p>If your company has process requirements to document each step or perform each step manually, then choose 'Manual Configuration'.</p> <p>For more details, see Payroll Service Setup</p>

Table 1 Payroll Run default settings

Choose Next to continue.

2.1.3 Hourly Payroll Codes

The next page enables you to set Payroll Codes for hourly employees. To modify an existing paycode, select the row, and edit values for Work Type Code, Paycode, Default Rate, Rate Overrides, and Show in Worksheet, which lets you choose how it is displayed on the Payroll Worksheet page.

To create a new Payroll Code, choose an empty row, and enter new values for the record. For more details, see Hourly Paycodes.

Choose Next to continue.

2.1.4 Accounts and Deductions

G/L account, Bank account, and Deduction settings are shown next.

Field	Description
Pay From Bank No.	<p>Choose the bank account to pay your employees from.</p> <p>This is mandatory information, and will be used on the Payroll Worksheet to estimate net balance, and will be used on the Payment Journal as the bank account to pay from.</p> <p>Important: When you change the Pay From Bank No., then it will also change the Bank on the Payroll associated General Journal Batch.</p>
Wage Expense Account No.	Choose the wage payroll expense account that wage expenses should be recorded against.
Accrual Account No.	Choose the wage liability account. Note that this must match the account defined for the vendor

	posting group that is defined on the employee associated vendors. When you change this value, the default Payroll vendor posting group will automatically get updated.
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Standard deductions in Canada are automatically created. Each deduction can have an expense account and liability account defined.

For more information, see Deductions.

Choose "Next" to continue.

2.1.5 Confirmation

The final page of the Payroll Setup Wizard displays a message confirming that the setup process is complete, and that you need to configure Payroll details for all employees on the first Payroll Run.

Choose Finish to close the wizard.

2.2 Payroll Service Setup

If you want to configure D365 Payroll manually, navigate to the Payroll Service Setup page. From there, you can define the same settings that are set by using the Payroll Setup Wizard, in addition to advanced settings not included in the wizard.

To start the Payroll Service Setup, search for "Payroll Service Setup".

2.2.1 Payroll Setup

The Payroll Setup FastTab contains the main settings for D365 Payroll. These include the default settings applied to new employees. To change Payroll settings for an individual employee, go to the Employees page, and choose an Employee. On the Employee Card page, define new settings under the Payroll FastTab.

The table below lists each field, and its description.

Field	Description
Default Pay Frequency	Refers to the pay frequency that applies to most employees. Options include Monthly, Semi-Monthly, Bi-Weekly, and Weekly. This value determines the available options for Pay Periods Per Year.
Pay Periods Per Year	Refers to how many payroll runs occur per year for most employees. This value is used to calculate Pay Periods for Payroll Runs. Options are based on the value of Default Pay Frequency. For example, a Default Pay Frequency of Bi-Weekly enables you to choose either 26 or 27 Pay Periods Per Year.

Default Pay Type	Indicates how most employees are paid. Options include Fixed Salary, and By Hours.
Auto Employee Setup	Indicates how Payroll Setup options are applied to new employees. If the value is set to 'All My Employees', then all new employees will have their Payroll settings set to the default values. Vendor and Resource records will also be automatically generated for new employees. If the value is set to 'Manual Configuration', then each employee must have their Payroll settings configured individually. For more information, see Employee Configuration.
Payment Method Code	Refers to the method of payment used for most employees. This value is used for Journal and Ledger entries. Options include all Payment Method Codes available for your company, which may include codes for cash, cheque, and bank transfers.
Vendor Config Template	Indicates which Vendor configuration template will be used to generate Vendor records for employees, if Auto Employee Setup is set to 'All My Employees'. A default vendor configuration template called 'VPAYROLL' is automatically created.
Bank Payment Type	Refers to the form of payment used for most employees. This value is used in Payroll Runs to check if payment requirements have been met for the employee, before posting is allowed. Options include Computer Check, Manual Check, Electronic Payment, and Electronic Payment-IAT. Electronic Payment-IAT can be used for workers with international bank accounts, such as employees from the USA.

Table 2 Payroll Setup settings

2.2.2 Posting

The Posting FastTab contains settings used by D365 Payroll when it posts Journal entries to the General Ledger. Also included are settings for handling Dimensions.

The table below lists each field, and its description.

Field	Description
Pay From Bank No.	Choose the bank account to pay your employees from. This is mandatory information, and will be used on the Payroll Worksheet to estimate net balance, and will be used on the Payment Journal as the bank account to pay from.

	<p>Important: When you change the Pay From Bank No., then it will also change the Bank on the Payroll associated General Journal Batch.</p>
Payment G/L Template Name	<p>Choose the payment journal template to use, to choose the payment journal batch with.</p> <p>The default is 'PAYMENT'.</p>
Payment G/L Batch Name	<p>Refers to the Payment Journal Batch used to transfer employee payment to.</p> <p>The payment batch chosen must match the same bank account that is chosen on the Pay From Bank No.</p> <p>A journal called 'PAYROLL' is created automatically, but if you prefer to use a different journal, change to that journal here.</p>
G/L Template Name	<p>Indicates the General Journal Template used to filter the G/L Batch Name.</p> <p>The default is 'GENERAL'.</p>
G/L Batch Name	<p>Indicates the General Journal Batch used to identify all Payroll expense and liability entries (such as wage expenses, a breakdown of CPP, EI, etc....).</p> <p>A default general journal called 'PAYROLL' is created automatically, but is not mandatory to use.</p>
Payment Journal Posting Dimension Behavior	<p>Refers to how D365 Payroll treats Dimensions when transferring entries to the Payment Journal.</p> <p>Choose 'Copy From Paystub' to instruct D365 Payroll to copy dimension from their paystub to the Payment Journal.</p> <p>Choose 'Default' to instruct D365 Payroll not to copy Dimensions from paystubs. The default Dimension handling process for Dynamics 365 for Financials is used instead.</p> <p>For more information, see Dimensions.</p>
Detail Dimension Behavior	<p>Refers to how D365 Payroll treats dimensions when creating detailed income and deduction entries on the paystub.</p> <p>Choose 'Use Type Setup' to use the Dimensions from the Deduction Type or Hourly Paycode Type when creating the detailed entries for Income and Deductions.</p> <p>Choose 'Use Paystub' to copy Dimensions from the Paystub, rather than from the type.</p> <p>For more information, see Dimensions.</p>

Detail Post Dim Behavior	<p>Refers to how D365 Payroll treats Dimensions when transferring to the General Journal.</p> <p>Choose 'Default' to indicate that no Dimensions will be copied from Income details or Deduction details.</p> <p>The default Dimension behavior for Dynamics 365 for Financials is used instead.</p> <p>Choose 'Use Detail' to copy Dimensions from the Income and Deduction from the Paystub. This will affect how many records get created in the general journal, as values are grouped differently for each setting.</p> <p>For more information, see Dimensions.</p>
Wage Expense Account No.	Indicates the G/L account that wages are recorded against.
Wage Expense Account Name	Indicates the name of the G/L account set for the Wage Expense Account No. field.
Accrual Account No.	Indicates the G/L account used to record payments against. Changing this value will attempt to automatically change the account defined in the 'PAYROLL' vendor posting group.
Accrual Account Name	Indicates the name of the G/L account set for the Accrual Account No. field.

Table 3 Posting settings

2.2.3 Service Connectivity

The Service Connectivity FastTab contains settings related to your connection to an online Payroll provider.

The table below lists each field, and its description.

Field	Description
Provider Name	<p>Refers to the name of the Payroll provider. Currently, this field can only be set in the Payroll Setup Wizard, and only D365 Payroll is supported.</p> <p>Do not change this value unless instructed by support.</p>
Service URL Base	<p>Indicates the location of the remote service that calculates taxes. It is set during the Payroll Setup Wizard process.</p> <p>Do not change this value unless instructed by support.</p>
Quebec Service URL Base	Indicates is the location of the service that calculates taxes for Quebec. This is set during the Payroll Setup Wizard process.

	Do not change this value unless instructed by support.
Process Payroll URL	Do not change this value unless instructed by support.
External Reference	Do not change this value unless instructed by support.
Time Sheet Approver User ID	Indicates the default User who is responsible for approving time sheets. This will be set as the approver user id for any new resources that are automatically created.

Table 4 Service Connectivity settings

2.2.4 Credentials

The Credentials FastTab contains fields for providing authentication information for an external Payroll provider.

The table below lists each field, and its description.

Field	Description
Name (Primary)	Refers to the Username of the primary user of the external Payroll provider. Do not change this value unless instructed by support.
Password (Primary)	Refers to the Password for the primary user of the external Payroll provider. Do not change this value unless instructed by support.
Name (Secondary)	Refers to the Username of the secondary user of the external Payroll provider. Do not change this value unless instructed by support.
Password (Secondary)	Refers to the Password for the secondary user of the external Payroll provider. Do not change this value unless instructed by support.
Primary Token	Refers to the access token for the service. Do not change this value unless instructed by support.
Secondary Token	Refers to the access token for the service. Do not change this value unless instructed by support.

Table 5 Credentials settings

2.2.5 Advanced

The Advanced FastTab contains settings available for troubleshooting and support with Insight Works support professionals.

Do not change these values unless you have been directed to by a support team.

The table below lists each field, and its description.

Field	Description
Provider ID	Indicates the chosen Payroll Provider. Only D365 Payroll is supported right now. It is recommended to complete the Payroll Setup Wizard to have this field set automatically. Do not change this value unless instructed by support.
Provider Event Suffix	For advanced support usage. Do not change this value unless instructed by support.
Provider Name	Do not change this value unless instructed by support.
Credential 1 Key	Do not change this value unless instructed by support.
Credential 2 Key	Do not change this value unless instructed by support.
Token Key	Do not change this value unless instructed by support.
Secondary Token Key	Do not change this value unless instructed by support.
Registration ID	If you have an existing Registration ID, it can be entered here or in the Payroll Setup Wizard.
Last Registration Check	Indicates the last time the Registration Status was checked.
Last Registration Status	Indicates the last known Registration Status.
Registration Base URL	Refers to the location of the D365 Registration remote service. This is set during the Payroll Setup Wizard process. Do not change this value unless instructed by support. Changing this value without assistance may make your payroll worksheet inoperable.

Table 6 Advanced settings

2.3 Employee Configuration

It is mandatory to complete the Payroll Setup Wizard before configuring employee payroll configuration information. Refer to the Dynamics 365 documentation "How to Register Employees" (<https://docs.microsoft.com/en-CA/dynamics365/financials/hr-how-register-employees>) for basic employee setup.

To configure an employee for D365 Payroll:

1. Navigate to the Employee List page.

2. Select an employee, and choose the 'Edit' action.
3. The Employee Card will open, which displays various details for the chosen employee.

For the Employee record to be compatible with D365 Payroll, ensure the following conditions are met:

Field	Description
First Name	Mandatory
Last Name	Mandatory
Address	Mandatory
Email (or Private E-Mail)	Recommended
Birth Date	Mandatory for tax calculations.
Employment Date	Mandatory
Postal/ZIP Code	Mandatory
Province	Mandatory
Phone (or Private Phone No.)	Recommended
Social Insurance No. / Social Security No.	Recommended
Status	Must be 'Active'
Resource No.	<p>Mandatory.</p> <p>If the Payroll Service Setup is set to automatically configure employees, then a resource will automatically be created and defined here.</p> <p>If you are not using the automatic feature, then you must manually create a resource, and associate that resource here.</p>
Pay Frequency	Mandatory
Pay Periods Per Year	Mandatory
Pay Type	<p>Mandatory.</p> <p>If Pay Type is Fixed Salary, refer to Salaried Employee Configuration</p> <p>If Pay Type is Hourly, refer to Hourly Employee Configuration</p>

Bank Payment Type	<p>Mandatory.</p> <p>If Bank Payment Type is set to 'Electronic Payment' or 'Electronic Payment-IAT', then a vendor bank account for the employee is required. To specify bank account information, choose the Bank Account action in the Navigate tab. This action is also available in the Home tab of the Employees page.</p>
Payment Method Code	Mandatory.
Employment Province	<p>Mandatory.</p> <p>If the employee is not an employee of Canada, choose 'NR' for Non-Resident, this value cannot be left blank.</p>
TD1 Claim Code	<p>Mandatory.</p> <p>The Federal TD1 code for this employee.</p>
TD1P Claim Code	<p>Mandatory.</p> <p>The Provincial TD1P code for this employee.</p>
Vendor No.	<p>Mandatory.</p> <p>This is the vendor that will be used on the payment journal when you pay your employees.</p> <p>If the Payroll Service Setup is configured to have automatic employee configuration then this will automatically be defined.</p>
CPP / QPP Deduction	<p>By default set to 'Deduct'</p> <p>If the employee is exempt from CPP deductions, then choose 'Do not deduct'</p>
EI Deduction	<p>By default set to 'Deduct'.</p> <p>If the employee is exempt from EI deductions, then choose 'Do not deduct'</p>
PPIP QPIP	<p>By default set to 'Do not deduct'.</p> <p>Set to 'Deduct' if you need to deduct PPIP and QPIP entries.</p>
Specific Hourly Rates	<p>Optional.</p> <p>A count of any specific hourly rates defined for this employee.</p> <p>This is only needed for employees configured as hourly.</p> <p>If no specific rates are defined for an hourly employee, then the default rate for the paycode will be used instead.</p>

	Use the 'Hourly Rates' action to define hourly rates.
Annual Taxable Income	Mandatory for salaried employees, define this to be their yearly salary. Their Gross Pay Per Salary Period will automatically be updated when you change this value.
Gross Pay Per Salary Period	Mandatory for salaried employees, define this to be their gross pay per salary period. Their Annual Taxable Income will automatically be updated when you change this value.
Salary Hours Per Period	Informational only.

Table 7 Employee Fields

2.3.1.1 *Validate for Payroll*

The "Validate for Payroll" action will attempt to do an initial validation against minimum required setup fields for an employee.

2.3.1.2 *Hourly Rates*

The hourly rates action will start a configuration page to allow you to define specific rates for paycodes for an hourly employee.

2.3.1.3 *Bank Account*

This will open the payroll bank account for the employee.

The bank account is connected to the vendor that is associated with the employee.

If your payroll service setup has automatic employee configuration then your vendor and a stubbed bank account will be created. A bank account is necessary to pay an employee electronically.

2.3.1.4 *Change Year To Date*

This will allow you to view current year to date totals for a given employee (not including any in-progress stubs). If you are migrating your payroll configuration this will allow you to enter current Year to Date totals from your previous system.

2.3.2 Hourly Employee Configuration

To configure an hourly employee:

1. Navigate to the Employee's card page, and edit the employee.
2. Scroll to the Payroll FastTab.
3. Set the Pay Type to 'By Hours'.
4. Optionally set any specific rates with the "Hourly Rates" action.

If no specific hourly rates are defined for an employee, then the default hourly rate for the paycode will be used when calculating gross wages.

2.3.3 Time Capture for Hourly Employees

Time capture for hourly employees can be performed using the Time Sheets feature of Dynamics 365 for Financials, or by manually entering hours for an employee on the Payroll Worksheet page.

To configure Time Sheets for a resource, refer to the Microsoft Documentation for Dynamics 365 for Financials "How to Setup Time Sheets" (<https://docs.microsoft.com/en-CA/dynamics365/financials/projects-how-setup-time-sheets>).

When you use the Payroll Worksheet to get hours from timesheets the following rules apply:

1. Only approved hours will be used.
2. Only hours for resources associated with employees that are on your payroll run will be considered.
3. The work types used on the time sheet must have appropriate mappings to hourly paycodes.

Refer to Hourly Paycodes for setup required for hourly paycodes.

2.3.4 Salaried Employee Configuration

To configure a salaried employee:

1. Navigate to the employee's card page
2. Go to the Payroll FastTab.
3. Set the Pay Type to 'Fixed Salary'.
4. Under Salary, set values for either Annual Taxable Income or Gross Pay per Salary Period. The field you did not set will automatically calculate its value based on the value of the field you did set.

2.4 Deductions

Deductions allow you to set amounts that can be automatically subtracted from an employee's paystub, such as income tax, or health insurance. Deductions for each employee can be viewed from the Payroll Worksheet page by choosing Deductions from the Actions tab.

To access Deductions Types:

1. In the search bar, search for "Configure Deduction Types"
2. Or from the Payroll Worksheet page choose "Setup Deductions"

There are certain deduction types that are mandatory and are only allowed to have one configuration type, such as CPP and EI. If you remove these deduction types they will automatically re-create.

To have a Deduction Type appear as a column in the Payroll Worksheet, set Show in Worksheet to 'Visible'. Up to 10 Deduction Types can be shown on the Payroll Worksheet at once. More than 10 deductions can be applied, however you must use the 'Deduction Details' action on the worksheet to see the specific details.

Field	Description
Code	The deduction code to use.
Description	A configurable description for the deduction.
Type	The type of deduction. For special mandatory deductions such as CPP, EI, etc.... there will only be one entry.
Category	Whether this is a deduction, taxable benefit, reimbursement, or other payment.
Expense Account No.	Optional. Which expense account to use. When you define this field then the employer amount will be summed and transferred to journals. If you omit this, then no expense entry will be created in the general journal when transferring payroll to journals.
Liability Account No.	Optional. This defines which liability account to use. When you define this field then a liability journal entry that sums the employee amount and the employer amount will be created when transferring payroll to journals.
Show in Worksheet	When set to "Hidden", the deduction will not show on the worksheet, but will still be calculated. When set to "Visible", the deduction will show on the payroll worksheet.
Global Dimension 1 Code	The default global dimension 1 code to use. This is typically "Department"
Global Dimension 2 Code	The default global dimension 2 code to use. This is typically "Project"
Employee Custom Calc Amount	Only applicable when the 'Type' field is set to 'Custom'
Employee Custom Calc Percentage	
The employee amount on the deduction detail entry will be calculated as (Gross Pay * Employee Custom Calc Percentage) + Employee Custom Calc Amount	

Employer Custom Calc Amount	Only applicable when the 'Type' field is set to 'Custom' The employer amount on the deduction detail entry will be calculated as (Gross Pay * Employer Custom Calc Percentage) + Employer Custom Calc Amount
Employer Custom Calc Percent	

Table 8 Deduction Field Configuration

To review how the default dimensions defined on the deduction type affect detail entry, see Dimensions for more details.

2.5 Hourly Paycodes

To configure hourly paycodes, Navigate to the "Configure Hourly Codes and Work Types" page.

If you are going to use Dynamics 365 Time sheets to enter hours, then you must also supply the work type mapping. The work type code is not needed if you only have salaried employees, or if you do not want to use Dynamics 365 Time sheets.

If a work type maps to more than one hourly pay code, then the first mapping that is found will be used when the hours are transferred to the Payroll Worksheet.

You can have up to ten different hourly paycode hours and rates shown as columns on the Payroll Worksheet by setting the value of Show in Worksheet. Choose from 'Hidden', 'Show Hours', 'Show Rates', or 'Show Hours and Rates' to specify how you want the hourly paycode to be displayed.

Field	Description
Paycode	Case sensitive paycode to use.
Work Type Code	The work type as used on Time Sheets.
Default Rate	This rate will be used to calculate the gross wage for hourly employees, if no specific rate has been defined for a paycode.
Rate Overrides	A lookup to specific rates. To define employee specific rates choose the "Employee Rates" action.
Show in Worksheet	When set to "Hidden", the paycode will not be available as a column in the payroll worksheet, and can only be viewed in the sidebar or edited in the "Income Details" action on the Payroll Worksheet. When set to "Show Hours", then an editable column on the worksheet will show available hours.

	<p>When set to "Show Wages", then a read-only column on the worksheet will show the calculated wages by the paycode.</p> <p>When set to "Show Hours and Rates" then an editable column for hours will be visible on the worksheet, and a read-only value showing the breakdown for the wages for that paycode.</p>
Global Dimension 1 Code	The default global dimension 1 code to use. This is typically "Department"
Global Dimension 2 Code	The default global dimension 2 code to use. This is typically "Project"

Table 9 Hourly Paycode Field Configuration

2.6 Dimensions

Default dimensions can be defined on:

1. Deductions
2. Hourly Paycodes
3. Employees

Default Dimensions for Hourly Paycodes can be set by navigating to the Configure Hourly Codes and Work Types page, and choosing Dimensions.

Default Dimensions are for Deductions can be set by navigating to the Configure Deduction Types page, and choosing Dimensions.

When paystubs are created the dimensions from the Employee are copied to the paystub from the Employee.

The detailed income entries for the paystub and detailed deduction entries for the paystub can either inherit the dimensions from the paystub, or use the dimensions defined on the paycode or deduction. This behavior is dictated by the "Detail Dimension" setting.

When payment journal lines are created with the "Transfer to Journals" action on the payroll worksheet, then dimensions can either be copied from the paystub for the employee, or the standard Dynamics 365 Dimensions behavior can be used. The behavior is dictated by the "Payment Journal Posting Dimension Behavior" setting.

2.7 Security

D365 Payroll provides configuration that allows sensitive payroll information to only be shown to the right people. This is done by:

1. Filtering Employee Paystubs
2. Filtering employment payment information by hiding Vendor Ledger Entries, and by Detailed Vendor Ledger Entries.

Employees are only permitted to see their own Paystubs, which is related to the Timesheet Owner User ID field of the Resource that is set for the given employee. An exception is anybody that has the 'PAYROLLPRO' permission set, 'SUPER' permission set, or is otherwise able to create and write paystub details.

A user must have the 'PAYROLLPRO' Payroll Processor Permission Set to view Vendor Ledger and Detailed Vendor Ledger Entries. These records are automatically assigned the Reason Code "PAYROLL". When D365 Payroll encounters an entry with this Reason Code, it checks if you have Payroll Processor permissions. If not, you are not permitted to view the record.

When expense and liability transactions are transferred to the general journal, they are grouped by the expense and category code, and also by the dimension. Consequently to ensure that individual salaries are not exposed, it is not recommended to have unique dimension values for each employee, as that could cause the gross wage to be broken down by dimension on the general journal.

2.8 Employee Access / Employee Portal

For employees to access their payroll information with D365 Payroll the following criteria must be met:

1. Their User records must have the Payroll Employee ('PAYROLLEMP') permission set
2. They must have a valid Dynamics 365 for Financials User License.
3. The employee's user id must be associated with the "Time Sheet Owner User ID" field on the appropriate resource card for the employee.

2.9 Workflows

D365 Payroll includes the Automatic Payroll Workflow, which can be viewed from the Workflows page. This Workflow allows you to integrate other Dynamics 365 workflow processes with Payroll Processing, such as notifications and approvals.

2.10 Initial Year to Date entries

If you are transferring payroll records for an employee from another system to Dynamics 365 for Financials, you may have to specify initial values their Year to Date (YTD) Income, and Deductions. To manually change an employee's YTD entries, navigate to the Employees page, and select an Employee record. On the Employee Card page, choose Change Year to Date. From the new page, you can specify new YTD Income and Deduction entries, as well as modify any existing entries.



Note: *Modifying Year to Date entries will affect the Year to Date entries on any open Paystubs for the employee.*

Year to Date modifications cannot be performed in bulk; each employee must be changed individually.

3 Operational Checklist

The following subsections include information about performing daily, monthly, and annual procedures, as well as other related tasks.

3.1 Daily

No procedures related to D365 Payroll are required to be performed daily.

If you are using D365 Time Sheets then you should approve hours before payroll is processed.

3.2 Monthly

Validate employee configuration records. To make sure that D365 Payroll settings are correct for an employee, go to the Employees page, and choose an Employee record. After the Employee Card page is shown, check the Payroll FastTab to view the employee's payroll information.

Ensure that employee active status, pay rates, address information, and tax information is correct.

3.3 Annually

Validate payroll configuration. To ensure that your D365 Payroll settings are up-to-date, go to the Payroll Service Setup page, and review your selected settings.

Ensure that employee active status, pay rates, address information, and tax information is correct.

3.4 Related Tasks

Payment processing for employees must be performed when you are processing payroll in the payroll worksheet. Payment Frequency can be monthly, semi-monthly, bi-weekly, or weekly, or any combination of those frequencies.

A default frequency is set on the Payroll Service Setup, however can be changed for each employee on the Employee Card page.

When auditing payroll, or performing financial audits, please ensure that the auditor has access to the 'PAYROLLEMP' permission set, or a permission set that will show the vendor ledger entries and detailed vendor ledger entries.