

How to balance FEMS Payroll Claims in accounting software

With regular claims and supplier claims, there are no deductions required, so the amount paid out to the claimant is the gross amount. All the finance entries are generated within FEMS and all entries are included in the FEMS extract for download and import into the accounting software.

For Governance claims, the income is deemed to be "**Employment Income**" and as is therefore subject to deductions at source (Taxes, CPP). These deductions are determined by the Physician Society, and therefore the net amount due to the physician can only be determined after the Physician Society has processed the claim (or claims) through their payroll software (or by other means – see below). It is for this reason that the finance entries 40102 Salaries & Wages (Governance comp – T4 needed) and 10125 (Cheque Clearing) are excluded from the extract for Governance claims. All other finance entries are included as usual.

CLAIM BREAKDOWNS

Time

\$238.46 subtotalled amount
(1.50 hour(s) @ \$158.97/hour)

Expenses

\$0.00

CLAIM TOTALS

Tax

\$0.00

Claim Total

\$238.46

1. Excluded from the FEMS Extract for Governance claims.

2. Included in the FEMS Extract as usual.

Activities

Change Log

Business Events

Transactions

DATE	BUSINESS EVENT	ACCOUNT	DEPT	ACCOUNT NAME	DEBIT	CREDIT
Claim Approved						
03/10/2022	Claim Approved	40102	0600	Salaries & wages (Governance comp. - T4 needed)	\$238.46	
03/10/2022	Claim Approved	10125	0000	Cheque Clearing		\$238.46
03/10/2022	Claim Approved	20500	0000	Deferred DoBC funding	\$238.46	
03/10/2022	Claim Approved	30500	0600	Ministry funding		\$238.46
Claim Paid						
03/31/2022	Claim Paid	10125	0000	Cheque Clearing	\$238.46	
03/31/2022	Claim Paid	10101	0000	Cash		\$238.46
Totals:					\$715.38	\$715.38

The hours from the governance claim are used to populate the payroll module in the accounting software to determine the deductions and the net payment to the physician.

✓	EMPLOYEE	PAY METHOD	REGULAR PAY HRS	VACATION PAY HRS	MEMO	TOTAL HRS	TOTAL PAY
✓	Employee Name \$158.97 / hour	Paper cheque	1.50		March Governance Payment	1.50	\$238.46

Once the payroll process is complete, and the payment has been made, the accounting software generates the following finance entries in the accounting system:

DATE	TRANSACTION TYPE	#	NAME	MEMO/DESCRIPTION	ACCOUNT #	ACCOUNT	DEBIT	CREDIT
26-03-2021	Paycheque	123456	Employee Name	Pay Period:	10101	10101 Cash		\$238.46
				Gross Pay - This is not a legal pa...	40102	40102 Salaries & wages (all Gov...	\$238.46	
				Employer Taxes	40202	40202 CPP Expense	\$0.00	
				Federal Taxes	20105	20105 Payroll deductions payable	\$0.00	
							\$238.46	\$238.46

Note: In the above image, the entries “Employer Taxes 40202 CPP Expense” and “Federal Taxes 20105 Payroll deductions payable” are shown as \$0.00. They should reflect the amount of the deductions.

The Governance claim must also be “Marked as ‘Paid’ in FEMS, which generates the following FEMS transactions:

Claim Paid						
02/05/2021	Claim Paid	10125	0000	Cheque Clearing	\$238.46	
02/05/2021	Claim Paid	10101	0000	Cash		\$238.46

These two “Claim Paid” finance entries may also be imported into the PS accounting system. The need for this is dependent on whether:

- A manual method is used for the deductions calculations and settlement of the net amount to the physician, or
- A payroll calculator / processor is used that is not integrated with the physician society’s accounting system, or
- The governance claim deductions are processed within the payroll component of the accounting software.

Criteria for Adjustments in the PS Accounting System

If all the FEMS finance extract entries are imported (without any filtering done by the PS accountant) and the payroll component of the accounting system was used, then **this results in a double entry to 10101 Cash and to 10125 Cheque Clearing.**

To adjust for this (either individually or cumulatively), create the following entries:

- Dr 10101 Cash \$238.46
- Cr 10125 Cheque Clearing \$238.46*

* The amount is either the individual claim amount (if adjusting for an individual claim), or the cumulative total for the month (if adjusting for all governance claims).

These Claim Paid adjustment entries must be marked as 'Cleared' even though they don't appear on the bank statement:

DATE	REF NO. TYPE	PAYEE ACCOUNT	MEMO	PAYMENT	DEPOSIT		TAX
05-04-2021	BE-789012		Employee Name - A1B2C3	\$238.46		 C	
	Journal	-Split-					

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