QuickBooks IV

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Agenda

- **Benefits of using the audit trail feature**
- **Doing payroll with QuickBooks**

  Overview of payroll tracking
  Setting up for payroll
  Setting up employee payroll information
  Writing a paycheck
  Tracking your liabilities
  Paying payroll taxes
- **Tracking time**

  Tracking time and mileage
  Invoicing a customer for mileage
  Displaying project report for time tracking
  Paying nonemployees for time worked

Keeping Fraud From Knocking On Your Door

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Preventing Fraud

- **QuickBooks has several features to help improve the control of monies and to prevent fraud.**
- **Software cannot do it alone.**

  We need to keep in mind that it takes ***numerous*** measures to protect against embezzlement including dual controls, audits, and good hiring practices.

Using QuickBooks for Control

- QuickBooks includes a number of standard features to help improve control.

Audit Trail

- In QuickBooks there is an audit trail feature that may be turned on to track all transactions and modifications or deletions.

Audit Trail

- **The Audit Trail Report provides a summary to the Administrator of all QuickBooks transaction activity answering three essential questions:**
  1. Who added/edited/deleted the transaction?
  2. When was the transaction added/edited/deleted?
  3. What were the relevant details of the transaction, i.e., date, amount, accounts, names, etc.?

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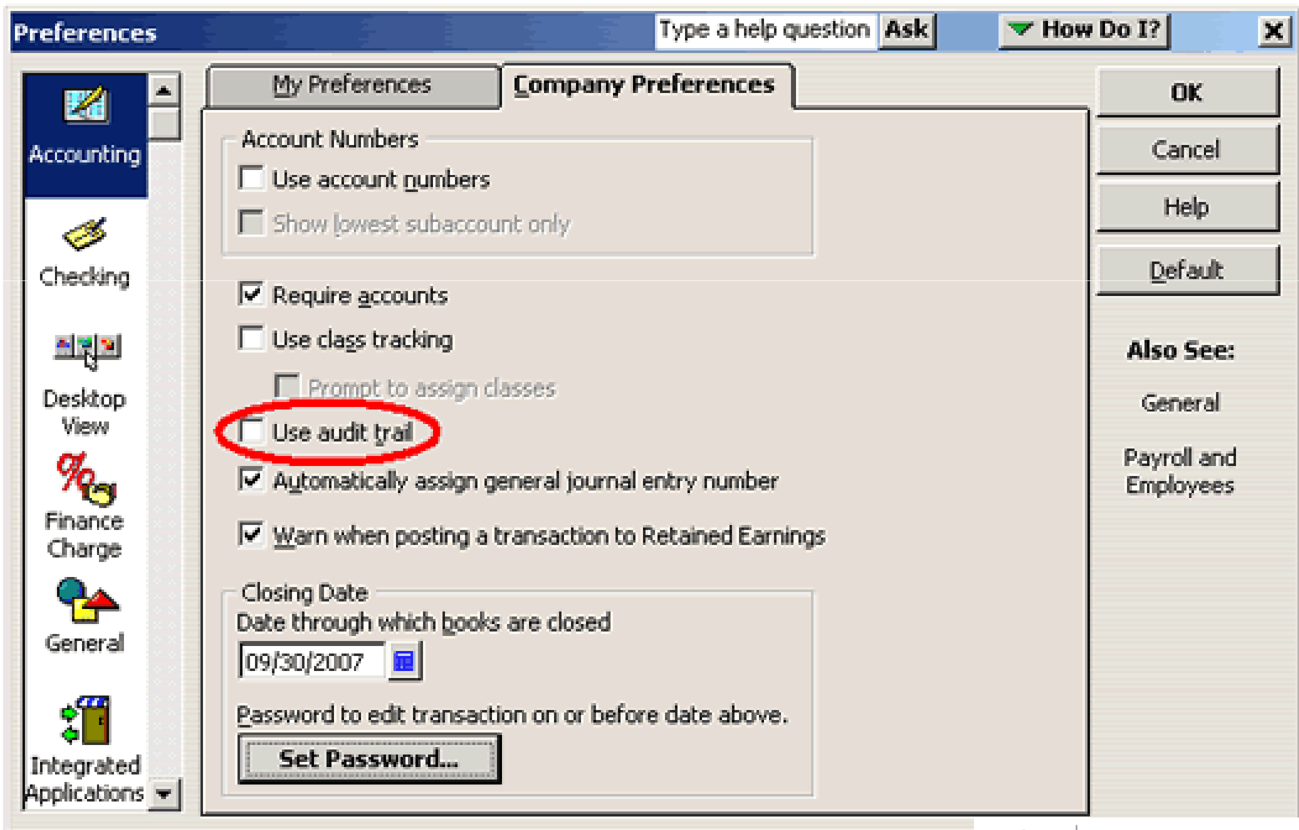
Audit Trail

- You can also set a password for making changes in previous periods.



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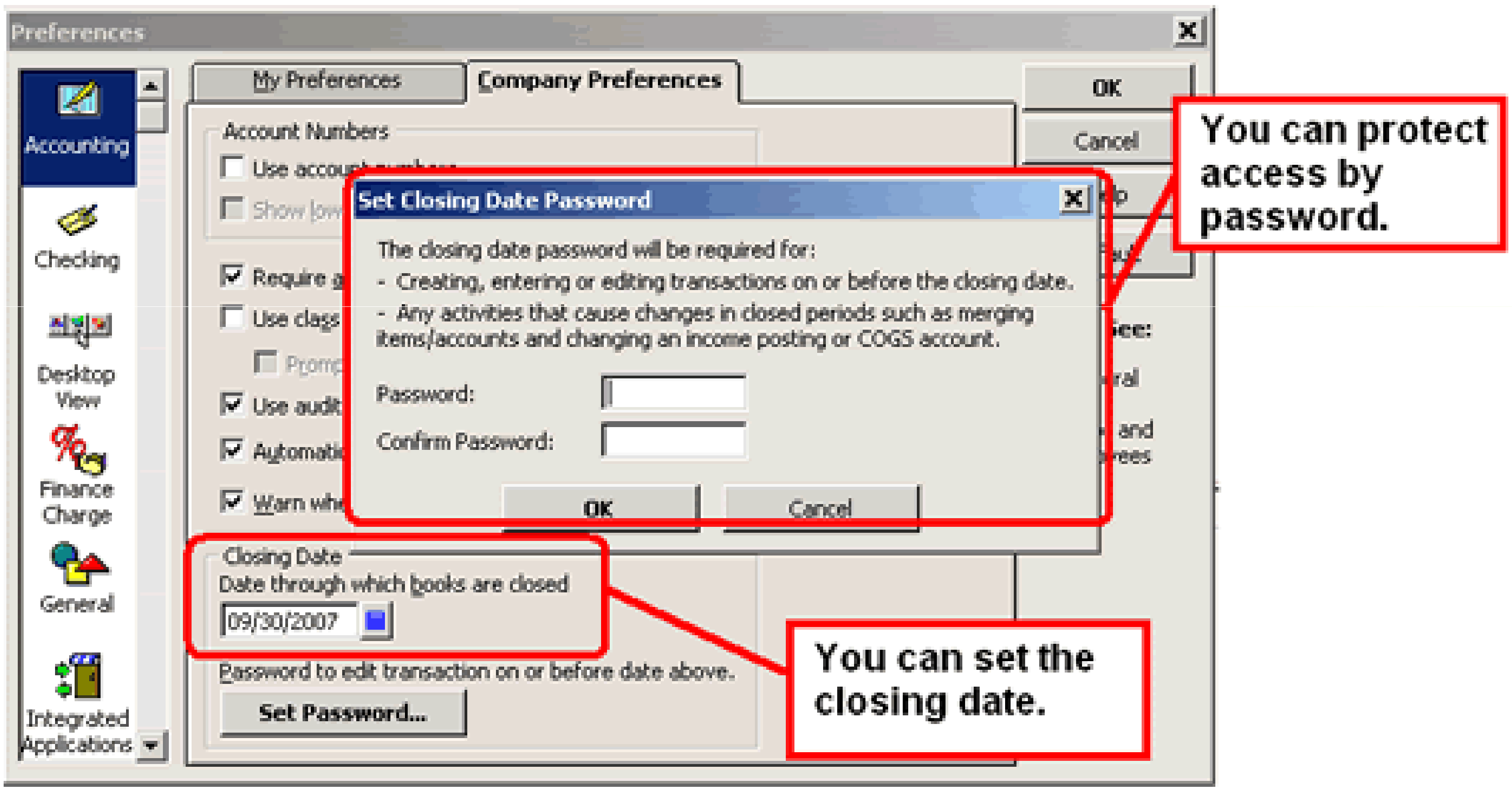
Closing the Books

- You may also close the books which will require a password to make changes in previous periods; this is optional as well.



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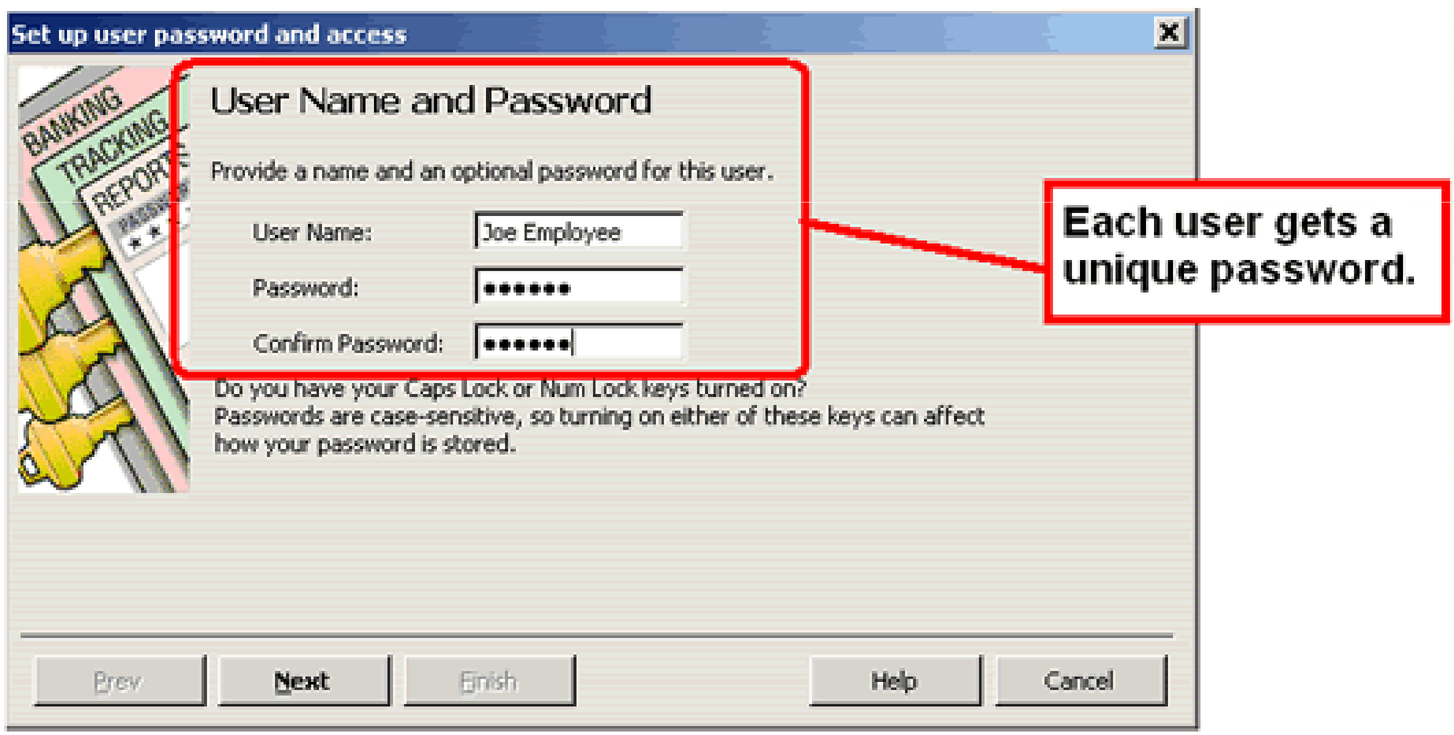
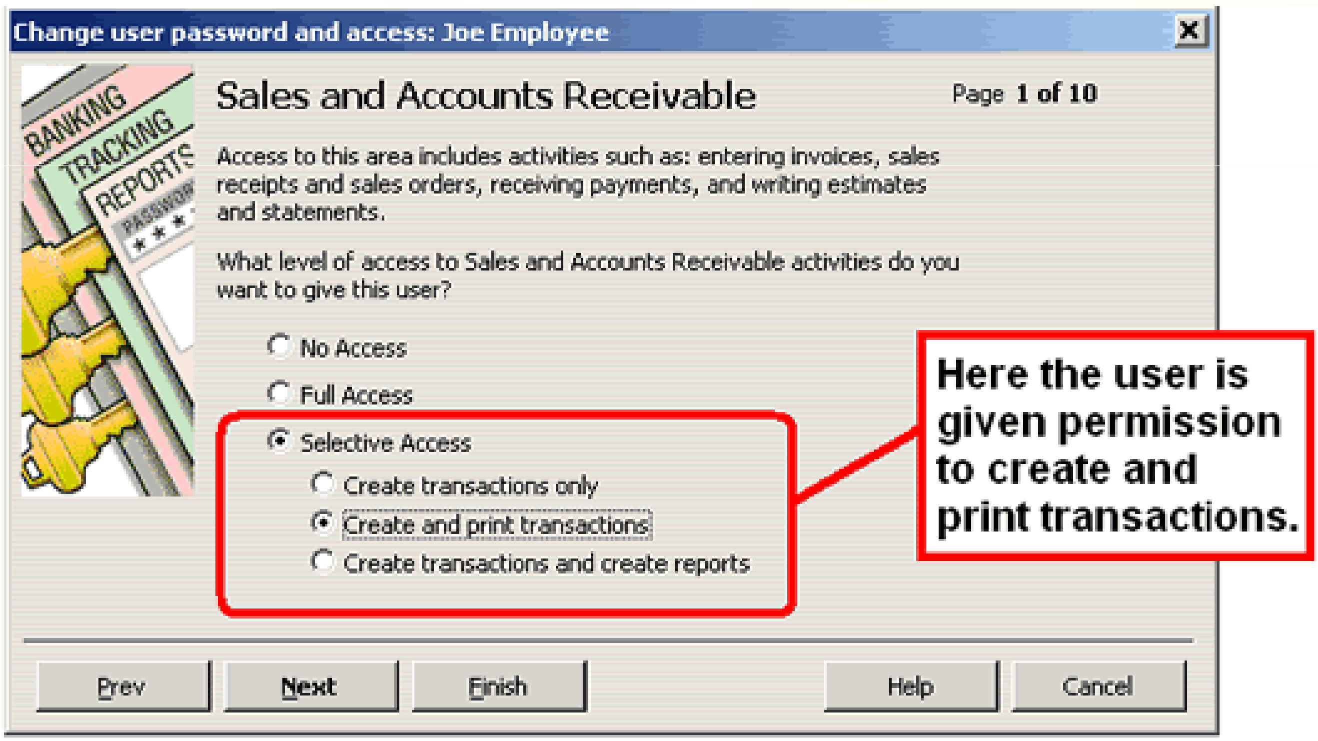
Setting User Roles

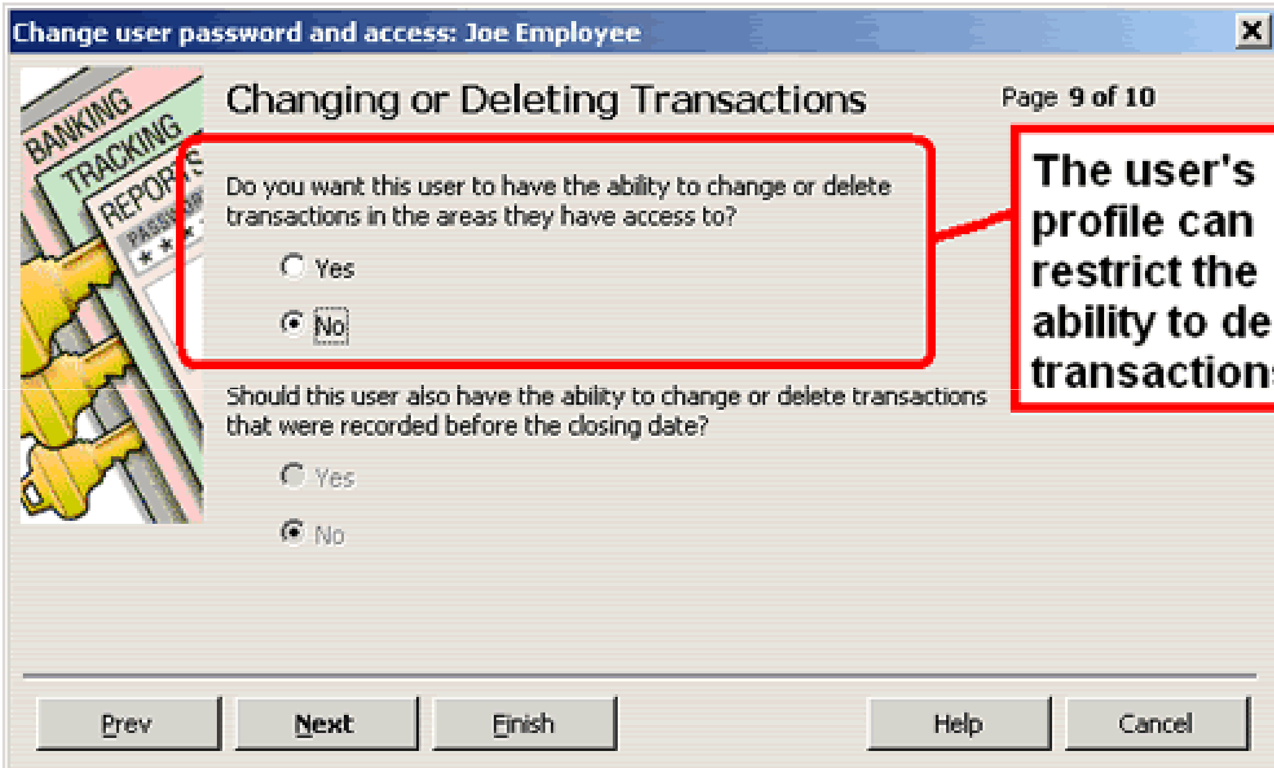
- This capability is frequently overlooked, and is one component of higher levels of fraud protection.



Limiting User Roles

- Set up the user permissions to disallow deletes and changes within that user's role. Just this one step alone will prevent the user from changing anything after the fact, or deleting a transaction in order to cover up fraud.





The user's profile can restrict the ability to delete transactions.

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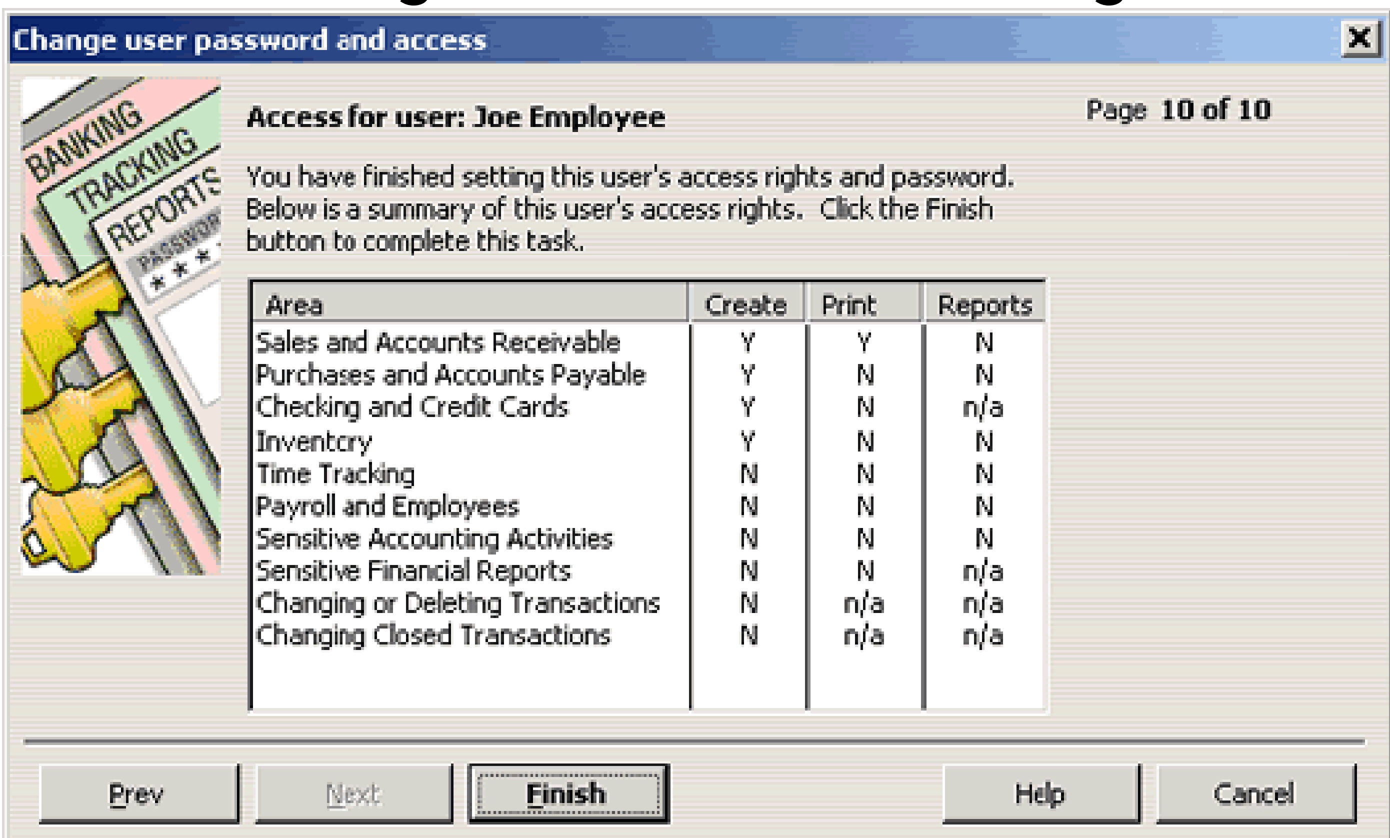
- **Unless you grant full access to QuickBooks, multiple screens allow the user no, full or partial access to different segments of the accounting workflow.**



Change user password and access

Access for user: Joe Employee

Page **10 of 10**

You have finished setting this user's access rights and password. Below is a summary of this user's access rights. Click the Finish button to complete this task.

Area	Create	Print	Reports
Sales and Accounts Receivable	Y	Y	N
Purchases and Accounts Payable	Y	N	N
Checking and Credit Cards	Y	N	n/a
Inventory	Y	N	N
Time Tracking	N	N	N
Payroll and Employees	N	N	N
Sensitive Accounting Activities	N	N	N
Sensitive Financial Reports	N	N	n/a
Changing or Deleting Transactions	N	n/a	n/a
Changing Closed Transactions	N	n/a	n/a

Prev | Next | **Finish** | Help | Cancel

Audit Trail Report

- **The Audit Trail Report provides a record of every transaction entered into the data file, including details such as when a transaction is changed and the nature of the change. At a minimum, it is suggested that report be examined on at least a weekly basis, looking for any suspicious activity.**
- **Examples of such activity include:**

  unauthorized bad debt write-offs or other credits to customer accounts, journal entries to cash accounts, or changes to the payee on checks.

  customer invoices being deleted. This could indicate that an employee received cash from the customer, and then deleted the invoice so he/she could pocket the cash.

Other Elements of Good Control

- Separate Reconciliations from Payroll Issuer
- Signing Authority
- Education

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Separate Reconciliations from Payroll Issuer

- It's important to have a different person reconcile the bank statement than the person who issues the Accounts Payable and Payroll checks.

Signing Authority

- The person issuing the Accounts Payable checks should not be the person authorized to sign them.

Education

- There is quite a bit of control in QuickBooks, but it is flexible enough if the user doesn't want to deal with these features. While most of these control features are optional, it is important that the user understand why they are important, and to implement them as appropriate.
- If the user knows what the tool is and how it works, that is the key.

Preventing Fraud

Top Ten Tips

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1

Send Bank and Credit Card Statements to a Separate Address

- Review each check both front and back for payee, signature, and endorsement.
- Examine each statement carefully. Review each and every line item of both payments and charges.

2 Do Not Let Anyone Misrepresent Themselves as You

- Never allow someone to use your password, sign your name, ever.
- Never let an employee sign your name, use your credit card, or misrepresent themselves to your bank or credit card company. Reimburse their expense.
- Don't reveal sensitive passwords.

3

Reconcile Bank Accounts and Review Statements

- Review every statement. Make sure all bank accounts and credit cards are reconciled.
- Take time to review every reconciliation report.
- Notice stale checks or deposits that have not cleared the bank.
- Check for missing deposits. An increase in the number of reconciled items may also reveal mischief.

4 Assign Administrative Rights Effectively

- Use the Administrative rights in QuickBooks to protect your data.
- This role has unique permissions.
- Make sure that every user is set up separately and that passwords are used.
- Lock down permissions to change or delete transactions.
- Especially important: Use passwords for closing dates.

5 Use the Audit Trail in QuickBooks

- If you don't have the latest version of QuickBooks, make sure you turn on the Audit Trail.
- Caution: the Audit Trail won't tell you if a vendor name has been changed or merged. It is wise to maintain a strict paper trail.
- Supporting documents need to be readily accessible in your files and then archived according to the type of document.

6 Use the Voided/Deleted Transaction Report

- After you have turned on the Audit Trail, and made its review part of your routine, periodically review the Voided/Deleted Transaction Report to see which entries which have been modified.

7

Establish Accounting Controls

- Split responsibilities between staff members or outside accounting professionals.
- Warning Sign: If only one person writes the checks and reconciles the account, there is no double check. Separate the duties.
- Consider another person to do reconciliations so it is done by a person other than the staffer generating the checks.

8 Adhere to a Numerical Sequence

- Use a numerical sequence for all transactions. Invoice, bills, and checks which are numbered fall in a logical and chronological order. The reason: To identify missing documents.
- Look at the bank statement for large gaps. Secure paper checks.
- If you keep voided paper checks, remember to tear off the signature area to keep it from being misused. If your bank sends paper checks, sort them numerically.

Review Receivables and Payables

- Look for adjustments to Receivables or Payables. Such adjustments could indicate subverted payments or vendor checks.

10

Back up Your Data

- Back up! Back up! Back up!
- Think redundant backups as a contingency plan for disasters of all sorts.
- Make scheduled copies.
- Rotate the media (tape drive or portable storage). If you use CDs, better buy the read-only variety.
- Store your backups at another location. Such diligence can come in especially handy if there is a disaster.
- In some fraud cases, the bookkeeper may delete all of the QuickBooks files to avoid detection. In such cases the governments have to pay a large sum for data retrieval, in hopes of capturing any shred of evidence. Be smart; back up. It only takes a few minutes.

Doing payroll with QuickBooks

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Lesson objectives

- To gain an overview of payroll in QuickBooks
- To learn more about payroll setup
- To set up employee payroll information
- To practice writing and printing a payroll check
- To learn how QuickBooks tracks your tax liabilities
- To practice paying payroll taxes

Calculating payroll with QuickBooks

To do its payroll calculations, QuickBooks needs four kinds of information:

- Information about your company

  Besides the company name and address, this includes information about your federal tax ID numbers. You enter this information in the EasyStep Interview when you set up your QuickBooks company data file. (You can view most company information by choosing Company Information from the Company menu.)

- Information about your employees

  The QuickBooks Employee list stores general information about each of your employees, and specific information related to payroll (such as the employee's salary or hourly rate, filing status, number of exemptions, and miscellaneous additions, deductions, and company contributions). You can store payroll information that most employees have in common in employee defaults. Whenever you have a new employee to add, simply enter information that's specific to that employee (name, address, and so on).

Calculating payroll with QuickBooks

- Information about your payroll items

  QuickBooks maintains a list of items that affect the amount on a payroll check, including company expenses related to payroll. When you specify that you want to use payroll, QuickBooks creates a number of payroll items for you. You add others as you need them.

- Tax tables for federal, state, and local withholdings

  QuickBooks uses tax tables to calculate payroll. You get the current tax tables and keep them current when you subscribe to one of the Intuit Payroll Services. If you choose not to subscribe to one of these payroll services, you need to calculate and enter your payroll tax deductions manually for each paycheck. Once you've set up your company, employee data, and payroll items, to run payroll you enter the number of hours worked during the pay period for each employee. QuickBooks calculates the gross wages for the employee, and then refers to its tax tables (if you've subscribed to one of the Intuit Payroll Services—Standard Payroll, Enhanced Payroll, or Assisted Payroll) and the company and employee information you've entered to calculate all withholdings and deductions and to arrive at the net pay figure. QuickBooks also calculates your company payroll expenses (for example, your contributions to social security and Medicare).

Setting up for payroll

To turn payroll off in a company data file:

- From the Edit menu, choose Preferences, and click Payroll & Employees in the left panel.
- Click the Company Preferences tab and select "No payroll."
- Click OK.

Setting up for payroll

- **QuickBooks maintains a list for everything that affects the amount on a payroll check and for every expense related to payroll. This is called the Payroll Item list.**

  There are payroll items for compensation, taxes, and other deductions and employer-paid expenses. QuickBooks uses payroll items to track individual amounts on a paycheck and accumulated year-to-date wage and tax amounts for each employee.

- **To view the Payroll Item list:**

1. **From the Employees menu, choose Payroll Item List. (You must have payroll turned on to see this choice.)**
2. **Close the Payroll Item list.**

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Setting up for payroll

- **QuickBooks displays the Payroll Item list.**

Payroll Item List

Item Name	Type	Amount	Annual Limit	Tax Tracking	Payable To	Account ID
Salary	Yearly Salary			Compensation		
Sick Salary	Yearly Salary			Compensation		
Vacation Salary	Yearly Salary			Compensation		
Overtime Pay	Hourly Wage			Compensation		
Regular Pay	Hourly Wage			Compensation		
Sick Hourly	Hourly Wage			Compensation		
Vacation Hourly	Hourly Wage			Compensation		
Bonus	Addition		10,000.00	Compensation		
Mileage Reimb.	Addition	0.32		Compensation		
Health Insurance	Deduction		-1,200.00	None	Sergeant Insurance	
Advance Earned Inco...	Federal Tax			Advance EIC Payment	Great Statewide Bank	00-7904153
Federal Unemployment	Federal Tax	0.8%	7,000.00	FUTA	Great Statewide Bank	00-7904153
Federal Withholding	Federal Tax			Federal	Great Statewide Bank	00-7904153
Medicare Company	Federal Tax	1.45%		Comp. Medicare	Great Statewide Bank	00-7904153
Medicare Employee	Federal Tax	1.45%		Medicare	Great Statewide Bank	00-7904153

Type a help question | Ask | How Do I?

Payroll Item | Activities | Reports | Include inactive

Setting up for payroll

To add a payroll item:

1. From the Employees menu, choose Payroll Item list.
2. Click the Payroll Item menu button, and then choose New.
3. QuickBooks displays the Add new payroll item window, which steps you through the payroll item setup process.
4. Select the type of payroll item you want to create. Then, click Next and follow the onscreen instructions.

QuickStart tips

- Depending on your payroll, you may need additional payroll items of the following types: Yearly salary, Hourly Wage, State Withholding, State Disability, State Unemployment, Other Tax, Deduction, Addition, Commission, or Contribution.

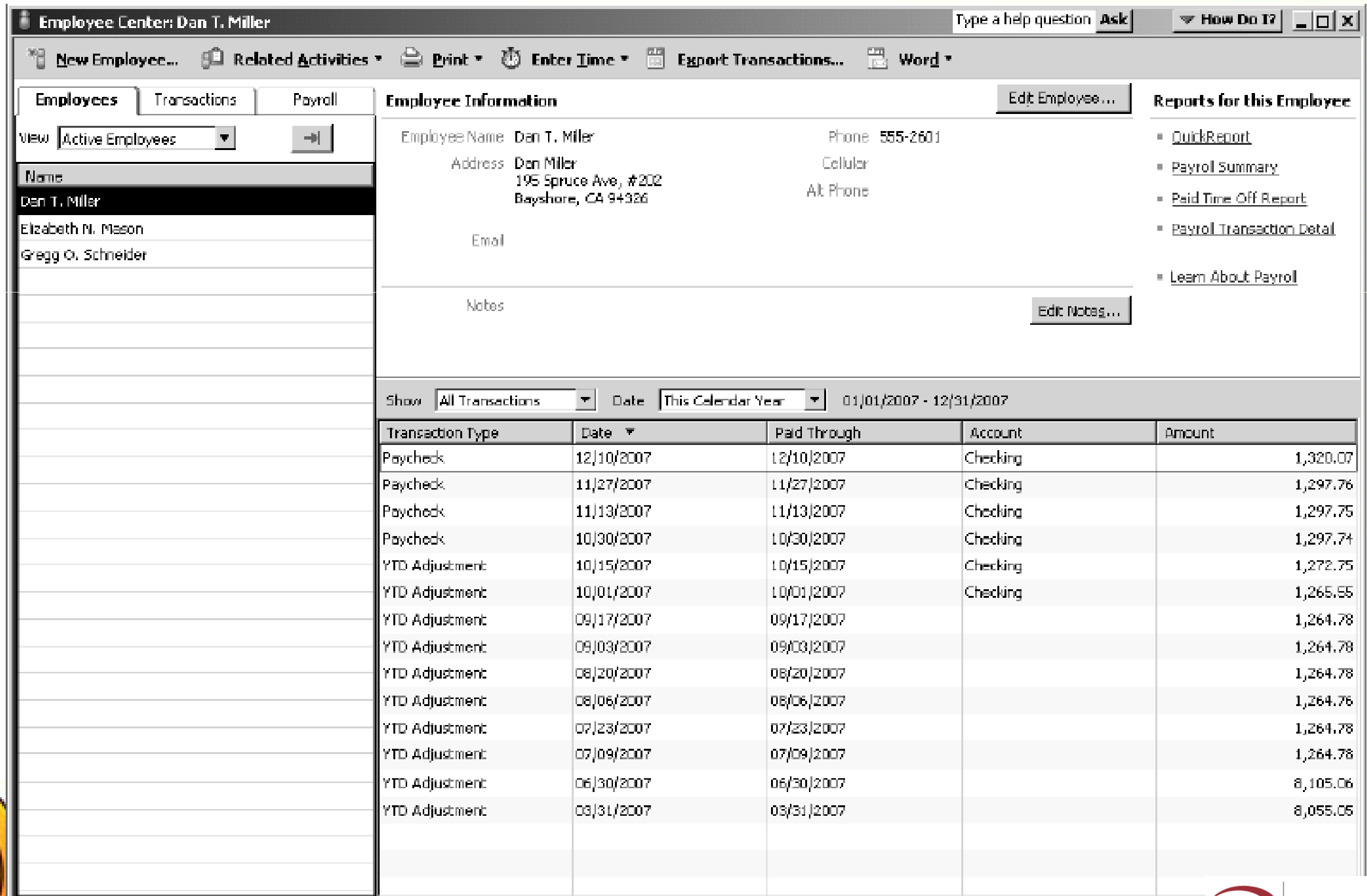
Setting up employee payroll information

- QuickBooks calculates payroll for each employee on the basis of that employee's pay rate, filing marital status, exemptions and so on. The employee list stores general information each employee as well as payroll information.
- In this next exercise, you are going to add a new employee to Rock Castle Construction payroll.

Setting up employee payroll information

To view information stored in the Employee list:

1. Click Employee Center on the navigation bar.



Setting up employee payroll information

2. Select Dan T. Miller in the list, and then click Edit Employee.
3. Click the Address and Contact tab.
4. Click the Additional Info tab.
5. In the Change tabs drop-down list, select Payroll and Compensation Info.
6. Click Taxes.
7. Click the State tab to review the state withholdings.
8. Click OK to return to the Edit Employee window.
9. Click OK again to return to the Employee Center.

Using employee defaults to store common information

- QuickBooks stores a wealth of information about each employee, but it doesn't require you to enter the same information over and over.
- When you have information that applies to most of your employees, you can enter it into your employee defaults. Then, when you add an employee, QuickBooks automatically fills in the information stored with the defaults. You just need to add or change any information that is different for a particular employee.

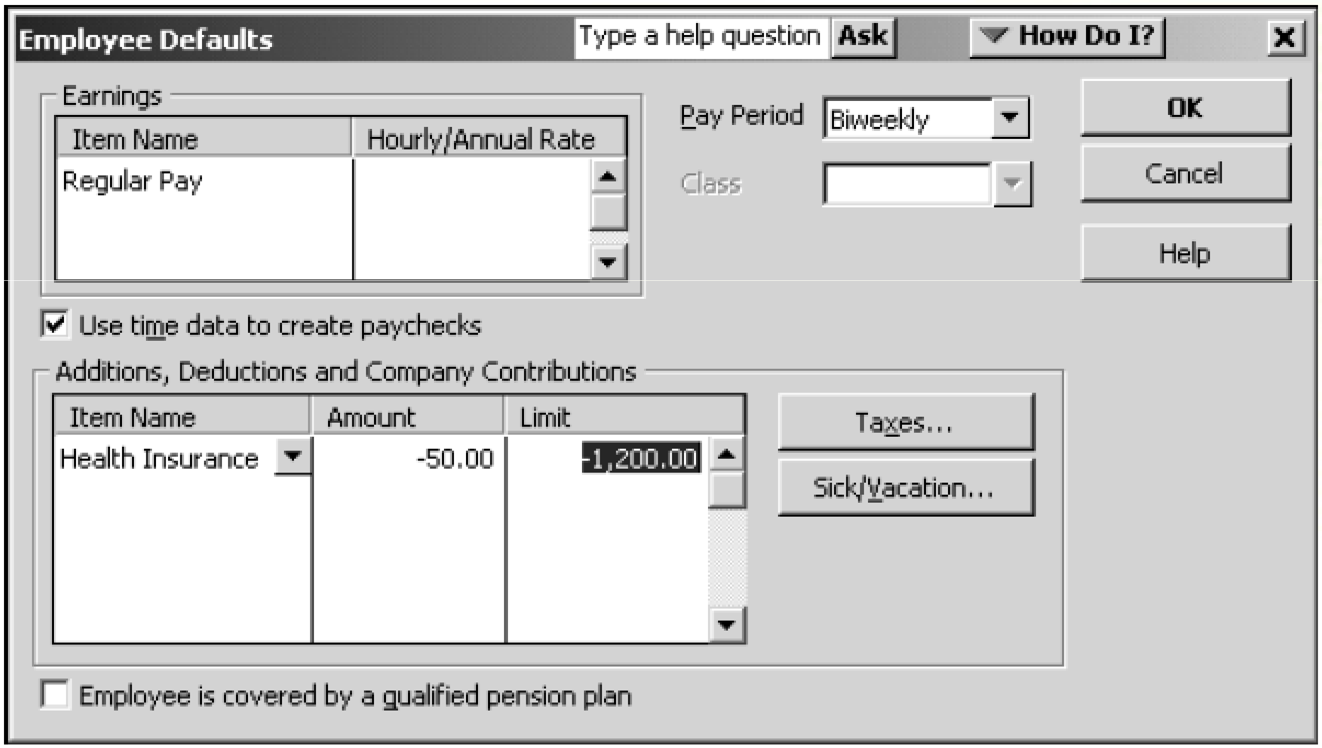
Using employee defaults to store common information

To view employee defaults:

1. With the Employee Center displayed, choose Employee Defaults from the Related Activities menu button.
2. Select the “Use time data to create paychecks” checkbox to include pay for time entered using the time tracking feature.
3. In the Additions, Deductions and Company Contributions area, click in the Item Name column, and then choose Health Insurance from the drop-down list.
4. In the Amount column, type 50 and press Tab.

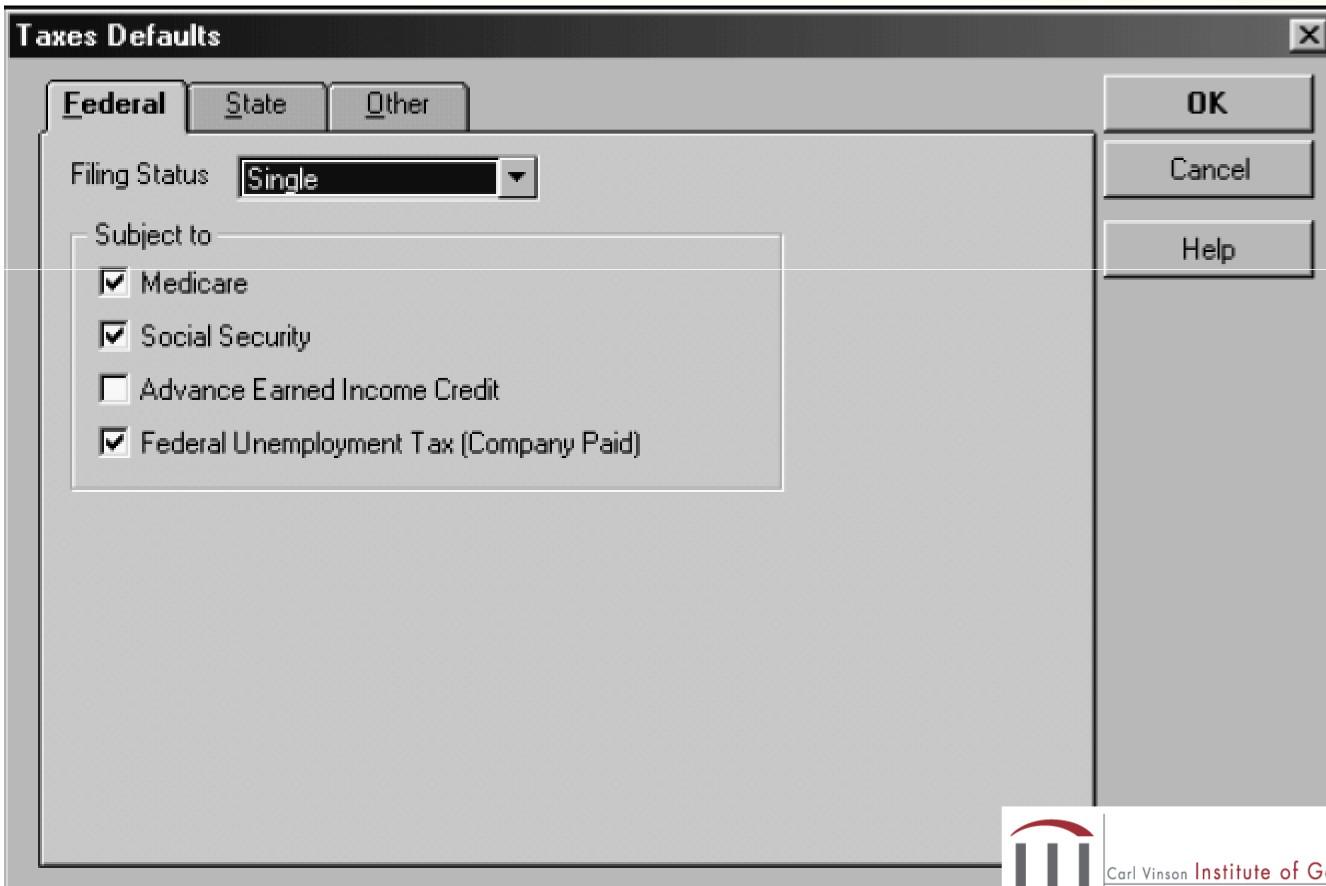
Using employee defaults to store common information

- Your screen should look like the following.



Using employee defaults to store common information

5. Click Taxes. QuickBooks displays the Federal tab of the Taxes Defaults window.



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Using employee defaults to store common information

6. **Click Cancel to close the Taxes Defaults window.**
7. **Click Sick/Vacation.**
   - Information regarding sick days and vacation days is entered in this window. QuickBooks keeps track of the earned time each pay period.
8. **Click Cancel to close the Sick & Vacation Defaults window.**
9. **Click OK to close the Employee Defaults window.**

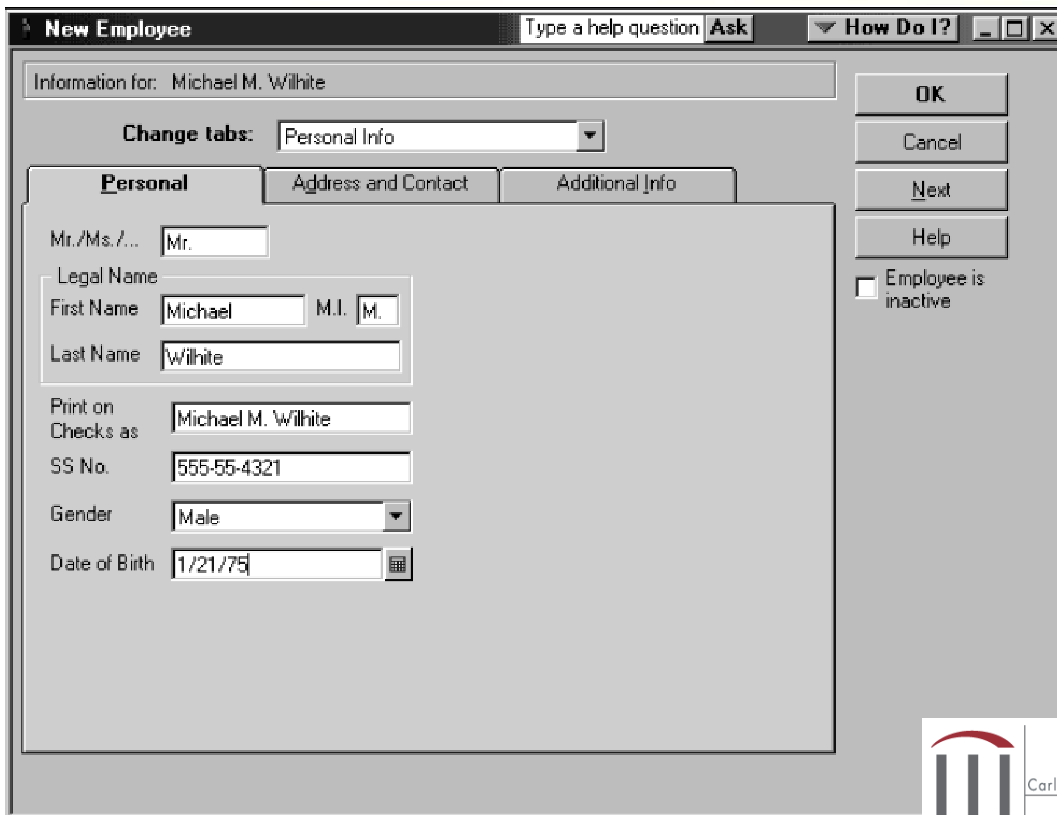
QuickStart Tip

- The employee defaults affect employees you set up in the future. If your employee list already contains names of employees but does not have payroll information for them, the defaults will not be applied to those employees.

Adding a new employee

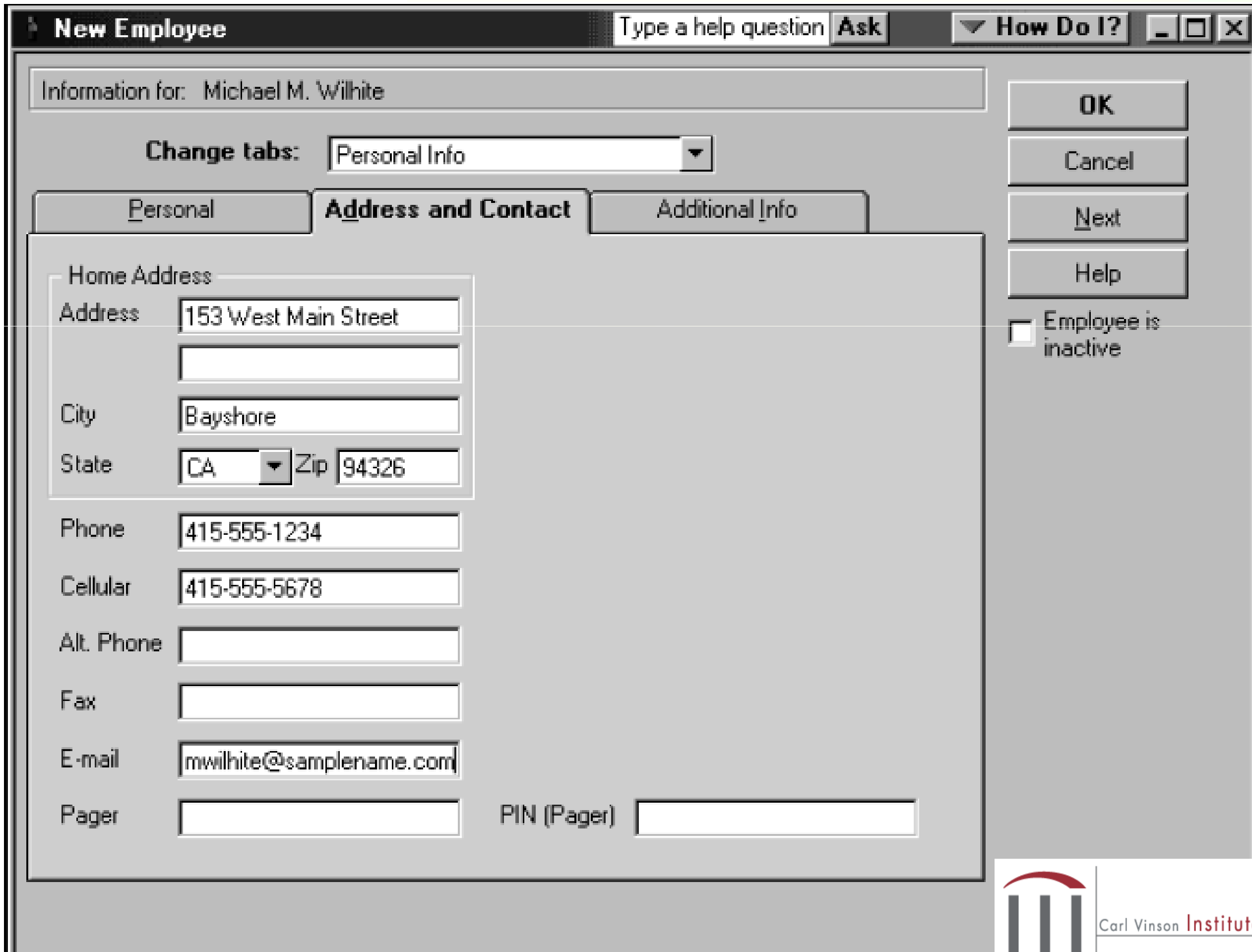
To add a new employee:

1. With the Employee Center displayed, click New Employee.
2. On the Personal tab, enter the employee data.



Adding a new employee

3. On the Address and Contact tab, enter the employee data.

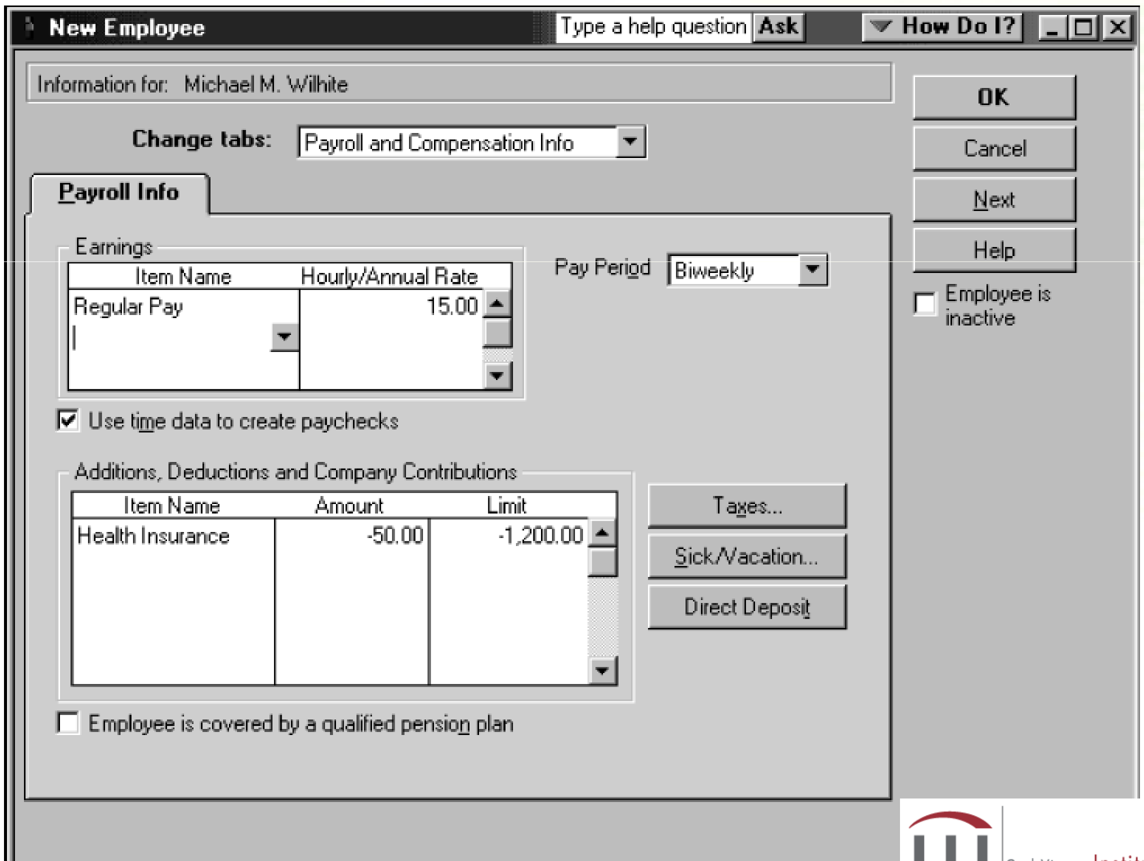


Adding a new employee

4. In the Change tabs drop-down list, select Employment Info.
5. In the Hire Date field, enter 11/28/2007.
6. In the Change tabs drop-down list, select Payroll and Compensation Info.
7. In the Earnings section of the window, click the Item Name column and press Tab.
8. In the Hour/Annual Rate column for the Regular Pay payroll item, type 15. Then press Tab.

Adding a new employee

- The Payroll Info tab should look like the following.

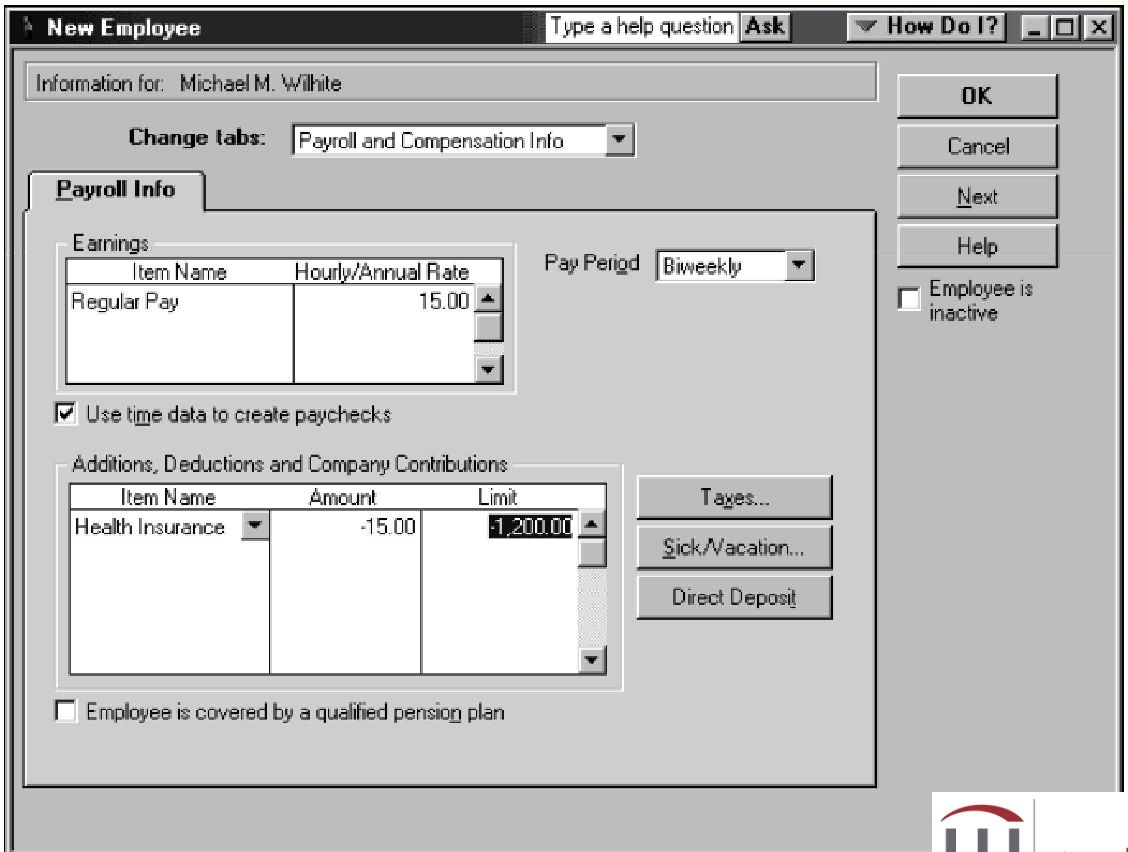


Adding a new employee

9. Click Taxes.
10. From the Filing Status drop-down list, choose Married.
11. Click State.
12. In the Filing Status field, choose “Married (two incomes).”
13. Click OK.
14. In the Additions, Deductions, and Company Contributions area, type 15 in the Amount column for Health Insurance and press Tab.

Adding a new employee

- The New Employee window should now look like this.



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Adding a new employee

15. Click OK.
16. When QuickBooks asks whether you want to set up additional payroll information, click Leave As Is.
17. Close the Employee Center.

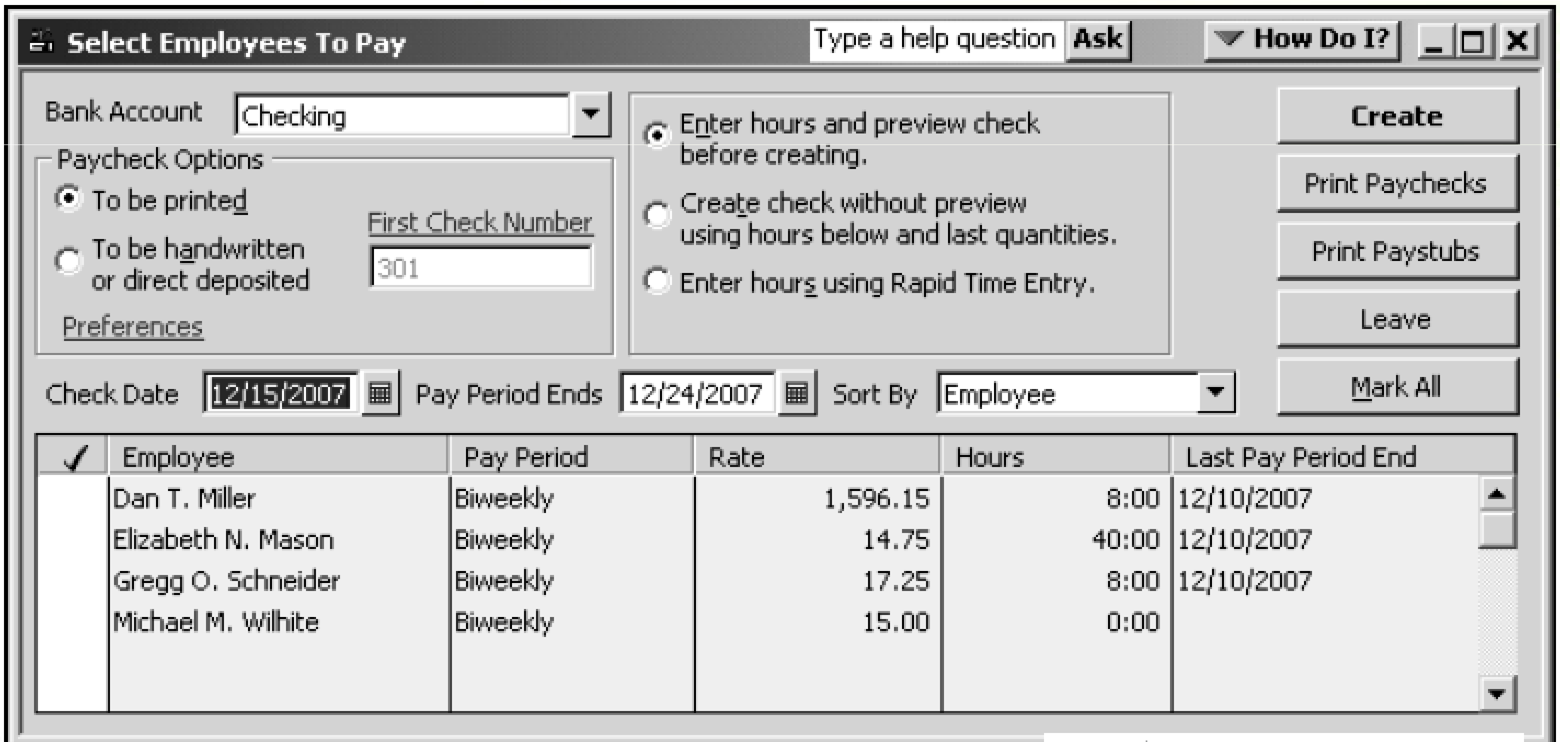
Writing a paycheck

- QuickBooks lets you print payroll checks in a batch or one at a time. You may want to process the paychecks of salaried employees in a batch, and do payroll for the hourly employees one at a time.

Writing a paycheck

To run a paycheck:

1. From the Employees menu, choose Pay Employees. QuickBooks displays the Select Employees To Pay Window.



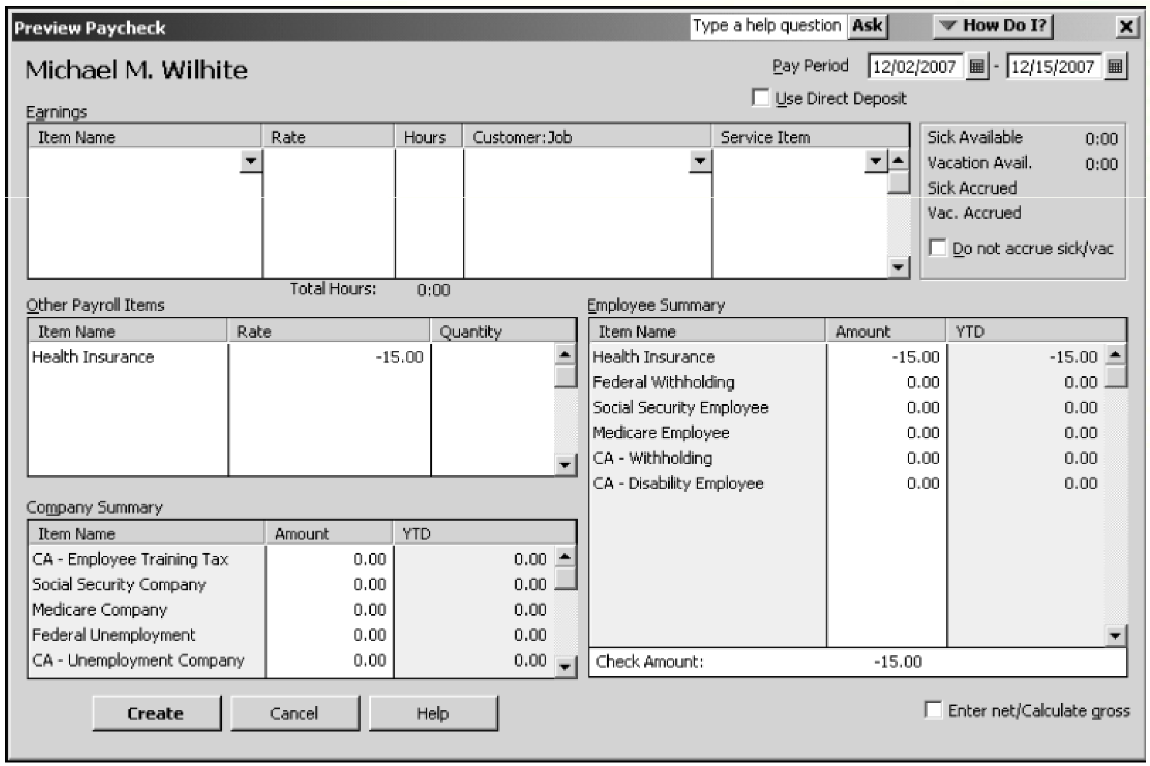
Writing a paycheck

To run a paycheck:

2. In the Pay Period Ends field, type 12/15/2007.
3. Click in the column to the left of Michael M. Wilhite's name.
4. Make sure that "Enter hours and preview check before creating" is selected.
5. Click Create.
6. If QuickBooks indicates that there is no time data for this employee, click OK.

Writing a paycheck

- QuickBooks displays the Preview Paycheck window. Now you can enter the time Michael worked.

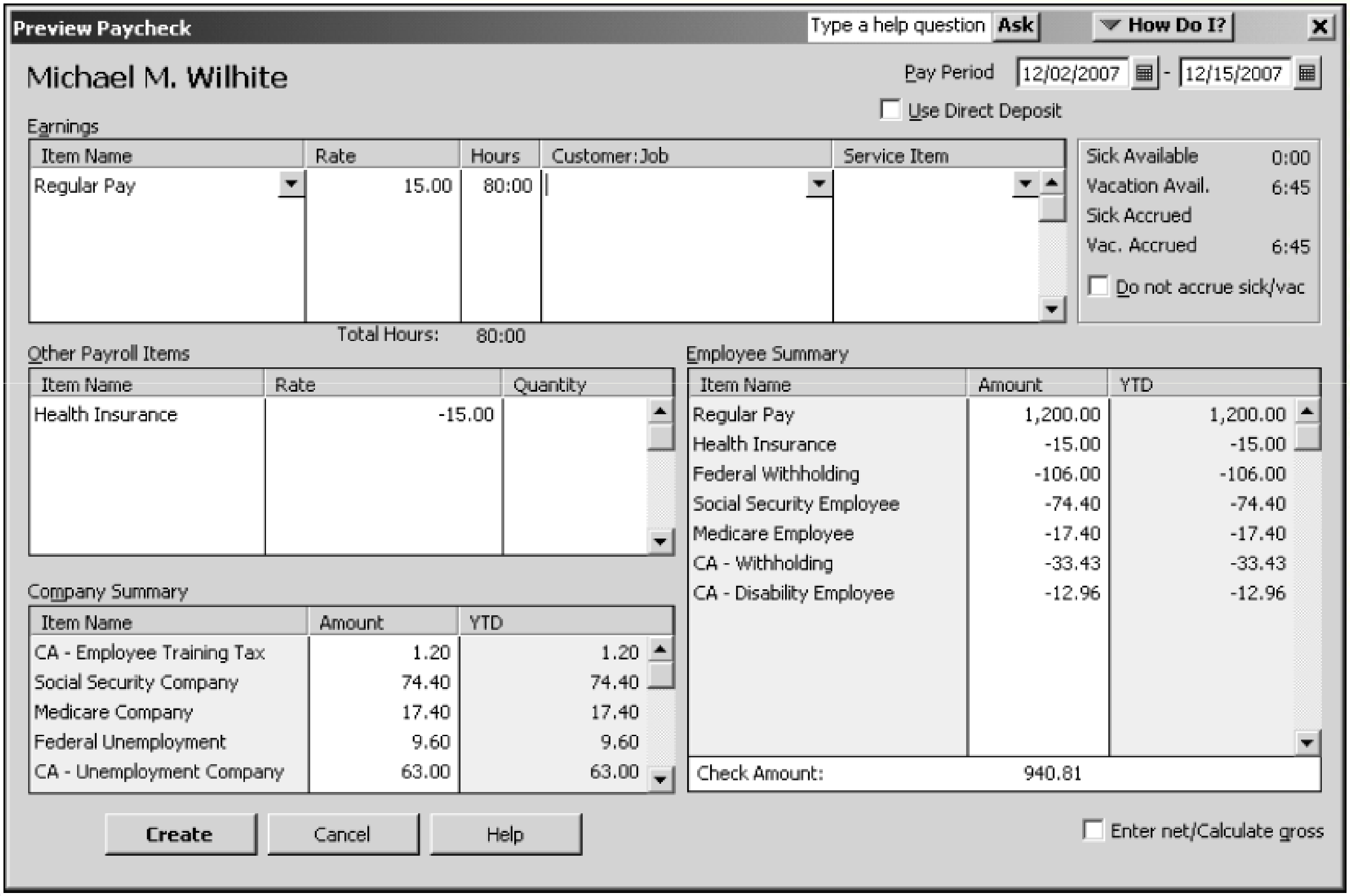


Writing a paycheck

To run a paycheck:

7. **In the Earnings section, click in the Item Name column, and then select Regular Pay from the drop-down list.**
8. **Tab to the Rate column and type 15, if the amount doesn't pre-fill.**
9. **In the Hours column, type 80 and press Tab.**
   - QuickBooks fills in the Employee Summary area of the Preview Paycheck window, showing the gross regular pay and all of the deductions from Michael's paycheck. The net amount of the check appears at the bottom.

Writing a paycheck



Preview Paycheck — Type a help question | Ask | How Do I?

Michael M. Wilhite

Pay Period 12/02/2007 - 12/15/2007

☐ Use Direct Deposit

Earnings

Item Name	Rate	Hours	Customer:Job	Service Item
Regular Pay	15.00	80:00		

Total Hours: 80:00

Sick Available	0:00
Vacation Avail.	6:45
Sick Accrued	
Vac. Accrued	6:45

☐ Do not accrue sick/vac

Other Payroll Items

Item Name	Rate	Quantity
Health Insurance	-15.00	

Employee Summary

Item Name	Amount	YTD
Regular Pay	1,200.00	1,200.00
Health Insurance	-15.00	-15.00
Federal Withholding	-106.00	-106.00
Social Security Employee	-74.40	-74.40
Medicare Employee	-17.40	-17.40
CA - Withholding	-33.43	-33.43
CA - Disability Employee	-12.96	-12.96

Check Amount: 940.81

Company Summary

Item Name	Amount	YTD
CA - Employee Training Tax	1.20	1.20
Social Security Company	74.40	74.40
Medicare Company	17.40	17.40
Federal Unemployment	9.60	9.60
CA - Unemployment Company	63.00	63.00

Create | Cancel | Help

☐ Enter net/Calculate gross

Writing a paycheck

- **Because payroll tax rates change regularly, your numbers may vary from this illustration.**
- **The Company Summary area of the window shows company-paid taxes and contributions that don't affect the amount of the paycheck (company-paid benefits).**

10. Click Create.

- QuickBooks writes a payroll check for the correct net amount, showing the deductions in the voucher area. QuickBooks displays the Select Employees To Pay window.

11. You don't want to pay another employee now, so click Leave.

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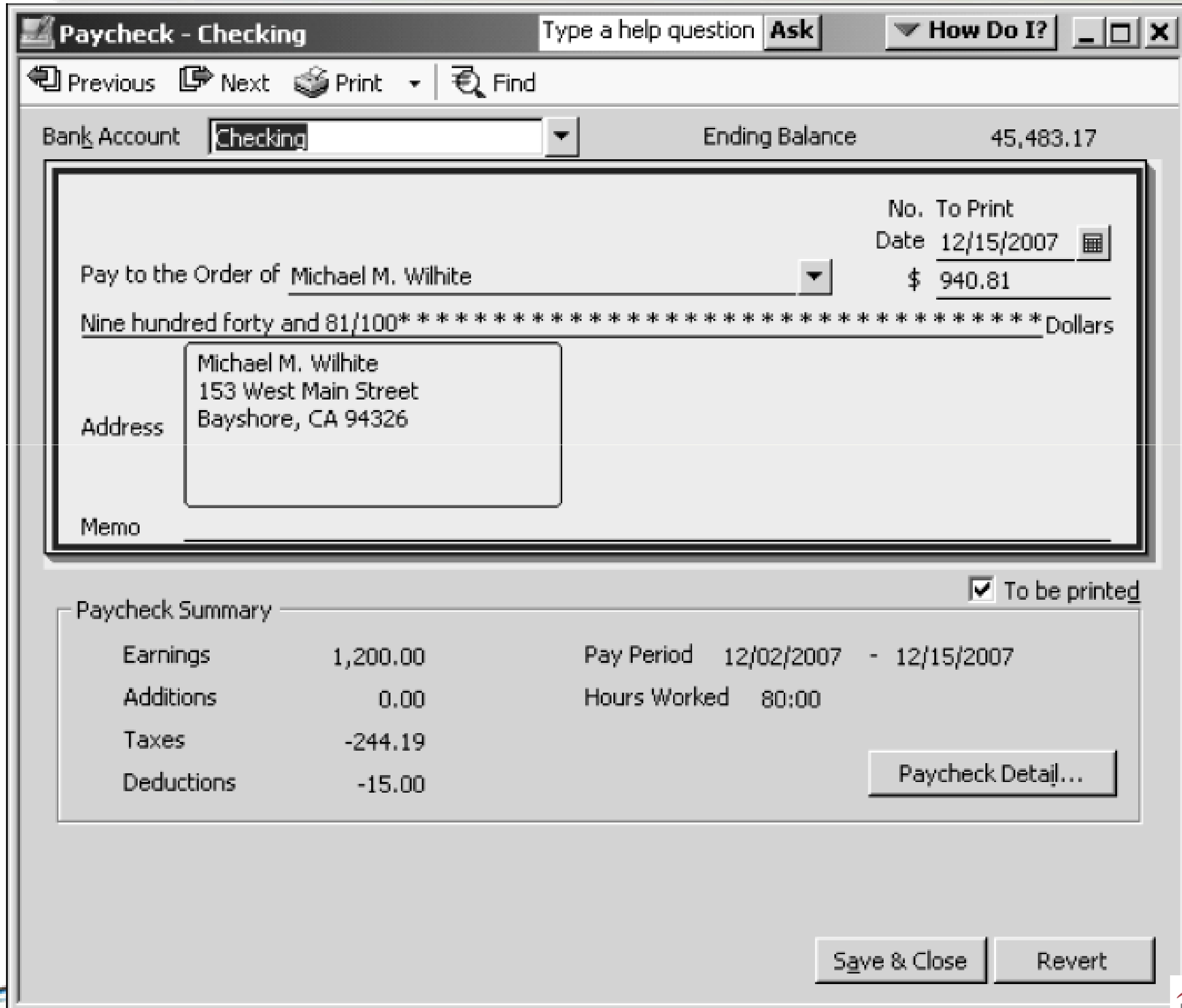
Viewing the paycheck

QuickBooks records payroll checks in your QuickBooks checking account register. You can see the check by going to the register.

To view the paycheck from the register:

1. From the Lists menu, choose Chart of Accounts.
2. Double-click “Checking.”
3. Select the paycheck transaction for Michael M. Wilhite, and click Edit Transaction.
   - QuickBooks displays the Paycheck – Checking window for Michael. Notice that the Paycheck Summary shows a summary of the check’s deductions. If you want to see the deductions that make up this total, you can click the Paycheck Detail button.

Viewing the paycheck



Viewing the paycheck

4. Click Save & Close to close the Paycheck - Checking window.
5. Close the checking account register, but leave the chart of accounts open.

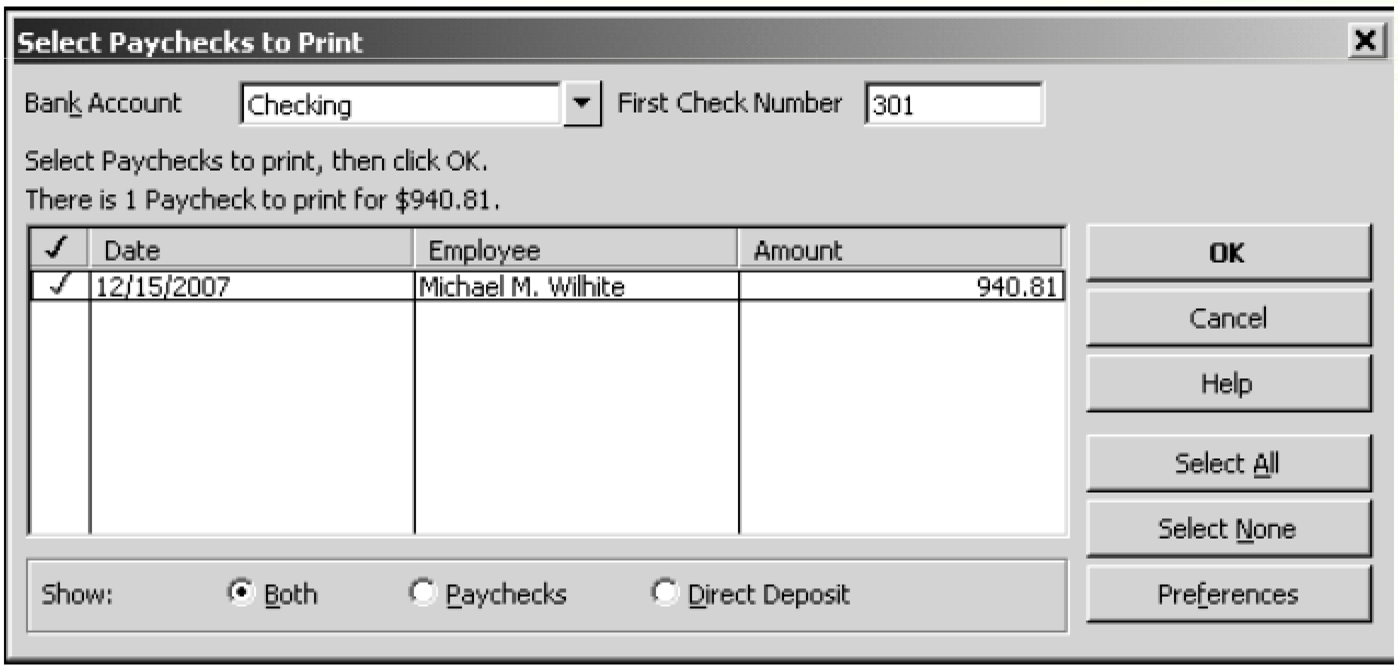
Printing paycheck stubs

- You can print paychecks as you would any QuickBooks check. If you use voucher checks, QuickBooks prints the payroll item detail in the voucher area. If you don't use voucher checks, you can print a pay stub to give to your employees.

Printing paycheck stubs

To print a paycheck:

1. **From the File menu, choose Print Forms, and then choose Paychecks.**
2. **In the First Check Number field, type 301.**



Printing paycheck stubs

To print a paycheck:

3. Make sure there's a checkmark next to Michael Wilhite's name, and then click OK.
4. Click Print.

Tracking your tax liabilities

- **You need to track both payroll expenses and payroll liabilities.**
- **QuickBooks uses an expense account called Payroll Expenses to track these actual costs to your government.**

  The funds you deduct from employee paychecks aren’t considered an actual cost because they’re monies you’re holding for the government; they don’t come directly from your assets.
- **Whenever you run your payroll, QuickBooks keeps track of your company’s expenses for each employee. You can then see totals for these expenses on the payroll summary by employee report and on the profit and loss statement.**

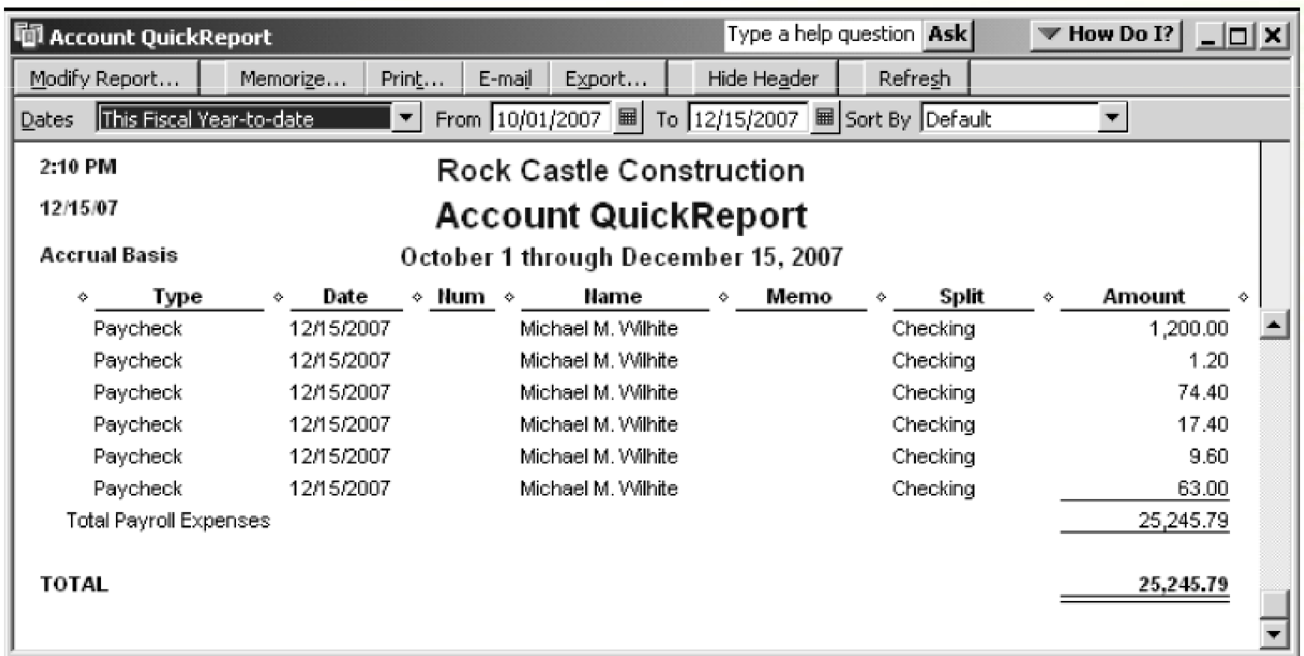
Tracking your tax liabilities

- QuickBooks uses the Payroll Liabilities account (an Other Current Liability account) to track what you owe to the government.
- When you do your payroll, QuickBooks calculates how much you owe for each tax, deduction, or company contribution payroll item and records that information as a transaction in the liability account.
- This produces a record of how much tax you owe at any time, so you can plan to have the cash available for payment.
- When you pay your payroll taxes or other payroll liabilities, QuickBooks decreases the balance of the liability account.
- Look at the payroll expense and liability accounts, so you can see how QuickBooks recorded expenses and liabilities related to Michael Wilhite’s paycheck.

Tracking your tax liabilities

To display the payroll expenses QuickReport:

1. In the Chart of Accounts window, select the Payroll Expenses account.
2. From the Reports menu button, choose QuickReport: Payroll Expenses.



2:10 PM
12/15/07
Accrual Basis

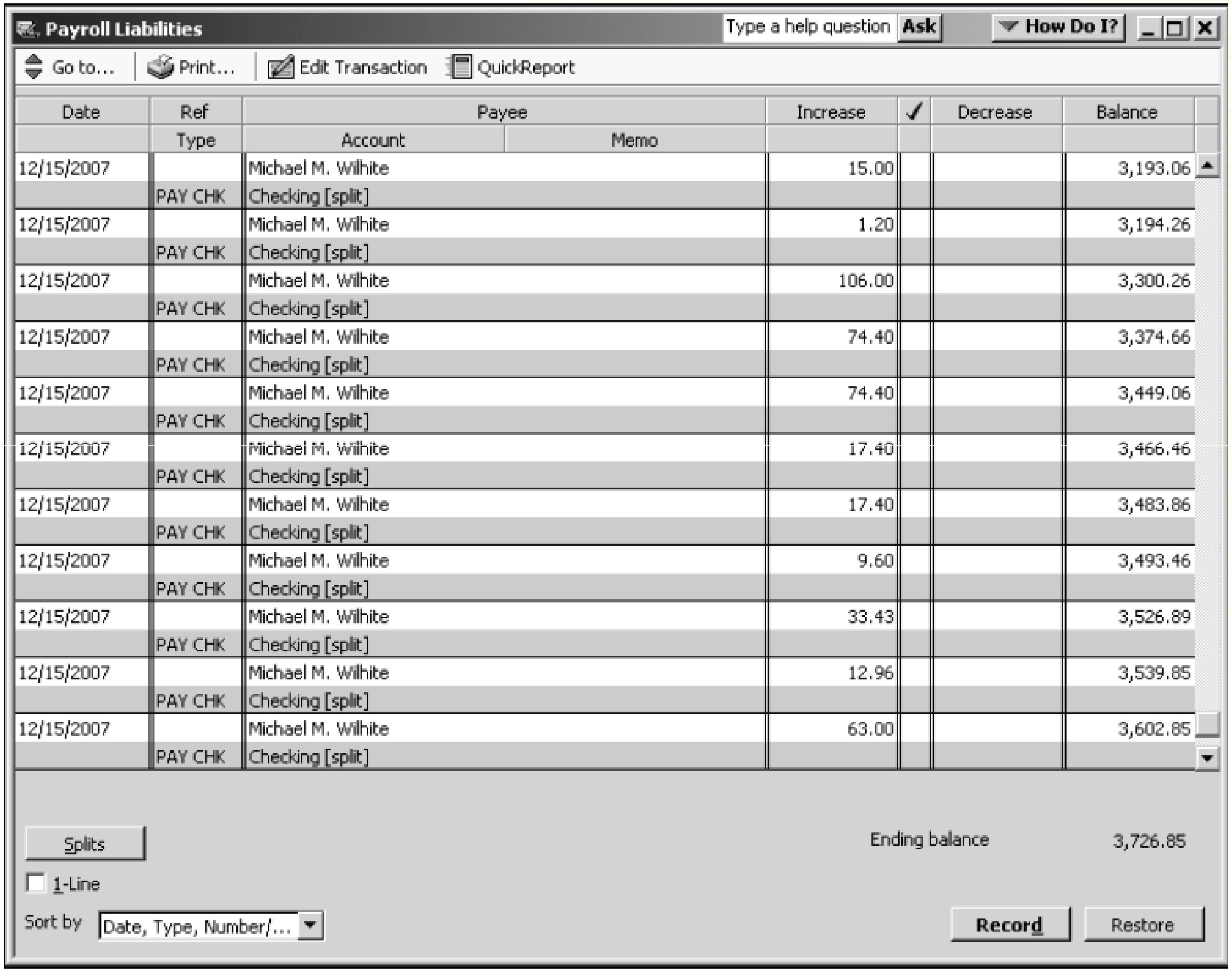
Rock Castle Construction
Account QuickReport
October 1 through December 15, 2007

Type	Date	Num	Name	Memo	Split	Amount
Paycheck	12/15/2007		Michael M. Wilhite		Checking	1,200.00
Paycheck	12/15/2007		Michael M. Wilhite		Checking	1.20
Paycheck	12/15/2007		Michael M. Wilhite		Checking	74.40
Paycheck	12/15/2007		Michael M. Wilhite		Checking	17.40
Paycheck	12/15/2007		Michael M. Wilhite		Checking	9.60
Paycheck	12/15/2007		Michael M. Wilhite		Checking	63.00
Total Payroll Expenses						25,245.79
TOTAL						25,245.79

Tracking your tax liabilities

3. **Close the QuickReport.**
4. **In the chart of accounts, double-click the Payroll Liabilities account.**
   - QuickBooks displays the register for the account. The register shows a separate transaction for each item from Michael's paycheck. The running balance shows an increase for every liability.

Tracking your tax liabilities



Date	Ref / Type	Payee / Account	Memo	Increase	✓	Decrease	Balance
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		15.00			3,193.06
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		1.20			3,194.26
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		106.00			3,300.26
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		74.40			3,374.66
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		74.40			3,449.06
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		17.40			3,466.46
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		17.40			3,483.86
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		9.60			3,493.46
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		33.43			3,526.89
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		12.96			3,539.85
12/15/2007	PAY CHK	Michael M. Wilhite / Checking [split]		63.00			3,602.85

Splits

Ending balance 3,726.85

1-Line

Sort by Date, Type, Number/...

Record Restore

Tracking your tax liabilities

5. Close the register.
6. Close the chart of accounts.

QuickStart Tips

- **The employee earnings summary report summarizes the wages, taxes, and adjustments, the gross pay (total and adjusted), and the taxes withheld for each employee and the entire company.**
- **The payroll summary report shows information similar to the employee earnings summary report, but in a much different layout.**
  - The report has a column for each employee and a row for each payroll item.
- **To create either of these reports, choose Employees & Payroll from the Reports menu.**

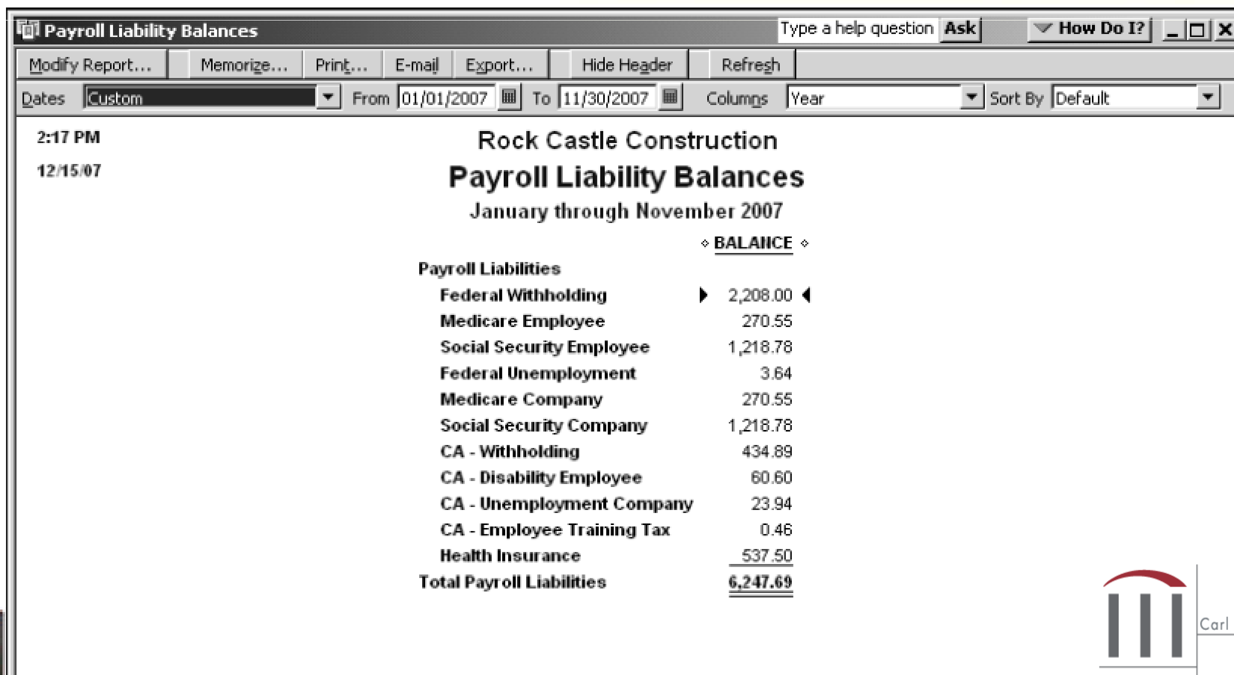
Calculating what you owe

- If you're about to pay taxes or other liabilities, the payroll liabilities report shows you how much to pay. Suppose you are ready to make a tax payment, and you want to see how much you owe.

Paying payroll taxes

To create a payroll liabilities report:

1. From the Reports menu, choose Employees & Payroll, and then choose Payroll Liability Balances.
2. Click Modify Report, select "Display columns by Year across the top," and then click OK.


Payroll Liability Balances
Type a help question Ask
How Do I?
Modify Report... Memorize... Print... E-mail Export... Hide Header Refresh
Dates Custom From 01/01/2007 To 11/30/2007 Columns Year Sort By Default

2:17 PM
12/15/07

Rock Castle Construction
Payroll Liability Balances
January through November 2007

	BALANCE
Payroll Liabilities	
Federal Withholding	2,208.00
Medicare Employee	270.55
Social Security Employee	1,218.78
Federal Unemployment	3.64
Medicare Company	270.55
Social Security Company	1,218.78
CA - Withholding	434.89
CA - Disability Employee	60.60
CA - Unemployment Company	23.94
CA - Employee Training Tax	0.46
Health Insurance	537.50
Total Payroll Liabilities	6,247.69

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Paying payroll taxes

3. Close the report.
4. Click No at the message asking if you'd like to memorize the report.

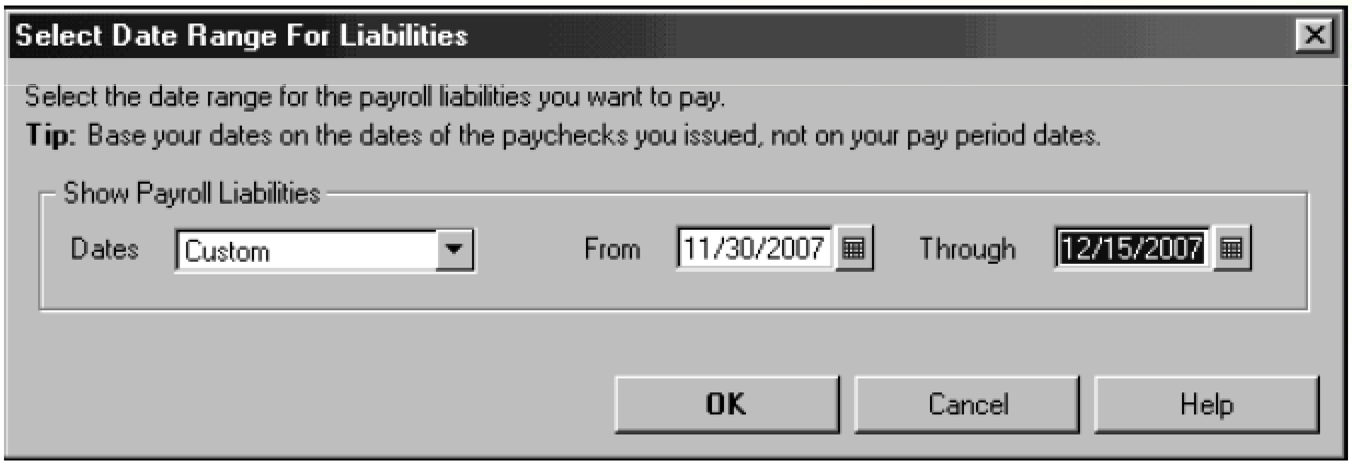
Writing a check for payroll taxes

- When it's time to deposit payroll taxes with your deposit institution, use the Liability Check window to fill out a QuickBooks check.
- Note: Don't just open the Write Checks window and write a check from there. QuickBooks can't properly adjust your Payroll Liabilities account unless you use the Pay Liabilities feature.

Writing a check for payroll taxes

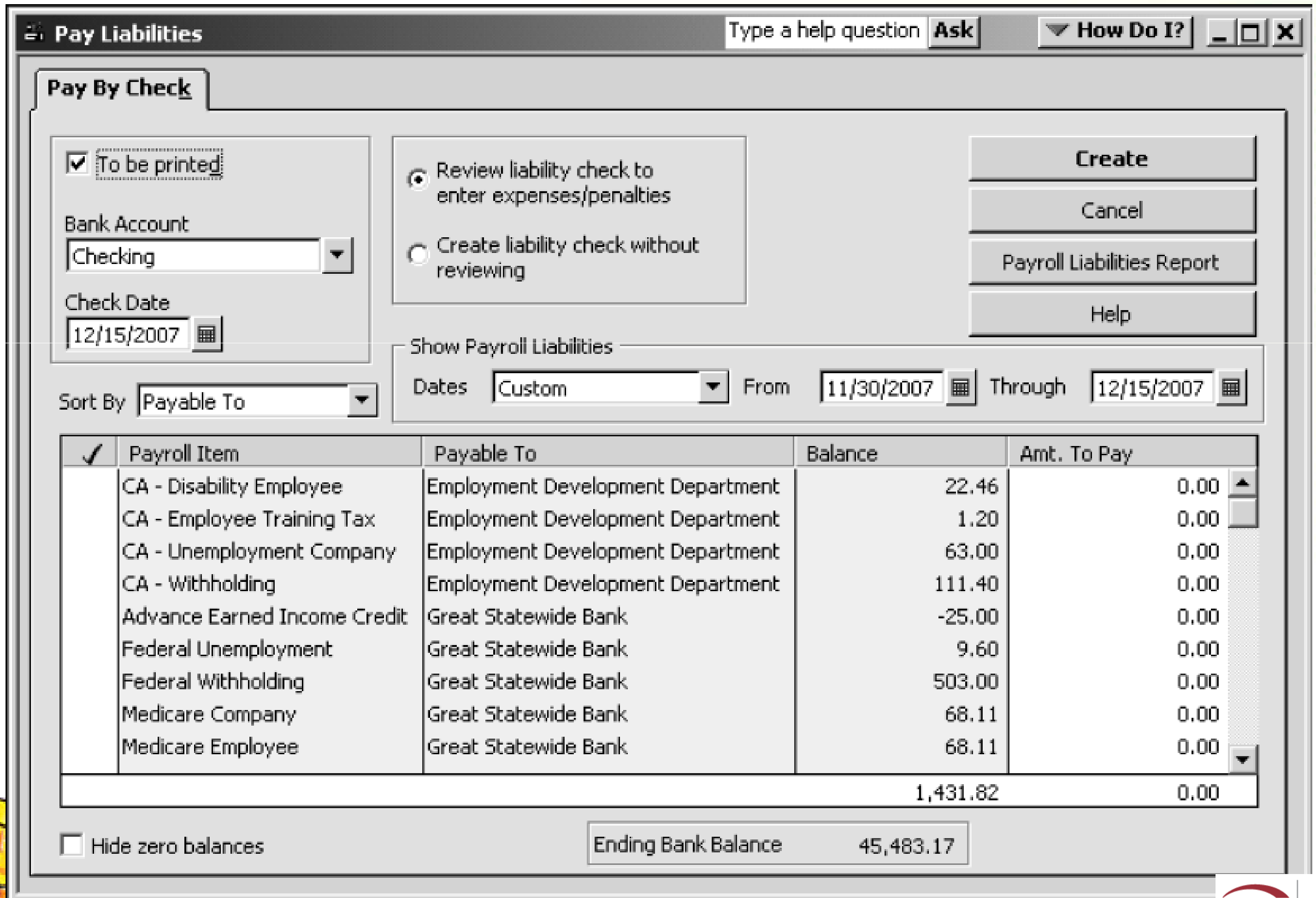
To pay payroll liabilities:

1. On the Home page, click Pay Liabilities.
2. In the "From" field type 11/30/2007, and then type 12/15/2007 in the "Through" field.



Writing a check for payroll taxes

3. Click OK. QuickBooks displays the Pay Liabilities window.



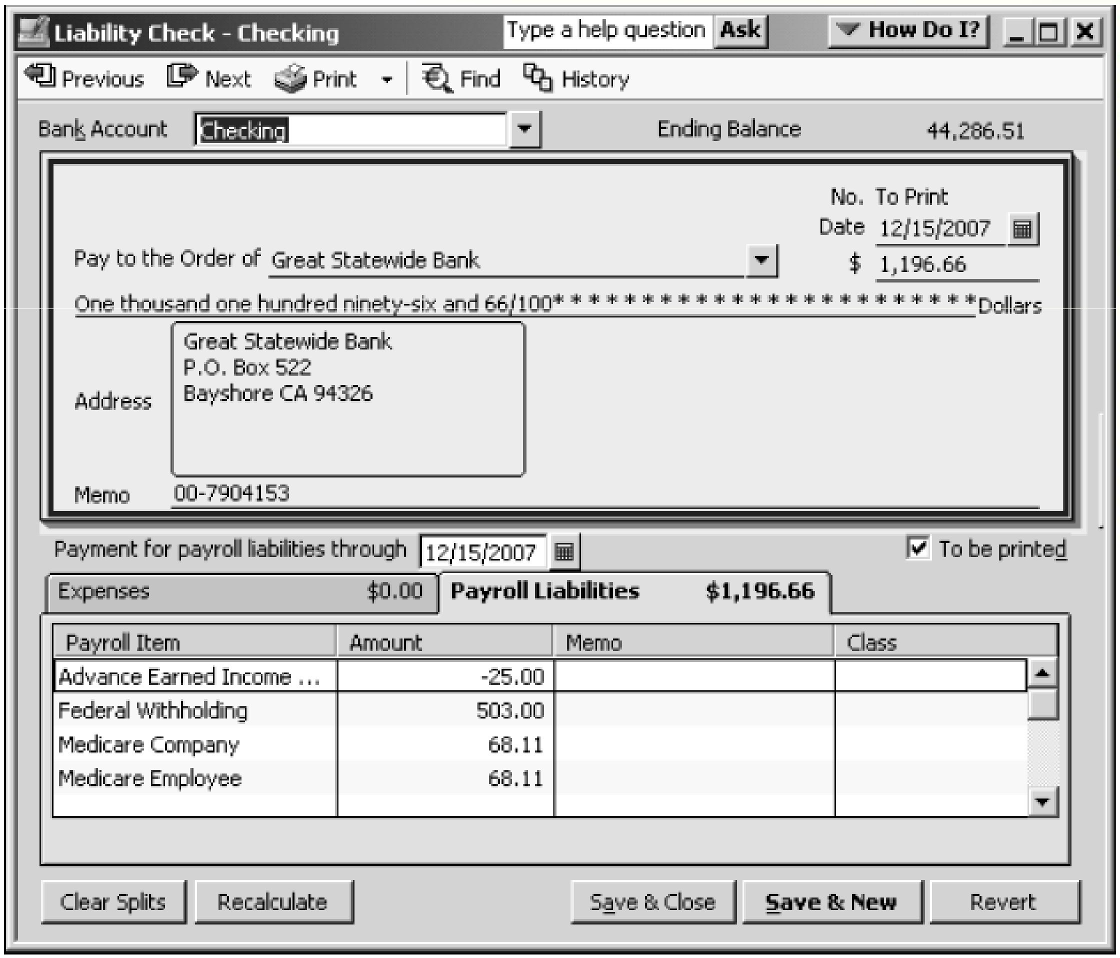
Writing a check for payroll taxes

4. Click in the column to the left of the Federal Withholding payroll item.
5. Click in the column to the left of the Medicare Company payroll item.
6. Click in the column to the left of the Social Security Company payroll item. QuickBooks places checkmarks in the column for both Social Security Company and Social Security Employer.

✓	Payroll Item	Payable To	Balance	Amt. To Pay
	CA - Unemployment Company	Employment Development Department	63.00	0.00
	CA - Withholding	Employment Development Department	111.40	0.00
✓	Advance Earned Income Credit	Great Statewide Bank	-25.00	-25.00
	Federal Unemployment	Great Statewide Bank	9.60	0.00
✓	Federal Withholding	Great Statewide Bank	503.00	503.00
✓	Medicare Company	Great Statewide Bank	68.11	68.11
✓	Medicare Employee	Great Statewide Bank	68.11	68.11
✓	Social Security Company	Great Statewide Bank	291.22	291.22
✓	Social Security Employee	Great Statewide Bank	291.22	291.22
			1,431.82	1,196.66

Writing a check for payroll taxes

7. Make sure “Review liability check to enter expenses/penalties” is selected and then click Create.



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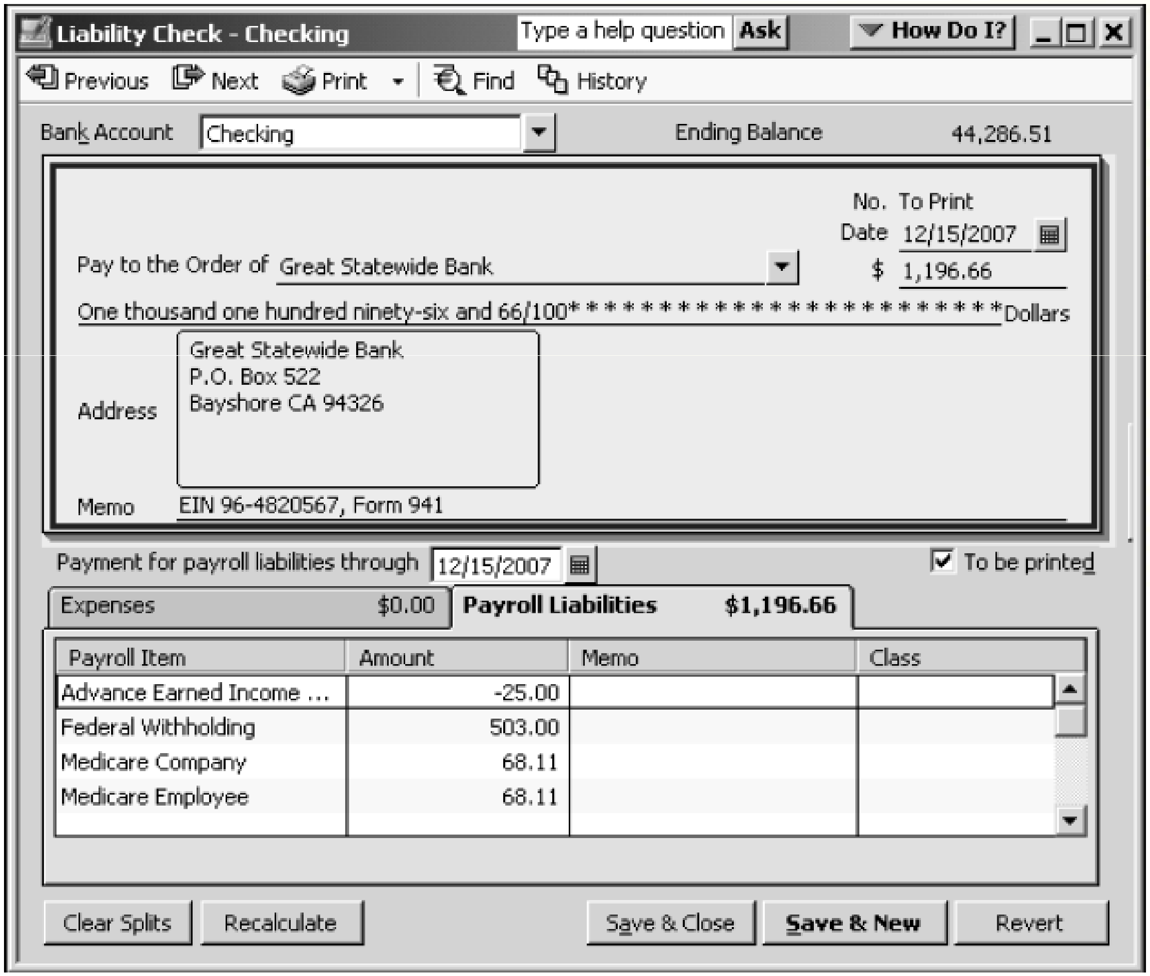
Writing a check for payroll taxes

8. In the Memo field, type **EIN 96-4820567**, **Form 941**.



Writing a check for payroll taxes

9. Click Save & Close to record the check.
10. Click Yes if QuickBooks asks if you wish to save changes made to this transaction.

Writing a check for payroll taxes

- Whenever you make a payment and record your check this way, QuickBooks decreases the balance of the Payroll Liabilities account.
- When you record the transaction, QuickBooks creates a journal entry.

Review activities

- Add a salaried employee to the Employee Center. Enter the employee’s personal information, federal and state tax information, and at least one additional paycheck deduction.
- Process a paycheck for the new employee. Then, view the check in QuickBooks. Open at least one payroll liability account register to see how the check changes the account’s balance.
- Select one of the payroll expense accounts from the chart of accounts. Create a QuickReport for that expense account.

Tracking time

Lesson objectives

- To learn how to track time worked on a project
- To learn how to invoice a customer for time worked on a project
- To create project reports for time tracking and learn about other project reports
- To learn how to set up items used to track time worked by owners or partners
- To learn how to pay nonemployees for time worked

Tracking time and mileage

- **QuickBooks provides time tracking for any job. Time tracking lets you keep track of the time a person spends on each job (including sick and vacation time and time spent for general overhead). The person whose time you track can be an employee, or a subcontractor.**
- **You can use time data to do the following:**
  - Invoice the customer for the time spent doing a job.
  - Provide hours worked on an employee's paycheck, or a check to a nonemployee (vendor, owner, or partner).
  - Track the cost of employees' gross pay by job.
  - Report on the number of hours worked—by person, by job, or by item.

Turning on time tracking

To turn on time tracking:

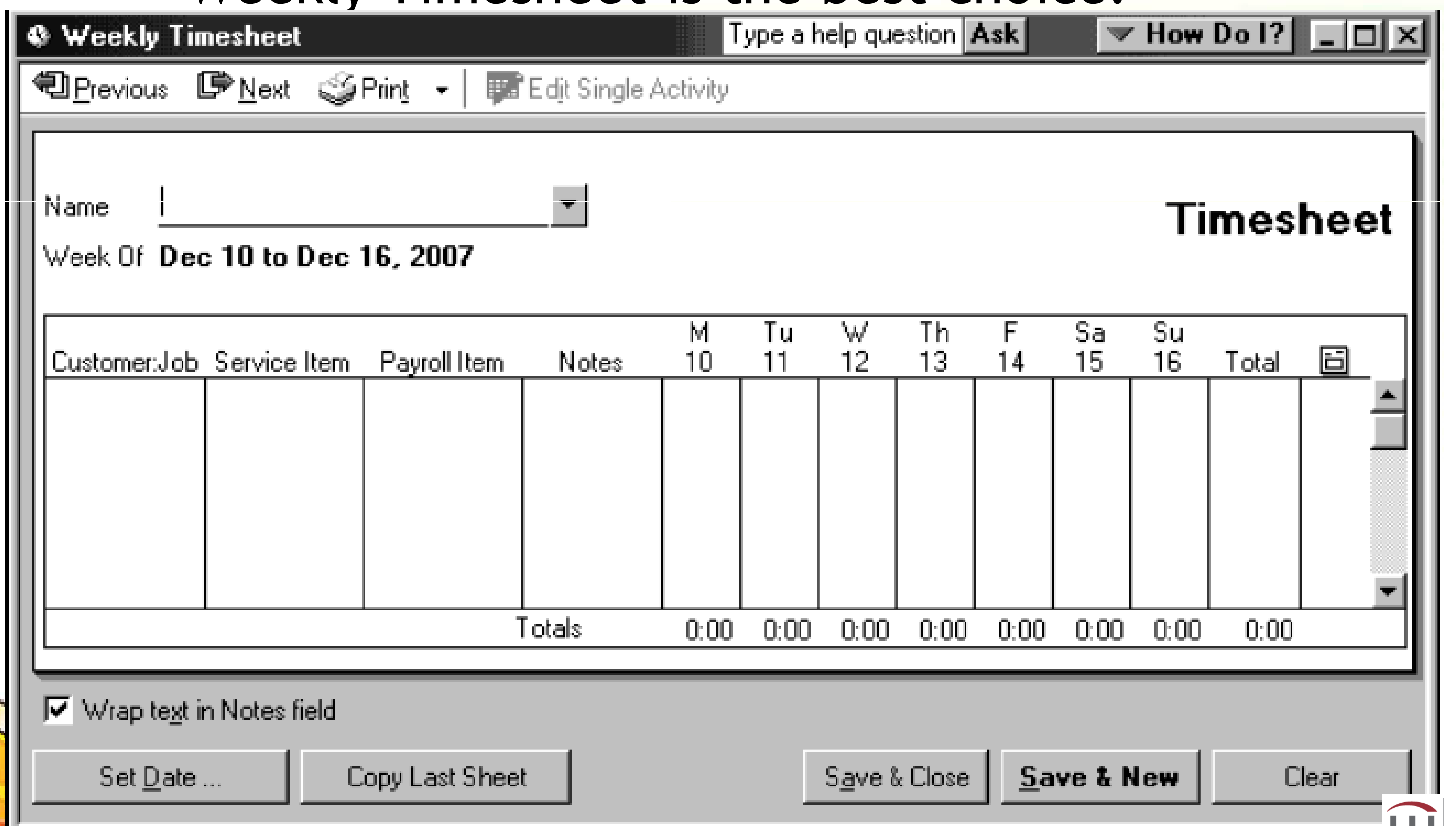
- From the Edit menu, choose Preferences.
- Click Time Tracking in the left panel. Then click the Company Preferences tab.
- Make sure Yes is selected as the answer to the question “Do You Track Time?”
- Click OK to save the preference setting.

Entering time data

- There are three ways to get time data into a company file:
  - Enter time directly onto a weekly timesheet or single activity form in QuickBooks.
  - Use the Stopwatch to time an activity while you are performing it.
  - Use the QuickBooks Timer program to track time and then import the time directly into QuickBooks.

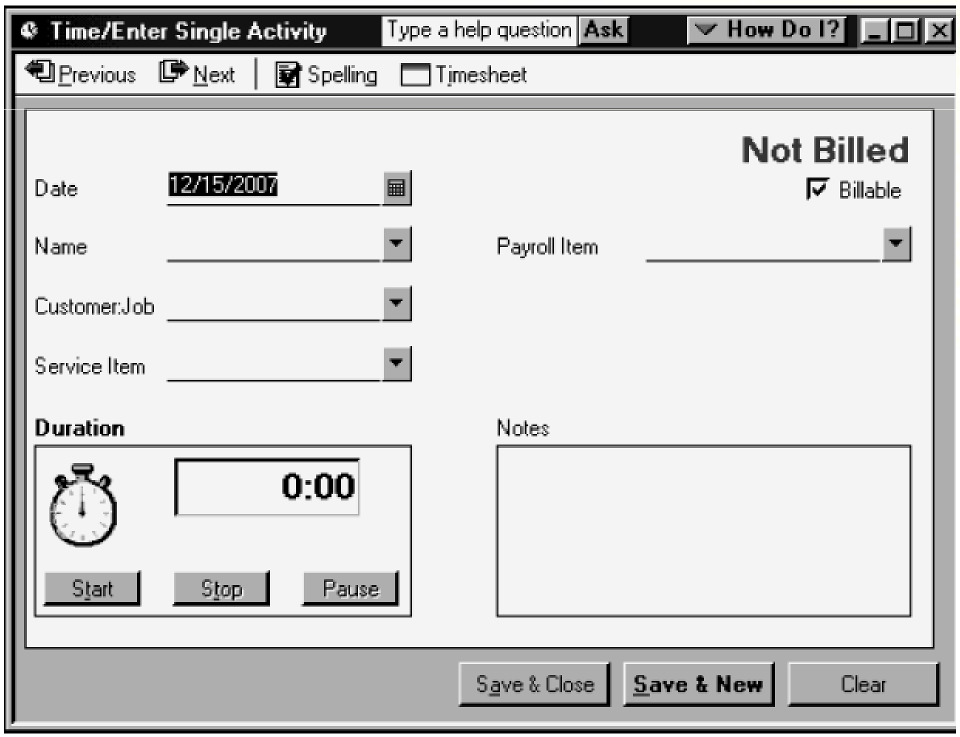
Entering time data

- When you track time with QuickBooks, you have a choice of two forms to enter time: Weekly Timesheet or Time/Enter Single Activity window. If you want to enter time for multiple jobs or multiple days, then the Weekly Timesheet is the best choice.



Entering time data

- A single activity entry shows the time spent by one person doing a single activity for a single job on a single date. If you tend to enter a lot of detailed notes about your activities, or you prefer to enter time data as you complete an activity, use the Time/Enter Single Activity window instead.



Entering time data

- **The Timer program is useful when you have employees or subcontractors who need to track their time but don't need or want to run QuickBooks.**
  - When time is imported into QuickBooks from the Timer application, you view the imported time data on the same timesheets you would use if you did the data entry directly into QuickBooks.
- **If you have employees who don't have access to a computer or who don't have access to QuickBooks, you can print blank copies of the weekly timesheet for your employees to fill out by hand.**

Entering time data

To print a blank timesheet:

1. From the Employees menu, choose Time Tracking and then choose Use Weekly Timesheet.
2. From the Print drop-down menu, choose Print Blank timesheet.
3. In the Print Timesheets window, click Print.

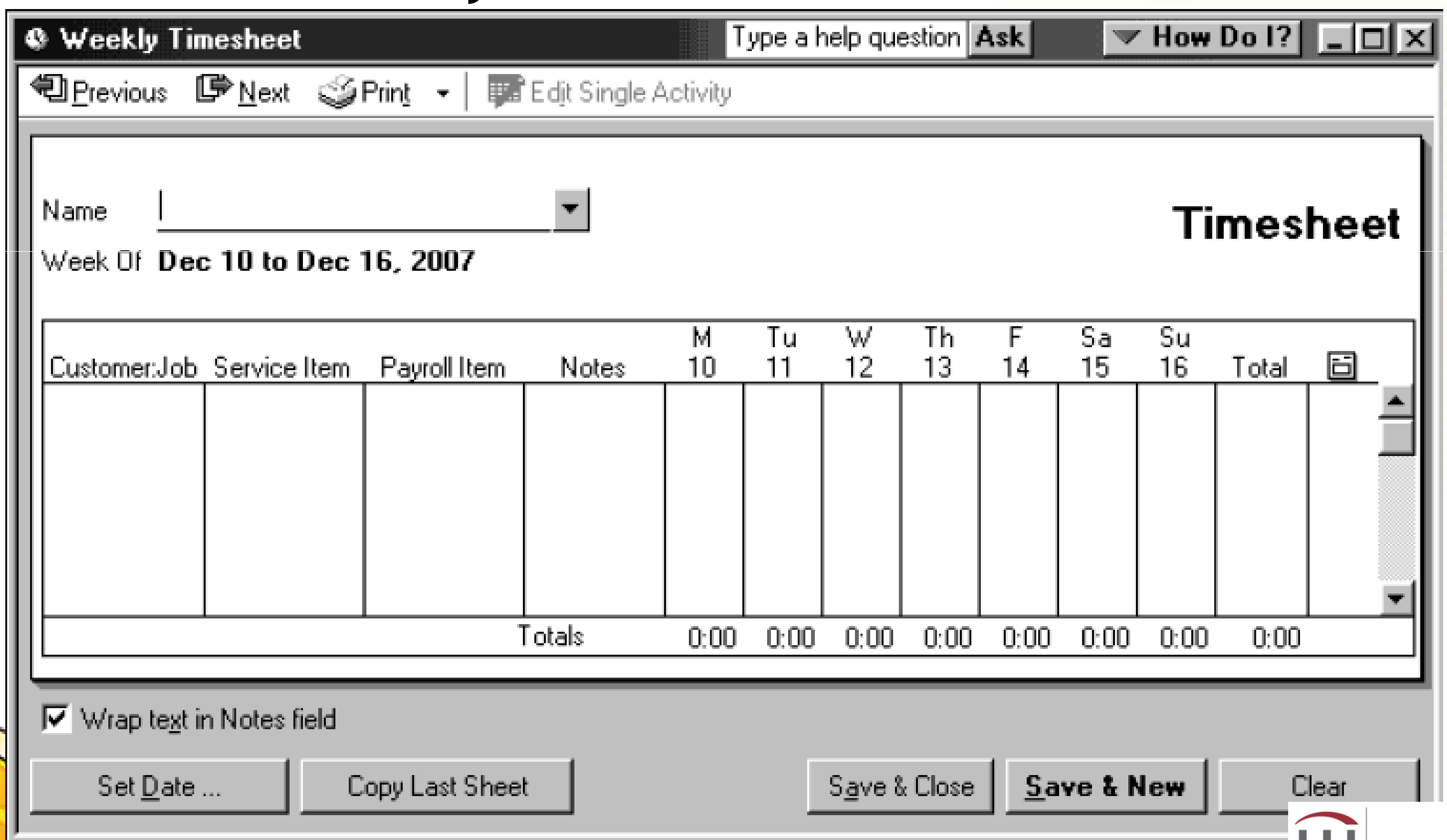
Recording employee time on a weekly timesheet

- In this exercise, you'll complete a weekly timesheet for Gregg Schneider. In a later exercise, you'll learn how to invoice a customer for the time Gregg spent working on a job for that customer.

Recording employee time on weekly timesheets

To enter information on a weekly timesheet:

1. On the Home page, click Enter Time, and then click Use Weekly Timesheet.



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Recording employee time on weekly timesheets

2. **In the Name field, select Gregg O. Schneider from the drop-down list.**
3. **On the line below the existing entries, click in the Customer:Job column, and then choose Melton, Johnny:Dental office from the drop-down list.**
4. **In the Service Item column, type Installation.**
   - After you type a few characters, QuickBooks fills in the rest of the item for you. The Item list, which contains all the services and goods your business provides, is the same list that is available to you on invoice forms and throughout QuickBooks.
   - Notice that QuickBooks fills in the information in the Payroll Item column for you.
   - Gregg Schneider is paid by the hour. QuickBooks has his hourly rate stored in the Employee Center, on the Payroll Info tab in the Edit Employee window.

Tracking time tip

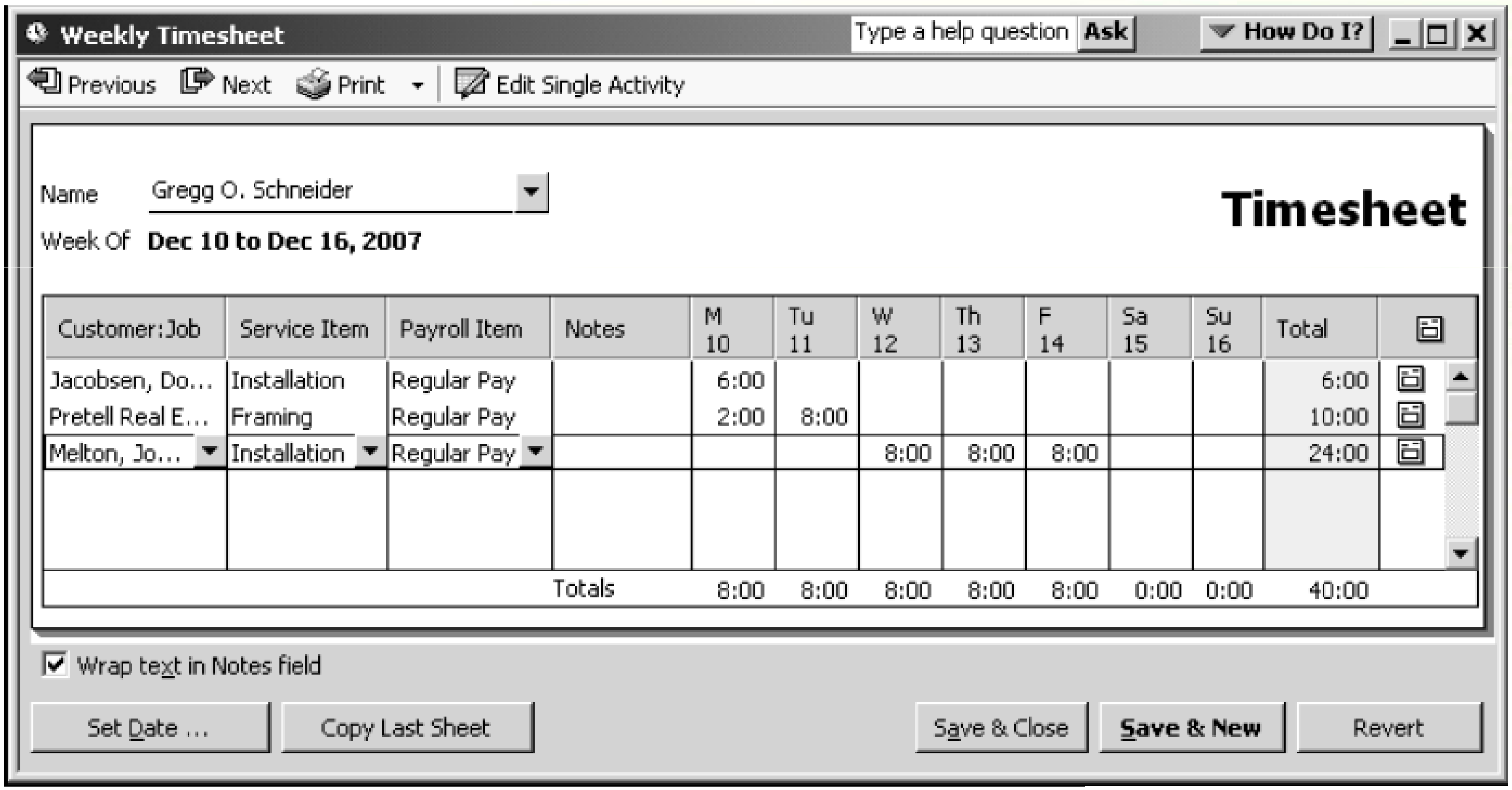
- If you try to select a payroll item that is not associated with this employee, QuickBooks displays a warning message. For example, if you try to select Salary as the payroll item for Gregg Schneider, QuickBooks tells you that you do not have that type of payroll item set up for the employee. (It still lets you make the selection, but it warns you that the Salary is set up with a $0.00 rate.)

Recording employee time on weekly timesheets

5. **Click in the W 12 column for the row in which you entered Johnny Melton's job.**
   - W stands for Wednesday and 12 for the date, Wednesday, the 12th of December, 2007. Note that you can change the first day of your workweek in the QuickBooks time tracking preferences. (From the Edit menu, choose Preferences, and then click Time Tracking.)
6. **Type 8 to enter the number of hours worked on Wednesday.**
7. **In the Th field, type 8.**

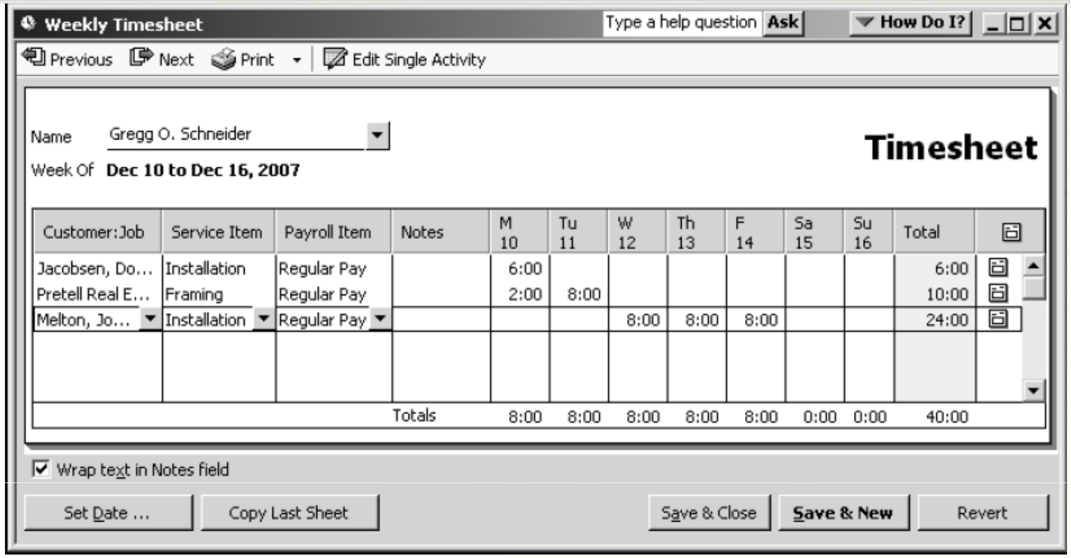
Recording employee time on weekly timesheets

8. **In the F field, type 8, and then press Tab.**
   - As you enter hours for each day, the Total column displays the total hours for the week.



Customer:Job	Service Item	Payroll Item	Notes	M 10	Tu 11	W 12	Th 13	F 14	Sa 15	Su 16	Total
Jacobsen, Do...	Installation	Regular Pay		6:00							6:00
Pretell Real E...	Framing	Regular Pay		2:00	8:00						10:00
Melton, Jo...	Installation	Regular Pay				8:00	8:00	8:00			24:00
			Totals	8:00	8:00	8:00	8:00	8:00	0:00	0:00	40:00

Recording employee time on weekly timesheets



- The invoice to the right of the Total column tells QuickBooks if the time will be transferred onto an invoice. In its current setting, you're telling QuickBooks that you do not want to invoice the customer for time worked.
- If you do not plan on invoicing the customer for time worked, you can click the invoice icon and QuickBooks displays a red "X" over it.
- Click Save & Close to record the Weekly Timesheet

Entering mileage

- By tracking your vehicle mileage, you can enter, sort, and print lists of your vehicles and the mileage you've driven for work-related tasks. You can use this information for your tax deductions and for billing your customers.
- You cannot use this feature to reimburse employees or vendors for mileage. Nor can you track specific vehicle expenses, such as gas, tolls, etc. with this feature. However, you can track these types of expenses by entering bills for them as the expenses are incurred by employees.

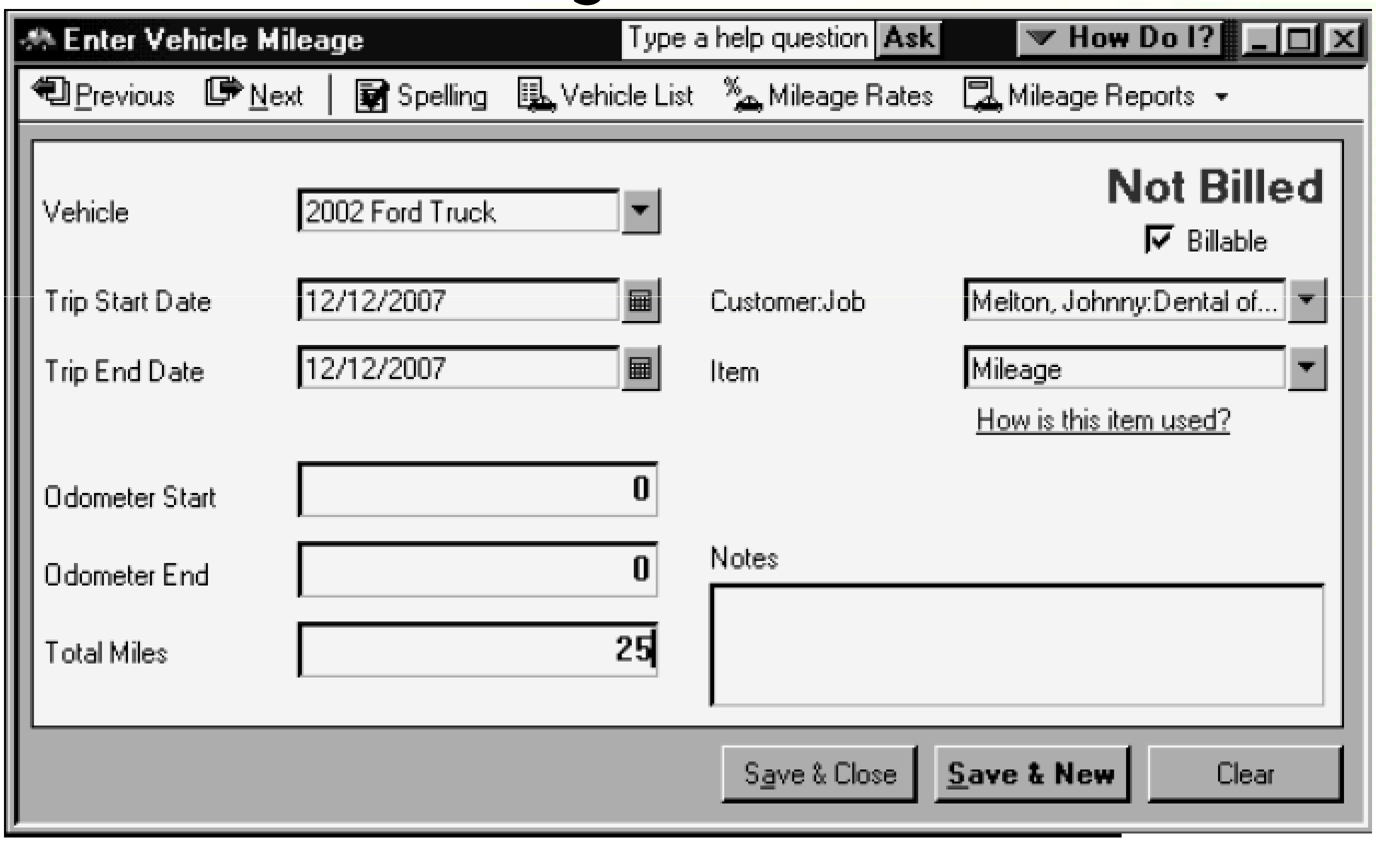
Entering mileage

To record mileage:

1. From the Company menu, choose Enter Vehicle Mileage.
2. In the Vehicle field, select 2002 Ford Truck.
3. In the Start Date field, enter 12/12/2007.
4. In the End Date field, enter 12/12/2007.
5. In the Total Miles field, type 25.
6. In the Customer:Job field, select Melton, Johnny:Dental Office from the drop-down list.
7. In the Item field, select Mileage from the drop-down list.

Entering mileage

- The Enter Vehicle Mileage window should look like the following.



Entering mileage

To record mileage:

8. Click Save and New.
9. Repeat the steps above to enter 25 miles for the same vehicle and customer:job for December 13 and additional miles for December 14.
10. Click Save & Close.

QuickStart tip

- Instead of entering time on a weekly timesheet, you can enter single activities at the time they occur. A single activity entry shows the time spent by one person doing a single activity for a single job on a single date. If you prefer to jot down the details of one day’s work as the day progresses, this method might work best for you. For example, an attorney could use a single activity entry to record the time he or she just spent on a phone conversation with a client.
- You can move back and forth between the two time entry forms. If you are viewing a single activity entry, you can display that person’s weekly timesheet with a click of the mouse. On a weekly timesheet, you can select any hourly entry and view it as a single activity entry. The two forms are simply different views of the same data.

Invoicing a customer for time and mileage

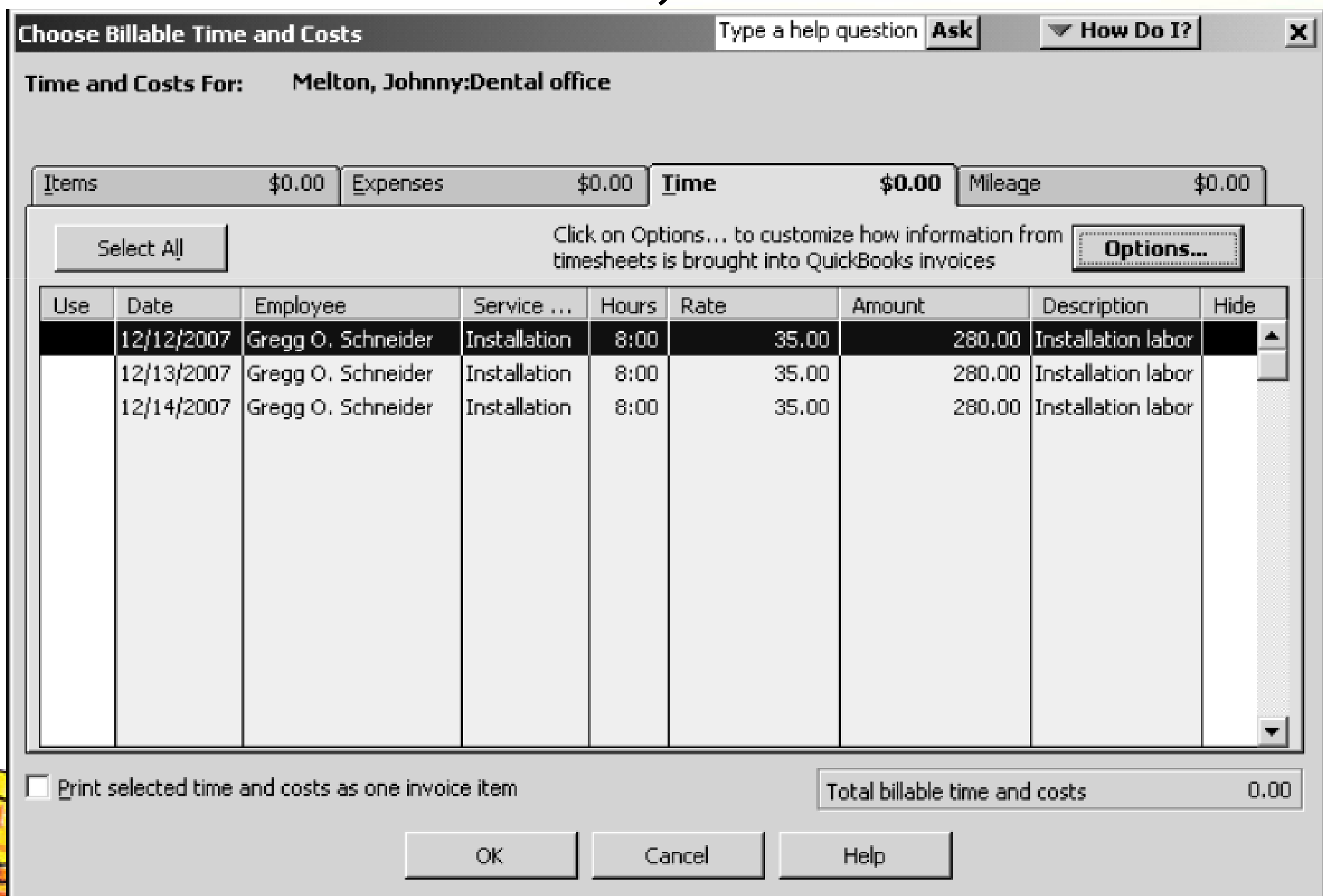
To invoice a customer for time:

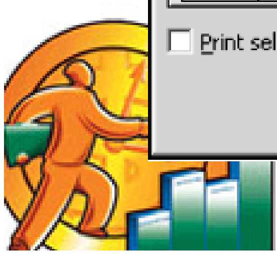
1. From the Customers menu, choose Create Invoices.
2. Select Melton, Johnny:Dental office as the customer:job.
3. Click Cancel in the Available Estimates window.
4. In the Date field, type 12/17/2007.

Invoicing a customer for time and mileage

To invoice a customer for time:

5. Click Time/Costs, and then click the Time tab.





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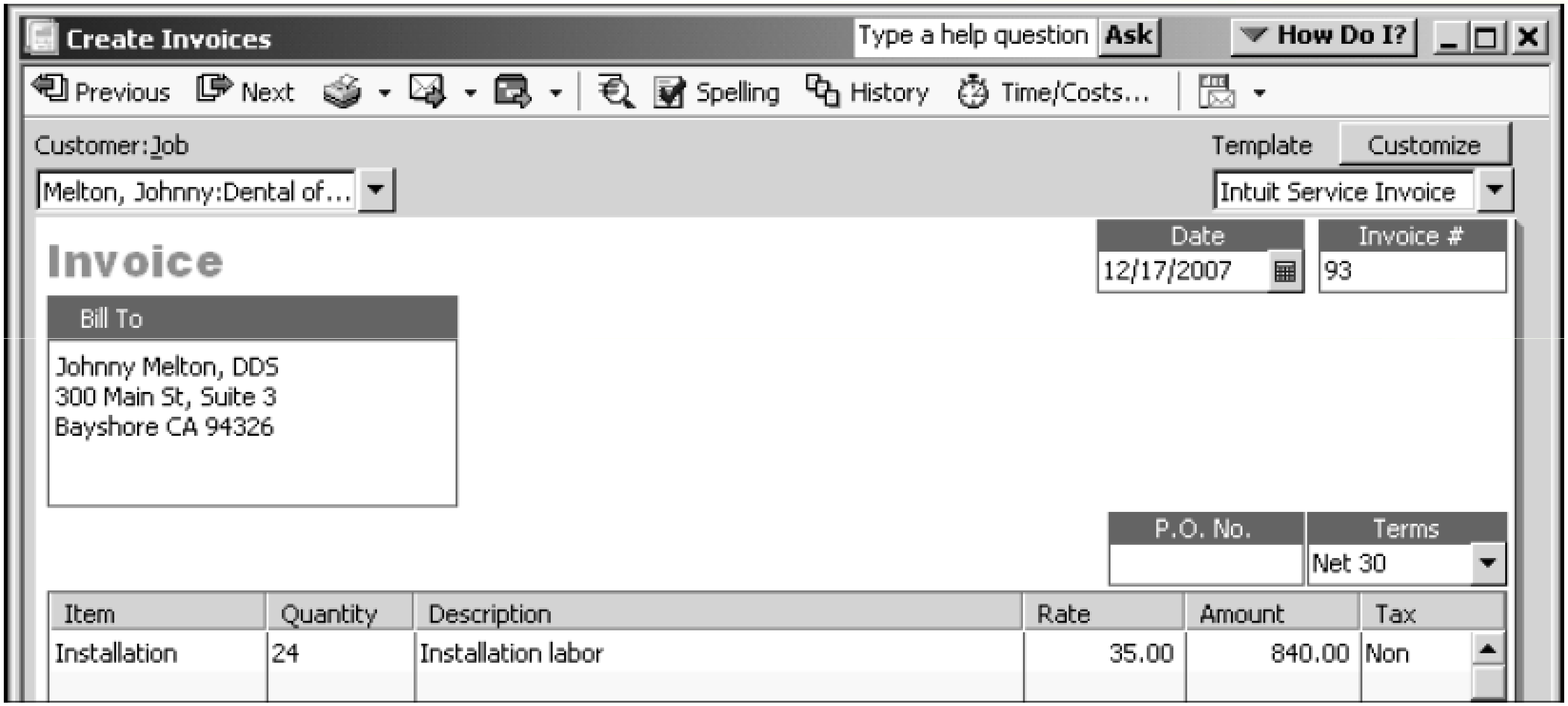
Invoicing a customer for time and mileage

- By default, QuickBooks combines time for activities that have the same service item, and lists them as one line item on the invoice. If you prefer to have each individual line from the timesheet displayed as a line item on the invoice, click the Options button and select "Enter a separate line on the invoice for each activity." In the Options for Transferring Billable Time window, you can also select to transfer notes about time activities (in addition to descriptions) onto invoices.

6. Click in the Use column to select each of the lines that represents time worked by Gregg Schneider.
7. Click OK.

Invoicing a customer for time and mileage

8. From the Template drop-down list, select Intuit Service Invoice.



9. Keep the invoice open. You'll use it in the next exercise.

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Invoicing a customer for time and mileage

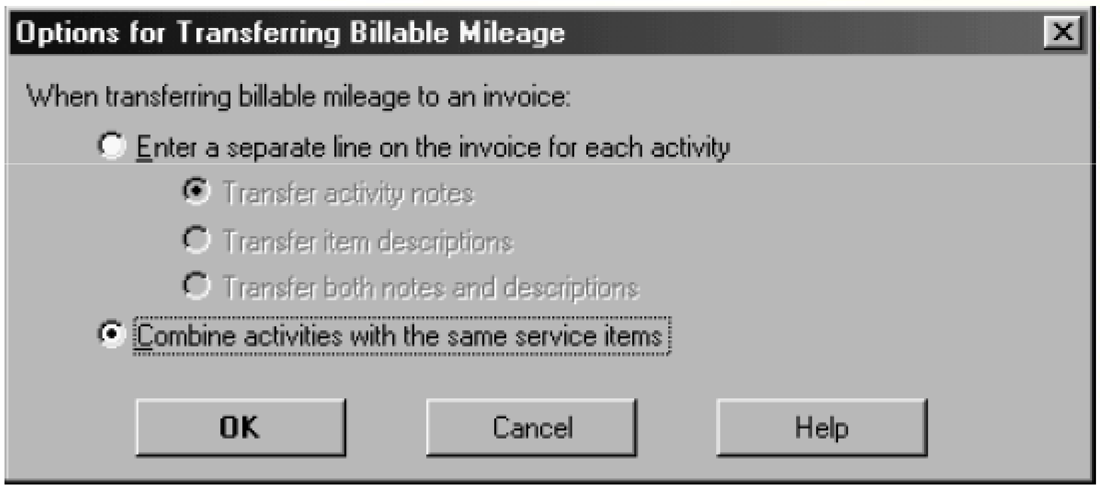
To invoice a customer for mileage:

1. In the Create Invoices window, click Time/Costs, and then click the Mileage tab.
2. Click in the Use column to select each of the lines that represents the mileage for this job.
3. You want to combine mileage on a single line, so click Options.

Invoicing a customer for time and mileage

To invoice a customer for mileage:

4. Select the “Combine activities with the same service items” option.



5. Click OK.
6. Click OK to transfer the mileage to the invoice.
7. Click Save & Close to record the invoice.

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Displaying project reports for time tracking

- QuickBooks provides four reports on time, as described in the following table. You can create these reports by choosing Jobs, Time, & Mileage from the Reports menu.

Project report	Description
Time by Job Summary	Shows hours worked subtotaled first by customer or job and then by service item.
Time by Job Detail	Lists each time activity (that is, work done by one person for a particular customer or job on a specific date), and shows whether the work is billed, unbilled, or not billable. The report groups and subtotals the activities first by customer and job and then by service item.
Time by Name	Shows hours worked (or tracked as sick or vacation time), subtotaled first by the name of the person who performed the work and then by the customer or job the person performed the work for.
Time by Item	Shows the hours worked, subtotaled first by service item and then by customer or job.

Displaying the time by job report

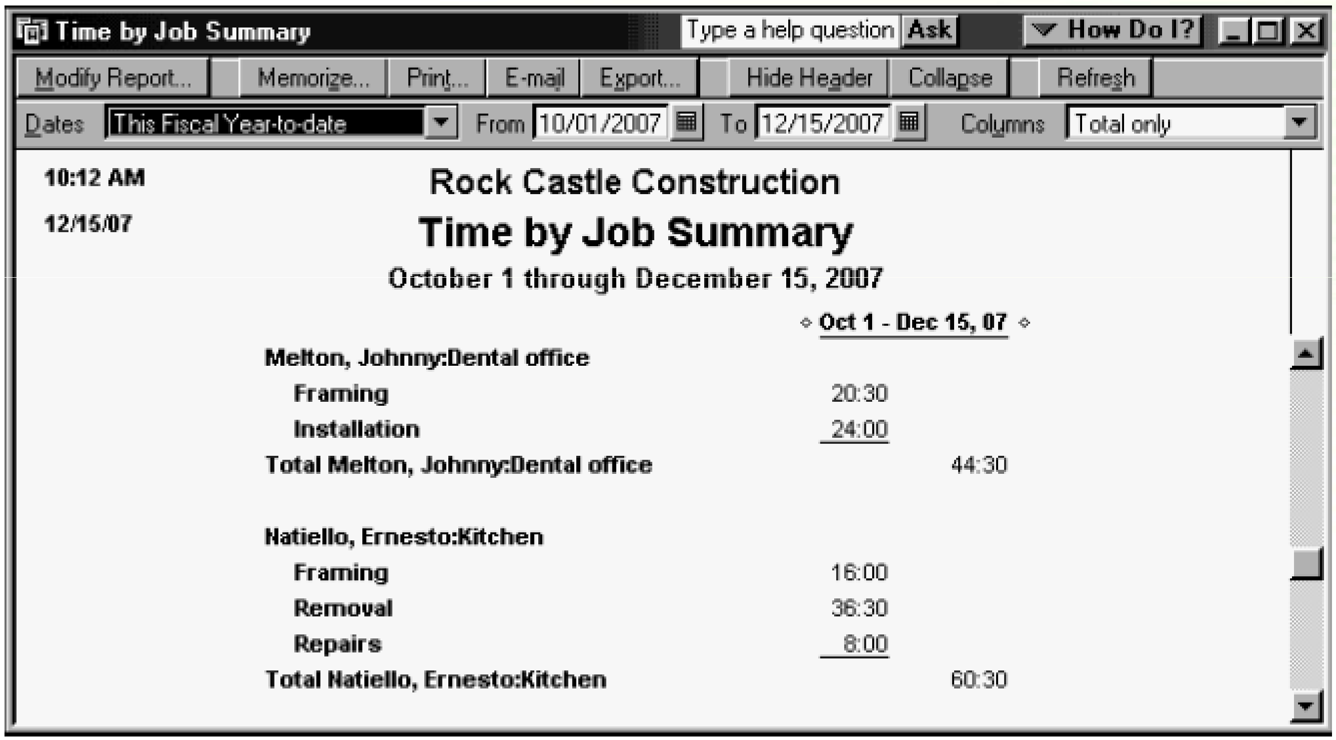
- The time by job summary report summarizes the total hours for each job, and the time by job detail report breaks down those summary figures into hours for each service item and hours for each customer:job.

To create a time by job report:

1. From the Reports menu, choose Jobs, Time & Mileage.
2. From the submenu, choose Time by Job Summary.

Displaying the time by job report

3. Scroll the report until you see the time worked for the Melton, Johnny:Dental office job.



	Oct 1 - Dec 15, 07	
Melton, Johnny:Dental office		
Framing	20:30	
Installation	24:00	
Total Melton, Johnny:Dental office		44:30
Natiello, Ernesto:Kitchen		
Framing	16:00	
Removal	36:30	
Repairs	8:00	
Total Natiello, Ernesto:Kitchen		60:30

Viewing time data in more detail

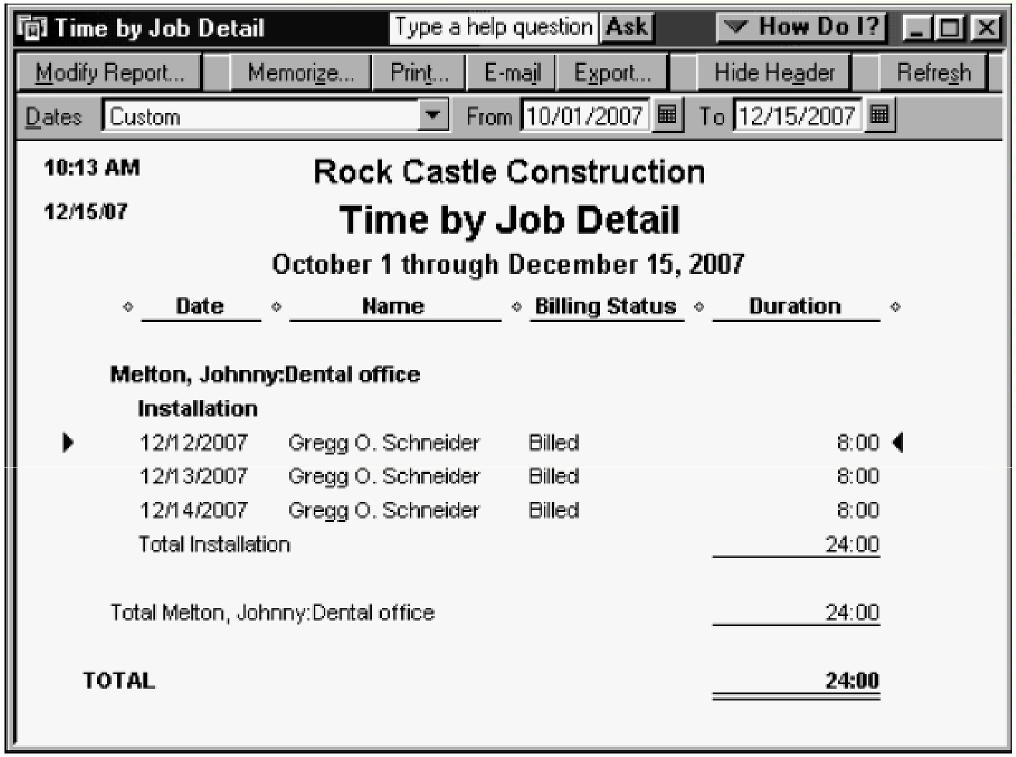
- Like all QuickBooks reports, you can QuickZoom any of the numbers in a report to see more detail. Suppose you want to see who worked the eight hours on installation for Johnny Melton. You can point to that number in the report and double-click to get more information.

Viewing time data in more detail

To view more time detail in the report:

1. **Position your mouse pointer over the 24 hours for Installation on the Melton, Johnny:Dental office job, and then double-click.**
   - When you position your mouse pointer over the number, the pointer changes into a magnifying glass with a Z in it. After you double-click, QuickBooks displays a time by job detail report for the time data you selected. (This functionality is called QuickZoom.)

Viewing time data in more detail



Date	Name	Billing Status	Duration
Melton, Johnny:Dental office			
Installation			
12/12/2007	Gregg O. Schneider	Billed	8:00
12/13/2007	Gregg O. Schneider	Billed	8:00
12/14/2007	Gregg O. Schneider	Billed	8:00
Total Installation			24:00
Total Melton, Johnny:Dental office			24:00
TOTAL			**24:00**

2. Close the time by job detail and the time by job summary reports.
3. Close the time by job summary report.

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Displaying other project reports

- **In addition to the estimate and time reports, QuickBooks provides several project reports to track profitability, as described in the following table.**

Project report	Description
Job Profitability Summary	Compares the actual cost to the actual revenue for all customers and jobs. The report subtotals the data first by customer and then by job.
Job Profitability Detail (for one customer:job)	For a particular customer or job, compares actual costs to actual revenues and shows the difference between the two amounts. The report subtotals the data first by item type and then by item.
Item Profitability	For each item, compares the actual cost to actual revenue and shows the difference between the two amounts. The report subtotals the data first by item type and then by item.

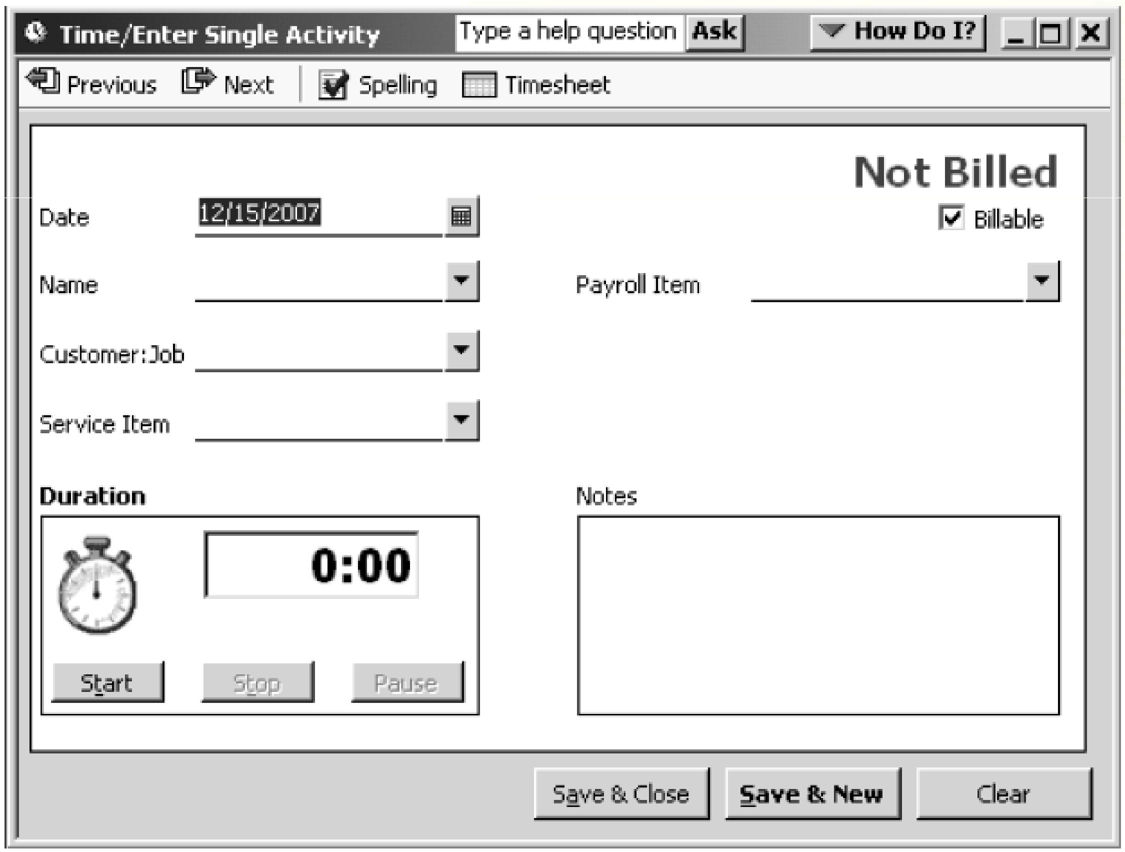
Paying nonemployees for time worked

- When the company file has time data for a person who is not on your payroll, you can write checks based on the time worked. QuickBooks can transfer time data for a specified date range to a check. QuickBooks prefills the Items tab of a check with information from the time data, including hours worked and rate.
- When you use service items for subcontractors, QuickBooks records expenses and income for the work in separate accounts.

Recording nonemployee time worked

To enter time for nonemployee time worked:

1. From the Employees menu, choose Enter Time. Then choose Time/Enter Single Activity.



Recording nonemployee time worked

To enter time for nonemployee time worked:

2. In the Name field, choose Tom Ferguson from the drop-down list.
3. In the Customer:Job field, choose Abercrombie, Kristy:Family Room.
4. In the Service Item field, select Planning from the drop-down list and press Tab.
5. Type 8 in the Duration field and press Tab.
6. Click Save & Close.

Review activities

- Create a single activity timesheet for Gregg Schneider, for eight hours worked on the Anton Teschner Sun Room job.
- Transfer the time you just entered for Gregg Schneider onto an invoice for the Teschner Sun Room job.
- Display a time by name job report to see how many hours Gregg Schneider has worked for each job.