

# Payroll department



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## **Introduction**

Background of the Study The manual process of payroll system comes with a step by step procedure, first is to establish a timecard system where employees fill out a timesheet or use a time clock. Use timesheets that contain unfilled slots for regular, vacation, personal or sick time. Create a separate filing system for all timecards submitted. If employer have salaried employees, create a log with the salary amount each employee should be paid each pay-period (Grace, 2012).

According to the definition of Roos (2005) a payroll system involves everything that has to do with the payment of employees and the filing of employment taxes. This includes keeping track of hours, calculating wages, withholding taxes and other deductions, printing and delivering checks and paying employment taxes to the government. In addition, payroll system enables the employer to process its payroll through a computerized system. As stated by McGraw (2009), payroll is the sum of all financial records of salaries for an employee, wages, bonuses and deductions.

Payroll plays a major role in a company for several reasons. From an ethics in business viewpoint payroll is a critical department as employees are responsive to payroll errors and irregularities: good employee morale requires payroll to be paid timely and accurately. The primary mission of the payroll department is to ensure that all employees are paid accurately and timely with the correct withholdings and deductions, and to ensure the withholdings and deductions are remitted in a timely manner. A payroll system is the method used by payroll professionals to pay employees for their services.

Regardless of the type of system used, there are basic functions that must be performed--calculation of hours worked, deductions, personal information and benefits. Payroll system allows the employer to perform the tasks necessary to ensure accurate and timely paychecks. Through the payroll system the employer creates procedures that coordinate the payroll department with these other departments. In addition, it assists human resources with tracking employee's benefit days, such as vacation time, personal time and sick time.

Payroll system often has the ability to automatically transport employee punches/swipes from the timekeeping system into the payroll system automatically (Trias, 2011). It is really inescapable fact that having a manual procedure in creating payroll system takes a long time to finish a certain task because of the many steps and processes that should be taken. There is the collection of data such as daily time record, remittances, and individual manual calculation of payroll. Individual data is transferred through sheets, encoding and double checking after calculating.

All this process requires labor and effort to complete the task (Quidgara, 2009). A manual payroll system requires that the payroll be processed by hand and is therefore a considerably slower procedure than an automated system. The former makes payroll processing simpler, and reduces errors, which are more likely with the manual system (Grace (n. d)). Manual payroll system requires payroll processing to be done completely by hand. Therefore, time card, wages and payroll, tax computations, wage garnishment and voluntary deductions are done manually.

Furthermore, paychecks and pay stubs are handwritten or printed on a typewriter. The main disadvantage with this system is its high room for errors. The more manual computations the payroll representative has to make, the more errors she's prone to make. Furthermore, it's time-consuming because to ensure the payroll is accurate, she has to triple-check the data before printing checks. Even then, it's possible to miss errors. Paper filing is required with this system, which can create clutter.

Furthermore, if the payroll representative does not understand how to calculate payroll taxes manually, erroneous tax withholding, reporting and payment occur. This can result in penalties from federal and state tax agencies (Grace n. d). According to Schievelbein (n. d)The Department of the Interior, National Business Center's (NBC) Federal Personnel/Payroll System (FPPS) is a modern, mainframe-based, portable, integrated, on-line, and real-time personnel and payroll system. The system provides personnel and payroll support to numerous agencies.

The system is customer-driven, creating and generating the full life cycle of personnel transactions, enabling agencies to maintain records electronically. FPPS handles all current regulations including specialized pay, garnishments, special appointment programs, and more. FPPS was developed by the NBC using state-of-the-art databasetechnology, fourth-generation language, structured development methodology, and computer-aided software engineering tools for robust performance and ease of maintenance.

FPPS is a highly sophisticated and comprehensive database management system providing an extensive array of human resources (HR) and payroll automation support within its core, including requirements prescribed by

client agencies, the NBC's centralized Payroll Operations Division (POD), and the Office of Personnel Management (OPM). The FPPS application supports Requesting Office, Time and Attendance (T&A input), Servicing Personnel Office, Security, Time &Attendance Maintenance, and Pay Maintenance commands for Federal employees and Emergency Workers (Casuals).

All data is defined in a single database which eliminates redundancy and multiple update routines. The single database concept also provides for ease of maintenance and ensures data integrity. Security is controlled by the customer and is sufficiently flexible to support all business processes. The system is table-driven to facilitate real-time data updates and maintenance. Many of these tables are on-line for customer use. FPPS also offers all required electronic interfaces with the U. S. Treasury, OPM, NationalFinanceCenter (NFC), and various accounting systems.

The system offers extensive data warehousing capabilities. In an Automated Payroll System, companies offer computer software that will assist you in processing payroll. You will need to input information for each employee when he is hired, but after that, the software will calculate payroll taxes and other deductions automatically. The advantages of this type of payroll system are numerous: Fewer potential mistakes and less time spent processing payroll. In addition, employees can be trained to run the rogram more easily, so you won't need to depend on just one person to process payroll (Richerd, 2008). A computerized payroll system saves on time and lowers your error ratio. You can enter payroll payment information quicker than with a manual system, and run payroll registers to double-check your information before printing the checks. This allows you to detect errors and

adjust them beforehand. Additionally, computerized payrolls simplify tax processing by computing the data for you and allowing you to do bulk print runs (Grace, n. d). A study of Marata (2011), St.

Peter's College Employees Payroll System is a system that enables the employees of St. Peter College to view the information on their payroll in a computerized manner. Nowadays all establishments are becoming modernized; they use modern technology to make a transaction fast, easy, and accurate in order to avoid and lessen the time consumed, and having a modern technology in an establishment protects and secures confidential information. It also helps human to solve and understand complex problem and analysis such as the computational need of humans.

Especially to business establishment or corporation or even schools in processing enormous data and complex transaction, payroll is an example of complex transaction because it is a critical business operation dealing with numerous accounts, and produces plenty of confidential files. An automated payroll system will not only provide an accurate calculation and fast process of payroll transaction but it will secure data through security implementation and accordingly arrange files provided by a designed database that will produce a paperless environment and a tool to help a certain user to make everything in an orderly manner.

The developers have decided to solve the problems in a way that we will create a system that will lessen the time in manually entering the formulas for every employee of St. Peter College and to organize all the paper works of the Accounting Department of St. Peter College. Now that technology had made great approach in organizations, institution and even private

companies, Payroll System for Silverio's Seafood and Restaurant is not an exemption. This company needs this technology.

Silverio's Seafood and Restaurant was founded on March 10, 1996, located at Arellano Bani, Dagupan City. It is being managed by Ms. Theresa C. Neihum. With the use of the system, it can provide an accurate and reliable process of computation of the employee salary. Deduction of SSS, PhilHealth and others is automatically computed after data has been entered. In line with this project, the developers came up with payroll system for Silverios Seafoods and Restaurant which will raise the business standards to be more competitive.

Through this integrated system, it will no longer have a burden in doing payroll transactions through the use of payroll system it will easily calculate the employee's salary, deductions and by automatically generating a pay slip. It will help promote quality of service and avoid waste of time since there are no such longer delays in the computation of employee's salary.

Conceptual Framework In order to provide this study with its groundwork, the developers utilized the concept of Input-Process-Output. Shows the paradigm of the study entitled Payroll System for Silverio's Seafood and Restaurant.

The input parts of the research paradigm consist of the current procedure in payroll, hardware and software requirements and features of the proposed system and acceptability of the system. In the process variable, Waterfall model was chosen as the software development methodology which consists of the five phases such as requirement analysis and definition phase, system and software design phase, implementation and unit testing phase,

verification and system testing phase and the operations and maintenance phase.

The developers output for this project is the Payroll System for Silverio's Seafoods and Restaurant. After gathering the needed inputs, the developers came up with the output which is the Payroll System for Silverio's Seafood and Restaurant.

- Requirement Analysis and Definition Phase
- System and Software Design Phase
- Implementation and Unit Testing Phase
- Verification and System Testing Phase Operations and Maintenance Phase
- Current process in the payroll System.

## **To Test the Acceptability of the System**

Significance of the Study The main purpose of the study was to develop an efficient and reliable system that will be used by the Finance Department of Silverio's Seafood and Restaurant in the generation of payroll of the employees. The system will improve the manual process and provide accurate information in the company and will benefit the following entities: Silverio's Seafood and Restaurant. The system can help the company accomplish their goals and objectives, to lessen the hassles in manual computation of employees salary.

The computerized payroll system will help the Silverio's Seafoods and Restaurant to have an integrated and organized process of managing and calculating salaries for the employees. Finance Department. The system reduces the slow process of computation of payroll for each employee. This <https://assignbuster.com/payroll-department/>



provides an accurate and reliable process of generating payroll. Treasurer. By using the system, it will minimize the time consumed by the cashier in the computation of employee salaries and has an accurate and fast generation of payroll.

## **Developers**

This study will serve as training and experience for the developers. It will also enhance their knowledge on software development. Future Developers. For future developers, this project will serve as their references in conducting the same study. Through further reading, future developers can get ideas out of it that will guide them to create and accomplish their projects. Scope and Limitations The study focused on the development of the generation of payroll of employees which is computed based from the rate per day, overtime, gross, net pay, and deductions such as SSS and PhilHealth.

An additional feature of the system is a log-in log-out process for security purpose. Other features include file maintenance which can add employee record, edit employee information, and generate pay slip for each employee. Computation of payroll is done every 15th and 30th day of the month. The system will exclude the monitoring of employees absences ortardinessor even daily time record and leaves-of-absences, as well as generation of report of leave of absences of each employee.

## **Definition of Terms**

To have better understanding of the terms used in this context. The following terminologies were defined. Calculate. Is a deliberate process for transforming one or more inputs into one or more results, with variable change. Deduction. The act of deducting or subtraction. Gross Pay. Is an <https://assignbuster.com/payroll-department/>

employee's regular remuneration including allowances, overtime pay, commissions, and bonuses, and any other amounts, before any deductions are made. Net Pay. Portion of a salary or wages that an employee actually gets (takes home) after paying all deductions and taxes. Payroll. Total amount required to pay workers and employees during a week, month or other period. Payroll System. A payroll system involves everything that has to do with the payment of employees and the filing of employment taxes. Salary. Agreed-upon and regular compensation for employment that may be paid in any frequency but, in common practice, is paid on monthly and not on hourly, daily, weekly, or piece-work basis.

Systems development life cycle (SDLC) is a conceptual model used in project management that describes the stages involved in an information system development project, from an initial feasibility study through maintenance of the completed application. System. It is an automated or manual that comprises people machine and/or methods organize to collect, process, and disseminate data that represent user information. Waterfall Model. Waterfall model is a SDLC approach that assumes the various phases of a project can be carried out and completed entirely sequentially.