The EPI-USE Labs HCM products can complete your time and payroll process

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White paper

The SAP HR and Payroll system provides all the essential tools that you need to gather HR/Time/Pay data and process that data to pay your employees, but there are gaps that can make your process inefficient and possibly allow errors to get through. In this paper, we would like to show where those gaps are and how EPI-USE HCM products can fill them to make your process more efficient and, more importantly, catch errors before they get to your employees. We will discuss the different gaps and processes. If you would like to know how EPI-USE can help with Support and Upgrade processes, please request the Variance Monitor White Paper.

1. The Time Process:

Whether you are using the SAP CATS or clock-ins/outs with an external system, there are gaps in the SAP system when it comes to managing that time. Imagine you are a supervisor wondering if all your employees have entered time, whether it has been approved and many other such questions. As a supervisor, SAP provides some of those answers with the unapproved time function in CATS, but doesn't help find missing time. Now imagine that you are a payroll processor and you're wondering if everyone's time has been entered. Where would you find that information?

These are just some of the questions that the Advanced Time Process Manager (ATPM) product tries to answer, by helping a supervisor manage all the time issues for their employees. If time issues are managed at that level, then there is much less worry at the payroll processor level.

For the payroll processor, the ability to review time data using either ATPM or Query Manager's (QM) ability to access CATS, infotypes, and time clusters, allows them to ensure that time issues are captured and fixed prior to the start of the payroll process.

2. Pre-Payroll Checks:

Ensuring that employee time data is correct is the first pre-payroll check that a payroll processor would want to complete, but there are many others that need to be done. For example, there are many infotypes that the payroll programs need in order to complete their processing. These infotypes are either common to all countries, or country-specific. If an employee is missing any of these infotypes or sometime specific fields from those infotypes, then the payroll will stop for that employee.

In a normal process, you need to wait until payroll is complete so that you can review the logs and see the issues. You would then find and fix them and re-run payroll. How much more efficient would it be if you found and fixed these issues before you even started payroll?

Another pre-payroll check you might want to perform is to know which payroll affecting infotypes has been changed, or which employees have had their basic pay changed.

Using QM, a payroll processor can very easily identify employees who are missing data. EPI-USE has delivered some of these checks, such as which employees are missing their Bank Details (Infotype 0009), or which employees have changes to their annual salary and what percentage they have changed. Any of these checks allow you to identify and fix any issues prior to payroll, which will allow your payroll to run to completion on the first try.

We all know that even if you've checked all your data, sometimes there are calculations in payroll that are not immediately apparent as possible issues. Many companies have a process where they compare current payrolls to previous ones for a subset of employees after payroll is complete. The problem with this process is that it can involve manual work, and only a subset of employees, and there is a distinct possibility of missing an excess/negative pay issue.

So to avoid any of these issues, it would be preferable to compare the entire population and have automated rules that define when an employee's pay is outside of tolerance. When you have automated rules, it is possible to say that even if an employee's net pay is outside of tolerance, it is allowable due to other rules (e.g. change due to tax limits met). The big question is what if you could know all of this even before you run payroll? You would be able to pre-empt the issues and fix them. With Variance Monitor, you can create a rule-based comparison that will compare your previous payroll results to a simulation of the current pay period. The automated comparison will point out employees who are out of tolerance. Imagine how much time and effort you could save your company if you could find and fix all your payroll issues before you run payroll?

3. Pre-Posting Checks:

Now that you have completed payroll, your next step in the process would be to post the result to FI and Third Party Remittance, which is a significant step in the process. What issues might cause you to have to recreate the postings? In the US/Canadian payroll, where you can void or reverse payroll, there is the possibility of not completing one of these processes. It's also possible that you would want to quickly look at any employees getting net pay above a certain level, or you may want to ensure that the Gross-to-Net calculations are correct. If these checks were easy to do prior to running your posting, then you would be able to ensure that the posting documents you are going to create are correct and you would only need to create them once. This would also insure the payment process (DME, Checks, etc) is correct before being run.

With QM and Pay Recon (PR) EPI-USE has defined distinct processes that you will want to perform between the payroll run and creating the posting documents. These processes will save time and effort and help identify any employees needing the payroll rerun prior to creating the posting documents.

4. Post Payroll Checks:

Now that you have run the posting process, there is still the possibility of something being amiss that might cause you to rerun the posting. Firstly, you will want to ensure that all the FI Posting documents have been created. Next you will want to ensure that everything in the payroll result has been added to the posting documents. In the US, you will also want to ensure that your payroll taxes, FI, and 3rd Party postings reconcile, which will ensure that your quarterly Tax reporting(941s) are correct. With the Reconciliation, Health Checks and Balancing reports in the PR product, you can ensure that everything will be posted correctly.

The full payroll process completed:
All of these processes mentioned above are geared to help you find and fix any issues prior to exiting the payroll period. If you can do this prior to exiting, you can reduce the number of retros needed, reduce the number of one-time payments needing to be processed and, most importantly, reduce any excess pay to an employee that you will need to spend time and effort to recoup. How much time is your payroll processing team spending talking to employees to explain why their pay is different? Too much, too little? How much time is it taking to change the SAP system, fix the issues and run the off-cycle process to correct the problems?

5. Year-End Processes:

In many countries the year-end payroll process is a stressful time for the payroll team. In countries other than the US and South Africa, the QM product can be used to help. This section, however, will focus on the US process. (In South Africa, the Tax Analyser product is focused on the process).

In the US, prior to printing and mailing the W-2s, you will want to be 100% sure that all your data is correct. So how does EPI-USE Pay Recon help?

Prior to making your initial W-2 run, you can use the PR Reconciliation report to ensure that all your payroll, FI, and 3rd Party tax data is correct and reconciled. After you run the initial W-2 creation, you can use the health checks to view and correct any W-2 creation errors and when you are satisfied with your initial run, you can collect that data into the reconciliation and ensure that the data in payroll has made its way into the W-2s correctly.

Once you have shipped the W-2s to your employees, they are bound to have questions about where the values on their W-2 came from and how they match to their paystubs. To help with this, EPI-USE has provided a report that uses the SAP payroll and Tax Reporter configuration to produce an explanation sheet to help your help desk/payroll team to take employees through the details of what they got paid for and how it links to their W-2.

6. Conclusion:

Whether it's finding missing data with ATPM and QM, doing pay-to-pay comparisons with VM, reconciling payroll, FI, 3rd Party, and W-2 data in Pay Recon or doing South African taxes with Tax Analyser, EPI-USE products are designed in partnership with our customers to fill any gaps in the SAP HR and Payroll processes and prevent incomplete and incorrect data slipping through. EPI-USE HCM products are designed to complement your existing SAP configuration. It’s our aim to make sure our customers enjoy the most efficient processes and help them reduce the time/effort costs involved so that they can focus on other HR priorities.