RECEIVER GENERAL MANUAL

CHAPTER 6

PAYROLL SYSTEMS (PS) AND DEPARTMENTS

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DIAGRAMS

6.1 INTRODUCTION

Under the Financial Information Strategy (FIS) account balance concept, accounting and reconciliation for payroll expenditures and the accounting control over pay financial transactions ensure that all payroll is monitored through a series of control accounts maintained in a general ledger. In the case of pay transactions, Department 079 payroll expenditures are reported to Payroll Systems - General Ledger (PS-GL).

New functionality in the Regional Pay System (RPS) supports the reporting of payroll expenditure data to the responsible client departments and to Department 079.

Specifically:

- RPS calculates employee pay and deductions and requests net payment issue to the Standard Payment System (SPS).

- RPS provides gross pay run transaction detail to individual departments for recording in their Departmental Financial Management System (DFMS) payroll expense accounts.

- PS-GL provides control account and account balance detail on a pay run basis to individual departments.

6.2 THE PAYROLL SYSTEMS (PS) AND FIS

6.2.1 Changes Under FIS

Under FIS, PWGSC Compensation Sector produces salary payments and deduction remittances via the SPS. Departments that are FIS compliant report their gross payroll as part of their monthly trial balance to the Central Financial Management Reporting System (CFMRS).

On a pay run basis, the Compensation Sector forwards detailed gross pay run data to individual departments for recording in their DFMS payroll expense accounts. The PS-GL provides payroll control and payroll control account balance reports each time the departmental payroll control account is updated. Departments must perform a reconciliation between the detailed gross pay transactions provided by the RPS and the payroll control account totals received from the Compensation Sector via the PS-GL. On the last day of the month, the department will receive a final payroll control account balance report which must be reconciled to the payroll control account in the individual department's DFMS.

Responsibilities

Under FIS, client departments have acquired more responsibilities in various areas of accounting and financial management. These include:

- accounting for gross payroll
- preparing and accounting for salary accruals
- preparing and submitting monthly departmental general ledger trial balances (including a payroll control account - 63XXX) based on government-wide coding to the CFMRS
- preparing interdepartmental settlements (ISs) for salary recoveries related to employee transfers

The PWGSC Compensation Sector, through the RPS and the PS-GL, provides:

- departments with detailed gross payroll expenditure data and related control data for their respective organizations
- a department 079 trial balance to the CFMRS which must include a payroll control account for each department.

Accounting Month Close for RPS

Under the old system, the RPS accounting month close-out was staggered from month to month and could even be as early as mid-month. Effective December 1998, the accounting month close-off is the close of the third last working day of the calendar month. Supplementary pay runs processed up to and including the third-last working day of the current month are charged to that month. This will be the case for each month **with the exception of December months** which will continue to be staggered and earlier than the third last working day due to calendar year-end considerations for income tax purposes. All payments dated in a calendar month are accounted for in that month. This change applies to all departments, regardless of FIS readiness.

Elimination of March-Paid-April

Effective March 31, 1999, March-paid-April (i.e., period 13 for pay) will be eliminated for all payroll payments issued by the RPS for both FIS and non-FIS departments. There will be a 12-month accounting cycle for payroll, and departments will have to accrue for any expenditures required to be reflected in the old (current) fiscal year.

Accrued Payroll Expenditures

For **FIS departments**, all accrual transactions (month-end and year-end) currently being provided by PWGSC Compensation Sector will be eliminated. Departments will be responsible for any month-end and year-end accrual supporting documentation. The Treasury Board will be issuing policies regarding the minimum accrual information requirements for departments. Annually, PWGSC Compensation Sector will issue a pay processing schedule that will include, by month, the number of days to be accrued for regular pay.

For **non-FIS departments**, PWGSC Compensation Sector will continue to provide them with month-end and year-end payroll accruals for regular pay only. Departments will be required to develop procedures to determine amounts to be accrued for other payroll items (e.g., overtime). Treasury Board will be issuing policies regarding the minimum accrual information requirements for departments.

Source 0049 Payroll Transfer Central Accounting Journal Vouchers

Payroll transfer journal vouchers are eliminated effective March 31, 1999 for all departments regardless of their FIS status. Transfer-out departments will recover moneys from transfer-in departments via an interdepartmental settlement (IS). Note that payroll transactions involving an IS will not be a part of the payroll control account (63XXX). Rather, they will be included in the IS debit and credit control accounts (64XXX and 65XXX). The IS process is described in Chapter 4 (SPS and Departments) and Chapter 9R1 (Revision No. 1 - IS Processing During the FIS Transition Period) of this manual (these chapters may be found at the following URL address: http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html). IS details are also provided in the Standard Payment System User Guide, Chapter VIII, available at the following URL address: http://publiservice.pwgsc.gc.ca/sog_gos/text/publications-e.html.

The following table summarizes the IS process in effect during the FIS transition period depending on the status of departments involved in the transaction.

INTERDEPARTMENTAL SETTLEMENTS (ISs)
DURING THE FIS TRANSITION PERIOD

Process when the IS involves:

1. **A Non-FIS Creditor Department and a Non-FIS Debtor Department**
   When both departments are non-FIS, an IS can be debtor initiated only.

2. **A FIS Creditor Department to a FIS Debtor Department**
   All payroll-related settlements will be creditor initiated.

3. **A FIS Creditor Department to a Non-FIS Debtor Department**
   Generally, if payroll related and the creditor department is FIS, then the IS will be FIS creditor initiated to the non-FIS debtor department.

4. **A non-FIS Creditor Department to a FIS Debtor Department**
   If payroll related, and the creditor department is non-FIS, then the IS will be FIS debtor-initiated to the non-FIS creditor department.

Accessing the On-Line Pay Finance Sub-System (FIN)

A new security profile is required for departments to access the on-line pay finance sub-system (FIN). Departments should refer to the Personnel-Pay Input Manual (PPIM), sections 17-1, On-line Departmental Security Procedures, and 21-2, On-line Finance Procedures, for detailed on-line pay instructions and procedures relating to FIN. The PPIM is available as of February 1999 on the GENet site at the following URL address: http://publiservice.pwgsc.gc.ca/compensation.

Departments opting out of maintaining financial coding in the RPS do not require security access to FIN.

6.2.2 Modifications to the RPS

PWGSC Compensation Sector, through the RPS, has the responsibility of providing departments with detailed gross payroll expenditure data. Modifications to the RPS have been developed to fulfill this responsibility. The RPS sends a detailed data file to the PWGSC mainframe for individual departmental retrieval via a file transfer protocol (FTP). Departments will require an FTP account and the related security to enable them to access the payroll files. Departments may, in turn, post the data to their DFMS.

- The new payroll expenditure process requires the creation and maintenance of a departmental header control record for each client department to control client departments' expenditure processing. A PWGSC Compensation Sector accounting advisor is responsible for creating a record for each fiscal year and obtaining any necessary information from the client department.

The departmental header control record is accessible to departments for inquiry purpose only through the on-line pay finance sub-system (FIN) and controls the processing of expenditure data for each client (effective April 1999). The header control record includes:

- a department's Central Accounting System (CAS) number
- all departmental pay acronyms related to the CAS number
- the FIS effective date
- the accounts coding length
- the line object position within the accounts coding line
- the status of the coding opt in/out option (i.e., maintaining financial coding within the RPS or not)
- a Common Departmental Financial System (CDFS) client indicator code to show whether the client is a CDFS client (used for file output description detail)

The Compensation Sector accounting advisor will contact departments annually to determine whether any changes to the current header control record are required for the upcoming fiscal year. Based on the information received from the client, a new year departmental header control record will be created before a fiscal year begins.

- FIS clients have the option of either maintaining their financial coding in the RPS or opting out and maintaining their financial coding in their departmental system. Departments must notify the PWGSC Compensation Sector advisor of their decision during FIS implementation set-up activities or at the beginning of any subsequent fiscal year. The advisor will include this information on the header control record for the department. This option can be effected only at the beginning of a fiscal year. On implementation of the opt out option, the PWGSC Compensation Sector will remove all accounts coding from RPS master employee records (MERs) at the beginning of the applicable fiscal year.

The coding option may be changed by a department effective April 1 of any future fiscal year. Refer to the Personnel-Pay Input Manual, Section 21-2-2, On-line Finance Procedures - Expenditure File Update (http://publiservice.pwgsc.gc.ca/compensation), for detailed instructions and procedures relating to the Expenditure File Update Screen, acronym EFU.

Departments opting to maintain their financial coding in the RPS will continue to input accounts coding at the employee level and will be required to maintain line object and credit-back coding. These departments will have access to a new on-line interactive control file in FIN for updating their master employee records (MER) and line object and credit-back coding tables.

Once the client department is confirmed as ready for FIS implementation, the line object and credit-back coding information for the upcoming fiscal year must be created. The client department has two options available to accomplish this.

- Should the line object length remain static, then the coding currently existing on the Interactive On-line Control File/Pay Expenditure Control File (IOCF/PECF) dictionaries would be copied to the new RPS tables by the PWGSC Compensation Sector. The tables could then be modified by the client department to reflect any new fiscal year updates.

- Alternatively, the client could create completely new entries to the line object table without using the IOCF/PECF copy process option. The copy option cannot be used where a department's new year financial coding includes a change in line object length.

Note that, regardless of the option adopted, all credit-back coding must be input by the client department as there is no copy option for these data.

Departments opting to maintain their financial coding in their DFMS will no longer be required to include accounts coding on transaction input. There will be no further requirement for the department to maintain any financial coding within the RPS.

- Departmental finance officers, regardless of FIS status, now have the capability through an on-line facility and without Pay and Benefits support, of updating account coding on the RPS MER for individual employees. These coding modifications can be created individually using the employee personal record identifier (PRI) and authorized either individually or in bulk. Refer to PPIM, Section 21-2-1, On-line Finance Procedures (http://publiservice.pwgsc.gc.ca/compensation), for detailed on-line instructions and procedures relating to the Financial Coding Update screen, acronym FCU.

This on-line functionality is available to those FIS client departments which have opted to maintain their coding in the RPS and to all non-FIS clients.

- The RPS will provide all FIS compliant departments on a pay update basis, with a detailed expenditure file containing both gross payroll and credit-back transactions. For these departments that have chosen the financial coding option, each transaction will include either line object or credit-back financial coding information. FIS compliant departments that have chosen not to maintain their financial coding in the RPS will receive a detailed expenditure file excluding financial coding. The record layout for the detailed expenditure file is available through the application program interface, as detailed in the document entitled "Receiver General FIS Input-Output Requirements for Departments" available at the following URL address: (http://publiservice.gc.ca/services/fis-sif/text/docs-e.html). Each transaction will carry a requisition number. Cancelled transactions can be identified by a "C" in that number.

The detailed expenditure file will be sent by the RPS to the PWGSC mainframe from where departments will retrieve the data.

The payroll control account report and the account balance report can be provided to clients via the FIS mailbox or as an e-mail attachment. The FIS mailbox can be accessed via the Single Sign-On (SSO) menu. For more information, refer to Chapter 3, Overview of the FIS Set of Applications (http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html), of this manual or to the SSO help available from the SSO menu. The payroll control account data can also be provided as a Direct Access Storage Service (DASD) file and can be retrieved from the PWGSC mainframe from the same location as the detailed expenditure file.
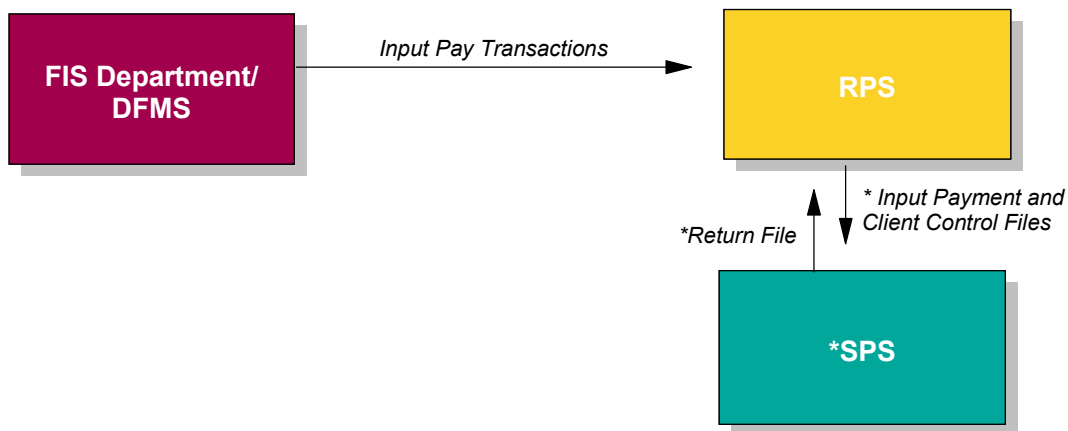
6.3 THE PS PROCESS

1. Client departments input their pay transactions, to the RPS, via the Regional Pay On-line facility, to create or modify employee payroll records including financial coding.

DIAGRAM 6-1
FIS DEPARTMENT PROVIDES INPUT TO RPS
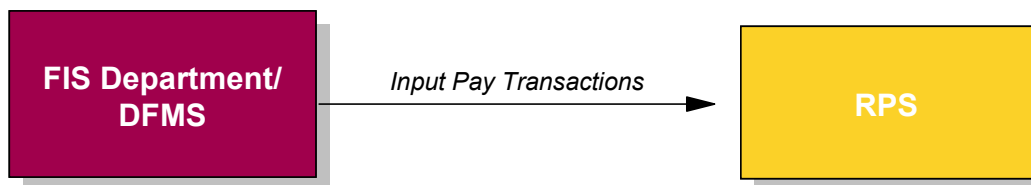
2. RPS calculates payments and forwards an input payment and client control file to the SPS for payment production. A payment control total and a requisition number are included on the file. The SPS assigns a payment reference number (PRN) to each payment made. The SPS creates a return file with the payment detail and the PRNs and returns the file to the RPS for processing.
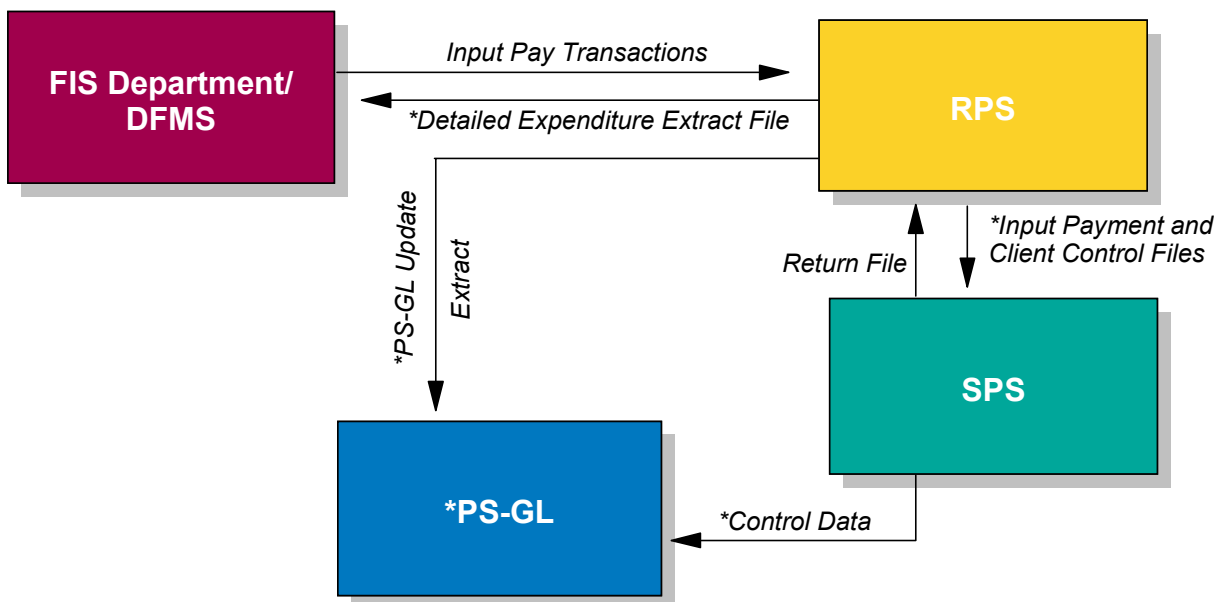
DIAGRAM 6-2
SPS PROCESSES INPUT FROM RPS

Additional dataflows or systems from Diagram 6-1

3.   The RPS processes the SPS return file by updating the payroll register data base with the PRN for each payment. Once done, the individual transactions are extracted and processed against the RPS expenditure control data base. An extract file is created for updating to the PS-GL and for each FIS department. Non-FIS departments receive their expenditure data via the Regional Pay Interface System and the Central Accounting System.

DIAGRAM 6-3
RPS PROCESSES SPS RETURN FILE AND PROVIDES
**EXTRACTS TO PS-GL AND TO DEPARTMENTS**

* Additional dataflows or systems from Diagram 6-2

4. The PS-GL is also used for remittance processing to outside agencies and other government departments. Each time payments are requisitioned, files are exchanged between the PS-GL and the SPS. Reporting of requisition numbers and control totals for these payments/ISs occurs between the SPS and the Receiver General - General Ledger (RG-GL) with final reporting back to the PS-GL.

    The SPS reports to the RG-GL the requisition number and the net control total as processed for a pay update. In turn, the RG-GL provides to the PS-GL, on a daily basis, the year-to-date account balance for Dept. 079 payment control account.

DIAGRAM 6-4
SPS FORWARDS CONTROL DATA TO RG-GL, RG-GL
FORWARDS YTD BALANCE TO PS-GL AND PS-GL
FORWARDS REMITTANCE RELATED REQUISITION TO SPS
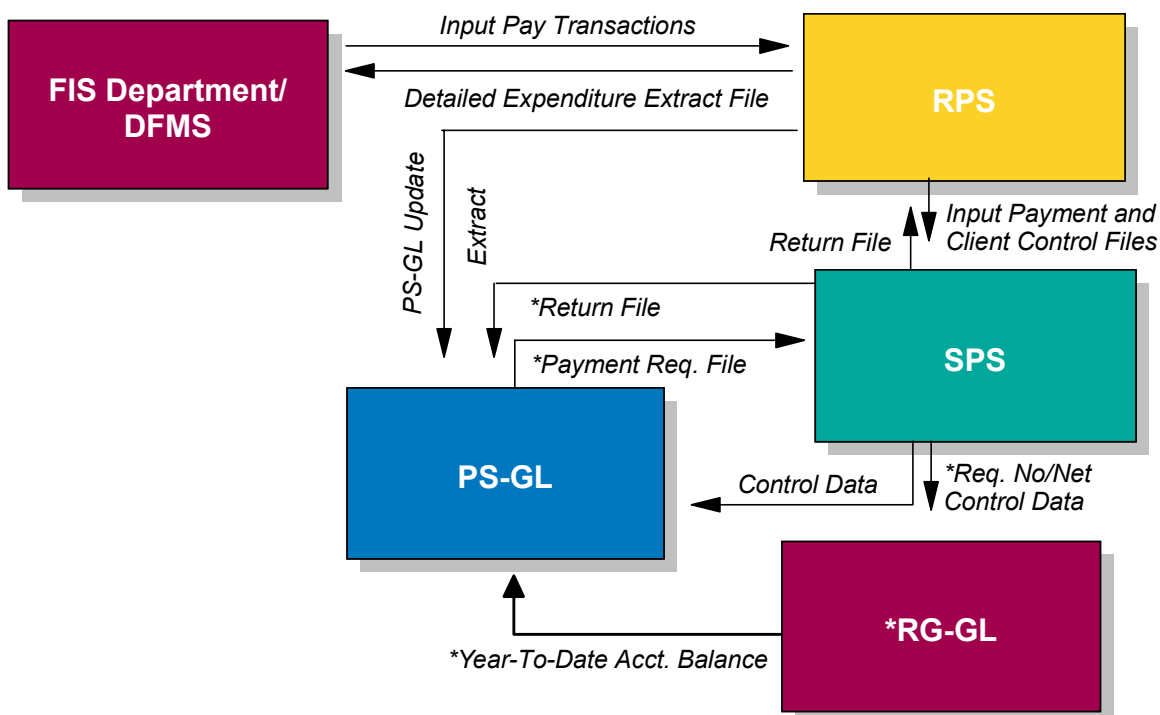
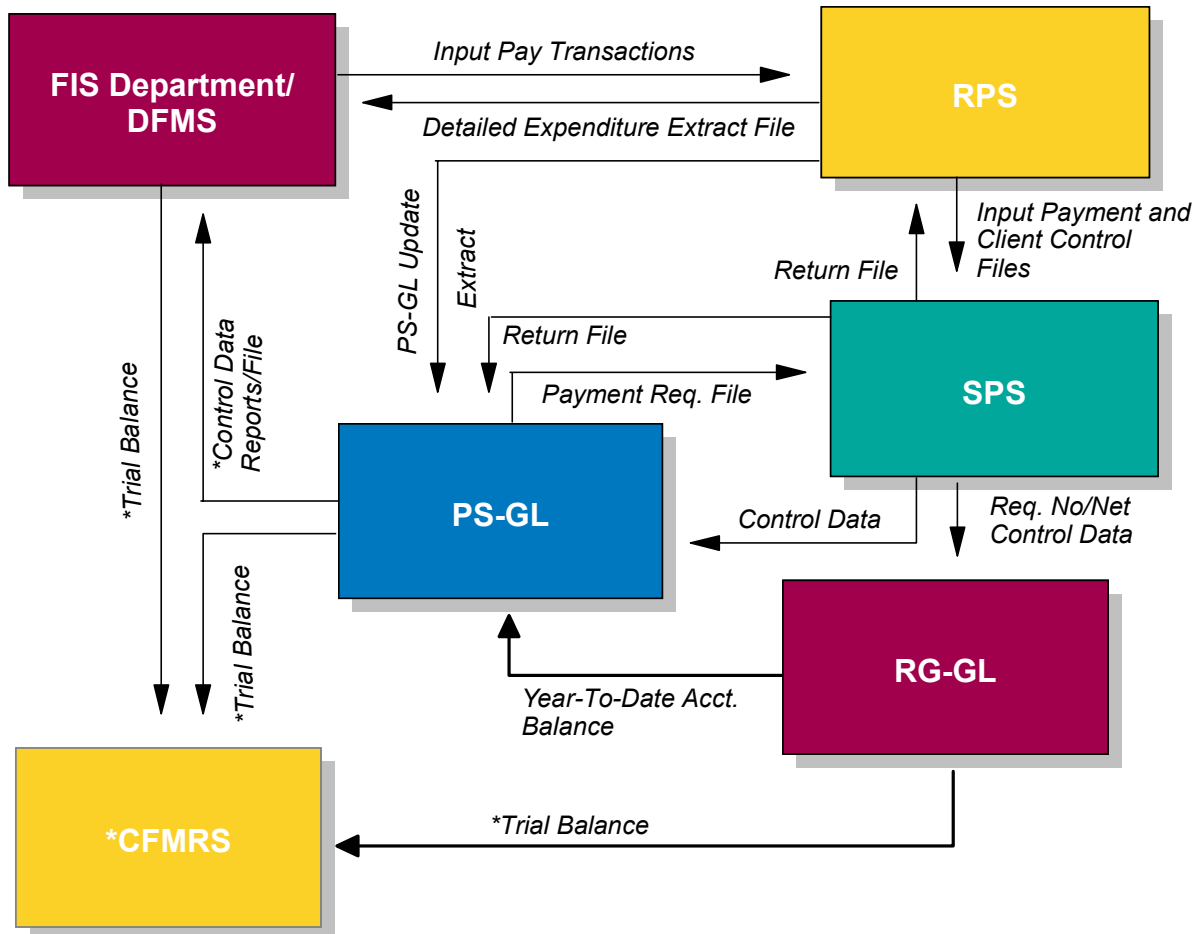** Additional dataflows or systems from Diagram 6-3*

5. The PS-GL maintains a subsidiary ledger payroll control account by individual CAS department number which includes the account balance for both payroll expenditures processed through the RPS and any manually posted payroll-related transactions for the current fiscal year. The PS-GL will provide two control data outputs to departments on a pay update basis:

    • a payroll control account balance report/file containing current-day control data with associated requisition numbers and closing account balances for each payroll control account
    • an account balance report, produced on an update basis and at month end, reflecting the payroll control account balance for the department

The payroll control account balance report is available to client departments via their FIS mailbox (accessed from the SSO menu) or the PWGSC mainframe or the e-mail option they have adopted. The account balance report is available to clients via their FIS mailbox or as an e-mail attachment.

The payroll control information provided to departments includes all transactions posted to the PS-GL subsidiary payroll control account for the department and is detailed by requisition identification number. On a periodic basis, the payroll control data should be reconciled to the RPS detailed expenditure data. This will greatly facilitate a department's reconciliation to the month-end account balance report provided by the PS-GL.

At month-end, the PS-GL, RG-GL and DFMS all prepare a trial balance of payments related to pay processing and submit it to the CFMRS.

DIAGRAM 6-5
RG-GL, PS-GL AND FIS DEPARTMENTS FORWARD
TRIAL BALANCES TO CFMRS

* Additional dataflows or systems from Diagram 6-4

If the PS-GL and DFMS payroll control accounts do not reconcile, it is the department's responsibility to identify which requisition identification number is not in balance between the RPS detailed expenditure data received and posted to the departmental DFMS and the PS-GL payroll control account balance report, prior to the submission of trial balances to the CFMRS. Identified differences must be reported to the Compensation Sector accounting advisor for resolution. If the two sources of data are in agreement, the department should verify that no errors occurred on posting the RPS detailed expenditure data to the departmental DFMS. If errors did occur, the DFMS payroll control account balance should be adjusted in the current month.

6.3.1 Month End

As indicated in the section above, at month end, FIS compliant departments are required to submit a trial balance of their DFMS general ledger accounts to the CFMRS using the government-wide coding structure, for consolidation to the accounts of Canada. These departments must include in their trial balance a payroll control account which is consolidated by CFMRS to the payroll control account for the department provided by the PS-GL for the Dept. 079 trial balance. The sum of the two payroll control account balances must net to zero. In the event of a discrepancy, the CFMRS will issue a CFMRS error discrepancy report that must be addressed by the department. For additional information on the CFMRS process, refer to Chapter 8, CFMRS and Departments (http://publiservice.pwgsc.gc.ca/cars-sccr/text/recgen-e.html), of this manual.

6.3.2 Compensation Transactions Not Included in RPS Detailed Expenditure Files

There are certain payroll transactions that currently cannot be actioned as input through the RPS. For example, cancelled cheques related to certain types of payroll transactions (for payments older than two years) must have the transaction cancelled manually. Since the transaction has not been actioned through an RPS update, data on the transaction would not be included in any daily RPS detailed expenditure file provided to a department for posting to its DFMS. It should be noted that PS-GL control data files and control data reports provided to departments will include these transactions. Therefore, PWGSC has developed a process whereby a notification will be forwarded to the departmental financial officer to ensure that departments receive the details of the manual transactions for updating their systems. The PWGSC Compensation Sector accounting advisor will provide departments with the same information as provided in the RPS detailed expenditure files.

6.3.3 Cancelled Payments

Payments returned for cancellation are forwarded by the department to the PWGSC Payroll Accounting Office for processing. On completion of the cancellation action, the SPS assigns an SPS requisition number, containing a value of "C" and provides control data to the RG-GL. The RPS, on completion of input of the cancelled payment data, including the SPS requisition number, provides the cancelled payment data to the departments via the detailed extract file. This information is included with the departments regular expenditure data and can be easily identified by the unique "C" requisition identifier. Subsequent updates to the PS-GL departmental payment control account result in the reporting of the value and requisition number on the payroll control account report and adjustment to the account balance.

For non-FIS clients, the cancellation process remains the same as described above except that the client detail expenditure data are provided to the Regional Pay Interface System and the Central Accounting System. There are no reports produced from the PS-GL for non-FIS clients.

6.3.4 Garnishment of Salaries

Garnishment of salaries generally involves two separate actions. Action 1 is related to the employee's department being notified by a court order to commence forwarding part of the employee's salary to a third party. Action 2 commences when as a result of departmental input, the RPS is updated to automatically commence the necessary withholding from the employee's pay.

In Action 1 the FIS department, on receiving the employee's regular pay cheque, is required to cancel the cheque, issue a cheque to a third party identified by the courts, and issue the remainder to the employee. For the detailed procedures refer to section 9.4.3, Salary Garnishment Cheque Cancellation, of RGD 1999-6, Post-Issue Procedures for Receiver General Cheques - For Departments Complying with the Financial Information Strategy (FIS), at the following URL address: http://publiservice.pwgsc.gc.ca/cars-sccr/text/oldrg-e.html. Action 1 will cover all salary payments made between the date the garnishment order takes effect until the beginning of the first pay period where RPS will have been updated to automatically handle the garnishment withholding process from regular pay. In the majority of cases, Action 1 will only apply to a single salary cheque.

In Action 2, the FIS department has updated the RPS with the deduction garnishment data: amount, code, effective date, etc. RPS will automatically deduct from the employee's regular pay the required garnishment amount and calculate the amount due to the employee (net of taxes and total deductions including the garnishment amount). A net cheque will be issued to the employee.

The salary garnishment amount withheld will be included in the RPS generated pay detail data that the FIS department will download from the PWGSC mainframe. The FIS department will be responsible for recording the amount withheld in its DFMS as a liability and raising a payment requisition to SPS to remit the amount to the applicable third party. Refer to Compensation Directive 1997-016 at the following URL address: http://publiservice.pwgsc.gc.ca/compensation/text/directives-e.html.

Example where the RPS has automatically withheld the garnished salary amount:

FIS Department ddd has an employee making $2,000.00 gross each pay. The government is required to withhold $550.00 each regular pay and this amount must be paid to a court appointed agency on behalf of the employee's spouse. The taxes and other deductions amount, excluding the garnishment amount, total an additional $600.00 and are accounted for by Dept. 079 in the PS-GL.

The FIS department, on retrieving the Pay Detail file (gross payroll details plus any garnishment amounts withheld that a department will be expected to remit to appropriate third parties) generated by RPS, will make the following entry in its DFMS:

		FRA		
DR	Salary Expense	51311	$2,000.00	
CR	Payroll Control Account	63ddd		$1,450.00
CR	Garnisheed Salaries	21613		$550.00

FRA 21613 is a liability account, and the department must legally remit the amounts withheld from employees to the third parties as directed by the courts. The FIS department will raise a payment requisition to SPS resulting in the following DFMS entry:

		FRA		
DR	Garnisheed Salaries	21613	$550.00	
CR	Payment Control	61ddd		$550.00

6.4 PS CONTACTS

6.4.1 Questions about PS Operations (by FIS and Non-FIS Departments)

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