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Handling Pay Scale Changes - I Want to Do It Right!

We all have to deal with Prevailing Wage Pay Scale changes at one point or another, and unlike in just about any other situation when the pay increase goes into effect with the beginning of the next workweek - Prevailing Wage pay scale increases become effective with the first day of a specific month, usually June 1. Although this too can depend upon where your business is located and/or any Union rules that you must follow.

Correctly handling this "change" in pay is easily accomplished by creating a new payroll item and "switching" payroll items in the timesheet when the increase becomes effective - just like you do when an employee "switches" work classifications on the job.

We've given you a tool, *Wage Manager Solution*, that makes it an easy task to not only create the new payroll item, but to assign it to all of the appropriate employees with the new rate of pay, using minimal keystrokes.

For those of you that haven't previously used *Wage Manager Solution*, now is a good time to get your feet wet! And I'll even walk you through the creation of the first one, at the end of this article.

However, first let's deal with some of the incorrect ways that you might have done this and troubleshoot how you can get your Certified Payroll Reports out.

Example 1:

You've issued two paychecks, both using the same payroll item; the first paycheck uses the payroll item with the original rate and for the second check you've just changed the rate of pay in the paycheck detail. Both checks are for the same workweek and are issued on the same payday.

QuickBooks allows you do to this, however, in my opinion it should not. CPS, on the other hand simply will not allow you to do this, because it realizes that with Prevailing Wage Laws you have to **clearly show** on your certified payroll reports *when* this increase became effective. Remember, in CPS each QuickBooks Payroll Wage item is "assigned" to a single "Type of Wage" and each payroll item **should** only have a single rate of pay in Quickbooks. Bottom line, your certified payroll reports will not be accurate.

Resolution:

1. Print your reports and manually add any missing information.
2. Save your reports in Excel by first creating a folder, clicking into that folder and copy (CTRL C) its "address", in CPS go to System Setup -> System Preferences -> click into the

phone field and press the following function keys - F9, F8, F9 and paste (CTRL V) the address into the white box and click OK. Rerun your reports and PREVIEW each one, click Complete. Go to the folder and open the report with Excel and manually add the missing information.

3. Delete the 2nd paycheck, create a new payroll item with *Wage Manager Solution*, change the timesheet payroll item entry for the day(s) that the increase were effective, recreate checks using same check number and rerun reports.

Many of you will probably feel that the fact that CPS will not handle or allow you to do the same things that QuickBooks does (like having 2 totally different rates of pay for the same payroll item) is a "limitation" of the CPS program. I assure you it's not, the main function of CPS is to provide you with *accurate* certified payroll reports so that YOU are in compliance with certified payroll reporting mandates.

Example 2:

You've created a new payroll item, made the appropriate entries in the timesheet, but you have also issued two separate paychecks one with the old rate/payroll item combination and the second with the new rate/payroll item combination BUT you've removed the old payroll item/rate combination from the QuickBooks employee records AND you might still have old reports that you need to run. Both checks are for the same workweek and are issued on the same payday.

This scenerio also includes any combination of the above and fortunately, this situation is easier to correct.

Resolution:

1. Use *Wage Manager Solution* to put the old payroll item/wage rate combination back into the QuickBooks employee record and rerun your reports.
2. In CPS go to System Setup -> System Preferences -> Settings Tab - here make sure that the option to "*Use wage rates from the employee record instead of the paycheck*" is **not checked**. This tells CPS to get the rate of pay from the paycheck instead of the QuickBooks Employee Record. Run your delinquent report(s) and then the current one, CPS will find the new payroll wage item from QuickBooks and make you create the linked record. Rerun your reports. Your employees will show up twice on the certified payroll report - once under the original rate of pay and once with the new rate.

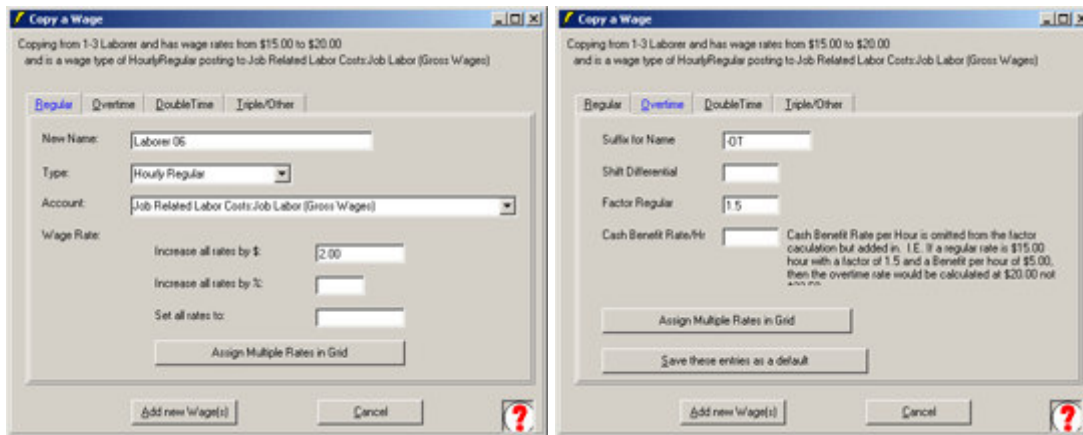
Using Wage Manager Solution to create new payroll items/rate combinations.

These instructions assume that QuickBooks is running and you have already granted Wage Manager Solution permission to access your QuickBooks file.

1. From the CPS "Run" Menu, choose Wage Manager
2. Click the "*Use Open QuickBooks file*" button
3. Wage Manager Solution allows you to import and view your employees, the payroll wage items, and pay rates that are currently assigned to them in a convenient spreadsheet type layout.

Employee	1-3 Laborer	1-4 Laborer OT	2-1 Backhoe	2-2 Backhoe OT	2-3 Dozer
Apprentice, Amy L.					
Bookkeeper, Betty A.					
Employee, 1 A			25	37.5	30
Employee, 1 B			25	37.5	30
Employee, 1 C			25	37.5	30
Employee, 1 D			25	37.5	30
Employee, 1 E			25	37.5	30
Employee, 1 F			25	37.5	30
Employee, 1 G			25	37.5	30
Employee, 1 H			25	37.5	30
Employee, 2 A			25	37.5	30
Employee, 2 B			25	37.5	30
Employee, 2 C	20	40			
Employee, 2 D	16	32			
Employee, 2 E	16	32			
Employee, 2 F	16	32			
Employee, 2 G	16	32			
Employee, 2 H	16	32			
Employee, 3 A	16	32			
Employee, 3 B	16	32			
Employee, 3 C	16	32			
Employee, 3 D	16	32			
Employee, 3 E	16	32			
Employee, 3 F	16	32			
Employee, 3 G	16	32			

4. Selecting an existing payroll item and then clicking the *Copy* button will allow you to copy an existing payroll structure; creating items for straight time, over time, double time, and triple time all at the same time and assign the new payroll item to multiple employees at once.



5. Selecting the *Add New Wage(s)* button will populate the grid with the new rates; assigning the payroll item to all the employees who had the original item.

Wage Manager Solution

File Edit Special Help

Open Print Close Save Modify New Copy Delete Sort A-Z Sort Z-A Employee Help

Employee	1-2 App Lab OT	1-3 Laborer	Laborer 06 (New)	Laborer 06 -OT (New)	1-4 Laborer OT
Apprentice, Amy L.	11.25				
Bookkeeper, Betty A.					
Employee, 1 A					
Employee, 1 B					
Employee, 1 C					
Employee, 1 D					
Employee, 1 E					
Employee, 1 F					
Employee, 1 G					
Employee, 1 H					
Employee, 2 A					
Employee, 2 B					
Employee, 2 C		20	22	33	40
Employee, 2 D		16	18	27	32
Employee, 2 E		16	18	27	32
Employee, 2 F		16	18	27	32
Employee, 2 G		16	18	27	32
Employee, 2 H		16	18	27	32
Employee, 3 A		16	18	27	32
Employee, 3 B		16	18	27	32
Employee, 3 C		16	18	27	32
Employee, 3 D		16	18	27	32
Employee, 3 E		16	18	27	32
Employee, 3 F		16	18	27	32
Employee, 3 G		16	18	27	32

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- At this point clicking on the *Save* button will write this information back to QuickBooks; populating the Employee Records with the new payroll item and rate of pay and adding the new payroll item to the Payroll Item List - all correctly assigned to the proper Payroll Expense account.