Position Budgeting & Control
Human Resources and Finance

Ross Building
Room 136
1 p.m. – 5 p.m.
October 18, 2005
Welcome!

- Introductions of Group
  - Name
  - Department
Workshop Logistics

- Tent Cards
- Rest Rooms
- Breaks
- Parking Lot
Workshop Agenda

1. Discuss Workshop Objectives
2. Overview of PBC
3. Review the Proposed Future Process
4. Capture Issues in the “Parking Lot”
5. Discuss Next Steps
6. Adjourn
Our Objective Today

Discover
- SAP terminology, definitions, and capabilities.
- Specific opportunities for business transformation.

Validate
- Requirements for PBC
- Identify gaps in requirements
What will come from this Meeting?

The output from this meeting includes...

- To-Be Process Flowcharts.
- Gap Analysis Report.
- Functional Specifications Report
Let’s Get Started!

Our topic today is...

- *Position Budgeting & Control*
What is PBC?

- PBC is the abbreviation for Position Budgeting and Control.
- PBC resides in the HR modules of SAP.
- PBC forecasts future salary and benefit costs per employee and establishes commitments (encumbrances) by cost elements.
PBC is New SAP Functionality!

- The OnePurdue team does not yet have access to the PBC module.

- Today, you will learn about “assumed” functionality. Assumptions are based on conversations with Texas State University and Johns Hopkins. Bearing Point consultants have also provided information.

- We will not be able to show actual screen shots from SAP.
Let’s Review Cost Elements
# Core SAP Finance

## Financial Master Data Integration

<table>
<thead>
<tr>
<th>FI (Financial)</th>
<th>SL (Special Purpose)</th>
<th>CO (Controlling)</th>
<th>FM (Funds Management)</th>
<th>GM (Grants Management)</th>
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<td>Company Code</td>
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<td>Commitment Item (5 Characters)</td>
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*For display purposes only*
Why Implement PBC?

- Enhanced fiscal management.
- Replacement of the Compensation and Account Projection System (CAPS).
- Provide salary commitment information in the business warehouse. This will facilitate projections in the Researcher portal (AIMS).
Overview of PBC Process

- HR creates and manages positions.

- As positions are filled and employee salary distribution is established, the PBC commitment processor will generate a commitment against the relevant cost element.

- The commitment processor can be run daily, weekly, bi-weekly, or monthly.

- A list of errors generated as a result of the commitment process may be directed to responsible parties via workflow for correction.

- As actual payroll is posted, the commitment is reduced.
Proposed PBC Requirements

- Prior to holding this workshop, requirements were gathered from process owners.
- Process owners include John Shipley, John Beelke, and Lucia Anderson.
- The following slides discuss the requirements identified for PBC.
Staff Group Commitment Requirements

- Tenured/Tenure Track, Clinical, Research, Visiting, Non TT LT 50%, & Emeritus Faculty
- Limited Term and Continuing Lecturers
- Post Docs, Interns, Residents, Fellowships
- Clerical and Service
- Management, Administrative/Supervisory, Professional, Professional Assistant, Non-Exempt Professionals
- Graduate Staff, Residence Hall Counselors
Open issue: Positive pay employees (employees that must report time through the time module to receive pay) may not be eligible for funds commitments. Further research is being conducted with SAP.
Staff Groups Not Committed

- Non Pays - Adjunct, Courtesy, Associate, Affiliate, Visiting Scholar, IPFW IU Faculty
- Students
- Temporary Clerical, Service, and A/P positions
Pay Type Commitment Requirements

- Base Pay established on IT 08, Create Base Pay.

- Any other pay established on IT 14, Recurring Payments/Deductions, and IT 15, Additional Payments.

- Recurring and additional payments could include administrative supplements, special merit pay, overloads, etc.
Funds Commitment Requirement

- All
- SAP does not provide an option to encumber only certain funds.
Positions Commitment
Requirement

- Filled Only
- Vacancies may be encumbered through PBC but are considered out-of-scope for initial implementation.
Fringe Benefits Commitment Requirement

- Filled only, based on actual employee deductions.

- Open issue: We do not know how fringe benefits will be charged (central pool or distribution account). This decision is needed to determine impact on PBC process.
FTE Commitment
Requirement

- Committed amount should reflect the FTE of the position.
Requirement for Committed Periods

- Ability to commit across multiple fiscal years (grant periods frequently cross fiscal years).

- *Open issue:* This is a planned SAP enhancement. Current PBC functionality only commits for fiscal year. SAP plans to deliver this functionality.
Future Dated Transaction Requirements

- Ability to establish commitments for planned personnel actions such as salary increases, leaves or sabbaticals, EVPR schedule changes, etc.

- Open issue: PBC will commit any future dated personnel action established for the employee. We must determine a strategy for creating and managing future dated transactions.
Ad Hoc Commitment Requirement

- Ability to establish an ad-hoc commitment to manage expenses for student or temporary labor.

- *Open issue:* PBC does not provide this functionality.
Cost Distribution Process

Three methods for distributing costs in SAP:

1. Each organizational unit (department) will provide a default cost distribution. This default distribution may be inherited by the employee holding the position linked to the org unit.

2. Each assignment (employee-in-position) record may have a unique cost distribution. This distribution is captured on IT 27, Create Cost Distribution.
Cost Distribution Process cont.

Three methods for distributing costs in SAP:

3. Each positive pay employee may enter time and cost distribution through CATS (the time entry system).
Cost Distribution Process cont.

- We propose using IT 27 to capture cost distribution for all employees.
- IT 27 will be used by PBC to forecast and commit salary and fringe benefit expenses.
- Open issue: Need the capability to update distribution data in decentralized locations.
Cost Distribution Process cont.

- Costs may be distributed per employee by cost center, fund, funds center, etc.
- Each distribution line may be established for a unique period of time.
- Distribution may be established across fiscal years.
IT 27 - Create Cost Distribution
Roles & Responsibilities

- Let’s take a few minutes to discuss the roles and responsibilities that we envision with PBC.
Cost Distribution Manager

- Establishes cost distribution on IT 27 for all relevant employees in their area.

- Serves as the point of contact for any errors generated as a result of the PBC commitment run.

- Corrects distribution errors in a timely manner to ensure that payroll posting is not delayed.
Commitment Run Administrator

- Responsible for carrying out the runs for the automatic commitment creation.

- Any error messages that can not be workflowed to a responsible person are defaulted to the run administrator for manual routing.

- Verifies that all workflows are operating. Will restart any failed workflows.

- May customize the automatic commitment creation.
Payroll Simulation Manager

- Responsible for the correct running of payroll simulation and the test transfer of the payroll results to Accounting.

- May be responsible for identifying and routing cost distribution errors to responsible parties.
PBC Accounting Manager

- Responsible for processing the messages issued during the document creation process.
- Procures the funds required if an availability control issue.
- Arrangements an account assignment if a financing issue.
To-Be Process Slide

Process to Create Salary Encumbrances

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<tr>
<th>Cost Distribution Manager</th>
<th>Commitment Run Administrator</th>
<th>PBC Accounting Manager</th>
<th>Payroll Simulation Manager</th>
</tr>
</thead>
</table>

- **Start**
  - Salary distribution established for all employees on IT 27 via Manager Self Service or Workflow

  - **Commitment Processor Run**
    - Processor runs per schedule. The processor forecasts salary and benefit expenses from IT 27 cost distribution

    - **Errors Identified from Processor Run?**
      - **Yes** – Distribution Error
      - **No** – Commitment Established in FM & GM

    - **End**

  - **Errors Corrected**

  - **Fix Accounting Error**

  - **Fix Payroll Error**

- **Start**
  - **Yes – Accounting Error**
  - **Yes – Payroll Error**
Thank you for Participating!

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