

## Creating Pay Codes Checklist

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1. Determine GL account. Create one if needed.
2. Determine how often it should calculate (**Monthly pay periods**).
3. Determine if it is taxable or non-taxable (**Gross/Fringe Benefit**), pre-tax or after tax (**Deduction**).
4. Create the pay code in the proper number range (from the Pay Codes handout). Use Copy from a pay code with the same Type and Used in Calculation list if possible.
5. Change the **Title** and **Abbreviated Title**. Remember these need to be unique. Click **Save**.
6. Verify **Calculation Order** on the **Pay Code** tab is correct.
7. Review the **ARP Type, Amount/Rate/Percentage, GL Account, Allocation Method, Monthly Period Numbers** on the **Employee** tab and make any changes needed.
8. If the **Type** of the new code is **Gross**:
  - a. Verify the correct tax pay codes are listed on the **Used in Calculation** tab if the new code is taxable.
  - b. If is subject to retirement make sure the retirement pay codes are listed on the tab. Also add the new code to **the State Retirement Report** if applicable (IPERS, MERS, MFPRSI, OPERS, Ohio Police and Fire, PERA, WRS Monthly Remittance and Annual).
  - c. If it is a leave pay code a leave rate may need to be created and add it needs to be added to the Leave section on the Connect check form. It will automatically add into the miPayOnline check form.
  - d. If it is a COVID-19 pay code as well, add it to the **Fields** tab of the **941 Report**.
9. If the **Type** of the new code is **Expense** or **Fringe Benefit**:
  - a. Verify all check forms have a section for these pay code Types. Both Connect and miPayOnline need these sections. Add this section to the form if there isn't one.
  - b. Verify the correct tax codes are listed on the **Used in Calculation** tab.
10. If the **Type** of the new code is **Deduction**:
  - a. If using transmittal vendors, create transmittal vendor if it does already exist. Add the new code to the **Employee** side of the **Pay Codes** tab. If the transmittal vendor exists, just add this pay code **Employee** side of the **Pay Codes** tab on the existing transmittal vendor.
  - b. Create a **Pay Code Transaction Report** or add the new code to the existing report.
  - c. Add the **Pay Code Transaction Report** to **Batch Reports**.
  - d. If it is a retirement code add it to the **State Retirement Report** if applicable (IPERS, MERS, MFPRSI, PERA, WRS Monthly Remittance and Annual).
11. If the **Type** of the new code is **Informational** (employer side only):

- a. If transmittal vendors are being used, create transmittal vendor in Payroll if they have not been setup prior to this. If the transmittal vendor exists, add this pay code to the **Pay Codes** tab of the existing transmittal vendor.
  - b. Create a **Pay Code Transaction Report** or add to the existing report and add it to **Batch Reports** if it a new report.
12. Assign the pay code to the employee(s). Change field settings on the employee pay code if they differ from the default values assigned in Payroll – Organization - Pay Codes. Also assign the **Transmittal** on the **General** sub tab if the new code is garnishment or child support.