Funds and Position Management: Challenges and Opportunities

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WHAT IS HR FPM?

- Detailed Budget for Personnel Expenditures
  - Salaries
  - Wages
  - Fringe Benefits
- A Subledger to FI-FM
- Link Between SAP Public Sector Financials and Human Resources
## Current SAP Implementation

<table>
<thead>
<tr>
<th>Module</th>
<th>Began</th>
<th>Go Live</th>
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</thead>
<tbody>
<tr>
<td>FI-CO, FM, AM</td>
<td>Jan 99</td>
<td>Nov 99</td>
</tr>
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<td>MM, PM</td>
<td>Jan 99</td>
<td>Nov 99</td>
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<td>HR/Payroll</td>
<td>Jan 99</td>
<td>Jan 00</td>
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<tr>
<td>FPM</td>
<td>Jan 00</td>
<td>July 00</td>
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</table>
What Does HR FPM Do?

- Allows Financing of Persons and Positions
- Determines Funds Required for Personnel Expenditures
- Records Precommitments, Commitments, and Expenditures by Position
How Does HR FPM Work?

- Financing Creates Encumbrances in FM
  - Precommitment if Position is Financed
  - Commitment if Person is Financed
    - Directly
    - Via a Position

- Payroll Posting Reduces the Commitment
What Other Components Does HR FPM Need?

- Personnel Administration
- Funds Management
- Organizational Management

*(highly recommended)*
How Flexible is FPM?

- Multiple Employees Can Be Assigned to and Financed Via a Single Position

- Multiple Funding Sources Can Be Used For a Single Position
HR FPM Example

- Philosophy Professor Position Created
- Classification Default Value: $50,000
- Dr. Phil O. Sophy hired at $45,000
- Budget for Philosophy Salaries is $150,000
1. Fiscal Year Beginning

<table>
<thead>
<tr>
<th>Precommitment</th>
<th>Commitment</th>
<th>Actual</th>
<th>Available Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>150,000</td>
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</table>
2. Position is Financed

- Pay Scale Classification of $50,000 Assigned to Position

- Position is Financed in HR FPM, Creating a $50,000 Precommitment in FM
2. Position is Financed

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<tr>
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<tr>
<td>50,000</td>
<td>0</td>
<td>0</td>
<td>100,000</td>
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</tbody>
</table>
3. Person is Financed

- Dr. Phil O. Sophy is Financed in Position
- Required Funds are Based on Either:
  - Pay Scale Classification or
  - Payroll Simulation
- Precommitment is Reduced by Amount of Commitment
3. Person is Financed

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<tr>
<td>5,000</td>
<td>45,000</td>
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4. Person is Paid

- Payroll of $4,000 is Posted for Dr. Phil O. Sophy
- Actual Expenditures are Increased by $4,000
- Commitment is Reduced by $4,000
4. Payroll Posts

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<tr>
<td>5,000</td>
<td>41,000</td>
<td>4,000</td>
<td>100,000</td>
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5. Finance Remaining Positions

- Available Budget, Precommitments, Commitments and Expenditures:
  - Maintained by Salaries, Wages and Fringes
    in Total in FM
  - Maintained by Individual Position in FPM
FM and FPM Integration

- For each FM Triple (Fund, Fund Center, Commitment Item) for Personnel Expenditures, a Budget Structure Element is Created in FPM
- A 1-to-1 Relationship Exists Between a Budget Structure Element and an FM Triple
Budget Structure Elements

- The FPM Master Data for Budgeting
- Shows as “Object ID” in FPM
- Generated Within FM
- May be Summarization or Allocatable
  - Personnel Expenditures (Summarization)
  - Salaries, Wages and Fringe Benefits (Allocatable)
- Fund: 100110000A
- Fund Center: PHIL
- Commitment Item: Salaries

- Budget Structure Element (BU)
  - 10003911
HR Integration

- Assign Pay Scale Classification to Positions
  - Default Can Be Overridden
  - Stored in HRP1501
- Pay Scale Classification Matches Person with Positions and Budget Structure Element
- Reflects Permanent Budget
Employee Subgroup Integration

- Choose Which Groups to Integrate with FPM
- Nonintegrated Payroll Results Will Post Directly to FI
- Integrated Will Post According to FPM Financing
Payroll Posting

- HR FPM Financing is Applied
  - (May Differ From C0/IT0027)
- Payroll Results Has New Table (FUND) Containing FPM Information
- If Expenditures Have Not Been Financed, *Charges Go To Posting Collector*
- Payroll Posting Document Shows Substitutions
FPM Tools

- Mass Financing via Payroll Simulation

- Report of Financing of Basic Pay

- Tool for HR FPM and FM Consistency Check
Suggested Enhancements

- Ability to Cross Fiscal Years
- Simulation for Wages
- Negative Available Budget
- Maintenance of Historical Data
- More Powerful Financing Wizard
Lessons Learned

- Dates are Critical
- Processing of Fringes is Not Intuitive
- Be Prepared to Write “Clean-up” Programs
- Coordination Between HR and FPM Personnel Is Essential
Conclusion

- **HR FPM Is:**
  - A Valuable Budgeting Tool
  - Tightly Integrated With HR and FM
  - Flexible and Powerful

- **HR FPM Is Not:**
  - Trivial
  - Mature