Nanny Billing Module

Nanny Billing Module provides efficient, centralised payroll processing for multiple Employers (Families, IR56 Employees) in a single "Company" structure – and separates data for tax reporting purposes, as if each Employer is an individual Company.

This module provides **SmoothPay Payroll** with the following functionality:

- For IR56 Employees, aggregation of gross earnings in current pay period for correct tax calculations
- Template entries for invoicing new Families
- Automatic use of latest historical Invoice as basis for ongoing Family Invoices (ie. auto-saved entries)
- Invoice Batch Reporting and Automatic (MoneyWorks) or manual posting
- Production of a Direct Debit Batch for collecting payments from Client
- Production of a Receipt Batch (MoneyWorks only) for editing and manual import
- IR56 earners automatically aggregated for IRD reporting
- Consolidation of ir-Filing per Employer/IR56 Employee to simplify transfer to IRD
- MoneyWorks (www.cognito.co.nz): seamless import of Products, Families (Customers) and Children (Jobs) from MoneyWorks, updating to MoneyWorks' Customers, Jobs and Invoice Batch generation - import filters are provided by **SmoothPay Ltd**
- Import of new Families, Nannys and Timesheets from HKData (intranet) - a Factsheet is available for CSV file format and naming conventions.
- QuickBooks: import from LIST export of Families, GL Accounts and Invoice Items, export via an IIF file for Invoice Batches

The module is activated by selecting one of the available Nanny variants (called Nanny-A, Nanny-B and Nanny-C) from *Company Setup...T*imesheets.

Nanny-A is typically used for families that will be invoiced by the Payroll Bureau. This is the most commonly used option. Each Nanny+Family combination is regarded as a separate Employee, each Family is regarded as the Employer (except for IR56 Employees), and any IR56 Employees are aggregated for tax calculation purposes where there are multiple instances of the Employee. A Family record can also be tagged as IR56.

Nanny-B is typically used for IR56 (Self-Employed) Nanny's utilising Payroll Bureau Services. Nanny-B does not provide a billing option.

Nanny-C is a further variant of Nanny-B and it provides for batch billing of Families that each Nanny has worked for. Each Child is linked to a Family for billing purposes as well as a product to identify it correctly on the Invoicing screen.

Background

This module was developed initially for home care providers, hence the "Nanny" in the name.

One of the most complex issues with home carers and the families they work for (and similar Employer/Employee relationships) is the number of IRD entities (Employers/Employees) they represent, and if you run a Company that provides or organises these services, then you've got your work cut out just managing all these different payroll companies, separating/aggregating tax reporting, let alone all the invoicing and subsidy issues as well.

SmoothPay has developed an extensive solution that aggregates Nanny's and their Employers (Families) into a single Payroll Company - yet retains complete taxation separation for the Families for IRD reporting purposes.

An exclusive feature is that IR56 Employees, responsible for their own tax and who contract to multiple Employers, have their gross earnings automatically aggregated for the current pay period so that tax can be calculated and apportioned correctly across all instances of the Employee.

SmoothPay also provides a custom Invoice Manager that extracts pertinent information from the Payroll Batch and determines all the entries for costs, such as gross wages and KiwiSaver contribution costs, and any fees and subsidies that are applicable per family.

SmoothPay's Nanny Module is fully integrated with MoneyWorks (www.cognito.co.nz) and can import existing Customers, Jobs and Products, and generate a complete Invoice File for import back into MoneyWorks. An equivalent option is available for QuickBooks to via list files and IIF invoice transactions import.

Setup

Some basic settings are required to prepare **SmoothPay** for Nanny processing.

Parts of this process will typically be attended to by **SmoothPay** support personnel, using the *nannydef()* routine which establishes standard calculation rules used by Invoice Items and creates a "ZERO/blank" Job Code for use where a Job Code is not required.

Item Calculation Rules

SmoothPay utilises the calculation rules provided by Allowance Codes to be utilised by invoice items to be charged to clients. These rules are deactivated to avoid clutter during pay processing. The standard set includes four rules:

- *RULE01 Periods x Rate*: Typically used for the Wages Administration charge
- *RULE02 Units entered x Rate entered*: Typically used for subsidy per child etc
- *RULE03 Available Hours*: Typically used for hours worked/available times a rate
- *RULE04 Gross Earnings*: Direct recovery of the Employee's Gross pay and KiwiSaver costs

Note: the Allowance record should be flagged as *Inactive*, and must have both the *Employer calc* and *Used as Invoice Rule* options ticked.

Setup Checklist

Tick these off as you do them:

- *Company Setup...KiwiSaver/Timesheets*: Select the add-in required (Nanny-A or B)
- *Company Setup...Ledger*: Select the financial system you use. Both *Account* and *Job Codes* should be selected, as both may be required by the Input and/or Billing Processes. *Ledger Integration* and *Accounting Integration* Factsheets are available from our website
- *Company Setup...Ledger*: Test communications with MoneyWorks and ask **SmoothPay** to supply/install the import filters for you - this must be done before continuing.
- Get *SmoothPay support* to run the *nannydef()* routine to initialise standard rules and records.
- *Wizards...Billing...Add from MoneyWorks*: Import Families, Jobs and Products from MoneyWorks (or a QuickBooks LIST file). If these have not yet been established in MoneyWorks and already exist in **SmoothPay**, use the *Update MoneyWorks* option instead.
- *Wizards...Billing...Employers (Families)*: Ensure that all Employer records are set up correctly.
- *Employees*: Ensure that every Employee is linked to the correct Employer.
- *IR56 Employees*: There may be multiple entries for the same Employee, working for different Families. Make sure each instance has the same IRD number and tax code.
- *Wizards...Billing...Products*: Ensure that all required products are present and correctly defined, and that those that are not required are deactivated. Specify which items are to be used for the "default" (template) invoice for new Families and the order they should appear on the Default Invoice.

Typical Nanny Pay and Billing Process

- *Wizards...Billing...Timesheets*: If you're using a Timesheet processing system, then use the appropriate option to electronically load your payment entries for each Employee. For example, the HKData intranet system produces a set of files containing updated family, nanny and timesheet data and acts as the primary source for this information, which then updates **SmoothPay**, and **SmoothPay** then updates MoneyWorks.
- Prepare/edit Pay Input entries per Employee
- Complete pay processing
- *Wizards...Billing...Billing Batch*: Select the Payroll Batch just completed and process as required - refer the section on *Billing Batches* below.
- *Wizards...Billing*: Use the Menu options to update MoneyWorks
- Import the Billing Batch File into MoneyWorks. This can be automated, but before doing so you should ensure that everything is working correctly.

Billing

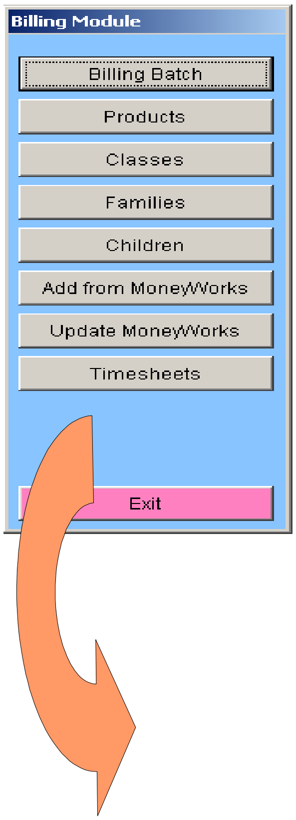
Each completed Payroll Batch can be **billed out** using the following procedure:

1. Generate the Billing Batch
2. Correct any entries as required
3. Print a Billing Batch report for checking
4. Repeat steps 2 and 3 until everything is perfect
5. Generate the Direct Debit File and submit via Banking software
6. Generate the Invoice Batch
7. Update MoneyWorks with all new Family and Job details
8. Import the Billing Batch into MoneyWorks
9. Generate a Receipt Batch and import (may need editing)

Generate Billing Batch

From the **SmoothPay** *Control Centre*, choose *Wizards...Billing*

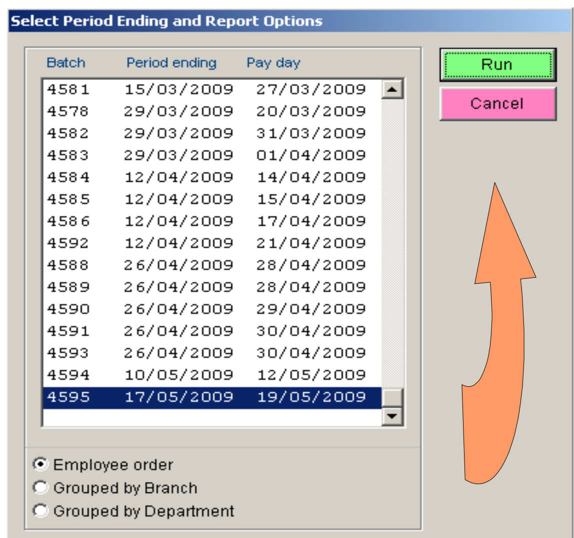
The following Menu will be displayed:



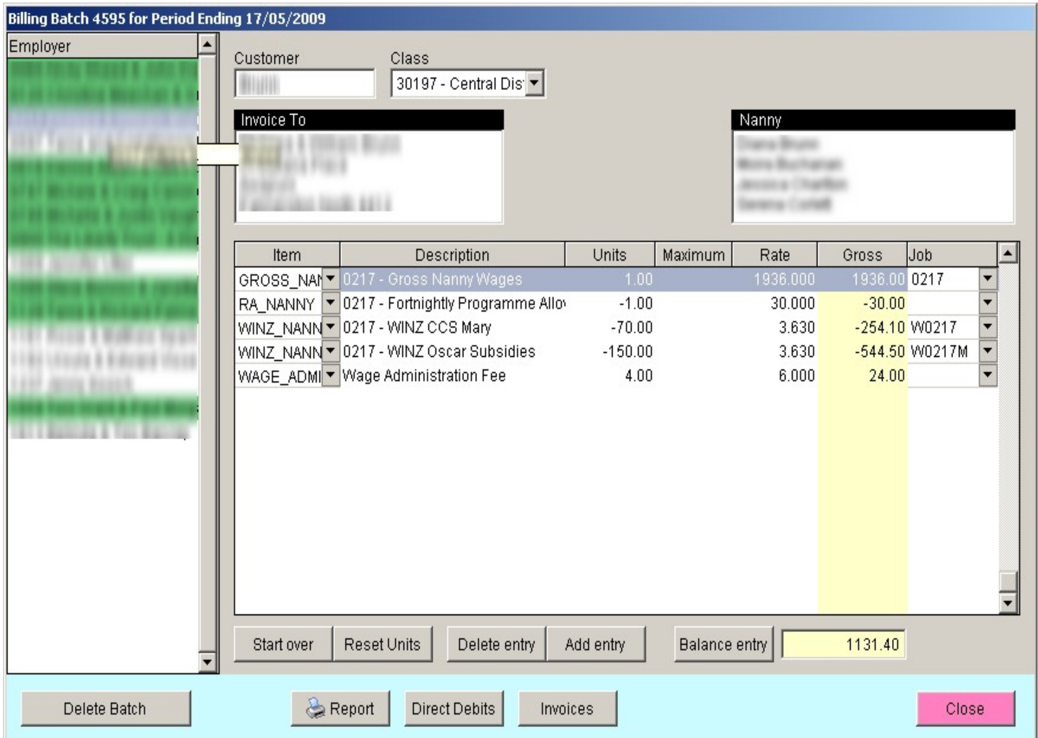
Choose *Billing Batch*, then choose the *Pay Period Ending* you would like to process invoices for.

If this is your first time generating a batch, we suggest you select a Batch from a month or so ago, as you'll be able to set it up and check it against your real records for comparison.

Once completed, this will serve as the template entries for the next pay period, which should pretty much perform the entire calculation process for billing automatically. Any changes to bills in the next Batch will then form the basis of the Batch after that and so on.



Double-click the Batch you want to process, or highlight the batch and click *Run*.



Employer	Each Client is listed on the left of the screen. Click Client Name to view invoice entries for the current Batch on the right side of the screen
Customer	Customer Code used in MoneyWorks (or QuickBooks)
Class	This identifies the Class Code used in QuickBooks (not used in MoneyWorks). These can be edited from the Billing Module Menu, and must also match the QuickBooks codes EXACTLY.
Invoice to	Shows the Employer's Name and Address as stored in **SmoothPay**
Nanny	Shows the Nanny/s whose earnings contributed to this Invoice
Item	Provides for selection of the correct Item Code. These are initially loaded from items marked as *Template* items for the first Invoice for any new Client, and will need altering to suit the particular Client. Subsequent Batches will utilise the settings established by the most recent billing entries produced for the Client. Products can be edited from the Billing Module menu.
Description	Set automatically if the Item Code changes, and may be edited by the User
Units	The number of units chargeable. These are set automatically when each Batch is called up for the first time (when it is created)
Maximum	If not zero, then this determines the maximum units that are permitted to be charged eg. the Employee's may have worked 44 hours, but only 35 hours are claimable, so 35 would be the maximum
Rate	The rate at which the units are to be charged out (includes GST if any)
Gross	The result of the Units (or maximum, if less) times the Rate (includes GST if any)
Start over	Resets the Client's Invoice to standard entries as they appeared when the Batch was first loaded.
Reset Units	Resets any Units that have been manually changed to the real totals derived from the Pay Entries for Staff paid this Batch for this Employer
Delete entry	Deletes the currently highlighted Invoice Line
Add entry	Adds a new Invoice Line
Balance entry	Causes the current Line to be altered to a value which would produce a zero value Invoice. Useful where a subsidy is available to completely cover the cost of the services provided.
Delete batch	This destroys the entire Batch (for all Employers in the Batch) in case things really get messed up, or you wish to run practice entries for training etc, then restart from the beginning of the Batch.
Report	Prints the Billing Batch Report for checking
Invoices	Generates an Invoice Batch File for MoneyWorks (or IIF file for import into QuickBooks)

Direct Debits	Generates a Direct Debit File for processing using your Banking software
Receipt	Generates a Receipt Batch (MoneyWorks only). This interrogates MoneyWorks for each Customer in the current Batch, examining Invoices issued in the last week, and outputs the Customer Code, Invoice Number and Balance into a RECEIPT.TXT File which can then be edited (using Notepad!) if required, then imported in MoneyWorks by using *File...Import...Payments on invoices* - see example import screen later in this Factsheet.
Close	Closes the Billing Batch screen

Maintenance Operations

Maintenance operations on Invoice Items, Classes and Employers can be accessed from the *Wizards...Billing Module* Menu.

Products (Items)

This screen lets you add or correct Invoice Items and default values (these appear in the combo-list displayed on the Billing Screen):

Item Code	The Product Code used in your accounting system
Description	This is the standard description to appear on the Invoice to the Customer. NOTE: One or more Special Codes are defined which are automatically substituted when the transaction is reported or Invoices generated. One such example is the Code <pe> which gets substituted with the period ending date, saving you having to edit the value on every Invoice.
Rule	This allows you to select the most appropriate rule for calculation of the Units or value of this Item. The rules are established in Payroll Codes (refer Setup)
Ledger account	The Ledger Account Code to be used for this Item (QuickBooks)
Template	Identifies the order in which an Item is to appear on a new Invoice. Leave blank or zero if not to appear on a standard Invoice.
Units	Typical value.
Rate/Amount	Typical value.
GST Content	Choose from: Included (the GST content will be extracted automatically), or Non/Zero-rated

Classes (used by Quickbooks - optional for MoneyWorks)

This screen lets you add or correct Invoice Classes and default values (these appear in the combo-list displayed on the Billing Screen):

Class Code	This Code must match your QuickBooks item code EXACTLY, otherwise the line entry if used on a bill may not be processed correctly
Description	This is provided for descriptive purposes only

Families (Employers)

This screen lets you add or correct Family information. This option is also available from the *Payroll Codes* menu.

Employer/Family Code	This is the Employer (or Family) Code assigned in **SmoothPay**, and is also used to help form the IR348 filename for transfer to the IRD via irFile.
Inactive	If ticked, prevents the Employer record from being available to link to new Employees
Customer Code	This Code must match your QuickBooks item code EXACTLY, otherwise the line entry if used on an Invoice may not be processed correctly
IRD number	REQUIRED! Used in IRD reporting and irFiling

Bank Account #	The Bank Account Number to be debited for Invoices raised and paid by Direct Debit
Ledger account	The Ledger Account Code to be used for payments made to Employees for this Employer (QuickBooks)
Direct Debit	Indicates the Employer pays his Invoices by Direct Debit (requires valid bank account number)
Own IRD reporting	Indicates this Family prepares their own IRD reports - **SmoothPay** will exclude them from irFiling

Children (Jobs) – *MoneyWorks only*

This screen lets you maintain Job Records so that Family costs and WINZ subsidies for children can be analysed in your accounting system.

Job Code	The Job Code used in your accounting system
Description	This is the standard description to appear on the Invoice to the Customer. NOTE: One or more Special Codes are defined which are automatically substituted when the transaction is reported or invoices generated. One such example is the code <pe> which gets substituted with the period ending date, saving you having to edit the value on every Invoice.
Bill to	Select the Family that this item is charged to - the Job Code will then be available in the Billing screen for Invoices for this Family.
Ledger account	The Ledger Account code to be used for this item (QuickBooks, if required)
Template	Identifies the order in which an item is to appear on a new Invoice. Leave blank or zero if not to appear on a standard Invoice.
Units	Typical value.
Rate/Amount	Typical value.
GST Content	Choose from: Included (the GST content will be extracted automatically), or Non/Zero-rated

Add from MoneyWorks

This process imports any new Families, Jobs and Products from MoneyWorks.

Update MoneyWorks

This process updates (adds and or changes) Customers and Jobs in MoneyWorks.

If any problems are encountered, a dialog is displayed advising the part of the process that has failed and the import filter being used for the import – you will need this information for troubleshooting the import – refer the Importing/Problems section below.

Timesheets

This option provides access to the various Timesheet Import facilities provided by **SmoothPay**.

Load QuickBooks Lists

This process should be performed before creating any new Billing Batches.

The procedure asks you to locate a LIST.IIF file produced by QuickBooks.

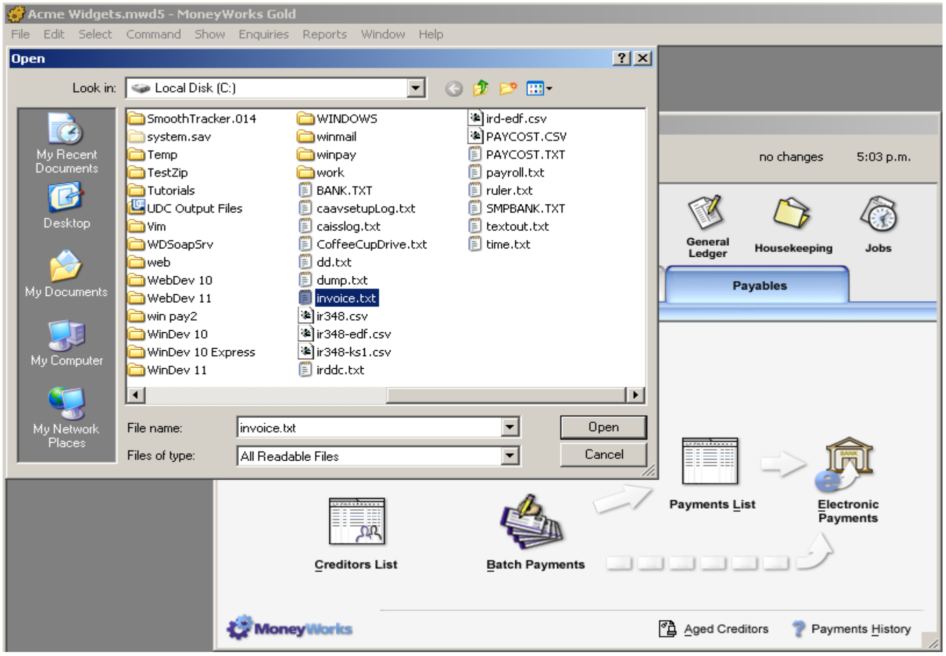
The File will be processed and update/create any Employers, Invoice Items, associated GL Accounts and Classes.

An Audit Trail will be produced of any additions - these should be carefully checked, <u>especially</u> the calculation rule assigned to new Invoice Items, and that new Employers (having the correct Code) do not duplicate Employers having the incorrect Code.

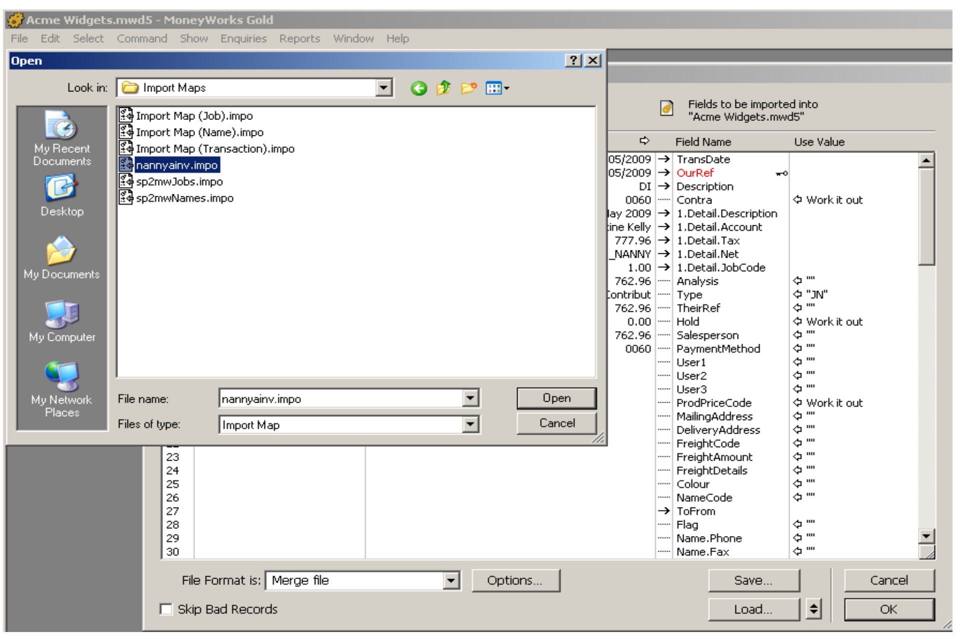
Importing Invoices to MoneyWorks (and dealing with problems)

In MoneyWorks, choose *File...Import...Transactions*

Navigate to the File named **invoice.txt** at the root (top Folder) of your C: drive.

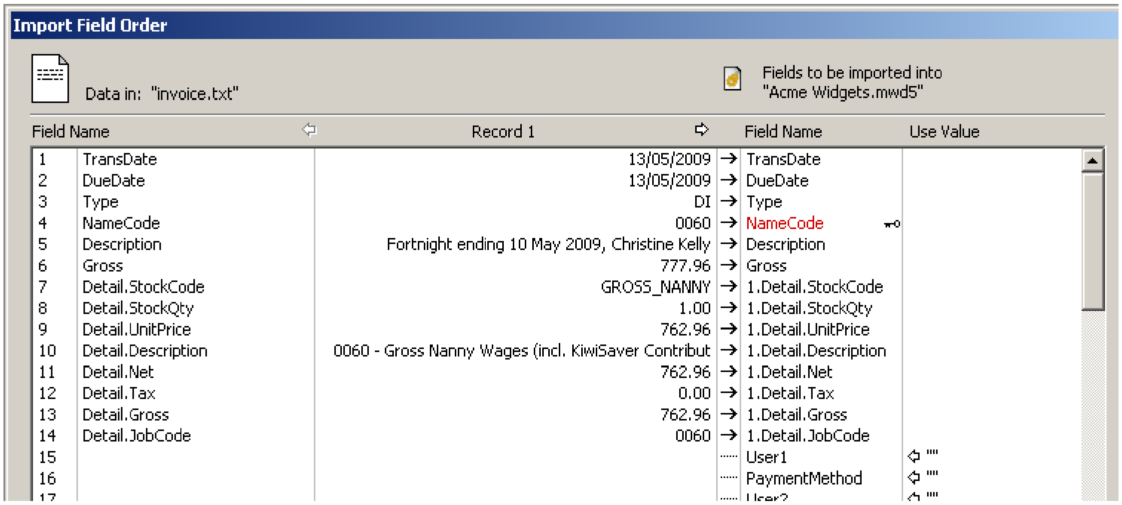


You then need to select the appropriate import filter - choose ***Load***:



Select the "*nannyainv*" custom plugin (available from **SmoothPay**).

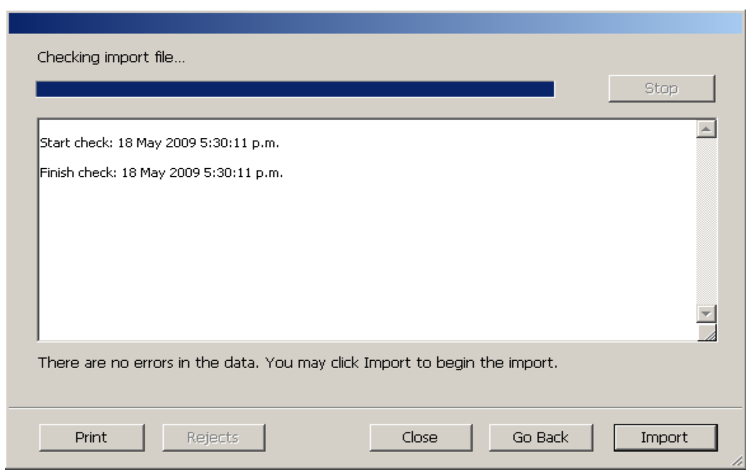
The following should be displayed in the field matching screen:



Note: especially that the field names all match up, and that the NameCode field is in red with a small key-symbol beside it.

Choose *OK* to begin the import process.

If everything goes according to plan, the File will pass the importer tests and you can then import the transactions into MoneyWorks.



Choose *Import* to load the new invoices into MoneyWorks.

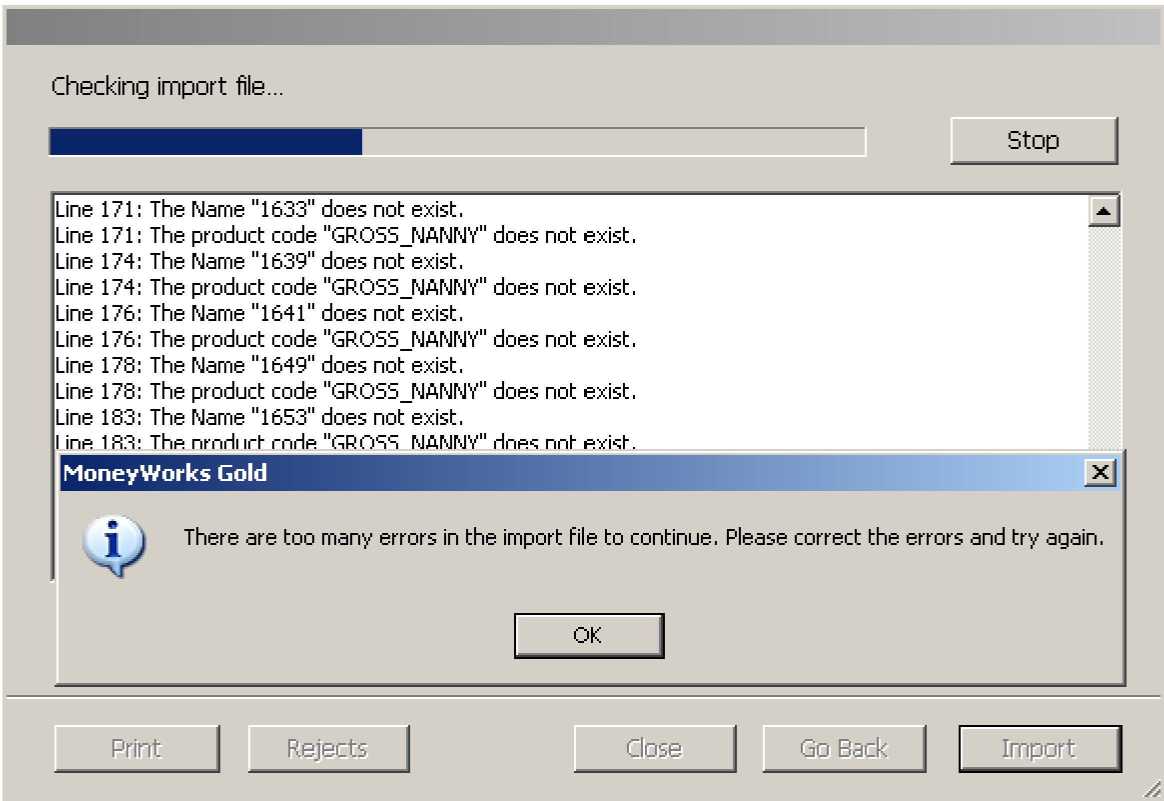
Oops! I imported the Batch twice

If you accidentally import a Batch of Invoices twice (or more times...), you can easily delete them from the Transactions screen

NOTE: ***Receipt Batch Imports come in as Posted, so take care with these as they're not so easy to undo***.

Errors during Import

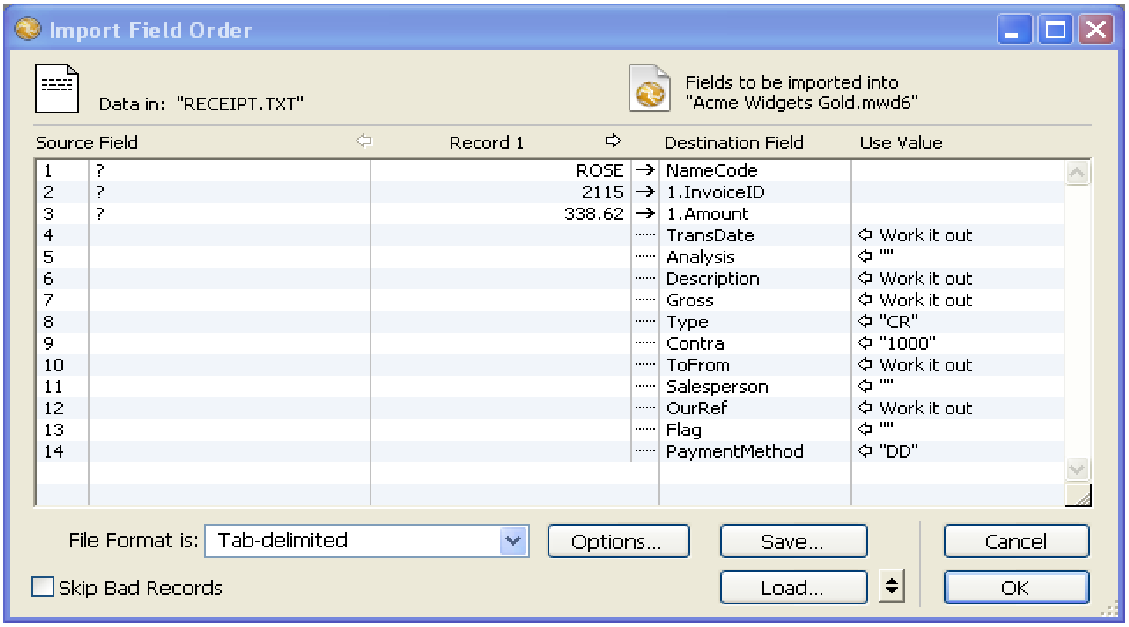
If you have problems in the File (or the wrong import map has been selected), the errors and warnings will provide further information, eg:



The messages clearly indicate that various Customer and Product Codes don't exist in MoneyWorks.

In this case the solution is easy - choose **SmoothPay's** *Wizards...Billing...Update MoneyWorks* option to make sure all these are present in MoneyWorks (or add the missing entries manually to MoneyWorks) before importing the invoice transactions.

Receipts Batch Import



This screenshot shows a typical layout for the Receipt Batch import.

Note: the type is set to “CR”, the contra account must be set to your Bank Account, Payment method can be set to “Electronic” or “DD” (direct debit) etc.

NOTE: ***Receipt Batch Imports come in as Posted, so take care with these as they're not so easy to undo.***

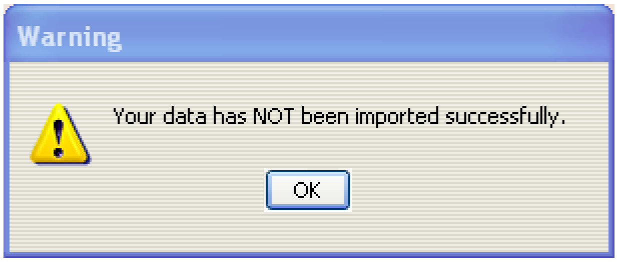
Importing Invoices to QuickBooks (and dealing with problems)

In QuickBooks, choose *File... IIF files* and navigate to the File named **invoice.iif** at the root (top Folder) of your C: drive.

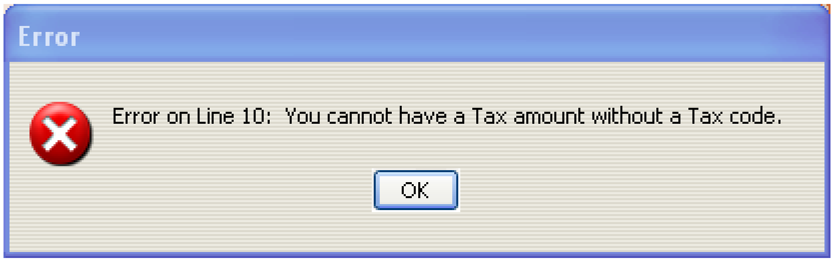
If any errors are reported, then the Batch has failed and none of the Transactions will be imported.

Dealing with Import Errors

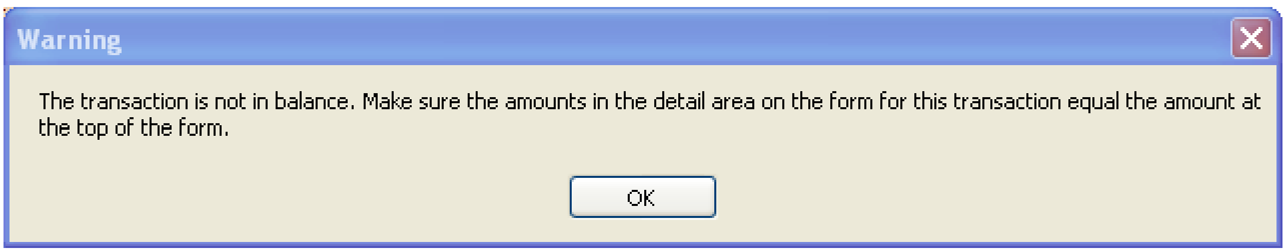
Indicates a formatting error in the data being imported. Please contact our **HelpDesk**.



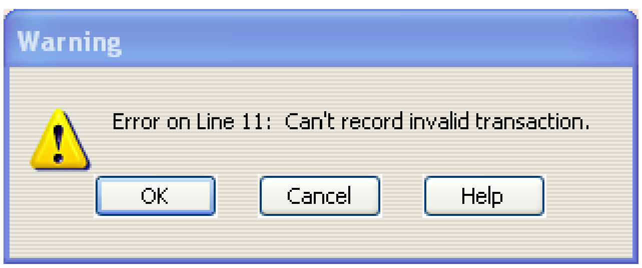
None of the data has been imported



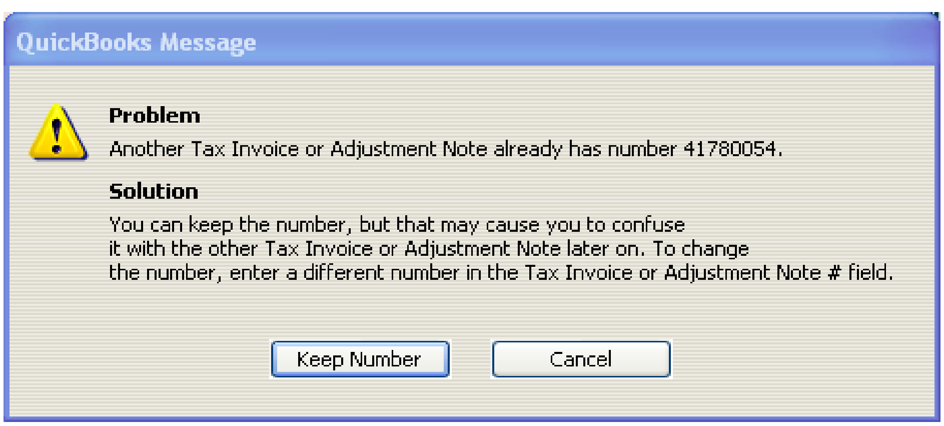
Formatting error



Invoice Transaction does not balance correctly



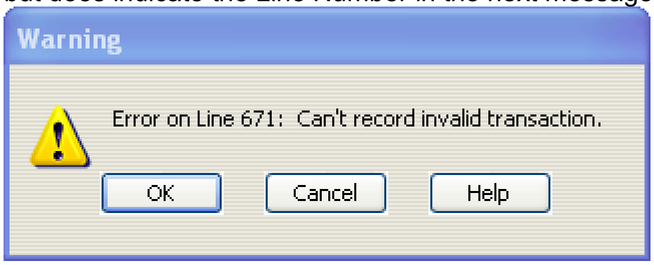
You should Cancel at this point!



You are attempting to import a Batch a second time - this is part of the reason we allocate Invoice Numbers for you, to try to prevent secondary imports from occurring. You should probably *Cancel* at this point.

An Employer has been created, but is incomplete. The associated Invoice will not be imported.

Unfortunately, the dialog doesn't display any useful information such as the Employer Name or Invoice Number, but does indicate the Line Number in the next message.



Feel free to contact our **HelpDesk** if you have any questions.

*** END ***