Automatic Data Processing, Inc.

ADP Freedom

General Ledger

Content

Content

Content

Chapter 1 – The General Ledger and ADP Freedom

Overview

ADP Freedom helps you maintain your general ledger (GL) system by assigning an account number to each payroll transaction.

Information flows through a general ledger system as follows:

Table 1 - 1 Information flow through a general ledger system

Step	Description
1	Accounting transactions are entered into journals according to the type of transaction. For example, payroll transactions are typically recorded in a payroll journal.
2	Information is transferred from the different journals into the general ledger.
3	Financial information from the general ledger is used to prepare financial statements.

ADP Freedom helps you with step 1 of the GL process by creating your accounting transactions. ADP Freedom then generates transactions according to the account numbers that you define.

Setting up account numbers

Your company uses the GL account number to identify a liability or an expense account. You assign account numbers to financial transactions (liability or expense accounts) on the **GL** page. The GL account numbers contains two parts:

- The **Business code** or the "left-hand side" of the GL account number, which specifies the cost centre within your company where the cost has incurred.

- The **Account code** or the "right-hand side" of the GL account number, which specifies a unique fund that your company uses to track expense or liability accounts.

Note: *If a business code and account code need to be define, the business code must be defined or looked up when the account code is defined.*

Assigning business codes and account codes

Business codes are assigned to cost centres, which can be defined any way you prefer. For example, you can assign cost centres to departments within your company. Or, you can assign a cost centre to a specific job in your company. Once a cost centre is assigned to an employee, the various payroll transactions (earnings, deductions, taxes, and court orders) will accumulate for the cost centre that you have assigned. You can assign business codes to cost centres:

- During pay data entry

- During labour allocation definition

- During employee appointment assignment.

Account codes are assigned to your payroll transactions such as earnings, deductions, taxes and court orders. You can assign account codes:

- During pay data entry

- During definition of the item (earnings definition, deduction definition, tax GL accounts, or court order GL accounts)

- During definition of pay group GL overrides

- During definition of company level account codes.

Example of defining account numbers

Your business code and account code format can contain up to 50 alphanumeric characters each. You can define the format of your business code and account code which make up the complete account number.

For example, if you define business code 999 and account code 999-99 as your formats, your complete GL account number is 999-999-99. A hyphen is inserted automatically after your business code in order to separate it from the account code. After you define the format of your business code and account code, you must enter all business codes and account codes in this format. As an example:

Business code format	Account code format
9999-999X-@@@@	9999-999999-999999

You could enter 4334-888B-ADMN as your business code (for the administration department) and 7567-774845-881729 as your account code (for earnings). Your full account number is then:

- 4334-888B-ADMN-7567-774845-881729

  Although your earnings account code would most likely remain the same for a particular type of earning, your business code can vary (by department within your company). This allows you to track this earning by department.

The business code hierarchy

ADP Freedom uses a hierarchical approach to determine which GL business codes to assign to your payroll transactions. You can set up the business codes at the company cost centre level, the employee level, or payroll transaction level by using pay data entry. The hierarchical structure for assigning business codes is as follows:

- If the payroll transaction has a business code entered during pay data entry, it is used.

- If the payroll transaction does not have a business code, the labour allocation (if present) business code is used.

- If neither the payroll transaction nor the labour allocation record contains a business code, the business code associated with the employee's position record is used.

- If no business code is present for the payroll transaction, the labour allocation record, or the employee position record, and no company cost centre is set up, an error occurs in the transaction file. 'ERROR' shows as the default code for the GL Interface file and the transaction is not applied to the correct cost centre. These 'ERROR' codes will appear on the **GL Costing Exceptions by Period** report.

The general ledger account code hierarchy

ADP Freedom uses a hierarchical structure to determine which GL account codes to assign to your transactions. You can set up account codes at the company level, pay group level, the payroll item level (individual earnings, deductions, taxes, or court orders), or at the payroll transaction level during pay data entry. See **Figure 1 – 1**. The hierarchical structure for assigning an account code is as follows:

- If the payroll transaction has an account code entered during pay data entry, it is used. Account codes can be entered for earnings, deductions or court orders. Account codes for taxes can not be overridden during pay data entry.

- If the payroll transaction does not have an account code, the payroll item (earnings, deductions, taxes or court orders) account code is used.

- If neither the payroll transaction nor the payroll item has an account code, the default account codes on the **Account Defaults** page are used.
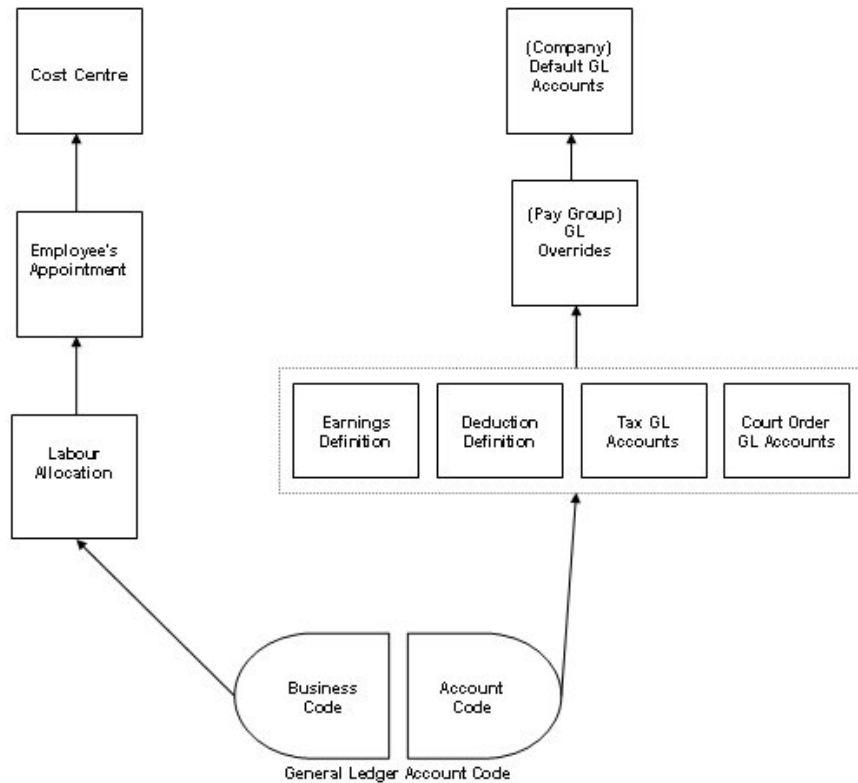
Figure 1 - 1 - General Ledger account code hierarchy

What are clearing transactions?

Clearing transactions represent employee taxes, court orders, and deductions that are deducted from an employee's payslip and paid to the appropriate agencies. ADP generally impounds these funds and handles the payment transactions for you. If ADP is making payments for you, you can generate the clearing transactions.

ADP Freedom can generate a clearing transaction automatically whenever it generates a general ledger transaction. Both transactions are generated at the same time to balance the GL totals with the necessary debit or credit caused by the amount of the clearing transaction.

Note*: The **Generate clearing transactions** checkbox can be found on the **Management Client Details** page under the **System** menu.*

Generating clearing transactions

If you want to generate clearing transactions for employee taxes, court orders, and deductions, select the **Generate clearing transactions** checkbox on the **System** -> **Management ->Client Details** page. For more information see **Field descriptions – Client Details page** on page 2 - 1.

If you want to cancel the clearing transaction creation for employee taxes, court orders, and deductions by pay group, select the **Do not create Clearing transactions** checkbox on the **Company** ->**Pay Group ->General Ledger** page. For more information, see **Field descriptions – Pay Group General Ledger page** on page 3 – 3.

Note*: For more information on the **General Ledger**, contact your ADP representative.*

Chapter 2 – Company level setup

Defining business and account code formats

On the **Client Details** page, the format for general ledger business and account codes is defined for a company.

Figure 2 - 1 - Client Details page, General Ledger fields

General Ledger field descriptions – Client Details page

Table 2 - 1 – GL field descriptions – Client Details page

Field	Description
General Ledger	
Accounting periods	The number of accounting periods each year is defined at company level. Typically, although not necessarily, there would be 12 monthly accounting periods. This is the default for ADP Freedom.
GL business code format	The format you define for your business codes. Valid formats are: • Enter 9 to define numeric digits • Enter X to define alpha characters • Enter @ to define a value that can be either alpha or numeric • Hyphens are also valid input.
GL account code format	The format you define for your general ledger account codes. Valid formats are:

Field	Description
	• Enter 9 to define numeric digits • Enter X to define alpha characters • Enter @ to define a value that can be either alpha or numeric • Hyphens are also valid input.
Activate GL Interface	If this checkbox is selected, the GL interface is activated. If not selected, a GL interface file is not produced. **Note:** *If this indicator is selected, account defaults become mandatory. See **Defining default account codes**.*
Generate clearing transactions	A check mark indicates that you want ADP Freedom to generate clearing transactions. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4. This is turned on at the IID level and is visible only if a user has signed up to use this functionality.

Steps to set up general ledger fields on the Client Details page

- In the menu list, select **System > Management > Client Details.**

- From the pick list, select the appropriate company.

- On the **Client Details** page, complete all the required GL fields including the business and account code formats and any remaining fields as necessary. For more information on formatting business and account codes, see **Example of defining account numbers** on page 1 – 2.

  If you need help on a particular field, see **Field descriptions – Client Details page** on page 2 - 1.

- Click **Save Client**.

Defining default account codes

- In the menu list, select **Company > Company Setup > General Ledger > Account Defaults.**

- From the pick list, select the appropriate company.

- You can use the **Account Defaults** page to define the default employee and employer account codes for earnings, taxes, deductions and court orders. You can also define default accrual account codes on this page.

Note: *The General Ledger > Account Defaults page was previously known as the Company > General Ledger page.*

Company - Company Setup - General Ledger - Account Defaults

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Employee codes	Employer codes	Employee offset codes	Accrual offset codes

Employee codes:

Expense account codes:

Employee Earnings: E-EARN

Liability account codes:

Employee tax: L-PAYE

Employee deductions: L-DEDS

Employee court order: L-AEOS

Net pay codes:

Lookup Business code: ☑

Business code: [   ]   Account code: N-NETP

Employer codes:

Expense account codes:

Employer tax: R-PAYE

Employer contribution: R-CONT

Liability account codes:

Employer tax: L-ETAX

Employer contribution: L-ECON

Figure 2 - 2 - Account Defaults page

Field descriptions – Account Defaults page

Table 2 - 2 – Field descriptions – Account Defaults page

Field	Description
Employee codes – Expense account codes	
Employee earnings	The default expense account code for employee earnings that is used if no override occurs during pay data entry or if an individual employee earning has no specific expense account code. **Note:** *The code entered here must comply with the format that was specified on the **Client Details** page.*

Field	Description
Employee codes – Liability account codes	
Employee tax	The default liability account code for employee taxes that is used if an individual employee tax has no specific liability account code.
Employee deductions	The default liability account code for employee deductions that is used if no override occurs during pay data entry, or if an individual employee deduction has no specific liability account code.
Employee court order	The default liability account code for employee court orders that is used if no override occurs during pay data entry, or if an individual employee court order has no specific liability account code.
Employee codes – Net pay codes	
Lookup business code	A check mark indicates that the business code for the company net pay account numbers is determined using hierarchical logic. For more information on hierarchical logic, see **The business code hierarchy** on page 1 – 3. If this checkbox is not selected, you must enter a code in the **Business code** field.
Business code	The default business code that will be used for the company net pay account number if there is no override at the pay group level. If you select the **Lookup business code** checkbox, you cannot enter a code in the **Business code** field.
Account code	The default account code used for net pay payroll amounts.
Employer codes – Expense account codes	
Employer tax	The default expense account code for employer taxes that is used if an individual employer tax has no specific expense account code.
Employer contribution	The default expense account code for employer contributions that is used if no override occurs during pay data entry or if an individual employer deduction has no specific expense account code.

Field	Description
Employer codes – Liability account codes	
Employer tax	The default liability account code for employer taxes that is used if an individual employer tax has no specific liability account code.
Employer contribution	The default liability account code for employer contributions that is used if no override occurs during pay data entry or if an individual employer deduction has no specific liability account code.
Clearing transaction account codes – Expense account codes	
Employee tax	The default clearing transaction expense account code for employee taxes that is used if an individual employee tax has no specific expense account code. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
Employee deduction	The default clearing transaction expense account code for employee deductions that is used if no override occurs during pay data entry, or if an individual employee deduction has no specific expense account code. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
Employee court order	The default clearing transaction expense account code for employee court orders that is used if no override occurs during pay data entry, or if an individual employee attachment order has no specific expense account code. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.

Field	Description
Clearing transaction account codes - Net cash codes	
Lookup business codes	A check mark indicates that the business code for the clearing transaction business code is determined using hierarchical logic. For more information on hierarchical logic, see **The business code hierarchy** on page 1 – 3.
Clearing transaction account codes - Net cash codes – Employee tax net cash	
Business code	The default clearing transaction business code that will be used for the employee net pay tax account number if no override occurs on the **Pay Group General Ledger** page. If you select the **Lookup business codes** checkbox, you cannot enter a code in the **Business code** field.
	To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
Account code	The default clearing transaction account code that will be used for the employee net pay tax account number to offset the expense account code for employee tax if no override occurs on the **Pay Group General Ledger** page.
	To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
Clearing transaction account codes - Net cash codes – Employee deduction net cash	
Business code	The default clearing transaction business code that will be used for the employee net pay deduction account number if no override occurs on the **Pay Group General Ledger** page. If you select the **Lookup business code** checkbox, you cannot enter a code in the **Business code** field.
	To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing**

Field	Description
	transactions? on page 1 – 4.
Account code	The default clearing transaction account code that will be used for the employee net pay deduction account number to offset the expense account code for employee deductions if no override occurs on the **Pay Group General Ledger** page. To generate this type of clearing transaction, you must select **Generate clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
**Clearing transaction account codes - Net cash codes – Employee court order net cash**
Business code	The default clearing transaction business code that will be used for the employee net pay attachment order account number if no override occurs on the **Pay Group General Ledger** page. If you select the **Lookup business codes** checkbox, you cannot enter a code in the **Business code** field. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
Account code	The default clearing transaction account code that will be used for the employee net pay court order account number to offset the expense account code for employee court order if no override occurs on the **Pay Group General Ledger** page. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
**Accrual offset codes**
Lookup business codes	A check mark indicates that the business code for the company accrual account numbers is determined using hierarchical logic. For more information on hierarchical logic, see **The**

Field	Description
	business code hierarchy on page 1 – 3.
Accrual offset codes – Employee earnings	
Business code	The default business code that is used for the company earnings accrual account number. If you select the **Lookup business codes** checkbox, you cannot enter a code in the **Business code** field.
Offset account code	The default earnings accrual account code that is used if no override occurs at the pay group level.
Accrual offset codes – Employer tax	
Business code	The default business code that is used for the company accrual tax account number. If you select the **Lookup business codes** checkbox, you cannot enter a code in the **Business code** field.
Offset account code	The default tax accrual account code that is used if no override occurs at the pay group level.
Accrual offset codes – Employer deduction	
Business code	The default business code that is used for the company accrual deductions account number. If you select the **Lookup business codes** checkbox, you cannot enter a code in the **Business code** field.
Offset account code	The default accrual deduction account code that is used if no override occurs at the pay group level.

Steps to set up company general ledger accounts

- In the menu list, select **Company > Company Setup > General Ledger > Account Defaults.**

- From the pick list, select the appropriate company.

- On the **Account Defaults** page, complete all the required fields and any remaining fields as necessary.

  If you need help on a particular field, see **Field descriptions – Account Defaults page** on page 2 - 4.

- Click **Save GL**.

Chapter 3 – Using accruals

What are accruals?

Accruals are an estimate of payroll expenses incurred but not paid in the current month's accounting cycle. When a pay period ends before an accounting period, there is a gap during which wages must be accrued. For example, if the payroll period ends on April 30th and the accounting period ends on May 5th, the general ledger account amounts such as deductions, earnings, and taxes for the days worked between April 30th and May 5th must be accrued. You must create accrual records when an accounting period overlaps a payroll period. The accrual records represent the labour cost incurred but not yet paid in a given accounting period.

The three default company accrual account codes that you can set up are:

- Earnings (or wages)
- Employer contributions
- Employer taxes.

Accrual account numbers and business codes

Depending on how your general ledger system is defined, you can assign business codes to your accrual account codes, or you can allow the system to use the business code hierarchical scheme for determining the business code. You do this using the **Lookup business code** indicators on the **Account Defaults** page or the **Pay Group General Ledger** page.

After you set up your accrual account codes, you can do the following:

- Override accrual account codes for a pay group
- Activate accruals and accrual reversals for a pay calendar.

Overriding accrual account codes for a pay group

When you set up your pay groups, you can override the company default accrual account codes that you set up on the **Account Defaults** page. Typically, pay groups that have different pay frequencies also have different accrual periods. One reason you may want to override default account codes is to set up separate codes for each pay group.

For example, you might have one pay group set up for a weekly frequency and another pay group set up for a monthly frequency. Depending on the number of accounting periods your company is set up for, you can have separate accrual codes for each pay group.

Overriding net pay account numbers for a pay group

When you set up your pay groups, you can override the company default clearing transaction net pay account codes or normal net pay account codes and business codes that you set up on the **Account Defaults** page. Typically, pay groups that have different pay frequencies also have different accrual periods. One reason you may want to override default net pay account codes or business codes is to set up separate codes for each pay group.

If you do not override the clearing transaction net pay account codes or business codes for a pay group, the default clearing transaction net pay account codes you set up on the **Account Defaults** page are used.

For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.

You can use the **Pay Group General Ledger** page to override the accrual codes that you set up on the **Account Defaults** page.

Figure 3 - 1 - Pay Group General Ledger page

Field descriptions – Pay Group General Ledger page

Table 3 - 1 – Field descriptions Pay Group General Ledger page

Field	Description
Do not create Clearing transactions	A check mark indicates that you do not want ADP Freedom to generate clearing transactions for this pay group. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
Net pay account codes	
Lookup net pay business code	A check mark indicates that the business code for the pay group net pay account number is determined using hierarchical logic. For more information on hierarchical logic, see **What are clearing transactions?** on page 1 – 4. If this checkbox is not selected, you can enter a code in the **Net pay business code** field. **Note:** *This field is disabled if the **Do not create Clearing transaction** indicator is checked.*
Normal business code	The business code that is used for the pay group net pay account number. If you select the **Lookup net pay business code** checkbox, you cannot enter a code in the **Normal business code** field. **Note:** *Code entered here must comply with the format that was specified on the **Client Details** page.*
Normal account code	The general ledger account code used to override net pay payroll amounts for a pay group.
Employee tax business code	The clearing transaction business code that is used for the pay group employee tax account number. If you select the **Lookup net pay business code** checkbox, you cannot enter a code in the **Employee tax business code** field. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox on the **Management Client Details** page located under **System** in the menu. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4. **Note:** *This field is disabled if the **Do not create**

Field	Description
	Clearing transaction indicator is checked.
Employee tax account code	The clearing transaction account code that is used for the pay group employee tax account number to offset the expense account code for employee tax. If you select the **Do not create Clearing transactions** checkbox, you cannot enter a code in the **Employee tax account code** field. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox on the **Management Client Details** page located under **System** in the menu. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4. **Note:** *This field is disabled if the **Do not create Clearing transaction** indicator is checked.*
Employee deduction business code	The clearing transaction business code that is used for the pay group employee deduction account. If you select the **Lookup net pay business code** checkbox, you cannot enter a code in the **Net pay employee deductions business code** field. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox on the **Management Client Details** page located under **System** in the menu. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4. **Note:** *This field is disabled if the **Do not create Clearing transaction** indicator is checked.*
Employee deduction account code	The clearing transaction account code that is used for the pay group employee deduction account number to offset the expense account code for employee deduction. If you select the **Do not create Clearing transactions** checkbox, you cannot enter a code in the **Net pay employee deductions account code** field. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox on the **Management Client Details** page located under **System** in the menu. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.

Field	Description
	Note: *This field is disabled if the **Do not create Clearing transaction** indicator is checked.*
Employee court order business code	The clearing transaction business code that is used for the pay group employee court order account number. If you select the **Lookup net pay business code** checkbox, you cannot enter a code in the **Employee court order business code** field.
	To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox on the **Management Client Details** page located under **System** in the menu. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
	Note: *This field is disabled if the **Do not create Clearing transaction** indicator is checked.*
Employee court order account code	The clearing transaction account code that is used for the pay group employee court order account number to offset the expense account code for employee court order. If you select the **Do not create Clearing transactions** checkbox, you cannot enter a code in the **Employee court order account code** field.
	To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox on the **Management Client Details** page located under **System** in the menu. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
	Note: *This field is disabled if the **Do not create Clearing transaction** indicator is checked.*
Accrual account codes	
Lookup accrual business code	A check mark indicates that the business code for the pay group accrual account numbers is determined using hierarchical logic; see **The business code hierarchy** on page 1 - 3.
	If this box is not selected, you can enter the pay group earnings accrual business code, **Tax business code**, and **Deduction accrual business code.**

Field	Description
Earnings business code	The business code that is used for the pay group earnings accrual account number. If you select the **Lookup accrual business code** checkbox, you cannot enter a code in the **Earnings business code** field.
Earnings account code	The general account code used to override earnings accrual amounts for a pay group
Tax business code	The business code that is used for the pay group tax accrual account number. If you select the **Lookup accrual business code** checkbox, you cannot enter a code in the **Tax business code** field.
Tax account code	The general ledger account code used to override tax accrual amounts for a pay group.
Deduction business code	The business code that is used for the pay group deduction accrual account number. If you select the **Lookup accrual business code** checkbox, you cannot enter a code in the **Deduction business code** field.
Deduction account code	The general ledger account code used to override deductions accrual amounts for a pay group.

Steps to override accrual account codes for a pay group

- In the menu list, select **Company > Company Setup > Pay Group > General Ledger.**

- From the pick list, select the appropriate company and pay group to open the **Pay Group General Ledger** page.

- If necessary, select the **Do not create Clearing transactions** checkbox. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.

- In the **Normal account codes** area and the **Accrual account codes** area, complete any fields as necessary.

- If you need help on a particular field, see **Field descriptions – Pay Group General Ledger page** on page 3 - 3.

- Click **Save PayGp GL.**

Accruing costing items to reflect the correct accounting period

When the end dates of your pay period and accounting period do not fall on the same day, costing items such as earnings, employer contributions, and employer taxes are not automatically included in the correct accounting period. You make this correction in ADP Freedom.

Example

Your accounting period ends on Wednesday and your pay period ends on Friday. This means there are two days (Thursday and Friday) of costing items included in the prior accounting period that need to be reflected in the new accounting period.

Entering an accrual in ADP Freedom

You enter an accrual percentage for the current pay period on the **Maintain Pay Calendar** page. For a 5 day work week, you enter 20% for each day that you need to accrue (for example, 40% for two days). This entry generates a debit and a credit to the prior accounting period and a debit and a credit to the new accounting period for the amount of costing items that the percentage represents.

You can use the **Maintain Pay Calendar** page to activate accruals for the pay calendar.

Figure 3 - 2 - Maintain Pay Calendar page

Descriptions of GL fields – Maintain Pay Calendar page

Table 3 - 2 – Maintain Calendar page GL field descriptions

Field	Description
GL period	The value entered in this field defines which of the accounting periods in the year is being processed.
Accrual %	When a value is entered, accruals are generated based on the percentage of payroll expenses (earnings, employer contributions and taxes) that you enter in this field. If this field is zero or blank, accruals will not occur.
Accrual reversal	Reverses the accruals for the next pay calendar entry. The default for this field is on when an accrual percentage is entered.

Steps to accrue costing items for an accounting period

- In the menu list, select **Company > Company Setup > Pay Group > Maintain Pay Calendar.**

- From the pick list, select the appropriate company, pay group and pay calendar.

- On the **Maintain Pay Calendar** page, complete the **Accrual %** field and select the **Accrual reversal** checkbox as necessary.

- If you need help on a particular field, see **Descriptions of GL fields – Maintain Pay Calendar page** on page 3 - 8.

- Click **Save Pay Period.**

Chapter 4 – Business code setup

Defining GL business codes

The **Cost Centre** page is where the business code portion of the overall general ledger account number is defined. Cost centres usually relate to departments within your company, but you can define cost centres any way you want.

The **GL business code** you define here makes up the "left hand side" of the GL account number. This code is attached to the **Account code** (the "right hand side") to form the entire GL account number.

You can use the **Cost Centre** page to set up cost centres and associate each one with a GL business code.

Enterprise Lookup

Cost Centre

Code	Description	GL Business Code
0001	Administration Services	AS-01
0002	Assembly Line 1	AL-01
0003	Assembly Line 2	AL-02
0004	Credits	CR-01
0005	Customer & Related Services	CS-01
0006	Customer Support	CS-02

Code: 0001

Description: Administration Services

GLBusiness code: AS-01

Figure 4 - 1 – Cost Centre page

Field descriptions – Cost Centre page

Table 4 - 1 – Cost Centre page field descriptions

Field	Description
Code	A unique code used to define a cost centre. This code typically represents departments or work areas of your organisation.
Description	A description of the cost centre.
GL business code	• Defines the default general ledger business code assigned to the cost centre. • The format you enter here must match the

Field	Description
	business code format that you defined on the **Client Details** page.
	• You can assign the same business code to different cost centres.

Steps to assign a business code to a cost centre

- In the menu list, select **Company > Company Setup > Lookups > Enterprise Lookups.**

- From the pick list, select **Cost Centre**.

- On the **Cost Centre** page, click **New Centre** to add a cost centre.

- Complete all the required fields and any remaining fields as necessary.

  If you need help on a particular field, see **Field descriptions – Cost Centre page** on page 4 - 1.

- Click **Save Centre.**

Overriding GL business codes for an employee appointment

- You can override the GL business code for an individual employee by assigning a GL business code to an employee appointment. If no labour allocation records are present for an employee and no overrides occur during pay data entry, the employee's business code you set up on the **Appointment** page provides the business code. If the **Appointment** page for an employee has no business code and no company cost centre code is set up, an error occurs in the transaction file. 'ERROR' shows as the default code for the GL Interface file and the transaction is not applied to the correct cost centre. These 'ERROR' codes will appear on the **GL Costing Exceptions by Period** report.

You can use the **People - Appointment & Rates - Appointment** page to override the GL business code for an employee appointment.

Figure 4 - 2 – Appointment page

General ledger field descriptions – Appointment page

Table 4 - 2 – Appointment page GL field descriptions

Field	Description
Cost centre	Displays the descriptions for the cost centre you select for the employee appointment.
GL bus code	Defines the default general ledger business code assigned to the cost centre. When you select a cost centre, the associated general ledger business code is automatically populated, but you can override the business code for the cost centre.

Steps to override a GL business code for an employee appointment

Before you begin, you must have set up the employee. For more information on creating a new employee, see the **Online Help** for the **New Starter Assistant**..

- In the menu list, select **People > Appointment & Rates > Appointment.**

- From the pick list, select the appropriate business unit or company and pay group, and employee.

- On the **Appointment** page, update the **Cost centre** and **GL bus code** fields as necessary.

    If you need help on either of these fields, see **General ledger field descriptions – Appointment page** on page 4 - 4.

- Click **Save Appoint.**

Chapter 5 – Using labour allocation

What is labour allocation?

- Labour allocation lets you specify the percent of an employee's time that is billed to multiple cost centres. For example, an employee can work 50% in administration and 50% in quality assurance. You set up labour allocation to allocate the employee's earnings and deductions to each of these cost centre GL business codes. If no labour allocation records are present for an employee and no overrides occur during pay data entry, the employee's business code that you set up on the **Appointment** page provides the business code. If the **GL bus code** field on the **Appointment** page for an employee has not been completed and there are no company cost centre codes set up, an error occurs in the transaction file. 'ERROR' shows as the default code for the GL Interface file and the transaction is not applied to the correct cost centre. These 'ERROR' codes will appear on the **GL Costing Exceptions by Period** report.

There are two types of labour allocation that you can set up:

- Regular labour allocation – which is costing an employee's pay to different cost centres for a period of time. Set this up on the **Labour Allocation** page.

- One time labour allocation – which is a one-time costing of the employee's pay during pay data entry. For example, in pay data entry you can enter items representing a division of work between departments with different general ledger business codes. These one-time entries will override the regular labour allocation set up for an employee. For more information see **Labour allocation** and **Pay Data Entry** in the **Online Help**.

Labour allocation type codes

Earnings, deductions, and taxes have allocation type codes that define how labour allocation splits occur. Deductions and taxes are included with earnings because employer contributions and taxes are part of the cost of labour and are included in the costing process. The allocation types are defined at the company level on the **General Ledger Earnings Codes** page using the available options in the **Labour alloc. code** field as shown below.

Labour alloc. code: Subject to ▾

Defines
Defines but Excl fror
Excluded
Subject to
Subject to cost centi
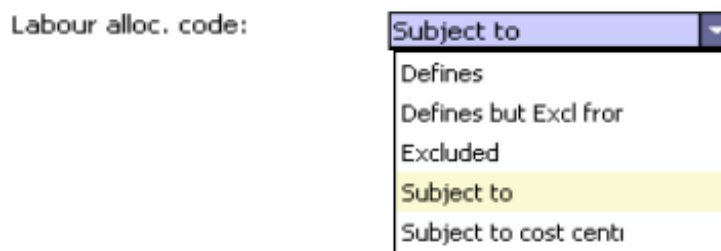
Figure 5 - 3 – Labour alloc. code field on the Earnings Codes page

Field descriptions - Labour allocation type codes

Table 5 - 1– Labour allocation type codes

Allocation type	Definition
Defines	These items define the labour allocation split. • If the cost centre code and/or GL business code is provided in the transaction, e.g. in PDE, then use this value. • If the cost centre code and/or GL business code is not provided then this item should be assigned the cost centre code and GL business code as defined on the **Appointment** page.
Subject to	The item is included in the labour allocation split and will be distributed to the cost centres and GL business codes of the defining items in the same proportions as calculated for the defining items. Example: Employer taxes, employer contributions, or overtime.
Excluded	The item is excluded from any labour allocation split but is included in costing. Example: Holiday pay or employee taxes. • If the cost centre code and/or GL business code is provided in the transaction, e.g. in PDE, then use this value. • If the cost centre code and/or GL business code is not provided then this item should be assigned the cost centre code and GL business code as defined on the **Appointment** page.

Allocation type	Definition
Define but Excl from Labour Alloc	These items will become part of the **Defines** items, however, the cost of labour associated with this item should not be distributed amongst labour allocation records as would have been done for an item set up with labour allocation type of **Defines.** • If the cost centre code and/or GL business code is provided in the transaction, e.g. in PDE, then use this value. • If the cost centre code and/or GL business code is not provided then this item should be assigned the cost centre code and GL business code as defined on the **Appointment** page.
Subject to cost centre dist only	This item is used if there are two defining items with different business codes. **Subject to for cost centre dist only** items always go to the home/appointment business code**. In other words, this labour allocation type is treated as if they were **Excluded** items for GL business code labour distribution If the cost centre code is provided on the transaction, then use that value. If not, then treat it as a subject to item and distribute across all the cost centre codes that are attached to the defining items.

Note: *When you define your earnings, deductions and taxes, your regular earnings will default to **Defines**. Employer taxes and employer contributions will default to **Subject to** and employee deductions, taxes and earnings defined as 'other' will default to **Excluded** as they do not represent part of the cost of labour.*

Defining labour allocations

Use the **Labour Allocation** page to enter labour allocation information.

Figure 5 - 1 – Labour Allocation page – get data

Field descriptions – Labour Allocation page

Table 5 - 2– Labour Allocation page field descriptions

Field	Description
Cost centre	The default cost centre for the employee appointment that is used if there are no overrides input during pay data entry.
GL business code	The default general ledger business code assigned to the cost centre. When you select a cost centre, the associated business code is automatically populated. This field can be overwritten.
Percentage	The percentage of earnings that is assigned to this cost centre and business code.
Total percentage	The total amount of time allocated for an employee. The total of all allocation records must equal 100 percent. **Note:** *If the percentage for an employee does not equal 100%, you will receive an error when you run the* **GL Costing Manager**.

Note: *The cost centre and business code you select here will override the cost centre/business code setup on the* **Appointment** *page. You can also override the labour allocation cost centre/business codes during pay data entry.*

Steps to define labour allocation

- In the menu list, select **People > Appointment & Rates > Labour Allocation**.

- From the pick list, select the appropriate business unit or company and pay group, and an employee.

- On the **Labour Allocation** page, click **New Lab Alloc** to add a labour allocation.

- Complete all the required labour allocation fields.

  If you need help on a particular field, see **Field descriptions – Labour Allocation page** on page 5 - 4.

- Click **Save Lab Alloc**.

Chapter 6 – Account code setup

How do I override individual GL account codes?

On the **Account Defaults** page you define the default account codes for your earnings, deductions, taxes and court orders. However, you can assign individual account codes to each of these items and override the default account codes.

For example, if you do not define individual account codes for each type of earnings, all of your earnings are assigned to the account code set up on the **Account Defaults** page. Defining account codes for each type of earnings allows you to track, for general ledger purposes, each different earning with its own account code.

ADP Freedom uses a hierarchical scheme to determine which general ledger account number to apply to a payroll transaction. If a new account code is entered for an earnings transaction during pay data entry, this account code overrides the default account code. If no pay data entry override occurs, ADP Freedom uses the general ledger account code set up during earnings definition. If no account code is entered during earnings definition, the company default account code for earnings is used. This hierarchical structure allows you great flexibility for defining your GL account numbers.

Overriding earnings GL expense account codes

The expense account code for earnings that you define on the **Account Defaults** page can be overridden on the **Earnings Codes** page. In the **GL expense code** field, you enter the expense account code used to track this particular type of earning. This entry overrides the expense account code for employee earnings that you defined on the **Account Defaults** page. You can also override the GL expense account code for an earning during pay data entry.

Use the **Earnings Codes** page to override the **GL expense code.**

Figure 6 - 1 – Earnings Codes page

Field descriptions – Earnings Codes page

Table 6 - 1– Earnings Codes page, GL field descriptions

Field	Description
Accounts payable item	This field is read only. A checkmark indicates the following:
	No taxes or deductions are taken against this earning. The earning is added to the pay, but not to gross or taxable wages. The taxability profile for this earning must be **Not Taxable / Non-Reportable** (for example, reimbursements for travel expenses).
	This check box can be selected when the earnings is set up on the **Earnings Definition** page.
	Note: *If this field contains a checkmark, the* **Labour alloc. code** *field will automatically display* **Excluded** *and cannot be changed.*
Labour alloc. code	This field determines how the earning/deduction is used in the distribution of costs. There are five labour allocation types. For more information on labour allocation codes, see **Labour allocation**

Field	Description
	type codes on page 5 - 2.
GL expense code	The general ledger expense account code that is assigned to this earning if you do not override it during pay data entry. If a code is not entered here, the default employee earning expense account code on the **Account Defaults** page is used.

Steps to override earnings GL expense account codes

- Select **Company > Company Setup > General Ledger > Earnings Codes**.

- From the pick list, select a company.

- On the **Earnings Codes** page, complete the **GL expense code** field and any other fields as necessary.

  If you need help, see **Field description – Earnings Codes page, GL expense code** on page 6 - 2.

- Click **Save GL Earning**.

Overriding deduction GL liability account codes

The liability account code for deductions that you defined on the **Account Defaults** page can be overridden on the **Employee Deduction Codes** page. In the **Regular deduction** field, you enter the general ledger liability account code used to track this particular type of deduction. This entry overrides the liability account code for employee deductions that you defined on the **Account Defaults** page. You can also override the GL liability or expense account code(s) for a deduction during pay data entry.

Use the **Employee Deduction Codes** page to override the **Regular deduction**.

Company - Company Setup - General Ledger - Employee Deduction Codes

Endless Adventures Ltd (EA)

Figure 6 - 2 – Employee Deduction Codes page

Field description – Employee Deduction Codes page

Table 6 - 2 –Employee Deduction Codes page field descriptions

Field	Description
Details	
Code	A unique, company defined, code identifying the deduction. The code can be up to ten characters, including letters, numbers, hyphens and underscores.
Description	A short description of the deduction code.
Labour alloc. type	This field determines how the deduction is used in the distribution of costs. There are five labour allocation types: **Defines** **Subject to** **Excluded**

Field	Description
	• **Defines but Excl from Labour Alloc**
	• **Subject to cost centre dist only**
	Typically employee deductions are not taken into account when performing labour allocation whereas employer deductions are because they're a liability on the employer. With this in mind, if the deduction is an employee deduction ADP Freedom will default to **Excluded**, whereas if it is an employer deduction it will default to **Subject to**.
	The option of **Defines** is normally only associated with earnings, not deductions.
	For more information on labour allocation types, see **Field description – Labour allocation type codes** on page 5 - 2.
Liability account codes	
Regular deduction	The general ledger liability account code that is assigned to this deduction if no override occurs during pay data entry. If a code is not entered in this field, the **Employee deduction liability account code** on the **Account Defaults** page is used as the account code.
Offset entry/Expense account codes	
Regular deduction	The general ledger clearing transaction expense account code that is assigned to this employee deduction if you do not override it during pay data entry. If a code is not entered in this field, the **Employee deduction expense account code** on the **Account Defaults** page is used as the account code.
	To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox on the **Management Client Details** page located under **System** in the menu. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.

Steps to override deduction GL liability account codes

- Select **Company > Company Setup > General Ledger > EE Deduction Codes**.

- From the pick list, select a company and a deduction.

- On the **Employee Deduction Codes** page, complete the **Regular deduction** field in the **Liability account codes** box as necessary.

  For more information on the **Regular deduction**, see **Field Description – Employee Deduction Codes page** on page 1 - 4.

- Click **Save GL Ded**.

Overriding employer contribution GL account codes

The expense or liability account codes for employer contributions that you defined on the **Account Defaults** page can be overridden on the **Employer Contribution Codes** page. In the **Regular deduction** fields of the **Liability account codes** and **Offset entry/Expense account codes** boxes, you enter the **GL account code** used to track employer contributions. This entry overrides the liability or expense account code for employer contribution that you defined on the **Account Defaults** page.

Employer contributions are considered to be both expenses and liabilities for the purposes of general ledger. Depending on how your general ledger system is defined, you can enter data for any type of employer contributions as both an expense and a liability. If you only enter data in one of these two fields, the other defaults to the GL account codes that were set up on the **Account Defaults** page. If your company does not define each employer deduction individually, as either an expense or a liability, you can leave these fields blank and allow the GL account codes to default to the account codes you set up on the **Account Defaults** page.

Use the **ER Contrib Codes page** to override the GL expense or liability account codes.

Figure 6 - 3 – ER Contrib Codes page

GL account code field definitions – ER Contribution Codes page

Table 6 - 3 – ER Contrib Codes page field descriptions

Field	Description
Details	
Code	A unique, company defined, code identifying the contribution. The code can be up to ten characters, including letters, numbers, hyphens and underscores.
Description	A short description of the contribution code.
Labour alloc. type	This field determines how the deduction is used in the distribution of costs. There are five labour allocation types: • **Defines** • **Subject to** • **Excluded**

Field	Description
	• **Defines but Excl from Labour Alloc** • **Subject to cost centre dist only** Typically employee deductions are not taken into account when performing labour allocation whereas employer deductions are because they're a liability on the employer. With this in mind, if the deduction is an employee deduction ADP Freedom will default to **Excluded**, whereas if it is an employer deduction it will default to **Subject to**. The option of **Defines** is normally only associated with earnings, not deductions. For more information on labour allocation types, see **Field description – Labour allocation type codes** on page 5 - 2.
Expense account codes	
Regular contribution	The general ledger liability account code that is assigned to this employer deduction if you do not override it during pay data entry. If a code is not entered in this field, the **Employer contribution** in the **Liability account code** box on the **Account Defaults** page is used as the account code.
Offset entry/Liability account codes	
Regular contribution	The general ledger clearing transaction expense account code that is assigned to this employer deduction if you do not override it during pay data entry. If a code is not entered in this field, the **Employer deduction expense account code** on the **Account Defaults** page is used as the account code. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox on the **Management Client Details** page located under **System** in the menu. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.

Steps to override employer deduction GL account codes

- Select **Company > Company Setup > General Ledger > ER Contrib Codes**.

- From the pick list, select the appropriate company.

- On the **ER Contrib Codes** page, select the employer contribution from the grid.

- Complete the **Regular contribution** field in the **Expense account codes** or **Offset entry/Liability account codes** box.

  If you need help on a particular field, see **ER Contrib Codes page field definitions** on page 6 - 7.

o Click **Save GL Ded**.

Overriding GL court order liability account codes

You can override the **Employee court order liability account code** or **expense account code** that you defined on the **Account Defaults** page by entering a **GL liability** or **expense code** on the **Court Order GL Accounts** page.

Note: *You can define an account code by jurisdiction for each type of attachment order.*

Note: *You can also override the GL liability or expense account code for court orders during pay data entry.*

Use the **Court Order GL Accounts** page to override the **GL liability code** or **GL expense code**.

Company - Company Setup - Company - Court Order GL Accounts

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Order type	Expense	Liability
Child Support Deduction from Earnings	A-HPOS	X-PLKO

Order type: Child Support Deduction from Earnings

GL expense code: A-HPOS

GL liability code: X-PLKO

Admin Fee Accounts:

GL expense code: A-HPOS

GL liability code: X-PLKO

Figure 6 - 4   Court Order GL Accounts page

Field Definitions – Court Order GL Accounts page

Table 6 - 4 – Court Order GL Accounts page field descriptions

Field	Description
Order type	The type of attachment order that you select.
GL expense code	The general ledger clearing transaction expense account code that is assigned to this attachment order if you do not override it during pay data entry. If a code is not entered in this field, the expense account code for the employee court order on the **Account Defaults** page is used as the account code. To generate this type of clearing transaction, you must select the **Generate clearing transactions** checkbox on the **Management Client Details** page located under **System** in the menu. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
GL liability code	The general ledger liability account code that is assigned to this attachment order if you do not override it during pay data entry. If a code is not entered in this field, the liability account code for the employee court order on the **Account Defaults** page is used as the account code.
Admin Fee Accounts	
GL expense code	The default GL expense code for this earning.
GL liability code	The general ledger code of the department that provides the eligible earnings that the court order admin fee deduction is made from.

Steps to override attachment order GL account codes

- Select **Company > Company Setup > Company > Court Order GL Accts**.

- From the pick list, select the appropriate company.

- Select **New AEO GL**.

- Select an order type from the drop down list.

- Complete the remaining fields, as necessary.

> If you need help on a particular field, see **Field Definitions – Court Order GL Accounts page** on page 6 - 10.

- Click **Save AEO GL**.

Overriding tax GL account codes

You can override the expense or liability codes for taxes that you defined on the **Account Defaults** page or the **Tax GL Accounts** page. In the **GL expense code** or **GL liability code** field, you enter the GL account code used to track taxes.

Note: *You can define an account code for each type of tax by jurisdiction.*

This entry overrides the liability or expense account code for employer tax that you defined on the **Account Defaults** page.

Tax GL account codes cannot be overridden during pay data entry. You can override the account code on the **Tax GL Accounts** page, or it will default to the **Account Defaults** page account codes.

Use the **Tax GL Accounts** page to override the liability or expense account code for employer.

Figure 6 - 5 - Tax GL Accounts page

Field descriptions – Tax GL Accounts page

Table 6 - 5 – Tax GL Accounts page field descriptions

Field	Description

Field	Description
Tax type	The tax type that you select.
GL expense code	The general ledger clearing transaction expense account code that is assigned to this tax. If a code is not entered in this field, the expense account code for employee tax on the **Account Defaults** page is used as the account code.
	To generate this type of clearing transaction, you must select the **Create GL clearing transactions** checkbox on the **Account Defaults** page. For more information on clearing transactions, see **What are clearing transactions?** on page 1 – 4.
GL liability code	The general ledger liability account code that is assigned to this tax. If a code is not entered in this field, the liability account code for employee tax on the **Account Defaults** page is used as the account code.
Allocation type	The allocation type (**Defines**/**Subject to**/**Excluded**/**Defines but Excl from Labour Alloc**/**Subject to cost centre dist only**) that is used for labour allocation. For more information on labour allocation, see **Using Labour Allocation** on page 5 - 1.
NI Arrears and Tax Refunds	
GL Expense code	The availability of this additional **GL Expense code** field is determined by the type of tax selected in the **Tax type** field. If **Employees NI** tax type is selected this field becomes mandatory. For all other tax types this field is not updateable.
GL liability code	The availability of this additional **GL liability code** field is determined by the type of tax selected in the **Tax type** field. If **Tax type** of **UK** is selected this field is mandatory. For all other tax types this field is not updateable.
Allocation type	This field determines how the earning/deduction is used in the distribution of costs. There are five labour allocation types. For more information on labour allocation codes, see **Labour allocation type codes** on page 5 - 2.

Steps to override tax GL account codes

- Select **Company > Company Setup > Company > Tax GL Accounts**.

- From the pick list, select the appropriate company.

- Select a tax type from the drop down list.

- Complete the remaining fields, as necessary.

- If you need help on a particular field, see **Tax GL Accounts page field descriptions** on page 6 – 11.

- Click **Save Tax GL.**

Chapter 7 – General ledger reports

Running the costing reports

You can run the reports for a specific payrun or for all pay calendar entries in a date range that you specify. For more information on running reports, see the Online Help or the **Standard Reports** guide.

You must run the **GL Costing Manager** before you can run your GL reports.

GL Costing Detail by Period report

This report contains employee level figures and provides information on costings by general ledger period, company and cost centre. It will report differences if the total credits are not equal to the total debits or if the total employee cash earnings less the total employee deductions do not equal the net pay figure. This information is suitable for keying in to a company general ledger.

Report category

- **Payroll Analysis**

Report parameters

- **Year**
- **Period**
- **Company** or **All**
- **Pay Group** or **All**
- **Group by Pay Group**, **Cost Centre** or **None**
- **Sort by Category** or **Account Number**

Example of GL Costing Detail by Period report

ACCOUNT NO.	DESCRIPTION	DEBIT AMOUNT	CREDIT AMOUNT	EMPLOYEE NAME	EMPLOYEE CODE	COST CENTRE	PAYMENT DATE
COMPANY: Framar Distribution Centre							
PAYGROUP: Framar Distribution Monthly							
CATEGORY: Accruals - Earnings							
AcEaBc-AcEaAc	Basic Pay		287.50	Kelly, Aileen	C002	Warehouse	25/03/2004
AcEaBc-AcEaAc	Basic Pay		250.00	Murphy, Aidan	C001	Administration	25/03/2004
AcEaBc-AcEaAc	Basic Pay		170.00	O'Sullivan, Ailish	C003	Quality	25/03/2004
AcEaBc-AcEaAc	Basic Pay		190.00	Smith, Brona	C005	Quality	25/03/2004
AcEaBc-AcEaAc	Basic Pay		189.17	Walsh, Ardal	C004	Administration	25/03/2004
AcEaBc-AcEaAc	Total		**1,086.67**				
Admini-EeEaEc	Basic Pay	250.00		Murphy, Aidan	C001	Administration	25/03/2004
Admini-EeEaEc	Basic Pay	189.17		Walsh, Ardal	C004	Administration	25/03/2004
Admini-EeEaEc	Total	**439.17**					
Qualit-EeEaEc	Basic Pay	170.00		O'Sullivan, Ailish	C003	Quality	25/03/2004
Qualit-EeEaEc	Basic Pay	190.00		Smith, Brona	C005	Quality	25/03/2004
Qualit-EeEaEc	Total	**360.00**					
wareho-EeEaEc	Basic Pay	287.50		Kelly, Aileen	C002	Warehouse	25/03/2004
wareho-EeEaEc	Total	**287.50**					
CATEGORY: Accruals - Employer Tax							
AcTxBc-AcTxAc	Employers NI		31.87	Kelly, Aileen	C002	Warehouse	25/03/2004
AcTxBc-AcTxAc	Employers NI		27.07	Murphy, Aidan	C001	Administration	25/03/2004
AcTxBc-AcTxAc	Employers NI		16.83	O'Sullivan, Ailish	C003	Quality	25/03/2004
AcTxBc-AcTxAc	Employers NI		19.39	Smith, Brona	C005	Quality	25/03/2004
AcTxBc-AcTxAc	Employers NI		19.29	Walsh, Ardal	C004	Administration	25/03/2004
AcTxBc-AcTxAc	Total		**114.45**				

Report Category - Payroll Analysis

General Ledger Costing Detail

Year: 2003

GL Accounting Period: 12

Report Date/Time:18/11/2003   4:33:12PM   Page 1 of 5   Payroll Analysis   GDPD

Figure 7 - 6 – GL Costing Detail by Period report

GL Costing Exceptions by Period report

This report provides information on costings by general ledger period, company and cost centre. Exceptions include a company with an amount not associated with a GL code or employees without assigned primary positions. This information indicates errors in the costing process that should be corrected before keying to a company general ledger.

Report category

- **Payroll Analysis**

Report parameters

- **Year**
- **Period**
- **Company** or **All**
- **Pay Group** or **All**
- **Group by Pay Group**, **Cost Centre** or **None**
- **Sort by Category** or **Account Number**

Example of GL Costing Exceptions by Period report

ACCOUNT NO.	DESCRIPTION	MESSAGES	DEBIT AMOUNT	CREDIT AMOUNT	GL ACCT. PERIOD	PAYMENT DATE
COMPANY: Framar Distribution Centre						
PAYGROUP: Framar Distribution Monthly						
CATEGORY: Tax Credits						
88-88-9999	Tax Credit	Invalid GL Account Format	1,550.00		12	25/03/2004

Report Category - Payroll Analysis

General Ledger Costing Exceptions

Year: 2003
GL Accounting Period: 12

Report Date/Time: 18/11/2003   4:56:14PM

Page 1 of 1

Payroll Analysis   GEPD

Figure 7 - 7 – GL Costing Exceptions by Period report

GL Costing Summary by Period report

This report summarises by GL code and provides information on costings by general ledger period, company and cost centre. It summarises differences such as total credits not equalling total debits and total employee earnings less total employee deductions not equalling the net pay figure. This information is suitable for keying in to a company general ledger.

Report category

- **Payroll Analysis**

Report parameters

- **Year**
- **Period**
- **Company** or **All**
- **Pay Group** or **All**
- **Group by Pay Group**, **Cost Centre** or **None**
- **Sort by Category** or **Account Number**

Example of GL Costing Summary by Period report

ACCOUNT NO.	DESCRIPTION	DEBIT AMOUNT	CREDIT AMOUNT	PAYMENT DATE
COMPANY: Framar Distribution Centre				
PAYGROUP:Framar Distribution Monthly				
CATEGORY: Accruals - Earnings				
AcEaBc-AcEaAc	Basic Pay		1,086.67	25/03/2004
Admini-EeEaEc	Basic Pay	439.17		25/03/2004
Qualit-EeEaEc	Basic Pay	360.00		25/03/2004
wareho-EeEaEc	Basic Pay	287.50		25/03/2004
CATEGORY: Accruals - Employer Tax				
AcTxBc-AcTxAc	Employers NI		114.45	25/03/2004
Admini-ErTxEc	Employers NI	46.36		25/03/2004
Qualit-ErTxEc	Employers NI	36.22		25/03/2004
wareho-ErTxEc	Employers NI	31.87		25/03/2004
CATEGORY: Clearing Transactions - Employee NI				
Admini-EeTxEc	Employees NI	398.38		25/03/2004
Qualit-EeTxEc	Employees NI	311.30		25/03/2004
wareho-EeTxEc	Employees NI	244.30		25/03/2004
CATEGORY: Clearing Transactions - Employee Taxes				
wareho-EeTxEc	Tax Credit		1,550.00	25/03/2004
CATEGORY: Earnings				
Admini-EeEaEc	Basic Pay	4,391.67		25/03/2004
Qualit-EeEaEc	Basic Pay	3,600.00		25/03/2004
wareho-EeEaEc	Basic Pay	2,875.00		25/03/2004
CATEGORY: Employee NI				
Admini-EeTxLc	Employees NI		398.38	25/03/2004
Qualit-EeTxLc	Employees NI		311.30	25/03/2004
wareho-EeTxLc	Employees NI		244.30	25/03/2004
CATEGORY: Employer NI				

Report Category - Payroll Analysis

General Ledger Costing Summary

Year: 2003
GL Accounting Period: 12

Report Date/Time: 18/11/2003   4:34:14PM   Page 1 of 2   Payroll Analysis   GSPD

Figure 7 - 8 – GL Costing Summary by Period report

Chapter 8 – General ledger costing

What is the GL Costing & Interface Manager?

The **GL Costing & Interface Manager** in ADP Freedom is used to generate an interface file that contains the records created during GL costing for each payroll transaction.

You can access the **GL Costing & Interface Manager** in either of the following two ways in ADP Freedom:

- From the main menu, select **Payment > Payroll Processing > GL Costing Manager**.

- From the main menu, select **Payment > Payroll Processing > Pay Cycle** then **Task 3 Costing – Perform costing for this period**.

Important: The costing process allows the selection of pay calendar entries only for payruns that have already been committed.

Steps in the costing process

Table 8 - 1 – Costing Process Steps

Step	Description
1. Commit the payrun and run the **GL Costing & Interface Manager** to generate the costing file.	Select the pay calendar entries to be costed. For more information on selecting pay calendar entries, see **Types of costing** on page 8 - 2.
2. Review general ledger reports.	Verify costing information on reports and update general ledger account code and business code information as required. For more information on general ledger reports, see **General ledger reports** on page 7 – 1.
3. Summarise the costing file to create the interface file.	Sort information to create the output GL interface file as required by your general ledger system. For more information on summarisation, see **Summarising the costing file** on page 8 - 7.
4. Select an interface file to download to your PC.	Using standard download procedures name your GL interface file and save it to your local drive. For more information on saving your GL interface file, see **Downloading the interface file** on page 8 – 9. **Note:** *The **Activate GL Interface** indicator*

Step	Description
	*on the **System > Management> Client Details** page must be selected.*

What transactions are created by the costing process?

Each record created by the costing process represents either a debit or credit to a given account.

Table 8 - 2 – Costing process transactions

This type of transaction	Creates
Employee earnings	A debit to expense accounts
Employee deductions, court orders, and taxes	A credit to liability accounts
Employer transactions	A debit to expense accounts and a credit to liability accounts
Clearing transactions for employee taxes, deductions and court orders	A debit to expense accounts and a credit to net cash asset accounts
Refund of over-withheld tax	A debit to liability accounts
Negative deductions and court orders caused by voids	A debit to liability accounts
Negative earnings caused by voids	A credit to expense accounts

Types of costing

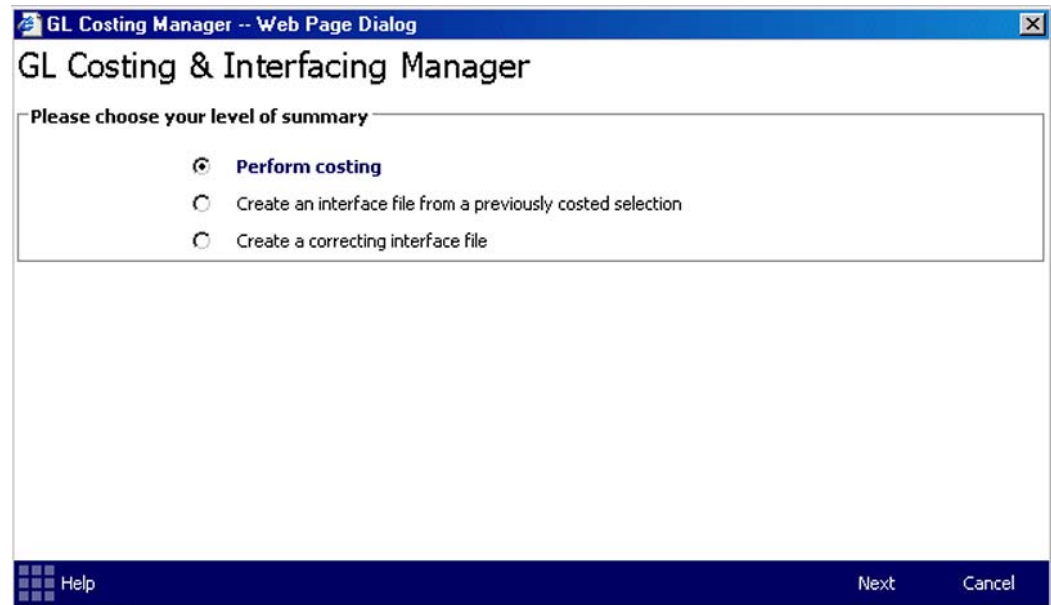When you open the **GL Costing Manager**, you can select from 3 different types of costing options.

Figure 8 - 1 – GL Costing Manager

Costing options

Perform costing

Use this option after a payrun is committed. You select this option to create your costing file and generate your interface file.

Create an interface file from a previously costed selection

Use this option after you have costed one or more pay calendar entries that have not yet been interfaced. Selecting this option results in the creation of a general ledger interface file generated from the transactions created by the payrun.

Note: *The **Activate GL Interface** indicator on the **System > Management> Client Details** page must be selected.*

Create a correcting interface file

The most common use for this option is to correct costing entries. For example, you may want to change cost centres for transactions and then re-interface the file.

Selecting this option generates an equal and opposite set of entries when costing or interfacing an original payrun. For example, if the original transaction was a credit, the reversing transaction is a debit.

The interface file must be generated before you make your correcting entries to ensure the reverse of the transactions originally interfaced.

Note: *The **Activate GL Interface** indicator on the **System > Management> Client Details** page must be selected.*

Using the GL Costing & Interface Manager

Use the following chart to help you determine which option to select in the **GL Costing & Interface Manager**.

Table 8 - 3 – GL Costing & Interface Manager options

If your	Then
Payrun is committed but not yet costed or interfaced	Select **Perform costing**. Select your payrun for costing. For more information, see **Selecting pay calendar entries for costing** on page 8 – 4.
Payrun is committed and costed but not yet interfaced and you want to make costing corrections	Select **Create an interface file from a previously costed selection**. For more information, see **Selecting pay calendar entries for costing** on page 8 – 4. Apply the interface file to your general ledger system to reverse the original, incorrect transactions. Make your corrections as necessary. Generate your costing file and interface file again and apply it to your general ledger system.
Payrun is committed, costed, and interfaced and you want to make costing corrections without rerunning your payrun.	Select **Create a correcting interface file**. Select your payrun for reversing. For more information For more information, see **Selecting pay calendar entries for costing** on page 8 – 4. Apply the reverse interface file to your general ledger system to reverse the original, incorrect transactions. Make your corrections as necessary. Generate your costing file and interface file again and apply it to your general ledger system.

Selecting pay calendar entries for costing

You can select a list of pay calendar entries that require costing.

- If you initiate the **GL Costing & Interface Manager** by selecting Task 3 of the pay cycle menu, you are presented with a list of the pay calendar entries for the payrun with the current pay calendar entry highlighted.

- If you select the **GL Costing Manager** in the main list, the following options are available for selecting pay calendar entries:

Figure 8 - 2 - GL Costing Manager – costing selection criteria page

Table 8 - 4 – Pay Calendar Entry Options

Selection Option	Selects and Displays
Select by Payrun	All pay calendar entries for the selected payrun(s). For more information, see **Select by payrun** on page 8 –5.
Select by Company	All pay calendar entries for all committed payruns for the selected companies.
Select by Date Range	All pay calendar entries for the selected payruns that fall within the date range specified.
Select by Accounting Period	All pay calendar entries for the specified accounting period.
Select by Pay Period Number	All pay calendar entries for the specified pay period number.

Select by payrun

When you select **Create an interface file from a previously costed selection** or **Create a correcting interface file** on the **GL Interfacing Manager** page and then choose to **Select by Payrun**, the following page is displayed:
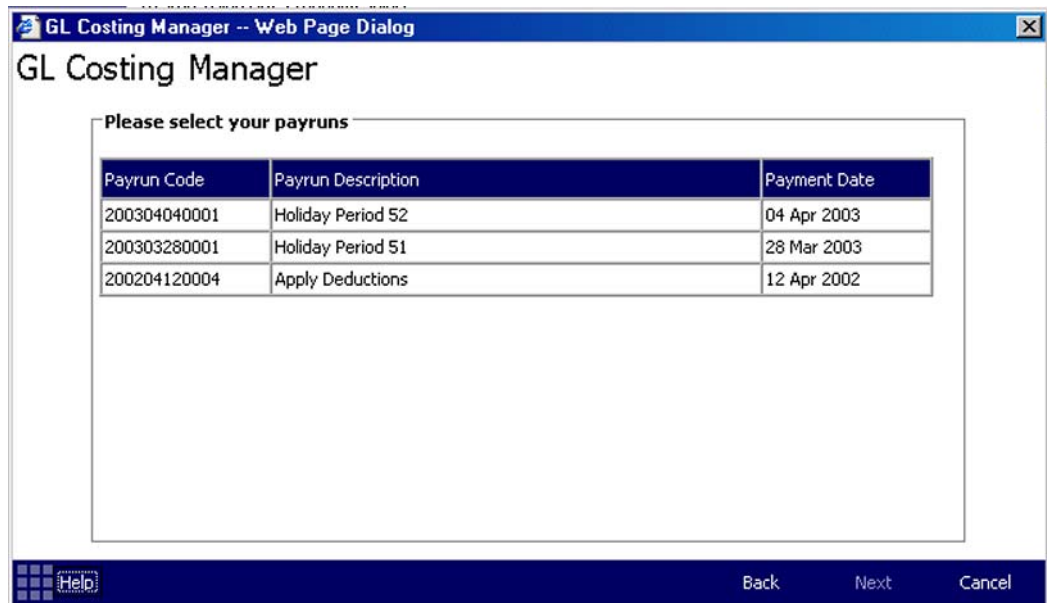

Figure 8 - 3 – GL Costing Manager – select payruns page

You can select from displayed payruns. Only committed payruns are displayed.

Use the following page to select the pay calendars for the payruns you selected.
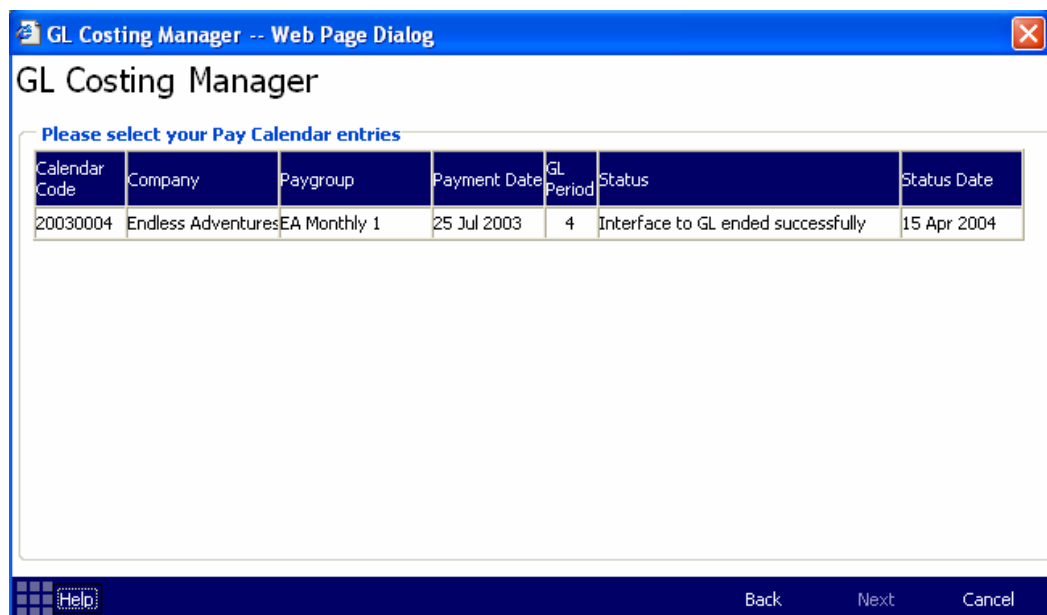

Figure 8 - 4 - GL Costing Manager – Pay Calendar entries page

Re-costing pay calendar entries

After you select the pay calendar entries for costing, the entries are verified automatically in ADP Freedom to see if any of the entries have already been costed. If the entries have not been costed, they will be scheduled for costing. If the entries have already been costed, you are asked to confirm that you want to re-cost these pay calendar entries. Select the checkbox if you want to rerun costing for your pay calendar entries.

Figure 8 - 5 - GL Costing Manager – Re-run Costing page

You may want to re-cost a pay calendar entry if there is an error in any account number. For example, if you realised you had input the wrong business code for an employee, you can make the correction in ADP Freedom and re-cost the pay calendar entry.

Notification of costing completion

You are notified when your costing is complete in the following ways:

- Your home page will contain a link that brings you to the summarisation step of the costing process.

- The **Payrun Control** page will display the last event as **Costing Completed Successfully**.

- The **Payrun Processing Activity** report will state that costing ended successfully.

Summarising the costing file

After you create your costing file, you can total the contents of the file by summarising it. When you summarise the file, all the individual credits and debits for each GL account are totalled into one transaction. After you summarise the file you can create the interface file that can be input into your general ledger system. The following options are available for summarising the costing information:
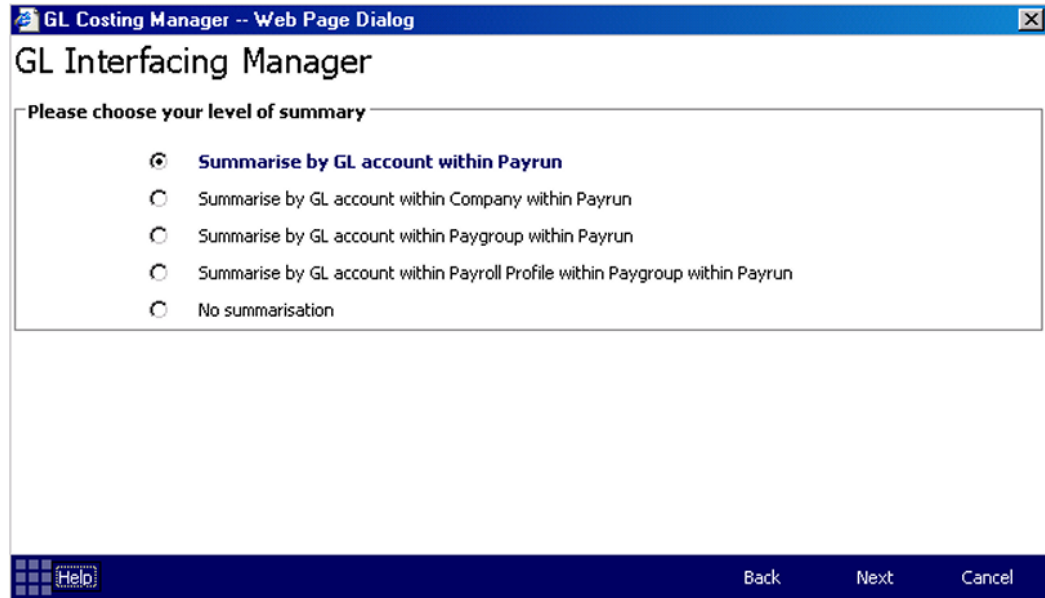

Figure 8 - 6 - GL Interfacing Manager

Table 8 - 5 – Cost file summary options

This summary option	Summarises
Summarise by GL account within Payrun	All transactions in the selected pay calendar entries by GL account number
Summarise by GL account within Company within Payrun	All transactions in the selected pay calendar entries by company and then by the GL account number within the company
Summarise by GL account within Pay Group within Payrun	All transactions in the selected pay calendar entries by pay group and then by the GL account number within the pay group
Summarise by GL account within Payroll Profile within Pay Group within Payrun	All transactions in the selected pay calendar entries by pay group and then by the GL account number within each employee payroll profile

This summary option	Summarises
No summarisation	No totalling by GL account codes

General ledger interface file format

The interface file is created after you select your summarisation option. This fixed format file, which is the file that you load to your general ledger system, has the following data:

Table 8 - 6 – General Ledger Interface File

Field Name	Length
GL account number	101
CR/DR (Credit/Debit)	2
Amount	12
Year	4
Accounting Period	3
Payrun code	12
Pay Group code	10
Employee code	15
EE payroll code (profile identifier)	3
Date record created	8 (format MMDDCCYY)
Time record created	8 (format HH:MM:SS)

Downloading the interface file

After you create your GL interface file, you are prompted to download the file using standard download conventions. You can save the file to your local drive and either edit the file, or load the information into your general ledger system.

The following is an example of the download pages that will display when you create and download your interface file.
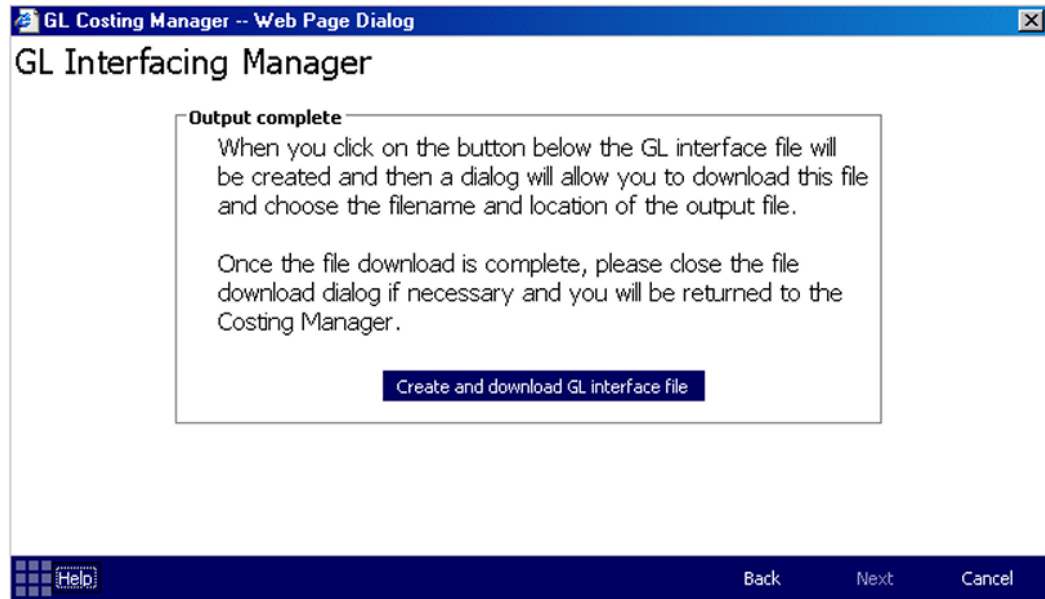
Figure 8 - 7 – GL Interfacing Manager Output complete

When you select **Create and download GL interface file**, you can save the file to your local hard drive.
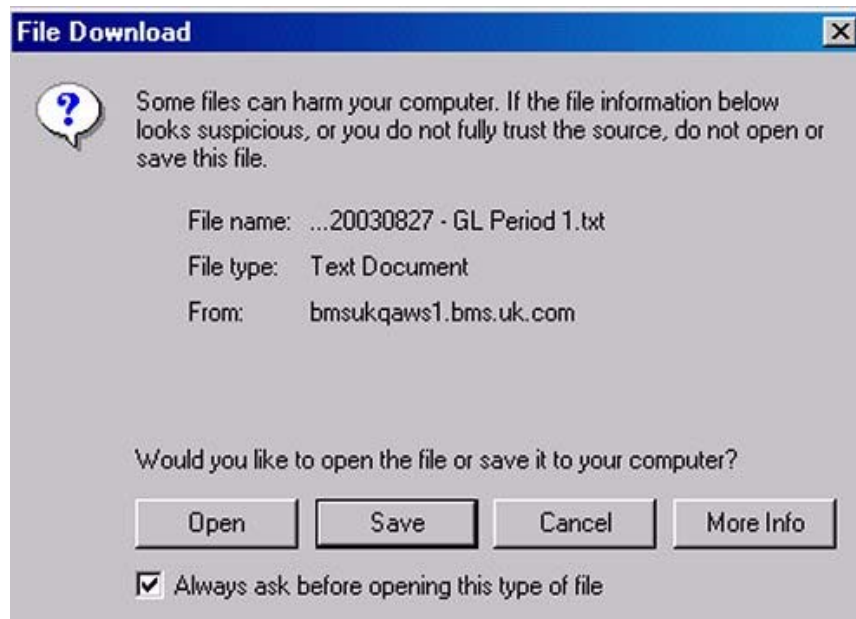

Figure 8 - 8 – File Download

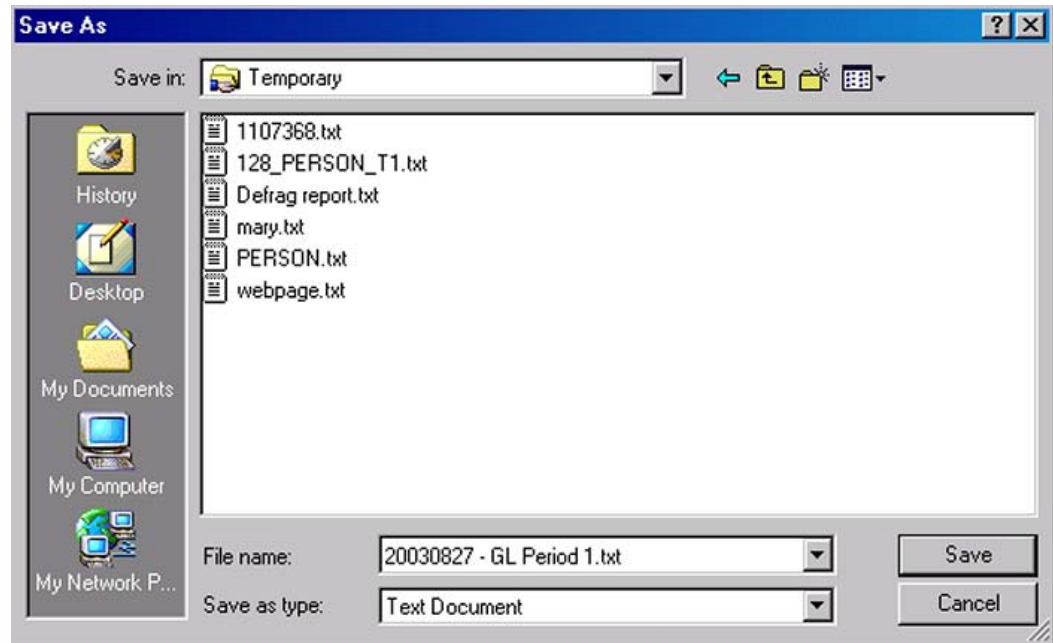Enter a file name for your downloaded GL interface file.

Figure 8 - 9 – Saving the file

You are notified when your file is successfully saved to your local hard drive. If you do not select the checkbox to close the dialogue when the download is complete, you are not notified.
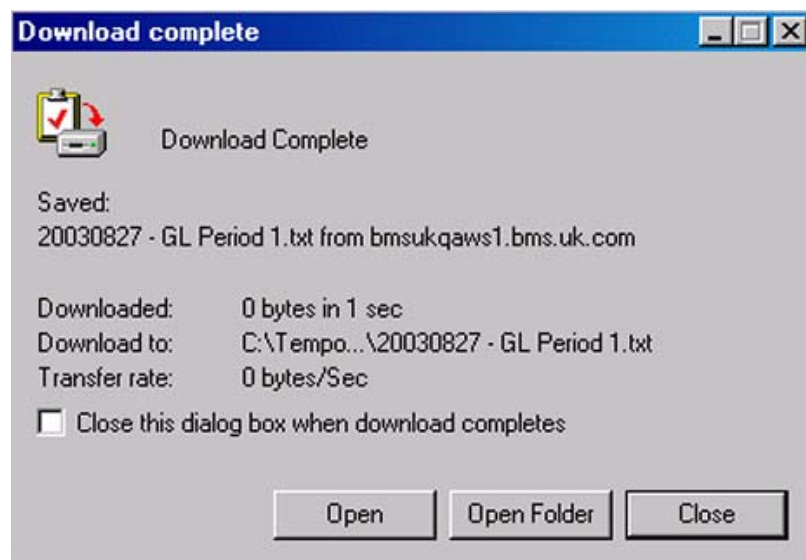

Figure 8 - 10 – Download Complete