Journal balance

Journals · https://paiyroll.com/kb/journal-balance/

How to fix a journal imbalance on the Pre-approval summary2 or Xero/Quickbooks/Freeagent.

If you add a new pay definition, there is a possibility that your journal will not balance. Journal imbalances are common once you start adding new pay definitions. Please follow the steps to configure and balance the journal for a particular pay frequency.

Pre-approval summary2

In the case of an imbalance, the software will usually detect the pay definition that is the cause of the problem just below the journal on the journal sheet of the **Preapproval 2 summary**. We recommend you balance the journal first by configuring the Pre-approval summary 2 report before attempting to balance bookkeeping journals in the bookkeeping reports e.g. Xero. This is because you can more easily check the resulting journal in the **Journal** sheet on the **Pre-approval summary2** report.

Xero/Quickbooks/Freeagent.

The process must be repeated for the bookkeeping reports using the same steps. For example, after you've balanced the **Pre-approval summary2**, you will still have an error in your bookkeeping report until that's been balanced.

Process

The Basics

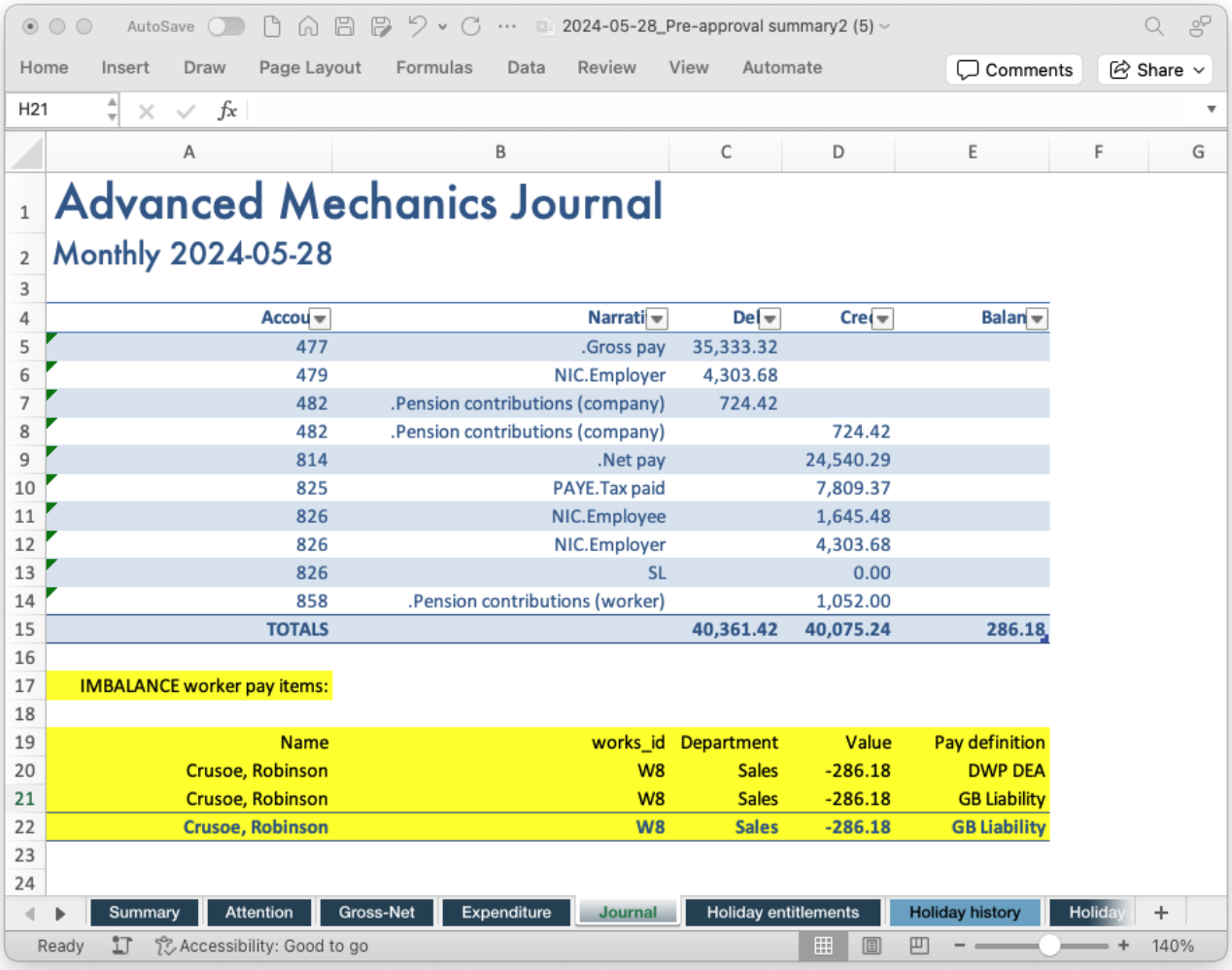
1. All default gross Pay Definitions output to gross pay and net pay, and therefore balance as they appear in Debits and Credits
2. A Net pay only Pay Definition will therefore need a balancing **Debit** entry

- Similarly, if you change a Pay Definition and **exclude it from gross pay**, you will need to add a balancing **Debit** entry

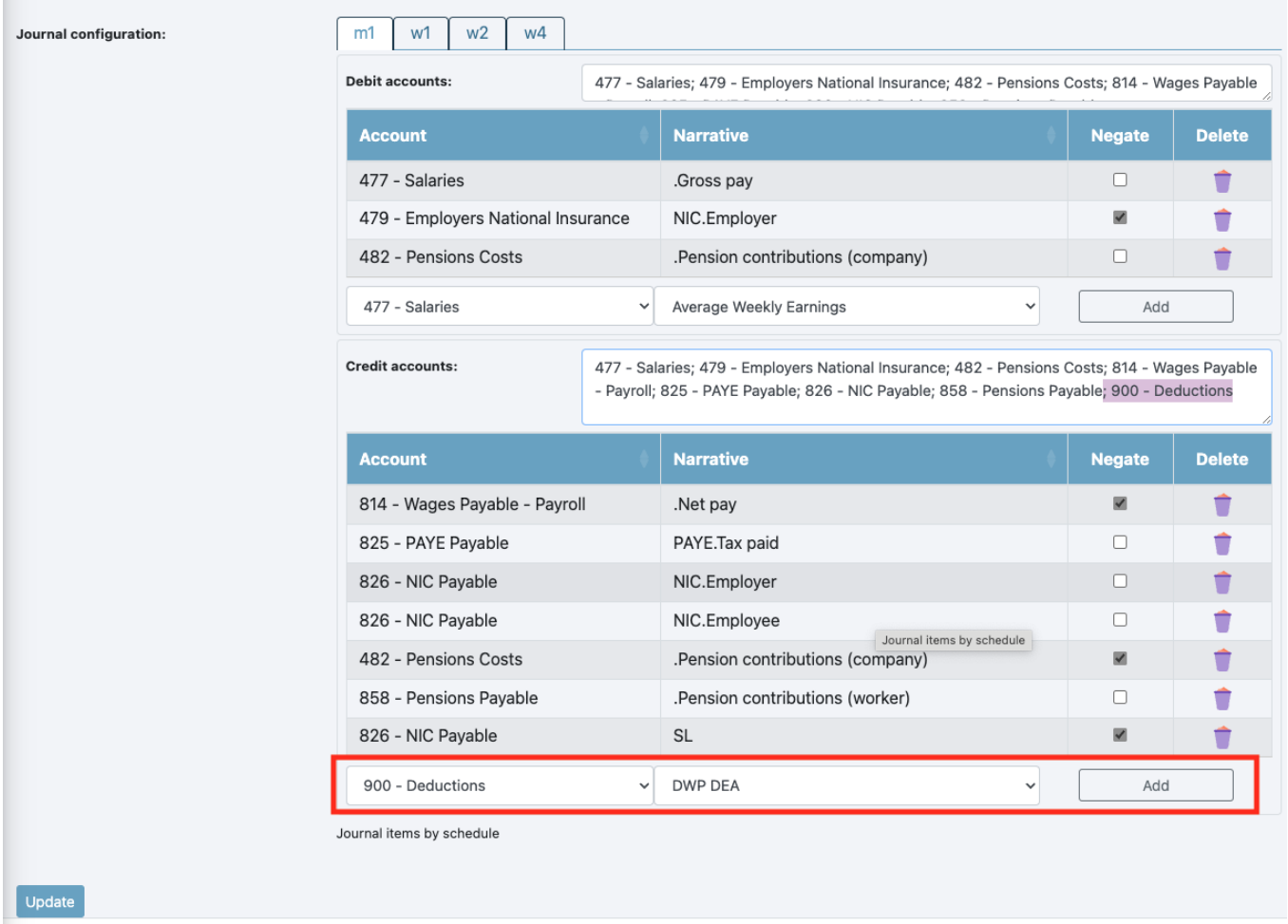
3. A gross-only pay definition without net pay, e.g. a benefit, will need a balancing **Credit** entry
4. If you need extra rows for detail, these must be added on both the Debit and the Credit side to balance
5. You can use **Negate** to change the sign

Here is the process after an unapproved pay run that does not balance.

1. **Documents** > **Pre-approval summary2** > View the **Journal** sheet on the Pre-approval summary2 report. It will be listed if the software can detect a probable cause of the imbalance. However, this is not always possible. Review the journal and the imbalance worker pay items to identify the imbalance. In the example below, a DWP deduction is the cause of the 286.18 imbalance:



2. Next, decide where to insert an amount into the journal to balance. What changes need to be made to the **Debit** or **Credit** side? For example, if a new pay amount should be added to the Credit accounts to balance. if you are paying Net pay expenses, you'll need to add these at the point where net pay appears in the Credit journal because the current net pay figure is lower. In our example, the DWP DEA value of 286.18 needs to be added to the **credit** side to balance.
3. Go to **Setup > Report Definitions > Pre-approval summary2** and click **Update** to edit the report settings.
4. Select the relevant Pay frequency tab - for example, **m1** monthly below:



5. Notice there are two different **Add** buttons at the bottom of the the **Debit** items and the **Credit** items.
6. Add a new journal row entry in either Credits or Debits using the **row alogn the Add button**:
   - Select the **Account** (e.g. 900 -Deductions). If the account does not exist, you will need to type it in first in the Account section. In our example here we have added **"; 900 - Deductions**")- note the semicolon ";" separator

- Select the **Narrative**. The **Narrative** includes all Pay Definitions and also all busses - you may wish to select a single Pay Definition but at other times, it will be more convenient to select a Buss which includes all Pay Definitions connected to that Buss. (In our example we select **DWP DEA**.
- Click **Add**.
- Sometimes it will be necessary to switch plus values to minus and vice-versa by ticking the **Negate** box as some values are held as negative and some positive. In this case click **Negate**

7. When you have finished adding new Debit or Credit lines, click **Update**
8. Test your new journal configuration with a Pay Run **Redo**.
9. Journals are tricky to balance and so It is not unusual to repeat and correct the above steps.
10. However, depending on whether the values are recorded as positive or negative it may be that the imbalance is now double. If this is the case, update the **Pre-approval summary**2 as above to un-tick the **Negate** tick box and click **Update**. If the resulting numbers look like they're out by twice the amount (Debit or Credit) you originally intended, you probably need to click **the Negate** box to turn a positive into a negative or negative to a positive.. Check with a pay run **redo** that the journal balances.
11. Once your journal balances, you are done.
12. Repeat the above steps for bookkeeping reports (Xero, QuickBooks, and Freeagent). These would also have the same imbalance issue and should be corrected at the same time.

If you make any changes in the future, repeat the above process.