



## D365 Payroll User Guide

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# 1 Using the Payroll Worksheet

Payroll processing is performed with the Payroll Worksheet.

Before the Payroll Worksheet can be used:

1. The Payroll Setup Wizard must be run.
2. Each Employee must have their payroll specific information defined. Refer to the setup guide for all details.

## 1.1 Starting the Payroll Worksheet

To start the Payroll Worksheet, enter "Payroll Worksheet" in the Search Bar.

Your user must have the "PAYROLLPRO" permission set applied to access and use the Payroll Worksheet (or equivalent, if the permission set has been customized).

## 1.2 Preparing the run.

When the Payroll Worksheet starts, it will show you the current open payroll run. If there is no open payroll run then it will try to automatically create a payroll run for you, based on the last closed run.

The default frequency for the open run will be the company default.

For example, if you have configured the default pay frequency on the Payroll Service Setup to be "Monthly", then the payroll run will default to "Monthly".

### 1.2.1 Choosing Employees for the Payroll Run

Employees in the run are automatically added when the payroll run is created or when the pay frequency has changed.

The employees that are automatically added are those employees that are configured to match the pay frequency that you have chosen.

For example, let's consider a scenario of two employees:

- "Bob" setup with a "Monthly" pay frequency,
- "Josie" set up to have a pay frequency of "Bi-Weekly"

If the Pay Frequency on the payroll worksheet is setup as "Monthly" then "Bob" will automatically be added, but not "Josie".

If the Pay Frequency on the payroll worksheet is setup as "Bi-Weekly" then "Josie" will automatically be added, but not "Bob".

If the Pay Frequency on the payroll worksheet is setup as "Weekly" then neither "Bob" nor "Josie" will be added automatically.

You cannot add an employee that has a mismatched pay frequency, to pay an employee you must choose the correct pay frequency on their employee card and on the payroll worksheet.

#### *1.2.1.1 To Remove an Employee, or Prevent an Employee from being added:*

- Mark the Employee as 'Inactive' on the Employee Card if the Employee is no longer active.
- Mark the Employee with the correct Pay Frequency, if the issue is that they have an incorrect pay frequency defined.
- Or manually remove the paystub in the payroll worksheet. Note, that you may need to remove this employee as the Payroll Worksheet will attempt to automatically add missing employees in specific steps to help ensure that everybody that should be paid in the run is getting paid.

## 1.2.2 Setting the Payroll Run Specifics.

The Payroll Run in the worksheet will automatically open the active unposted run, or automatically start preparing the next payroll run for you.

#### *1.2.2.1 Change the Pay Frequency*

The Pay Frequency will default to the default pay frequency defined in the Payroll Service Setup. When you change the Pay Frequency, then may be prompted to remove any existing paystubs.

Any Employees that are configured with the new Pay Frequency will be automatically added in.

#### *1.2.2.2 Change the Pay Date*

The Pay Date will attempt to automatically set itself to the next estimated pay date based on the previous pay date and your chosen frequency.

For example, if your last payroll run was on March 30<sup>th</sup>, and your pay frequency is set to "Monthly", then the next payroll run should default to April 30<sup>th</sup>.

Make sure the Pay Date reflects the date you are paying your employees, and change the estimate if it does not match.

#### *1.2.2.3 Change the Period Starting and Period Ending*

Similar to how the Pay Date automatically gets estimated, the Period Starting and Period Ending will also automatically estimated based on your last payroll run.

Please ensure that the period starting and period ending are correct.

If you have hourly employees, and if you are using the Dynamics 365 Time sheets feature to enter hours, then the period starting and period ending will affect the time range that are used to gather approved hours.

## 1.3 Collecting hours.

This step is only necessary if you have hourly paid employees.

If your employees are all salaried then the information in this section will not be relevant to you.

### 1.3.1 General requirements for hourly employees and rates

Whether you are using Dynamics 365 Timesheets or if you are just entering in hours manually, the following requirements apply:

- All paycodes must have a rate defined.
  - If a rate is defined at the employee level, it will be used.
  - If no rate is available at the employee level then it will use the default rate defined at the paycode level.
- To see an hourly paycode on the worksheet you must set the paycode to be either:
  - "Show Hours"
  - "Show Hours and Rate"

### 1.3.2 Using time sheets for hourly employees

Refer to the Microsoft Dynamics documentation for setting up and using time sheets.

To use hours entered in Dynamics 365 Financials time sheets, click the "Get Hours from Timesheets" button.

- Only hours that are approved are added.
- Only hours that are within the range of the period starting and period ending are added.
- Only hours for Resources that are
  - associated with an Employee
  - the associated Employee has a status of "Active"
  - the associated Employee is configured with a pay type of "Hourly"
- All time on the time sheets must have a work type
- All work types that are used on time sheets must have an appropriate mapping to an hourly paycode.
  - Refer to the setup guide for setting up paycodes.
- All requirements from "General requirements for hourly employees and rates" apply.

If hours are changed on the time sheets after you have gathered hours from timesheets then the hours on the payroll worksheet are not automatically adjusted, this must be refreshed manually by click on the "Get Hours from Timesheets" button, or by entering the corrections manually.

If you change hours on the payroll worksheet then the hours will not be transferred back to the time sheets.

### 1.3.3 Entering hours for hourly employees without time sheets

If you have hourly employees, but don't use time sheets, you can still enter hours.

All requirements from "General requirements for hourly employees and rates" apply.

Simply type in hourly numbers for each employee.

When you are done entering hours, you can move to the next step.

### 1.3.4 Overtime and Double-Time

There is no automatic breakdown of hours entered to overtime or double time based on shifts. If an employee has worked overtime and/or double-time then you must split the hours yourself.

If the overtime and double-time paycodes are visible on the worksheet, then you can split the time directly on the worksheet. If they are not visible, then choose the "Split Time" action, you will be presented.

There is no validation on the original hours (if any) with any newly entered hours.

To split the overtime and double-time hours on the time sheets, you must have appropriate work types for each configuration. This add-on will automatically create three different work types to help with that categorization.

## 1.4 Validate Payroll Setup

To help ensure that setup information is setup, use the "Check for Issues" action on the payroll worksheet.

This action will open a validation helper page and attempt to list potential issues.

This does not ensure that employee rates and employee information is accurate. For example, the validation can help identify that a rate is missing, but not that a rate should be \$10 / hour instead of \$15 / hour.

Problems that need to be addressed are conveniently available in notifications with links to the appropriate page to correct.

## 1.5 Calculating Gross Pay

After you have entered any hours (for hourly employees), and after you have validated for potential issues with the 'Check for Issues' action, you can calculate Gross Pay.

For hourly employees this will multiple the hours available by the rate for the hourly pay code for the employee.

For salaried employees, this will use the gross pay per period from the employee payroll configuration record.

A detailed breakdown of all income sources is available in the sidebar, and also available with the "Income Details" action.

The gross pay for each employee for the pay period should be reviewed for accuracy and errors before proceeding to the next step.

## 1.6 Calculating Taxes and Deductions

After you have verified that the gross pay for each employee is accurate, click on the "Calculate Taxes" action.

This will use the details supplied on the employee payroll configuration, and the current gross pay to calculate deductions such as CPP, EI, QPP, etc.

If the employment province is in Quebec, then QPP and QPIP will be calculated as well.

Review the calculated values for any potential issues.

## 1.7 Transfer to Journals

After taxes have been calculated the next step is to transfer the information to the payment journal and general journal.

Click the "Transfer to Journals" action. This will create the appropriate payment journal entries in the payment journal for employees, and create entries for your deductions such as CPP, EI, etc.... in the general journal. After the entries have been transferred then the payment journal will automatically open.

If you are paying employees with Manual Cheques, and have already entered the manual check numbers on the payroll worksheet, then these will transfer to the Payment Journal.

If you are paying employees electronically, then the corresponding employee will automatically be entered on the payment journal line, underneath the 'Vendor' related columns.

*Payroll for D365 automatically creates a Vendor record for Employees that need to get paid, and can also automatically create a default 'PAYROLL' bank account for that Employee.*

### 1.7.1 Posting the Payment Journal (Paying Employees)

Refer to the Microsoft Dynamics 365 reference material for using the payment journal (<https://docs.microsoft.com/en-CA/dynamics365/financials/payables-manage-payables>).

If you are paying an employee with either Manual Checks or with Computer checks then the check number from the payment journal will automatically update the pay stub cheque reference.

If you are using manual cheques, you can also pre-define the cheque no. in the payroll worksheet, and then when you transfer to the Payment Journal the cheque no. will transfer across. This feature will not work effectively with Electronic Payments or with Computer Cheques.

## 1.7.2 Posting the General Journal

After the Payment Journal has been posted, the next step is to post the corresponding expense and liability entries.

Open the Payroll general journal by using the "Open General Journal" action in the Payroll Worksheet.

All of the entries should balance to 0. If they do not balance to 0, then please review the payments, deductions, and the deduction setup.

The expense and liability entries will be grouped by the type and by the appropriate dimensions. Refer to the "Dimensions" section in the setup guide for a review of how dimensions can affect general journal entries.

## 1.8 Printing paystubs

Paystubs can be printed anytime, however if they are printed before the Payment Journal has been posted, then the printable paystub will have a watermark entry on it indicating that it is being printed before the employee has been paid.

## 1.9 Close the run.

Once all employees in the payroll run have been paid, and all journal entries have been posted then you can close the payroll run.

If you have not yet posted the payroll journal, or have not posted the general journal, then you will be prevented from closing the payroll run. This feature will help you remember to pay employees.

As soon as you close the payroll run, the next payroll run for the next pay period for the default pay frequency will automatically be created. You can leave this in its current state until it's time for the next payroll run to be processed.

## 2 Special Scenarios

### 2.1 Adding a Bonus

A bonus can easily be added to a single employee, or to multiple employees at once.

To add a bonus:

1. Open the Payroll Worksheet.
2. Choose the "Add Bonus / Commission" action.
3. Choose "Bonus" in the "Bonus or Commission?" choice.
4. Enter the bonus amount in the "Amount" field.
5. Enter a memo for what the bonus is regarding. This memo will show up in the detailed income entries, and the printable paystub.
6. Leave "Days since previous commission" to 0.
7. In the "Who receives the bonus / commission?" section, put in filters for either a specific employee, or group of employees that should receive this bonus.
  - a. Important: only employees that are in this payroll run will get the bonus.
8. Click "OK"
9. The bonus will now be applied to each employee(s) that you've chosen in the filters, and can be viewed in the income sidebar, or in the "Income Details" action.

### 2.2 Adding a Commission

A commission can easily be added to a single employee, or to multiple employees at once.

To add a commission:

1. Open the Payroll Worksheet.
2. Choose the "Add Bonus / Commission" action.
3. Choose "Commission" in the "Bonus or Commission?" choice.
4. Enter the commission amount in the "Amount" field.
5. Enter a memo for what the commission is regarding. This memo will show up in the detailed income entries, and the printable paystub.
6. Supply the "Days since previous commission" with the appropriate information. For example, if the last commission was paid 7 days ago, then put in 7.
7. In the "Who receives the bonus / commission?" section, put in filters for either a specific employee, or group of employees that should receive this bonus.
  - a. Important: only employees that are in this payroll run will get the bonus.
8. Click "OK"
9. The bonus will now be applied to each employee(s) that you've chosen in the filters, and can be viewed in the income sidebar, or in the "Income Details" action.

## 2.3 How to add a non-taxable payment.

A non-taxable payment or re-imbursalment is non-taxable. This should be used only for scenarios such as employee re-imbursalment of expenses.

To add a payment or re-imbursalment:

1. Open the Payroll Worksheet.
2. Choose "Add Reimbursalment"
3. In "Code" choose a reimbursalment or other payment code.
4. In "Employee Amount", type in the amount to be reimbursed.
5. Select the reimbursalment code to use.
6. In "Who receives the reimbursalment?" enter the appropriate filters for the employee(s) that should receive the reimbursalment.
7. Press "OK"

## 3 Using the Employee Self-Serve Portal.

An optional employee self-serve portal is available within Dynamics 365. If your employees are entering their own time in the Dynamics 365 portal, then it would be valuable to have this same set of employees optionally access their own historical paystubs.

To use this an employee must have a valid Dynamics 365 license, and be assigned the 'PAYROLLEMP' permission set. Please refer to the setup guide on the minimum setup required.

Once the minimum setup is complete and correct, then the employee can access their historical paystubs as follows:

1. Login to Dynamics 365 for financials.
2. Search for "Historical Paystubs", and open the page.
3. The employee will be able to look at their historical paystubs and re-print their paystub.

If the employee cannot see their paystub:

1. Ensure the employee is associated with a resource.
2. Ensure that resource is associated with a Time Sheet Owner user ID that matches the employee's user id.
3. Ensure that there are paystubs.

## 4 Auditing Payroll Transactions.

### 4.1 Re-printing historical paystubs

Historical paystubs are found on the Historical Paystubs page. The payroll processor may see and print all paystubs. A typical employee will only be able to see their own paystubs.

To print a single stub:

1. Select the desired stub
2. Click on the Print Stub action
3. Do not change any filters
4. Choose the desired output from the Send menu at the bottom of the request page.

To print all stubs from a payroll run:

1. Select a stub from the preferred payroll run
2. Click on the Print Stub action
3. Remove the Employee No. filter value
4. Choose your desired output from the Send menu at the bottom of the request page.

To print a stub based on different filters:

1. Click on the Print Stub action
2. Delete the filter values that are found on the request page
3. Fill in the desired filter
4. Choose the desired output from the Send menu at the bottom of the request page.

### 4.2 Auditing historical payroll runs

The payroll processor may review historical payroll runs and their details. Auditors that need to review detailed payment entries for vendor entries must have the 'PAYROLLPRO' permission set, or an equivalent permission set to allow them to view vendor ledger entries and detailed vendor ledger entries. By default entries with the 'PAYROLL' reason code are hidden by default for security. Refer to the setup guide for more details.

To access historical payroll runs:

1. In the search bar, look for "Historical Payroll Runs."
2. This page can also be accessed through the Payroll Department.
3. The list will detail historical runs including the Pay Date, Pay Period Number, and a count of related paystubs.

To view the related paystubs, click on the count number in the Pay Stubs column. From this view it is possible to see details related to the pay stub.

- The Income Details action will show the income amounts related to the paystub.
- The Deductions action will show the deduction amounts related to the paystub. This can also be reached by clicking the value in the Total Deductions column.
- Selecting a value in one of the date columns will show the historical payroll run entry related to the paystub.

## 4.3 How to audit payroll tax calculations correctness.

The Historical Paystub list also has a hidden column for Calculation Details. If you drill down on this value, it will detail the calculations used for the specific paystub.

## 4.4 Vendor ledger entries

To identify vendor ledger entries associated with a paystub, The Historical Paystub list also has actions to view related ledger entries.

The historical paystub list has security filters to prevent unauthorized viewing. You must either be a user in the 'PAYROLLPRO' permission set, or with a permission set that provides access to write to paystubs to see all entries. Without this permission set a user will only be able to view paystub entries that are associated with themselves.

The vendor ledger entries and detailed vendor ledger entries also have a security filter, using the 'PAYROLL' reason code.

On the Historical Paystub List:

- The Stub Registers action will show the related register entry for the paystub payments. From here you can use the "Navigate" action to identify specific ledger entries include vendor ledger entries and detailed vendor ledger entries.
- The Run Registers action will show the related register entries for paystub expenses and liabilities. From here you can use the "Navigate" action to identify specific ledger entries associated with the expenses and liabilities.