

iProConference:
SAP HCM Best Practise
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Tips and Tricks for Posting Payroll Results into FI/CO

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#HCMBP2012

Agenda



- The bigger picture: HR – FI/CO integration
- The basics: payroll integration process
- Setting it up: plain vanilla configuration
- What to watch out for
- Best Practice for special scenarios

Integration as a SAP benefit



Single process

- For most processes, when looked at in isolation, you'll find better products
- However, integrating those products is often a nightmare

Big picture

- SAP offers a full HCM and payroll package and integration into FI/CO as well as other processes
- Some of its benefits therefor manifest themselves on a corporate rather than departmental level

Improve!

- The HR/PY – FI/CO interface can be complex, but is powerful
- Make full use of it to reap integration benefits

Overview HR/PY ↔ FI/CO interface



When HR and FI/CO run on different systems, integration requires set-up of ALE

- RFC connections between system
- Bespoke ALE scenario config (distribution model)
- 'Global Company Codes'

ALE supports

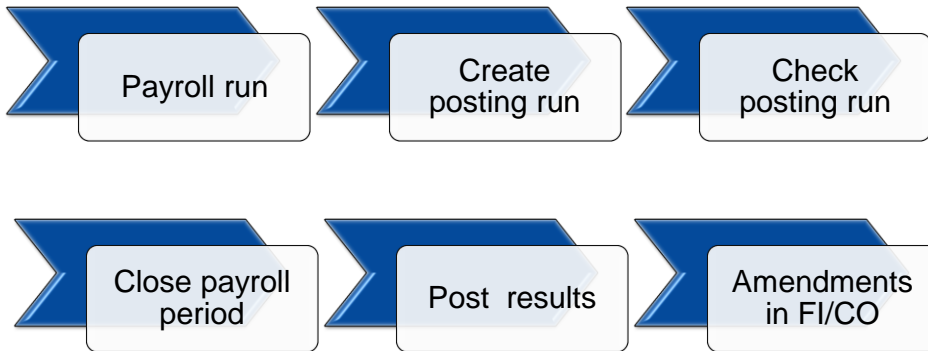
- Distribution of some master data required in HR (e.g. cost centres)
- Remote checks (most notably during posting run creation)
- Transfer of postings

Advanced options

- Data transferred through ALE can be manipulated through various filters, rules, and BADs
- ALE for payroll posting is mature and stable, so enhancements are quite exceptional

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Normal process steps



Some tips along the process I



Payroll run

- CO-objects (cost centres etc.) must be correct at this point
- Make sure all master data changes are covered
- MC W needs to be empty

Create posting run

- The right variant here is paramount
- Observe posting and document dates
- Wrong posting variant can mess up FI/CO (doc type, split)
- When using cost planning, feed data here

Check Posting run

- Note that not all errors do come up in a test run, so this is a crucial step
- A balanced posting run is not necessarily correct – this check mustn't replace a sound analysis before implementing any config changes

Some tips along the process



Close payroll period

- No changes after posting and payment!
- All changes now should be dealt with through retroactive calculation – and possibly advance payments
- Imposing this discipline keeps cost at bay and makes you competitive against service providers

Post results

- There shouldn't be any surprises at this point, but there sometimes are
- Have someone in finance available to deal with blocked cost centres, GL-accounts etc.
- Check for ALE errors

Amendments in FI/CO

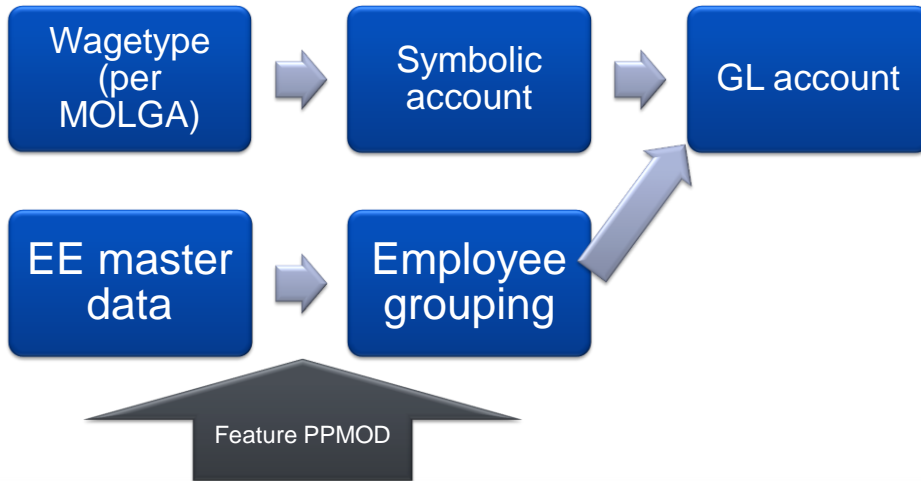
- Any manual activity is now not affecting HR
- It may comprise manual cost allocation, dealing with amounts on substitute cost centres, monitoring incoming payments from employees

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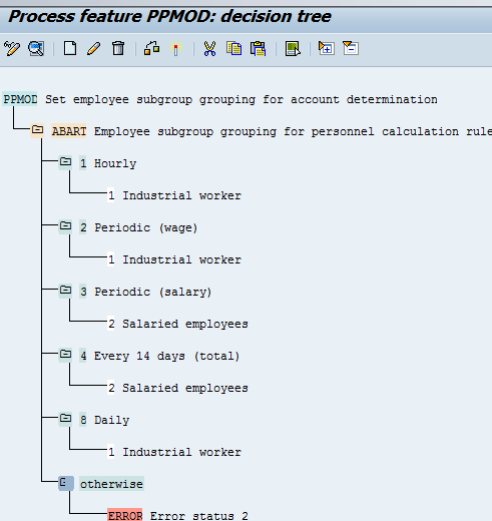


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Account determination



Feature PPMOD



■ Here:

- ▶ Distinguishing between two types of employees, so their salaries can be posted to different accounts

■ Possible criteria:

- ▶ Most fields from IT0001 and IT0007
- ▶ Some payroll data

Symbolic account



| SymAc | Description | AATyp | MOMAG | Fixed MOM | Negative ... |
|-------|-----------------------------------|-------|-------------------------------------|--------------------------|--------------------------|
| 0826 | Recalculation difference | F | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 0827 | Overpayment | F | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 0830 | Salaries | C | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 0831 | Overtime payments | C | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 0832 | Allowances | C | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 0834 | Standard vacation bonus | C | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 0835 | Standard annual benefits | C | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 0840 | National Insurance | F | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 0845 | Company pension plan | F | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 0846 | Company pension plan cost account | C | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Account assignment type (1) 15 Entries found

Restrictions

| AAT... | Name |
|--------|--|
| C | Posting to expense account |
| CN | Posting to expense account(w/o quantity) |
| D | Posting to personal customer accounts |
| DF | Posting to fixed customers |
| E0 | expense not relevant for cost accounting |
| F | Posting to balance sheet account |
| FC | Posting to Balance Sheet Account (NewGL) |
| FE | Post to Bal.Sheet Acc., Evaluate C1/C0 |
| FL | Posting to check RA balance |
| FO | Posting to bal.sheet acc. in O-per.only |
| K | Post to personal vendor accounts |
| KF | Posting to fixed vendor accounts |
| L | Posting to customer per loan |
| Q | Posting to bal.sheet acc. with pers.no. |

- Different symbolic accounts per country work best
 - ▶ EHP6 allows to assign symb. accounts to countries
- Account assignment type is important characteristic – C, F being most common

New config table in EHP6



Change View "Map Symbolic Accounts with Country Grouping": Overview

New Entries

Employee Grouping and Symbolic Accounts

- Define Employee Grouping Account Determination
- Define Symbolic Accounts
- **Map Symbolic Accounts to Country Grouping Codes**
- Maintain Wage Types

Map Symbolic Accounts with Country Grouping

| Symbolic acc. | Description | Country G... |
|---------------|--------------------------------|--------------|
| 0732 | Vacation payment (SE) | 40 |
| 1100 | Wages and salaries | 40 |
| 1190 | Other Wage and Salary Expenses | 40 |
| 1210 | Overtime | 40 |
| 1220 | Shift bonus | 40 |
| 2220 | Taxes payable | 40 |

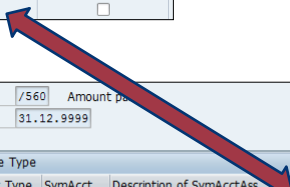
Note: this is only an assignment for filtering, no country-dependant configuration!

Wagetype



| Wage Type | 1002 | Salary | | | | |
|---------------------|------------|------------|---------------------------|----------|------------------------|--------------------------|
| End Date | 31.12.9999 | | | | | |
| Posting a Wage Type | | | | | | |
| N. +/... | Proc.Type | SymAcct... | Description of SymAcctAss | AATyp | Ignore Cost Assignm... | |
| 1 | P... | Normal1... | 0830 | Salaries | C | <input type="checkbox"/> |

| Wage Type | /560 | Amount payable | | | | |
|---------------------|------------|----------------|---------------------------|----------------|------------------------|--------------------------|
| End Date | 31.12.9999 | | | | | |
| Posting a Wage Type | | | | | | |
| N. +/... | Proc.Type | SymAcct... | Description of SymAcctAss | Typ | Ignore Cost Assignm... | |
| 1 | P... | Normal1... | 08D0 | Amount payable | F | <input type="checkbox"/> |



■ **Note: wagetypes to be posted need to be configured in payroll to be stored in RT (result table)**

Posting Variant



| | |
|---|--------------------------------------|
| Posting variant | HRG1 |
| Name | Standard variant UK |
| Parameters for document creation | |
| Country Grouping | 0e |
| Run Ty. | FP |
| Document Type | AB |
| Language for line item text | EN |
| Text key | HRFR Payroll |
| Prefix for reference | PYGB1 |
| <input checked="" type="checkbox"/> Post to co.code clearing accounts | |
| Document split | |
| Doc. split | Document Split Based on Company Code |
| Additional document split acc.to no.of lines | |
| <input type="checkbox"/> Separate summarized items | |
| <input type="checkbox"/> Fixed cost posting to summarized items | |
| Doc.Type Customers | <input type="checkbox"/> |
| Creditors Doc. Type | <input type="checkbox"/> |
| DocTyp MEA | <input type="checkbox"/> |

■ **No rocket science, but often ignored.**

■ **Discuss options with finance**

- ▶ Document type
- ▶ Texts and reference prefix

■ **Note that c.code clearing is activated here**

Assigned in posting run selection screen
→ Use variants!

Account assignment



- Assign Balance Sheet Accounts
- Assign expense accounts
- Assign technical accounts
- Assign customer accounts
- Assign vendor accounts
- Assign loan postings for employees

Transaction type determined by account assignment type in symb. Account config

| Symbolic account | Employee group | Account |
|------------------|----------------|---------|
| 0120 | | 430000 |
| 0120 | 1 | 430000 |
| 0121 | | 420000 |
| 0121 | 1 | 420000 |
| 0122 | | 431000 |

Feature PPMOD

- At this point, it often turns out in discussion with finance that changes are needed in earlier steps
- If it is not discussed and tested early enough, quick fixes lead to a posting that somehow balances, but doesn't work very well for finance

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Typical project pitfalls I



Integrated system requires integrated team

- Posting is sometimes treated like a fall-out of payroll
- Not getting it right means forgoing one of the major benefits of running an integrated system
- Engage with finance early, when you design the wagetype catalogue!

Understanding retro calculations

- Finance often gets confused about this. Train them together with payroll and make the system user-friendly (see best practice)

Personnel numbers and data privacy

- Finance seeing postings per employee is usually not wanted → post aggregate values per cost centre
- However, some cases require traceability by employee, so finance can assign incoming payments (e.g. loans, advance payments,...)

Typical project pitfalls II



ALE

- When separate systems are used, ALE usually works well
- However, get it tested early incl. the production environment and make sure all users incl. technical ones have proper access rights
- ALE needs monitoring!

FI/CO master data

- Blocked cost centres or accounts often create stress in payroll at the last minute
- Arrange for a proper communication process with finance

HR master data

- Where payroll posts to employee vendors or customers, up to date data is required in FI/CO
- Vendors can be created automatically using a standard program, but field mapping needs to be discussed with finance early

Typical project pitfalls III



Variants

- What users key in on the selection screens for payroll posting is crucial and can lead to mistakes not easily spotted
- Therefore variants should be used and ideally not changed in production but transported from Test / Dev system
- Variables should be used for posting date (unless calendar is used) and document date

Redesign

- If the interface config ends up being done in a rush anyway, the solution is probably less than ideal and difficult to understand
- A redesign of posting config after go-live seems scary, but it is still recommended

Check configuration

- It is easy to miss a problem in testing, as some cases occur very rarely
- Use report RPDKON00 (transaction OG00) to check the completeness of your configuration. (Note: doesn't consider the BAdI)

RPDKON00 - example



Wage Type Assignment - Display G/L Accounts



| CGrpg | WT | WType text | Symbc | Symbol.account txt | RATyp | V | Prc | Trs | EGAC | EG AD txt | CoCd | Company Name | G/L Acct |
|-------|------|---------------------------|-------|---------------------|-------|---|-------|-----------------|------|-----------|------|--------------|----------|
| 08 | /501 | Tax paid | 08D1 | Tax payable | F | - | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /501 | Tax paid | 08D1 | Tax payable | F | - | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /551 | Stat.net recalc.diff. | 0826 | Recalculation diffe | F | + | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /551 | Stat.net recalc.diff. | 0826 | Recalculation diffe | F | + | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /552 | Retro. net adjustment | 0826 | Recalculation diffe | F | + | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /552 | Retro. net adjustment | 0826 | Recalculation diffe | F | + | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /557 | Cash payment | 08D0 | Amount payable | F | - | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /557 | Cash payment | 08D0 | Amount payable | F | - | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /558 | Payment of balance | 08D0 | Amount payable | F | - | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /558 | Payment of balance | 08D0 | Amount payable | F | - | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /560 | Amount paid | 08D0 | Amount payable | F | - | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /560 | Amount paid | 08D0 | Amount payable | F | - | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /561 | Claim | 0827 | Overpayment | F | + | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /561 | Claim | 0827 | Overpayment | F | + | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /563 | Claim from previous month | 0827 | Overpayment | F | - | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /563 | Claim from previous month | 0827 | Overpayment | F | - | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /SM1 | SMP AWE recalc.diff. | 0826 | Recalculation diffe | F | + | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /SM1 | SMP AWE recalc.diff. | 0826 | Recalculation diffe | F | + | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /SM2 | Retro. SMP AWE adjsm | 0826 | Recalculation diffe | F | + | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /SM2 | Retro. SMP AWE adjsm | 0826 | Recalculation diffe | F | + | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /SM1 | Niable pay diff retro. | 0826 | Recalculation diffe | F | + | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |
| 08 | /SM1 | Niable pay diff retro. | 0826 | Recalculation diffe | F | + | HRF 2 | Salaried emplo- | 2000 | IDES UK | ??? | | ??? |
| 08 | /SM2 | Retro.Niable pay adjsm. | 0826 | Recalculation diffe | F | + | HRF 1 | Industrial wor- | 2000 | IDES UK | ??? | | ??? |

Missing GL accounts

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Some scenarios may require posting VAT in some countries, e.g.

- Contribution to company car
- Deduction from net salary for canteen, parking, clubs,...

VAT is not calculated in or routed through payroll

- Assign the respective wagetypes to a GL account with the right tax category in the company code data of the account
- Consider this when designing your watype catalogue and account assignment

Tax category in GL account



G/L Account 11020 Accumulated depreciation-constructions
Company Code 0001 SAP A.G. With Template

Control Data Create/bank/interest Information

Account control in company code
Account currency
 Only balances in local crcy
Tax category
 Posting without tax allowed
Recon. account for acct type
Alternative account no.
 Acct managed in ext. system

Account Management in Company Code
 Line item display
Sort key
Authorization Group
Accounting clerk

Joint venture data in company code
Recovery Indicator

Possible Entries: MWSKZ

| St | Name |
|----|--|
| - | Only input tax allowed |
| + | Only output tax allowed |
| * | All tax types allowed |
| < | Input Tax Account |
| > | Output Tax Account |
| -B | Input tax - down payments managed gross |
| +B | Output tax - down payments managed gross |
| 0I | Input tax 0% |
| 0O | Output tax 0% |
| 1I | Input tax 10% |
| 1O | Output tax 10% |
| SZ | |

Transaction
FSS0

Posting to vendors / customers



Payroll can post directly to vendors or customers

- Fixed vendor / customer (Account assignment type DF or KF)
- Vendor / customer assigned to employee (Account assignment type D or K) per field "Personnel Number" in vendor/customer master data

Make use of this for higher process automation

- Any payments not to be paid with normal payroll
- Any amounts expected to be paid by the employee, but not deducted in payroll

Posting to fixed cost centre



■ Master cost centre can be overwritten by fixed cost centre

- ▶ E.g.: parking fees deducted from salary are credited to the 'Facility management' cost centre rather than the employee's master cost centre
- ▶ Can be configured based on company code, business area and cost element = GL account

■ Same feature available for order numbers

| CoCd | BusA | Cost Elem. | Cost Ctr | Order |
|------|------|------------|----------|--------------|
| 0001 | | 165000 | 2704 | |
| 0005 | 1000 | 422000 | | 9AEUDE100... |
| 0005 | 1000 | 422100 | | 9AEUDE100... |
| 0005 | 1000 | 431000 | | 9AEUDE100... |
| 0005 | 1000 | 432000 | | 9AEUDE100... |
| 0005 | 1000 | 445000 | | 9AEUDE100... |
| 0005 | 1000 | 446000 | | 9AEUDE100... |

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Default cost centre



■ Avoid the posting to fail due to changes in CO master data

- ▶ If posting is not possible due to lacking / blocked cost centres, you can pick a default
- ▶ System then posts amount to this default (substitution) cost centre determined by c.code and business area

■ Best practice

- ▶ This cost centre should not be used for any other purpose
- ▶ Monitor this cost centre and aim at having it empty

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Provisions



Provisions are often to be calculated and posted by payroll

- Leave entitlement
- Bank hours etc.
- Public holidays

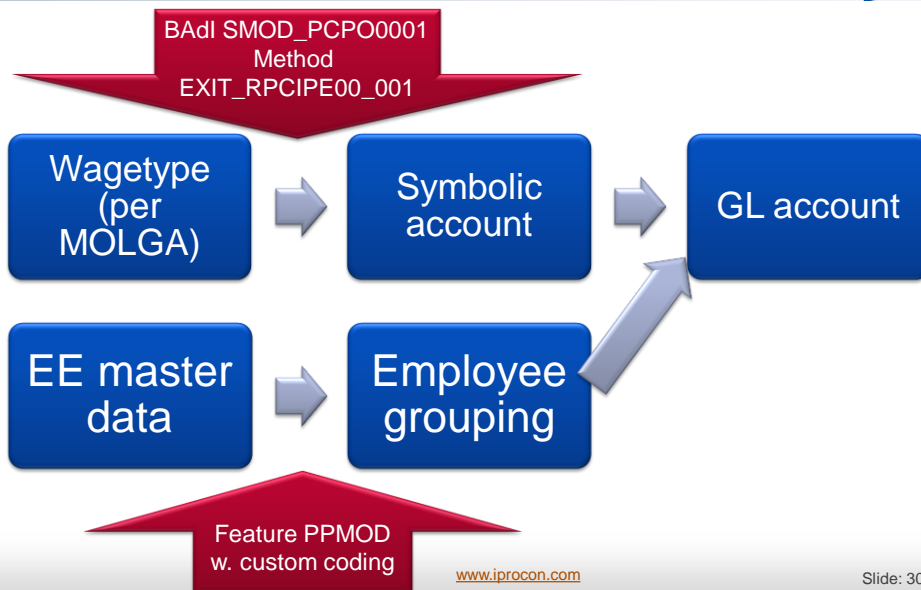
The objective being to get an even spread on the P&L across all months

- At first sight a 100% exact calculation
- Many factors need to be considered, e.g. change in hourly rates or NI contributions
- Payroll often runs at "wrong" time

Recommendation

- This is a complex calculation and not easy to understand
- Whenever possible, we recommend to calculate the provision at year end using leave data and post the provision manually or with a custom upload program. Provision calculation supported by SAP report for some countries.

Amending account determination



Identifying posting from old periods



In standard payroll posting, amounts from old periods are not easily recognised

- SAP just posts an aggregate number
- Finance often requires for amounts originating from an old period through retroactive calculation to be separate and easy to identify

Solution via line item text

- Amounts with different line item texts are not posted together
- Best practice: add original period (e.g. 12/2012) to line item text in posting using BAdI SMOD_PCPO0001, method EXIT_RPCIPE00_001
- 2 benefits: amount is kept separate and it is clearly indicated which period payments come from

Example scenarios for enhancements



| Scenario | Solution |
|---|--|
| Salaries for sales reps (distinct employee subgroup) to be assigned to different set of GL accounts | Feature PPMOD |
| Salaries for staff working in production (identified by cost centre) to be assigned to different set of GL accounts | Feature PPMOD with custom coding |
| One off payments > GBP 100,000 to be assigned to different GL account | BAdI SMOD_PCPO0001 Method EXIT_RPCIPE00_001 |
| All overtime payments go to the same GL account, but line item text should say, which surcharge %age has been applied | BAdI SMOD_PCPO0001 Method EXIT_RPCIPE00_002 |
| Wagetype text to be visible for amounts posted onto employee vendor | |
| Post numbers (hours) with overtime wagetypes or headcount | Modification (SAP notes exits) |

Cross Company Code Transactions



Occur, when expense and payment are posted to different company codes

- Payments are posted in c.code of current period, expense in the one of original period ('For-Period')
- Retro-calculations after a c.code change
- Cost distribution (e.g. IT0027) to different c.code

One company code owes the other

- The c.code payment is posted to is paying the other c.code's salaries
- This must be accounted for and then balanced out (cross c.code payment)

Company Code Clearing Accounts

- Do just that
- Require right config or symb.account and posting variant in HR
- Need to be set up in FI/CO

3rd party (net) payroll



When using a 3rd party (net) payroll, you can still use SAP posting logic

- For this to work, the relevant wage types need to be stored in the payroll result cluster
- There are 2 options to import this data

Use SAP legacy wage type procedure

- Use simple upload to fill tables (easiest: just T558A)
- Use special payroll schema to fill cluster

Custom report to directly write cluster data

- Some more programming and looks scary at first sight
- More flexible, e.g. not too difficult to consider IT0027 for cost distribution
- Only one step

Questions?

