

HR Payroll Posting into FICO Expense Account



Applies to:

Enterprise Resource Planning. For more information, visit the [Enterprise Resource Planning homepage](#)

Summary

This document will provide an overview of how payroll costs will be distributed to Finance when internal orders are implemented for Work Management

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Author Bio

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Requirements

1. Currently payroll costs are posted directly to either Cost center (Home and worked in) or an Asset under Construction (AUC). But this process would change with internal orders. Internal orders will become intermediate collector of costs before they are settled to a cost center or an AUC. Payroll needs to post data to internal orders, instead of distributing costs to AUC or worked in cost centers.
2. All employee costs should be distributed to home cost center, initially, using Labor cost elements (50000.101/105/102). Any subsequent transfer of costs from Home cost center to Internal Orders should be done using 50000.121(Labor Charges to Capital and 50000.122(Labor charges to Departments) accounts. This will ensure that employee's home cost center gets the GROSS payroll costs. Also costs for time that employees spend outside their home cost center gets collected in cost elements 50000.121/122.
3. Posting process in its current form is complex. Distribution of costs is done at multiple levels using both standard and custom processes. This has resulted in inaccuracy of costs getting posted to finance and many process level challenges for HR/Payroll administration. Data needed for reporting is scattered because of the multiple distribution steps. These challenges drive the need to streamline and standardize this process.
4. Design of the new process should be able to accommodate distribution of salaried employee costs. This can be leveraged in future if there is a need for process level costing.

Existing Process

Process that is being used currently to distribute payroll costs to Finance involves the following steps.

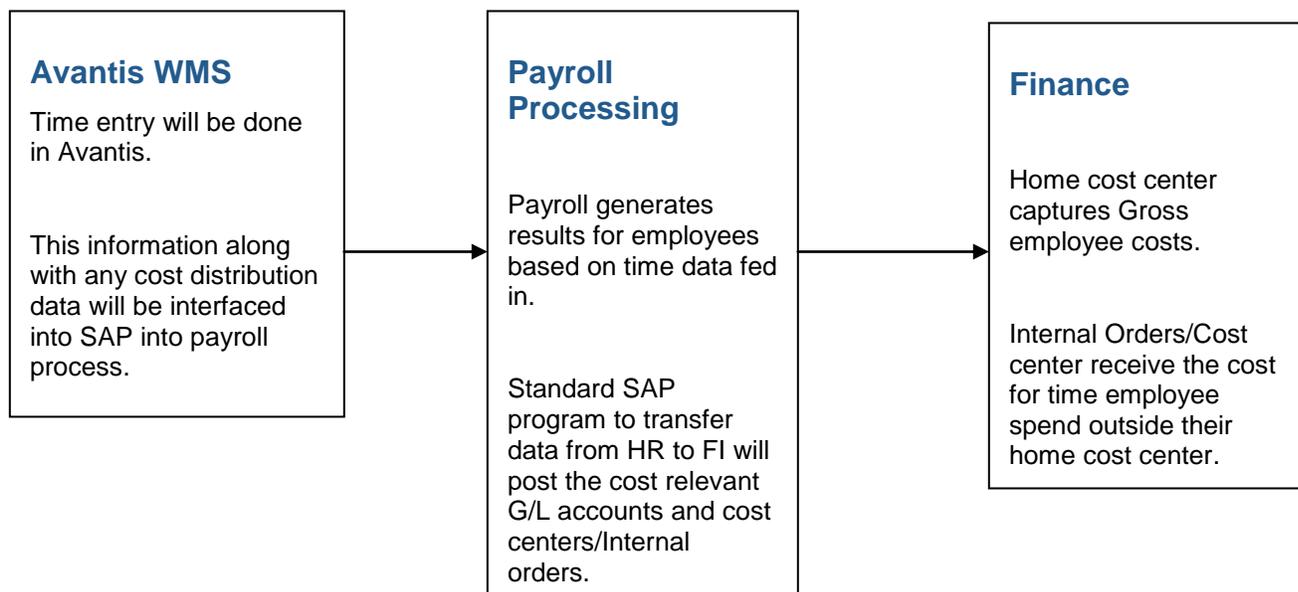
1. Payroll processing is done without all cost assignments given to home cost center.
2. Standard SAP Posting process reads results created by payroll to post these costs to Home cost center.
3. Custom distribution programs are executed in subsequence to re-distribute the cost from home cost center to worked in AUC or Cost center.

Proposed Solution

With the use of internal orders for capturing costs that employees spend outside their home cost center, payroll costs distribution process can be simplified for following reasons.

1. Internal orders are valid cost distribution objects for payroll and AUC codes that were used before are not. This will enable us to store the distribution information in the payroll results so that standard SAP FI Posting process can use this at the time posting to Finance.
2. BADI in SAP can be leveraged to achieve the custom requirements without having to use custom distribution programs. This is possible only when all the elements needed for cost distribution is available within results.

Following is an overall process flow picture starting from Time data entry in Avantis(Third Party Interface) to posting of associated costs to finance.



Following Modifications have to be made in SAP to facilitate the above shown process flow.

Wage type customizing has to be modified to post a debit to home cost center using labor cost elements (50000.101/102/105). If there is an additional cost assignment, a debit to an assigned cost object (Internal order or cost center) using cost elements 50000.121/122 and credit to home cost center using the same cost

element has to be posted as well.

Document Overview - Display

Doc.Type : SA (G/L account document) Normal document

Doc. Number 270539 Company code 1000 Fiscal year 2009

Doc. date 12/14/2009 Posting date 12/31/2009 Period 12

Calculate Tax

Doc.currency BMD

Doc. Hdr Text Addn. Cost Dist.

Item	PK	Account	Account short text	Tx	Cost Ctr	Order	Amount	Text
1	40	50000.121	Labour Chg - Capital			120000211	648.27	Sal. Dist. - MO/SM 2009 12
2	50	50000.121	Labour Chg - Capital		24000		648.27-	Sal. Dist. - MO/SM 2009 12

BADI SMOD_PCPO0001 has been setup to assign 50000.121 or 50000.122 depending upon the nature of internal order involved in the cost assignment.

```

*****
*      Data Declaration
*****
data : it_c1 type standard table of pc25x,
      it_c   type pc25x,
      it_rx_key type standard table of pc200,
      it_rx_key1 type pc200.

data: v_homecc type pc25x-kostl.
data: v_aufnr  type pc25x-aufnr,
      v_auart  type aufk-auart.

*****
*      Exit Routine
*****

check item-komok eq '10ZQ'.
clear: v_homecc, v_aufnr, v_auart.
it_rx_key1-pernr = pernr.
it_rx_key1-seqno = result-seqnr.
v_homecc = wpbp-kostl.
clear: it_c , it_c1[ ].

if not rt-c1znr is initial.

import c1 to it_c1
from database pc12(ru) id it_rx_key1 .
read table it_c1 with key c1znr = rt-c1znr into it_c .

if not it_c-aufnr is initial.
select single auart
into v_auart
from aufk
where aufnr = it_c-aufnr.

```

```

endif.

if it_c-kostl ne v_homecc
  and it_c-kostl ne ''
  and it_c-aufnr eq ''.

  komok_mod = '10ZR'.

elseif it_c-kostl eq v_homecc
  and it_c-kostl ne ''
  and it_c-aufnr eq ''.

  komok_mod = '10ZS'.
endif.

else.
  komok_mod = '10ZS'.
endif.
endmethod.

```

Illustration:

Scenario - Time assigned to a capital Internal order.

Employee: 789662 Home Cost Center: 89000 Basic rate: 10.00/Hour

Time Data entered Avantis

Employee: 789662 Job type: R Hours: 10.00 Order: 1000012 Cost Center: Blank

Time data recorded in SAP

Time data will be recorded in info type 2010. Job type 'R' will be converted to wage type 1070 by the interface mapping.

Employee: 789662 Wage type: 1071 Hours: 10.00 Order: 100012 Cost Center: Blank

Payroll results

Payroll evaluates the employee's time record based on the basic rate (10.00/Hour)

Employee: 789662 Wage type: 1071 Amount: 100.00 \$

Order: 100012 Home Cost center: 89000 Assigned Cost Center: Blank

Posting to Finance:

Posting to finance will result in a document with the following line items

G/L Account	Cost Center/Internal Order	Credit	Debit
50000.105 (labor)	89000		100.00
50000.121	89000	100.00	
50000.121	100012		100.00

In case of assignments to a cost center or an operating work order, 50000.122 will be used instead of 50000.121.

If the assignment includes both a cost center and an internal order, one of them gets a statistical posting depending upon the nature of the internal order.

Process Improvements

Following are the process improvements that will be achieved with implementing the proposed solution.

1. Custom distribution programs are not needed as standard one step distribution process can be tailored to meet custom requirements.
2. This solution can be used for distributing costs of salaried employees as well.
3. Reporting becomes easier as the data needed from HR and FI perspective is available in one document that is created as a part of payroll posting process.

Development efforts

Following development/customizing activities have to done in SAP to achieve the solution being proposed.

1. Identification of wage types relevant for cost distribution and modifying their posting attributes according to new specifications.
2. Programming BADI SMOD_PCPO0001 to meet the specification mentioned above.

Conclusion:

After implementing BADI, the Payroll posting to finance Expense account 50000.121 and 50000.122 is working according to the Business logic. If there is an order and cost assignment is blank the posting will be done to 50000.121 - Labor Charges to Capital and if there is an assignment to cost centre the cost will go to 50000.122 - Labor charges to Department.

Related Content

For more information, visit the [Enterprise Resource Planning homepage](#)

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