



# Funds and Position Management: Challenges and Opportunities

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# WHAT IS HR FPM?



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- 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

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	<u>Began</u>	<u>Go Live</u>
FI-CO, FM, AM	Jan 99	Nov 99
MM, PM	Jan 99	Nov 99
HR/Payroll	Jan 99	Jan 00
FPM	Jan 00	July 00

# What Does HR FPM Do?

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- Allows Financing of Persons and Positions
- Determines Funds Required for Personnel Expenditures
- Records Precommitments, Commitments, and Expenditures by Position

# How Does HR FPM Work?

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- 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?

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- Personnel Administration
- Funds Management
- Organizational Management  
*(highly recommended)*

# How Flexible is FPM?



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- 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

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- 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

Precommitment	Commitment	Actual	Available Budget
0	0	0	150,000

## 2. Position is Financed

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- 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

Precommitment	Commitment	Actual	Available Budget
0	0	0	150,000
50,000	0	0	100,000

# 3. Person is Financed

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- 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

Precommitment	Commitment	Actual	Available Budget
0	0	0	150,000
50,000	0	0	100,000
5,000	45,000	0	100,000

## 4. Person is Paid

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- 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

Precommitment	Commitment	Actual	Available Budget
0	0	0	150,000
50,000	0	0	100,000
5,000	45,000	0	100,000
5,000	41,000	4,000	100,000



## 5. Finance Remaining Positions

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- 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



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- 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

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- 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)

# FM Triple

# FPM

- Fund:
  - 100110000A
- Fund Center:
  - PHIL
- Commitment Item:
  - Salaries

- Budget Structure Element (BU)
  - 10003911

# HR Integration

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- 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

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

# Payroll Posting

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- 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



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- Mass Financing via Payroll Simulation
- Report of Financing of Basic Pay
- Tool for HR FPM and FM Consistency Check

# Suggested Enhancements

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

# Lessons Learned

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- 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

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- HR FPM Is:
  - A Valuable Budgeting Tool
  - Tightly Integrated With HR and FM
  - Flexible and Powerful
- HR FPM Is Not:
  - Trivial
  - Mature