



OnePurdue
HR Payroll

Concepts of Payroll in OnePurdue

Version 1
March 25, 2006

GENERAL INFORMATION	3
PAYROLL ONEPURDUE TERMINOLOGY	3
WAGE TYPES - EARNINGS, REDUCTIONS, DEDUCTIONS AND IMPUTED INCOME	3
PAYMENTS AND DEDUCTIONS	4
PAYROLL AREAS	7
ACADEMIC YEAR.....	7
SUMMER PAY PROCESSING	8
COURT ORDERS	10
TAXES	10
PROCESSING PAYROLL OVERVIEW	10
PAYROLL PROCESSING	12
STANDARD FACTORING	12
RETROACTIVITY	12
HELD CHECKS AND SPECIAL CHECKS	13
OFF-CYCLE PAYROLL	13
POSTING AND PAYROLL CHARGES	13
ROLES WITHIN THE NEW PAYROLL PROCESS	14
DEPARTMENT ROLE	14
PAYROLL SIMULATION ANALYST ROLE.....	14
SPECIAL PROCESSOR ROLE	15
TAX ADMINISTRATOR ROLE	15
PAYROLL ADMINISTRATOR ROLE.....	15
PAYROLL MANAGER ROLE	15
DATA LINK	15

General Information

The Payroll component of the OnePurdue/HR system is significantly different from the current payroll structure. In the new environment Payroll performs the following:

- Manages what earnings, reductions, and deductions are in the new system.
- Sets and oversees the scheduling of payroll processing
- Manages court orders
- Manages tax processing and interfaces
- Runs the regular payrolls
- Runs off-cycle payrolls
- Assures payroll posting to General Ledger and Accounts Payable

Most of the data entry in the new environment is performed in Personnel Administration module.

Payroll OnePurdue Terminology

SAP terms that are used in the payroll module to describe the activities...

1. Master Data
2. Infotype
3. Payroll Area
4. Wage Type
5. Basic Pay
6. Off-Cycle Payroll

Wage Types - Earnings, Reductions, Deductions and Imputed Income

Wage types are the basic elements in the payroll system. Wage types can consist of both payments and deductions. Payments include basic pay as well as special payments like overtime, awards, or recurring payments. Deductions may include both voluntary and involuntary elements such as United Way and garnishments. This concept parallels the current process. All items we have today in the way of earnings, pre-tax reductions, and deductions are included in the system as wage types. The new system also includes accumulator wage types such as taxable gross and taxable earnings. There are currently close to 2,000 wage types and the list is growing daily. There are so many more wage types in the new system because we have broken some of the current items, such as Overloads, into several wage types. The wage type list also includes time wage types, benefit wage types, etc.

Wage types have many characteristics. These characteristics define how the payroll will use the wage type in processing. The following is a short list of some of the characteristics of wage types.

1. Is the wage type a payment or a deduction?

2. To what employee group does the wage type belong?
3. How frequently should the wage type process? Each payroll, one time, or another frequency?
4. Is the wage type taxable or non-taxable?
5. If there is a break in service should the wage type be prorated during the pay period?
6. Are there any special processes/calculations for the wage type?
7. Does the wage type transfer to finance?

The following is a sample of one wage type (Salary). It shows that a wage type can have many different valuation bases, processing classes/specifications, and accumulations. This is all defined in configuration by the OnePurdue team.

W. type
1000 Salary Valid from: 01/01/1990 To : 12/31/9999

Valuation Bases				
Basis WT	Valuation basis	StatemntWT	% rate	0,00
1st der. WT	Valuation basis	StatemntWT	% rate	0,00
2nd der. WT	Valuation basis	StatemntWT	% rate	0,00

Processing classes / specifications																								
01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
3		0			0				1										3					
26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
				T	0																			
51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
								1	0								1	1		1				
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	
			1			1																		

Cumulations																								
01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							

Payments and Deductions

Payments are used to calculate gross remuneration. Just like today, gross remuneration is the base on which contributions, tax, and net remuneration are determined. Basic pay is entered on infotype 0008. Every employee must have a Basic Pay record. Basic Pay for exempt employees includes Salary, Administrative Adjustment, and Sabbatical Leave with Pay. For non-exempt employees, Basic Pay includes Hourly Rate and Administrative Adjustment.

Exempt Employee

Pers. No.	440	Pers. Assgn	00000440 00000440 Integration: D€
Personnel No	440	Name	Miller 1 Test
EE group	E Faculty	Personnel ar	Z020 Fort Wayne
EE subgroup	ZZ 9 Month AY Exempt	Status	Active
Start	01/01/2006 to 12/31/9999	Chng	04/17/2006 RCMILLER

Subtype Basic contract

Reason	<input type="checkbox"/>	Capacity Util. Level	100.00
PS type	Z1 Monthly Exempt	Work hours/period	173.33 Monthly
PS Area	Z1 Purdue	Next increase	
PS group	FACULTY Level 01	Annual salary	30,000.00 USD

Wa..	Wage Type Long Text	O..	Amount	Curre..	In..	A..	Number/Unit	Unit
1000	Salary		3,000.00	USD		<input checked="" type="checkbox"/>		
				USD		<input type="checkbox"/>		
				USD		<input type="checkbox"/>		
				USD		<input type="checkbox"/>		
				USD		<input type="checkbox"/>		
				USD		<input type="checkbox"/>		

IV 04/18/2006 - 12/31/9999 3,000.00 USD

Non-Exempt Employee

Pers. No.	375	Pers. Assgn	00000375 00000375 Temporary Cl€
Personnel No	375	Name	PY Post Clerical
EE group	B Clerical	Personnel ar	Z010 Calumet
EE subgroup	Z8 12 Month Nonexempt	Status	Active
Start	01/09/2006 to 12/31/9999	Chng	04/11/2006 TMARKUSS

Subtype Basic contract

Reason	<input type="checkbox"/>	Capacity Util. Level	100.00
PS type	Z3 Hourly	Work hours/period	80.00 Bi-weekly
PS Area	Z1 Purdue	Next increase	
PS group	TEMPCLER Level 01	Annual salary	16,640.00 USD

Wa..	Wage Type Long Text	O..	Amount	Curre..	In..	A..	Number/Unit	Unit
1006	Hourly Rate Non Eligible		8.00	USD		<input checked="" type="checkbox"/>		
1007	Hourly W/ Bene - Differen		1.00	USD		<input type="checkbox"/>		
				USD		<input type="checkbox"/>		
				USD		<input type="checkbox"/>		
				USD		<input type="checkbox"/>		
				USD		<input type="checkbox"/>		

IV 04/18/2006 - 12/31/9999 8.00 USD Payroll Simulation

Deductions from an employee's pay are also processed through payroll as well. Regular deductions are deductions that are taken from an employee's pay every time the employee's pay is calculated. You can also set up deductions to occur at intervals, with specified dates or time periods.

Deductions can be assigned various characteristics:

- ❖ Frequency
- ❖ Pay period
- ❖ Minimum/Maximum amounts
- ❖ Employee groupings
- ❖ Individual employee overrides

Recurring Payments and Deductions (other than insurance, FSAs, garnishments, and savings plans) are processed on an infotype 0014. Overloads and Fellowship payments may be paid on an infotype 0014. United Way, PEP and many more deductions may be paid on and infotype 0014.

Pers. No.	440	Pers.Assgn	00000440 00000440 Integration: D€
Personnel No	440	Name	Miller 1 Test
EE group	E Faculty	Personnel ar	Z020 Fort Wayne
EE subgroup	ZZ 9 Month AY Exempt	Status	Active
Start	01/01/2006 to		03/31/2006

Recurring Payments/Deductions	
Wage Type	1300 Overload Pay
Amount	750.00 USD
Number/unit	
Assignment Number	
Reason for Change	

Payment dates	
Payment model	
1st payment period	or 1st payment date
Interval in periods	Interval/Unit

Additional (one time only) Payments and Deductions are processed on an infotype 0015. Overloads paid as a one time payment, Special Merit Pay, and other deductions might be paid as an additional payment or deduction.

Pers. No.	440	Pers.Assgn	00000440 00000440 Integration: D€
Personnel No	440	Name	Miller 1 Test
EE group	E Faculty	Personnel ar	Z020 Fort Wayne
EE subgroup	ZZ 9 Month AY Exempt	Status	Active

Additional Payments	
Wage Type	1300 Overload Pay
Amount	1,000.00 USD
Number/unit	
Date of origin	01/15/2006
Default Date	
Assignment Number	
Reason for Change	

Payroll Areas

A payroll accounting area (often abbreviated to payroll area) is an organizational unit containing all of the employees for whom the payroll runs at the same time. The payroll runs for payroll accounting areas. Each payroll accounting area determines the specific dates for which the payroll runs, the earliest payroll period for which retroactive accounting is possible, retroactive accounting recognition, and the periods for which the payroll runs. An individual can only belong to ONE Payroll Area. This has forced us to move some people. We have three payroll areas: 1) BW - Biweekly, 2) FY - Fiscal Year, and 3) AY - Academic Year. Biweekly and Fiscal Year are identical to what we have today. Academic Year is changing.

Academic Year

The legacy system was built to pay academic year employees 1/10 of their academic year salary each month for 10 months. This process required complicated calendar manipulations and confusing pay periods for this group.

In the new system, the academic year pay calendar begins approximately August 15 and ends Approximately May 15. These employees are paid monthly for the 9 months the academic year is in session. The first payment at the end of August is equal to 1/18 of the academic year total salary. Payments from September through April will each be 1/9 of the academic year total salary and the final payment at the end of May will be 1/18 of the academic year total salary.

A pay period for academic year pay in the OnePurdue system is a month. The pay period uses all Monday through Fridays as possible pay days (including holidays). When factoring a partial pay, all of these days are included. As an example, looking at March 2006, there are 23 available Monday through Fridays. If an academic employee is absent without pay for one or more days the OnePurdue system will reduce the period salary by 1/23 per day not paid.

March 2006						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1-Ash Wednesday	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17-St. Patrick's Day	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Created at www.CalendarHome.com!

The total amount paid during the academic year is the same. The only change is how much is paid at the end of each month.

Summer Pay Processing

Summer pay for academic year employees will be paid at the end of each month during the summer (May, June, July, and August). The amount paid will continue to be calculated manually and will remain at the rate defined in Executive Memorandum C-26. C-26 defines a weekly salary during the summer to be equal to 2.5% of the academic year annual salary.

During the summer, the days a summer employee works in each month will be paid at the end of that month. This is different from the current process which is to pay biweekly.

A new Payroll Calculator is being created to help calculate summer pay. The results of the payroll calculator will be entered on an infotype 0015 to make the payment at the end of each month for the days worked in that month. Using May 2006 as an example, if Summer Session begins May 15, 2006, and if the employee works every day possible, the number of Summer Session days paid at the end of May would be 13, including the holiday.

May 2006						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14-Mother's Day	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29-Memorial Day	30	31			
Created at www.CalendarHome.com !						

Payroll Calculator

Court Orders

Court Orders (garnishments, child support, tax levies, etc..) are more automated in the new OnePurdue system. Court order payments, such as child support, are calculated automatically each payroll based on formulas in the system. Much of the details currently maintained on Microsoft Excel worksheets, will be maintained in the new system.

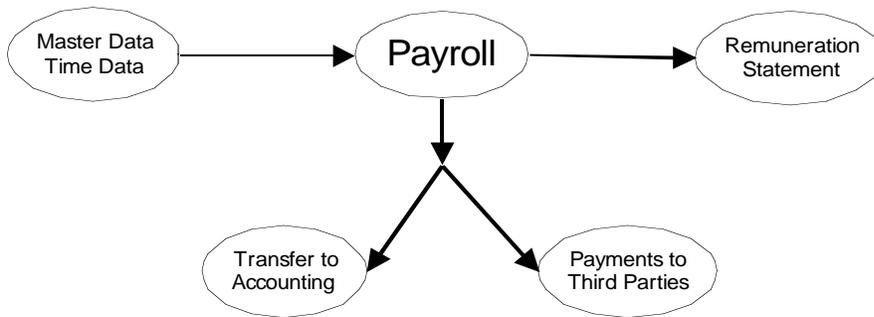
Taxes

Nonresident alien social security withholding and tax treaty processing was built into the legacy system. It required a great deal of duplicate data entry in a purchased system called Glacier and then in the legacy system. New interfaces have been written to extract data from Glacier and enter it directly into the new system. The new system has all the social security rules and tax treaty information in it to do the proper withholding. An extract from the new system will feed 1042S information directly to Glacier for annual reporting.

Other taxes will initially be implemented identical to what is in legacy.

Processing Payroll Overview

Payrolls will be managed centrally. The process is managed centrally by payroll administrators. Each regional campus, Housing and Food Management, Physical Facilities, and departments will enter master data and/or time data into the system. At predetermined times and dates, the payroll manager will process the payroll. Processing the payroll in the new system involves locking data, running the process, and fixing errors. Payroll processing also includes making sure the posting to Accounting will run accurately and completely and third party payments are forwarded to Accounts Payable. Reporting and remuneration statements will be managed by payroll manager. Distribution of reports to major processing centers is still being determined.



Prerequisites to Payroll

	Prerequisites	Activities
Master and Time Data	Work Schedules Dialog and time wage types Infotypes 0000, 0001, 0002, 0006, 0007, 0008, 0009 and country-specific infotypes (such as tax) The Payroll processes other infotypes: 0014, 0015, 2001, 2010, 2003, 2005	Use Customizing to set up and generate work schedules Make copies of model wage types in wage type catalog to create customer wage types in customer name range Use personnel actions to enter employee data in the system
Administration	Payroll areas and periods Payroll control record	Set up and generate using Customizing Create using Customizing
Subsequent Activities	Bank master data, and information on house banks Cost centers Remuneration statements	Usually set up by FI Usually set up by FI - links to organizational units Retrieve standard form

In the OnePurdue environment, work schedules are developed and employees are assigned to the work schedules. Infotypes 0000, 0001, 0002, 0006, 0007, 0008, 0009, and country specific infotypes are completed. Additional payments, hours, and benefits are added. This is all master data. Positions are tied to payroll areas, payroll periods, and payroll control records. Other information was included via configuration to set up the basics of how the system will apply to master data. When payroll runs, it takes the master data, calculates and processes the information and provides reports, history, the remuneration statement, and even the posting to general ledger. This is all done as part of payroll processing in the new environment.

Payroll Processing

Payroll processing in the new system involves several steps that must all be completed in order to assure a proper payroll including posting to General Ledger. This processing will be initiated and monitored by the Payroll Department instead of ITaP. The steps include simulating the payroll, correcting problems, running the final payroll, running reports, writing checks, creating the ACH file, simulating the posting to General Ledger, correcting errors if necessary, running a final payroll if errors were corrected, running third party payments to Accounts Payable, and posting to General Ledger. This is all part of Payroll in the new system environment.

Standard Factoring

Purdue University pays exempt employees a full salary if the employee works the entire pay period. If the employee works less than this fixed amount and has unpaid time, a “non-recurring” deduction is calculated manually and entered into the legacy system. The net pay for that pay period is something less than the period rate.

The OnePurdue system automatically calculates these partial pays using a process called factoring. In OnePurdue, factoring describes the pro rata calculation of remuneration for an exact period. Factoring can include

Reduction in pay

- Joining or leaving the university during a payroll period

- Unpaid absences

- Paid absences

- Partial Sabbatical Pay

Calculation of pay for exact periods

- Changes to basic pay

- Change in Organization assignment

- Change in personal work schedule

Calculation of cost accounting wage types for exact periods

Retroactivity

It often occurs that we have to run payroll functions for payments that are effective in the past. Exempt employees get a nonrecurring increase. Non-exempt employees require a temporary appointment for the increase amount and hours are entered to facilitate the retroactive calculation. Retroactive payments are normally paid in the current pay period and are charged using the same distribution as the current pay period. Significant manual calculation takes place to make all this happen.

Retroactivity in the OnePurdue system is automatic. The OnePurdue system is entirely date driven. Once a change is made to data that impacts a pay period that has already occurred, the system acknowledges the need to make a retroactive payment and makes all the calculations needed to include the change (either positive or negative) in the next payroll written.

This is one of the most powerful processes of the new system. It works 100% of the time and it works accurately. The only down side is that if the information is entered with a retroactive date (a date in the past pay period), the system does not know if that date is correct or not. The

system will perform the calculation regardless of the accuracy of the entry. **Extreme care must be taken when entering data.**

Held Checks and Special Checks

Checks cannot be held in the new OnePurdue system. That means that a check will not be created until all the paperwork, approvals, and date entry have taken place. The cause of held checks in legacy was usually late processed paperwork. The decentralization of data entry may improve the flow of the paperwork some. The full impact of this is unknown, but it is expected that the number of special checks may increase. Special checks have been processed manually with the legacy system. Special checks will be processed automatically in the new OnePurdue system. Once the paperwork, approvals and data entry are done, all calculations will be done in the system and the final result, a check, will be printed through the new system in the Off-Cycle Payroll.

Off-Cycle Payroll

The new system provides a special process called Off-Cycle Payroll to process late payments, early payments, awards, replacement payments, payment reversals, and year-to-date adjustments. Many of these processes were performed manually and entered into the legacy system through a monthly “adjusting” payroll. The new system allows all this to be performed directly in the system without manual calculations. Off-Cycle Payroll will be ran once a week.

Posting and Payroll Charges

In the legacy system, processing of payroll and charging/posting payroll are separate actions. Information is keyed into the current payroll and human resource systems separately. Writing a payroll pulls this information together, uses the programmed calculations, and produces payroll expenses, liabilities, reports, and payments. The expenses are then combined with distribution information and charging rules to develop the posting to general ledger.

In the OnePurdue system environment, the information is entered into one system. The main location of payroll distribution is on the infotype 0027. Overrides can be entered with time entry, or while entering additional payments on the infotype 0014 or the 0015.

payroll simulation is a test payroll on one or more individuals. It allows the analyst the ability to confirm the entry or changes made will be reflected exactly as they expected in the next payroll.

Special Processor Role

Currently four roles have been developed for areas that have specialized processing needs. A Parking Processor Role is designed for staff in the Parking Office to be able to directly make entries and adjustments that they make in the legacy system today. An Athletics Processor Role is designed for staff in the Athletics Tickets Office to enter athletics related deductions and adjustments as they do in the legacy system today. A UD Processor Role is designed to allow the staff in University Development Office to enter PEP Deductions and adjustments as they do in the legacy system today. A new role, Co-Rec Processor Role, is designed to allow staff in the Co-Rec Offices to enter payroll deductions for that area.

Tax Administrator Role

The Tax Administrator Role is designed for staff in the Tax Area to make entries and adjustments that are related to any tax infotype. That includes infotype 0207, 0208, 0209, 0210, 0235, 0048/US01, 0094, and 0556.

Payroll Administrator Role

The Payroll Administrator Role is designed to support the Payroll Manager Role. The Payroll Administrator can perform any of the tasks of the Payroll Processor, Simulation Analyst, Special Processors, and the Tax Administrator. In addition Payroll Administrator performs tasks that are strictly related managing the processes and to preparing the payroll to run. Several data entry processes have been determined to be “central” and “confidential” in nature such as garnishments, child support, tax levies, etc. These processes will be handled by the Payroll Administrator.

Payroll Manager Role

The Payroll Manager Role is designed to be able to perform any of the activities of the Payroll Administrator Role and has the ability to “run” the payroll process from start to end.

Data Link

Web site that contains concepts, education and data values for the HR activities in OnePurdue:
http://www.purdue.edu/onepurdue/resources/onepurdue_hr_concepts_education_datalinks.shtml