

# Conquering the Challenges of Costing Oracle Payroll

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## Introduction:

Oracle Payroll provides several options for costing of payroll expenses. This paper will attempt to assist the reader in constructing the Cost Allocation Flexfield in a manner that will provide the greatest benefit to the user and the corporation. As with any undertaking, the proper preparation will lead to success while improper preparation can (and usually does) lead to disaster. In addition to discussing preparation we will discuss the adventures of other Oracle payroll clients and how they overcame the obstacles they encountered.

## Preparation:

Oracle payroll is quite flexible when it comes to costing payroll elements. Cost information can be obtained at several levels with the Cost Allocation Key Flexfield. Segments are created to store the information needed for costing. Qualifiers are used determine where you will allow input to each of the segments.

In this section we will discuss some of the business requirements that help you to decide what segments you will need to create and where you need to enable qualifiers.

### 1. Cost Allocation Flexfield

#### Creating Your Segments

The Cost Allocation Flexfield must contain all of the segments required by the General Ledger Account String. General Ledger does not accept blank segments as valid entries and will reject all strings with blank segments during the import process. However, that does not prevent payroll from including additional segments not used by General Ledger.

Below are samples of possible selections for creating segments.

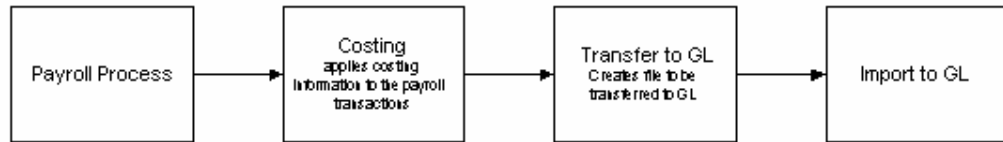
- Company
- Division
- Cost Center
- Account
- Sub-account
- Project (This segment may not be used by GL but may be required by Project Accounting)
- Department
- Task or Job (This segment may not be used by GL but may be required by Project Accounting or Labor)
- State
- County
- City
- School

Map only the segments that will be used by GL, but you want to consider the other modules that require payroll costs as you develop the Cost Allocation Key Flexfield.

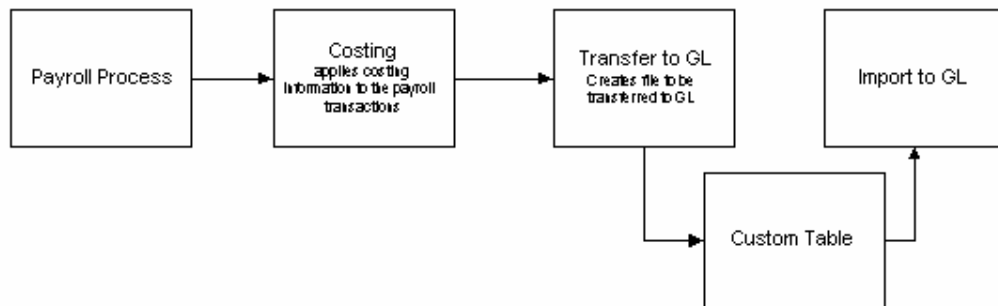
The segments State, County, City and School are used if you wish to track State and Local taxes by jurisdiction. You do not activate the qualifiers for the State, County, City or School segments, the system will populate these segments when Costing is processed.

This information is not passed to the General Ledger via the standard GL Interface. However, you can create a table outside of the system to convert the State and Local tax account number (or appropriate segments) and jurisdiction segments to the necessary General Ledger account. The altered file is then passed through the standard GL Interface

### Standard Costing Process



### Custom Costing Process



## 2. Value Sets and Validation Rules

### GL Value Sets

It is suggested that the payroll Cost Allocation and GL Accounting key flexfields use the same value sets for validating the individual segments. This eliminates dual maintenance and ensures the same values are used for both payroll and GL.

#### **‘To Cross Validate or Not to Cross Validate’**

In the majority of instances, “Cross Validation” does not work well in Payroll. The usual practice is to make all value sets independent.

If you choose to “Cross Validate” it will be necessary to enable the qualifiers at all levels and entire strings (or partial strings, based on the dependencies) will have to be entered. “Cross Validation” will increase the number of element links needed to support your environment.

It should also be noted that GL Code Combinations are not recognized by Oracle Payroll requiring rigorous testing to ensure that GL is receiving the correct code combinations.

## 3. Qualifiers

Flexfield qualifiers determine the source of the input value for the individual costing segments. Understanding how qualifiers are used is critical to understanding why your costing entries are behaving the way they are. You are given the opportunity to apply any or all of the Qualifiers to each segment. If a qualifier is not enabled for a segment at the specific level, the segment will not appear on the form.

**Note:** All segments (that will be mapped to the GL) must be entered at the element link level. Not entering all the segments will result in errors during the ‘Transfer to GL’ process. This requires that all segments have the “Balancing” qualifier enabled.

Qualifier	Impact on Costing
Payroll	<p>If enabled, 'Costing' will use the segment entered at the "Payroll Description" window if no other entry is made for the same segment from the other levels.</p> <p>If each of your organizations/companies has a different payroll, you may wish to consider enabling the qualifier for "Company" here. Typically, "Payrolls" are used across companies and no costing segments include this qualifier. This results in no costing entries generated based on the "Payroll Description" except the suspense account. However, qualifiers do not have any affect on the "Suspense Account" string.</p>
Organization	<p>If enabled, 'Costing' will use the segment entered at the "Organization Description" window if no other entry is made for the same segment from the Element Link Costing window, Assignment Costing window, or the Element Entry window Batch Element Entry (BEE). Organization will override any costing segments entered at the "Payroll Description Costing" window.</p> <p>Typically, Company, Division, or Cost Center segments are enabled at this level. This enables Human Resource users to assign employees to an organization without requiring knowledge of the GL number for company, division, or cost center. These numbers will automatically be associated with the employees GL records based on the organization assigned.</p>
Link	<p>When you link your element you establish the eligibility rules for the element and define how it will be costed. You are given four options:</p> <ul style="list-style-type: none"> <li>• Not Costed: The element will not be costed, usually informational elements.</li> <li>• Costed: This selection will use the segments values entered at the "Element Link" window if no other entry is made for the same segment from the Assignment Costing window or the Element Entry window or BEE. If segment values are provided that would normally be provided at the Payroll or Organization levels, these will be overridden by the values entered here. Any blank segments at this level, that have the Payroll or Organization qualifiers enabled will be populated from those levels when the costing process in ran.</li> <li>• Fixed Costed: Typically organizations will use "Fixed Costing" for deductions and tax withholding elements. To provide for "Fixed Costing" all segments required by GL must have the qualifier enabled at the Link level. If an element is identified as "Fixed Costing" the costing segments will not be overridden from any level, however if left blank, they will be populated from the Payroll or Organization provided the qualifiers have been enabled and contain values at those levels.</li> <li>• Distributed Costing: This selection allows you to distribute individual run results of element with this costing type proportionally over a set of earnings types that you specify in a Distribution Set. Read more about creating Distribution Sets in Oracle's user guide "Customizing, Reporting and System Administration in Oracle HRMS."</li> </ul>

Qualifier	Impact on Costing
Assignment	<p>If enabled, 'Costing' will use the segment entered at the "Assignment Costing" window if no other entry is made for the same segment from the Element Entry window or BEE.</p> <p>Typically, only exception entries are made at this level. For example: an employee is assigned to a special project for an extended period or time and you wish to have the wages for this employee charged to another Cost Center or Wage Account, other than the default established for this employee's organization. You would enter these values in the Costing window within the Assignment Form.</p> <p>Another example might be an "Administrative Assistant" that divides their time between two cost centers. Their Assignment Costing window would include both cost centers at 50% each, or other percentage so that the combined percentages equal 100%.</p>
Entry	<p>If enabled, 'Costing' will use the segment entered at the "Element Entries" window or entered via BEE . This is the last level, entries made to costing at this level will override entries made at any other level.</p> <p>Typically short term overrides are made at this level. Segments such as "Project," "Department," "Job," or "Task" commonly use this qualifier. You must consider what types of overrides your company allows from a "Time Card" type of entry. If an employee works between cost centers within pay periods, you may want to consider enabling this qualifier for cost center.</p>
Balancing	<p>All segments that will be transferred to the GL must have this qualifier enabled. Otherwise an invalid 'Costing String' will be created and the record will error when imported to GL.</p> <p>The values entered for balancing segments occur on the Element Link window.</p>

#### 4. Mapping Our Course

It's always a good idea to know where you're going and how you're going to get there.

The use of a processing 'log' can be your map for tracking 'Costing' and 'Transfer to GL' or other HR/Payroll processes, ensuring that everyone arrives at the destination with correct numbers in tow.

A suggested format for 'logging' your costing processes is included below:

Current Date	Costing Date	Costing Request ID	Costing Record Count	Costing Rpts Processed & Reviewed	Transfer to GL Request ID	Transfer to GL Record Count

#### Understanding Dates Used by the Processes:

The use of dates within Oracle is important to understand when you are trying to reconcile Payroll Reports to the General Ledger. In the example provided below, to reconcile your payroll to the General Ledger you need to use the "Paid Dates" of April 30 through May 26. This is because April 29 was the last 'Costing Process' in April and May 26 is the last 'Costing Process in May. May 27 through May 31 will be included in the June period.

To get around this issue, you need to run the "Costing Process" at the close of the Accounting Period to include the last few days of the period and payroll reports need to correspond with the accounting period.

##### 1. Payroll Earned Date

Bi-weekly payroll period starts Sunday, May 7 – ends Saturday, May 20

## 2. Payroll Paid Date

Friday, May 26

Costing is processed for Sunday, May 21 through Friday, May 26

(Costing is run on an 8 / 6 cycle)

Costing is run for Jan 1, 1997 through May 26.

(Costing is run from 'go live' date to current process date)

## 3. Costing Date

May 26

There is no "range of dates." All records have the single date (to date). I have heard rumors this may have changed with 11i. I have not been able to confirm or refute this rumor, so you may wish to test this before, taking my word for it.

## 4. GL Transfer Date

May 26

Period Name "May 00"

Will not include any payments made between May 27 and May 31 or time worked between May 21 and May 26 unless a Quick Pay or Supplemental payroll was processed with a check dated on or before May 26.

## Validation of Flexfield Values

From Release 11i (and R11.0 Patch Set D), the APIs validate flexfield values using value sets (in the same way as the professional Forms user interface). This provides the benefit that value set definitions only need to be implemented and maintained in one location. In previous releases, the APIs validated flexfield values using PL/SQL callouts to Skeleton Flexfield Validation server side packages. These packages are no longer used. Refer to Oracles user guide "Implementing Oracle HRMS."

## Travelers Journals (no pun intended!)

### 1. Costing the premium portion of the Overtime Elements

#### Travel Guide:

You will need to create a custom overtime element; Oracle's seeded element cannot be costed in this manner.

Step 1 -- Define your element with the classification of Earnings and category of Overtime. Select the calculation rule of HOURS\_X\_RATE\_MULTI\_RECUR\_V2. Oracle will generate the formula XXX\_HOURS\_X\_RATE\_MULT, where XXX is the name of your new overtime element.

Step 2 -- Make a copy of the Fast Formula used by Oracle's seeded Overtime element and paste it into your generated formula. Make sure you change all references to Overtime to XXX (the name of your element). You may want to do this in a Word document (so that you can use the Edit - Replace feature of Word) before pasting it into your formula. If you look at the formula you will see that Oracle separates the straight time portion of the Overtime calculation into a variable called straight\_OT. You need to add a statement to subtract the straight\_OT from the OT\_pay to yield a new variable called Premium\_OT. Be sure to add the Premium\_OT to your return statement. Oracle already sends the straight time portion of the calculation to an Information element called Straight Time Overtime.

Step 3 -- Create an Information element called Overtime Premium, using the Straight Time Overtime element as an example.

Step 4 -- Navigate to the Formula Results window and select the Overtime element (yes the seeded one!). Make a note of the values in the Formula Results region of the window. You will need to set up your custom element exactly as the seeded element.

Step 5 -- Clear the window and select your custom element. Delete the line in the Processing Region of the window. Save your work. Now reenter the line using the type of "Standard" and the name of your Fast Formula. Save your work and move to the Formula Results region. Add the variable names

exactly like the seeded Overtime element. When finished add one more line using the Premium\_OT variable as the indirect result to the Overtime Premium element you created in step 3.

Step 6 – Link and cost your elements. Link but do not cost your custom overtime element. Link and cost the information elements, your custom “Overtime Premium” and the seeded “Straight Time Overtime.”

**Note:** If you override the Overtime costing at the element entry or assignment level, both informational elements will be costed the same.

## **2. Costing has more dollars than Payment Registers**

### **Event**

- Reversals and Negative Nets – A deposit advice is issued, run results and costing records are generated.  
Reversals and Negative Nets are not included in payment registers.

### **Resolution**

- Custom report to identify “Negative Nets.” Process the report prior to running NACHA or Check Writer. Mark the employee’s record for “Retry,” correct the employee’s record and reprocess.
- Alter the fast formulas, to prevent “Negative Nets.”
- Create custom reports and/or spreadsheets that will include “Reversals.”

## **3. Amounts are going into the Payroll Suspense Account (Payroll description).**

### **Events**

- Disabled value sets for a segment.
- Within payroll each segment is validated against the “Value Set Table” for that segment, at the time of entry. However, if a ‘once valid entry’ is disabled there are no built in alerts or reports to notify you of the change. You are dependent upon either a custom report, alert, or manual notification by the person making the change.
- Invalid entries or disabled value sets for a segment entered via BEE .
- BEE entries are not validated against the “Value Set Tables.” This allows invalid segments to be input.
- Element end dated after the ‘payroll’ and before ‘costing’ process date.

### **Resolution**

- Custom report or alert to notify the appropriate personnel when a costing segment becomes invalid and provide a list of assignments with the invalid cost centers.
- If you are on a release prior to 11.0 (patch set D) modify the ‘Flexfield Validation Package’ to validate the appropriate segments. Refer to “Oracle HRMS US Implementation Guide, Technical Essays, PayMIX Entry, User Customization, Modifying the Flexfield Validation Package.”
- Prior to processing ‘Costing’ navigate to the Employee, Enter and Maintain (any screen that will allow date tracking) and Date track to the end date of the pay period. Close the form and go to Processes and Reports and kick off the ‘Costing’ process with the appropriate ‘paid dates.’ The costing process will pick up the elements that were not picked up prior to your “manipulating” the date.

## **4. APP-00981 ORACLE error 1000 in FDFGVD**

### **Event**

The maximum number of open cursors is set too low. The default for the maximum number of cursors is 50.

## Resolution

The Costing process requires more than this and the Oracle RDBMS group recommends to change this to 2000. Reference RDBMS Note: 2060331.6

5. **When the 'Costing' process is run, instead of doing dynamic inserts of the Balance Code combinations, the process simply uses the existing Balancing Keyflex\_id setup at the element link level.**

## Event

The Balancing combination is not dynamically created or overridden. It is set at the Element Link.

## Resolution

You can select the segments you want to enable for Balancing. You will want all of the segments that are going to be passed to GL because the balancing combination cannot be dynamically created.

One word of caution, if you are in production (data loaded) you must exercise caution when adjusting the Cost Allocation Flexfield Qualifiers. Test your proposed change in a test instance prior to implementing in your Production instance. A client destroyed one of their test instances when they disabled some Costing segments at the element link level. Even though the form no longer displayed the values, the tables still held the values. In their own words "it was a big mess."

**Enhancement request 761982**

## 6. Transfer to GL does not include all of the Costing Entries

### Event

Employee has changed payrolls at the end of the period but prior to the paid date. A TAR has been opened on this (12465954.600).

Oracle's Transfer to GL process includes use of a package called `pay_trgl_pkg` (contained in `$PAY_TOP/admin/sql/pytrngl.pkb`). What was determined by reviewing their code was that their insert statement (that creates the `gl_interface` entries) expects the payroll id of the transfer process to match the payroll id of the assignment at the `date_earned` point, not necessarily the `effective_date` point. The way we were processing these payrolls, the assignment changes to the new payroll were occurring after the `date_earned`, but before the `effective_date` of the payroll period. So, the series of events is:

- 11/1/99 - assignment change to "weekly" payroll
- 11/8/99 - weekly payroll run for pay period 10/25/99-10/31/99 with `date_earned` of 10/31/99 and `effective_date` (check date) of 11/12/99 and produces accurate employee pay
- 11/8/99 - Costing is run with from/thru parameters of 11/12/99 and produces accurate costing results
- 11/8/99 - Transfer to GL is run with from/through parameters of 11/12/99 and APPEARS to complete successfully, but GL entries are not created for any of the assignments which had their payroll type modified.

### Resolution

A custom process to identify 'Assignments' that have changed payrolls within the covered period and reports them as "candidates" for being overlooked by the Transfer to GL process. The report is provided to an accounting person (responsible for the GL transfer) to confirm that these values were, indeed, missed in the normal processing of the Transfer to GL.

Once accounting has confirmed the missed entry, you can run a custom "detection and correction" process. For the correction part, use the guts of Oracle's insert statement from the same `pay_trgl_pkg` package and retrieve the candidate's costing information Oracle created during the Costing process. Fortunately, this approach is supported by Oracle since we're inserting into an interface table.

## **7. Costing of FIT Arrears**

### **Event**

Employee has an additional amount to be withheld for Federal Income Tax. There is not enough net to withhold all of the tax, the amount not withheld goes to arrears. Even though the amount is not withheld the amount of the arrears is costed. TAR 1074660.600 has been opened.

### **Resolution**

Link and cost the Vertex elements ending with "ARR".

## **8. Costing Process is interrupted and some costing records are lost**

### **Event**

The system experiences a shut down while processing "Costing."

### **Resolution**

Resubmit the "Costing" process with the same parameters. The system will only pick up those records that were missed in the original process. TAR 1054442.600

#### **Alternative Solution:**

Remove the employees from the costing process. You do this by navigating to View → Payroll Process Results. Query Type for 'Costing' and Status for 'Incomplete' or 'Unprocessed.' Delete these records and resubmit the "Costing" process.

## **9. Costing information at the Organization level disappears when the Organization is requeried**

### **Event**

The Cost Allocation Flexfield segments have been set to 'Required.'

### **Resolution**

Navigate to the Cost Allocation Flexfield segments, select the appropriate segment and click on the open button. Locate the 'Required' box and click. This should clear the box. Do this for all segments. The Flexfield qualifiers will determine what segments should be populated.

## **Additional Travel Guide Available:**

- Oracle Support Note Number 69475.1 "Trouble Shooting Payroll Costing"
- "Special Edition, Using Oracle Applications," published by QUE
- Oracle US Payroll Implementation Guide
- Oracle US Payroll Users Guide