

# HR2010

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# **A Detailed Look at the New Overpayment Recovery Process Functionality from SAP**

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## In This Session ...

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- **We'll discuss the new US overpayments functionality**
  - ◆ **Developed to help assist payroll with managing overpayments recovery at an individual employee level with regard to:**
    - ▶ **Forgiveness of overpayment**
    - ▶ **Overpayment recovery**
    - ▶ **Employee consent**
    - ▶ **Thresholds at employee subgroup level and state level**

## What We'll Cover ...

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- **Explaining the basics of original claims processing and new US overpayment processing**
- **Turning ON the necessary configuration**
- **Managing the process**
- **Understanding compliancy**
- **What to watch out for**
- **Implementing a work around (salary proration)**
- **Wrap-up**

# The Basics of US Overpayment Processing

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- **Original SAP claims processing used /561 and /563 wage type**
  - ♦ **Claims were created only when an employee had less net (/560 and /5PY) than the retro period reduction in earnings or other monies owed to the company from the employee**
- **Original claims process:**
  - ♦ **Was manual for recovery of /561 when employees were terminated**
  - ♦ **Was challenging to manage the recovery process if payroll department agreed to do a payment process over time**
  - ♦ **Had no easy method of forgiveness**
  - ♦ **Always recovered automatically what it could take back, no control or holding recovery until employee consented**

# The Basics of US Overpayment Processing (cont.)

- **Comparison of old process versus new process**

Original	New
Retro calculation would determine monies to take back from employee	Retro calculation determines earnings that have been reduced
Is automatic and only when the net wasn't large enough to recover all retro earnings did /561 wage type get created, representing more monies still owed back to the company to be taken on the next available check	Does not recover those earnings automatically, but rather processes them to a new payroll results table, CLM, and retains original wage types and also /5nn wage types.  Then dependent on configuration, may recover some portion of the money owed to the company in the current period, while retaining the original payroll results RT table in retro as originally paid
	Master data IT0909 created to manage recovery

# The Basics of US Overpayment Processing (cont.)

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- **New US Overpayments Recovery Processing uses:**
  - ♦ New wage types
  - ♦ A new payroll results table (CLM)
  - ♦ An Overpayment Processing program (RPCLMRU0)
  - ♦ A new Infotype 0909 to process the recovery of overpayments
- **New US Overpayments Recovery Processing determines a claim, or CLM entry in retro-calculation based on any wage type that has been reduced from the original result**
  - ♦ RT compared to ORT is the most basic logic of the USCLM function in the payroll schema
    - ▶ **This is the key to determining a reduction of the wage type in retro**



# The Basics of US Overpayment Processing (cont.)

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- **Original**

- The reduction of a wage type in retro would be saved in the new RT (SRTZA = A) and just flow through to the current result in a /552 wage type

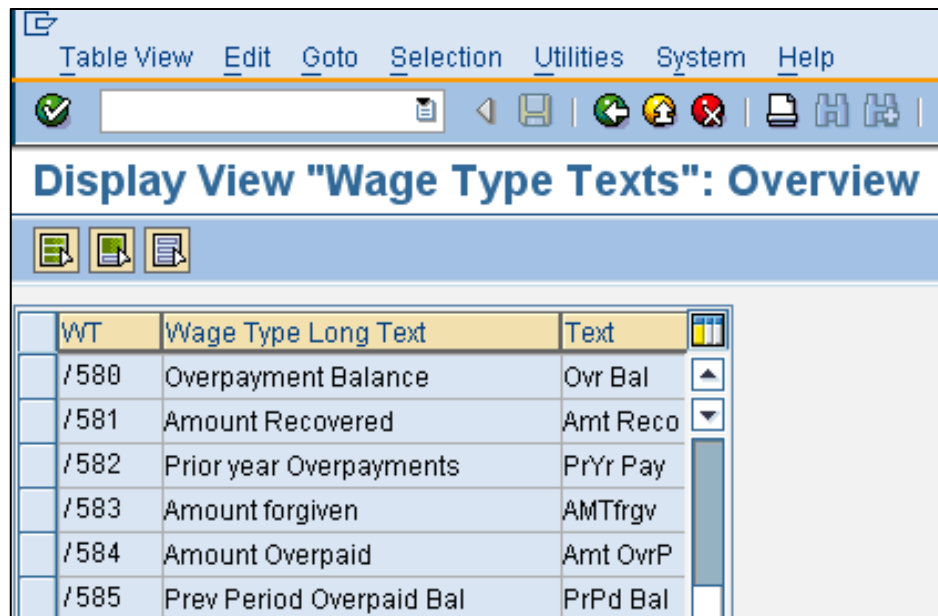
- **New**

- Now the wage type in retro will be retained in the RT with the original amount (not reduced)
- CLM entry will be created to be manually processed before it can be recovered in next current period payroll
- Thresholds allow for automatic recovery up to certain dollar amounts based on configuration limits set by employee subgroup and work tax area



# The Basics of US Overpayment Processing (cont.)

- **Wage types with new functionality**
  - ♦ /584 created by RPCALCU0, USCLM function
  - ♦ /581 is the amount recovered
  - ♦ /580 is what remains as open balance
  - ♦ /561 Claim and /563 Claim from previous period still can occur in some situations



The screenshot shows a SAP Display View titled "Wage Type Texts": Overview. The window has a menu bar with "Table View", "Edit", "Goto", "Selection", "Utilities", "System", and "Help". Below the menu bar is a toolbar with various icons. The main content area displays a table with the following data:

WT	Wage Type Long Text	Text	
/580	Overpayment Balance	Ovr Bal	▲
/581	Amount Recovered	Amt Reco	▼
/582	Prior year Overpayments	PrYr Pay	
/583	Amount forgiven	AMTfrgv	
/584	Amount Overpaid	Amt OvrP	
/585	Prev Period Overpaid Bal	PrPd Bal	

# The Basics of US Overpayment Processing (cont.)

- **CLM table in payroll results**
  - ♦ Wage types identified as overpaid are stored in CLM table in payroll results
  - ♦ When this occurs, RT is set back to original result for the wage type

Payroll Results

Personnel No. [redacted]

Seq. number 00006 - accounted on 01/12/2010 - current result

For-Period 02.2010 (01/04/2010 - 01/17/2010) - Regular period 'on demand'

In-Period 02.2010 (Fin.: 01/17/2010) - Regular period 'on demand'

Table CLM - Overpayments processing table

Seqno	Wagetype	Forperiod	Inperiod	Bonusdat	CheckDate	PriorYearRepChkDat	Prioryear	Payarea	Payty	APZNR
00002	1301	HNWSWD	201001		01/08/2010				UF	01
		8.00	8.00	258.08	0.00	258.08	0.00			
00004	1602	IMPINACT	201001	201002	01/08/2010				UF	
		0.00	0.00	32.23	32.23	0.00	0.00			
00004	1674	IMPINDEP	201001	201002	01/08/2010				UF	
		0.00	0.00	12.00	12.00	0.00	0.00			

# The Basics of US Overpayment Processing (cont.)

- **PC00\_M10\_CLMR — U.S. Overpayment Recovery**
  - ◆ Creates the IT0909 from the CLM table
  - ◆ Program run after regular and off-cycle payroll
  - ◆ **You cannot create IT0909 manually!**



Note

Program Edit Goto System Help

### U.S. Overpayment Recovery

Selections from Search helps

Payroll period

Payroll area UF from 01/04/2010 To 01/17/2010

Current period

Other period 2 2010

Selection

Personnel Number 963093

Payroll area UF

Off-Cycle Parameters

Off-cycle reason

Off-Cycle Payroll

Claims Report Settings

Create Infotype 0909

Total Forgiveness For Terminated Employee

MatchCode W Selection

Employee Consent Selection

Employer Notification Sent

ALV Output Settings

ALV Layout

help

Personnel No. Name Status Withdrawn

EE group 1 Regular Pers.area 1124

EE subgroup 12 Hourly-Paid 01 Pers. subarea 0051 USW Lake C

Start 01/14/2010 To 12/31/9999 Chngd 01/21/2010 CASTLC

### Reimbursement of Overpayment (USA)

Recovery Settings

Wage Type 1301 Hol Net Wrk SWD 1.0

Overpayment ForPeriod 201001

Overpayment InPeriod 000000

Overpayment Date

Overpayment Payroll type

Overpayment Payroll Identifier

Original Overpaid Amount 258.08 USD

Remaining Balance Amount 0.00 USD

Forgiveness 0.00 USD

Recovery Amount 258.08 USD

Total forgiveness  Payment Accepted outside of Payroll  Stop Recovery

Consent Settings

Employee Consent

Notification sent

Notification Date

# The Basics of US Overpayment Processing (cont.)

- **When IT0909 is created, payroll has the ability to:**
  - ♦ **Do nothing; recover at a later time**
  - ♦ **Recover full amount with employee consent**
  - ♦ **Recover partial amount with employee consent**
  - ♦ **Forgive in full**
  - ♦ **Forgive partial**
  - ♦ **Stop recovery**

Original Overpaid Amount	258.08	USD	Forgiveness	0.00	USD
Remaining Balance Amount	0.00	USD	Recovery Amount	258.08	USD
<input type="checkbox"/> Total forgiveness	<input type="checkbox"/> Payment Accepted outside of Payroll		<input type="checkbox"/> Stop Recovery		
<b>Consent Settings</b>					
<input checked="" type="checkbox"/> Employee Consent					
<input type="checkbox"/> Notification sent	Notification Date				

# The Basics of US Overpayment Processing (cont.)

- Payroll Results Table (RT) and Remuneration Statement
  - ♦ /581 shows recovery, and Remuneration Statement shows recovery on specific wage type 1301

File Edit Goto Utilities Settings System Help

Detail View of Log

Old Log

* /581 Amount Reco	258.08
* /5PY Good Money	7,464.32
* /5U0 Tot EE tax	2,827.65
* /5U1 Tot ER tax	761.05
1 1301 Ho1 Not Wrk01	258.08-
1 2002 Dental 01	6.00
1 2230 Dependent L01	4.75
1 2232 AD&D Employ01	4.90
1 2233 AD&D Spouse01	3.50
1 2234 AD&D Depend01	0.35
1 2235 Long Term D01	19.29
1 4050 VC Accrual 01	32.26

—YTD Taxable Earnings—		
9,548.96	FED	9,025.05
9,548.96		
5,169.82	Claim	396.94

Income	Date	Hour	Rate	Current	Before-Tax Deductions	Current	YTD
Advance payment				5,169.82	Thrift Before-tax	72.26-	505.84
Ho1 Not Wrk SWD 1.0	01/03/10	8.00-		0.00	SSF Before-tax	2.58-	18.07
Ho1 Not Wrk SWD 1.0				258.08-	Dental	6.00-	
Pay In Lieu Term Vac	01/03/10	240.00		7,742.40			
Cash Earnings Total		232.00		12,654.14			
Active Emp GTL Imp Inc	01/03/10			32.23-			
Dep Life Imp Inc	01/03/10			12.00-			
Non Cash Earnings Total				44.23-			

# The Basics of US Overpayment Processing (cont.)

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- **Key to whether or not you want to turn “on” US Overpayments functionality is a question of intervention**
  - ♦ **How much additional processing is worth the benefit of manually processing an overpayment vs. current /561 functionality?**
  - ♦ **Steps occur within regular payroll and off-cycle that may lead you to decide that the cost is higher than the benefit**
  - ♦ **Costs will go down as SAP enhances product**



**Decision  
Point**

## What We'll Cover ...

---

- Explaining the basics of original claims processing and new US overpayment processing
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- Managing the process
- Understanding compliancy
- What to watch out for
- Implementing a work around (salary proration)
- Wrap-up

# Necessary Configuration to Turn ON

- **V\_T77S0 IMG Path Payroll → USA → Overpayment Recovery**
  - **Set CCURE NWCLM to “X”**

**Display IMG**

Existing BC Sets | BC Sets for Activity | Activated BC Sets for Activity

Structure

- ▶ Create wage types for cost accounting
- ▶ Cumulation Wage Types
- ▶ Cumulations
- ▶ Deductions
- ▼ Overpayment Recovery
  - ▶ Activate Overpayment Recovery
  - ▶ Configure Rules Framework for Overpayment Recovery
  - ▶ Define Payroll Constants for Overpayment Processing and Recovery
- ▶ Benefits Integration
- ▶ Tax
- ▶ Garnishments
- ▶ Tips
- ▶ Off-Cycle Activities
- ▶ Multiple Checks in One Cycle
- ▶ External Wage Components

Change View "View T77S0": Overview

New entries | Documentation

Group	Sem.abbr.	Value abbr	Description
CCURE	ADDC0		Further Pers.Assignmnt or Processing of Info Group
CCURE	BIGSN		Switch for Grouping Reason
CCURE	CHGLP	1	
CCURE	CHGPY		
CCURE	CPAUT		
CCURE	GEMAN	PERSCM2	MGE: Evaluation Path for Manager of Organization
CCURE	GLEMP		Management of Global Employees
CCURE	GLOPY		Payroll: Global Employee
CCURE	MAINS		Concurrent Employment Main Switch
CCURE	MPSDS		Start Date for Wage Type Generation
CCURE	NWCLM	X	US Overpayment Recovery
CCURE	PAUIX		CE Master Data User Interface Enhancements

# Necessary Configuration to Turn ON (cont.)

- **V\_T511K IMG Path Payroll → USA → Overpayment Recovery**
  - ◆ **Set AUTCL to 1.00 (optional for using with thresholds)**
  - ◆ **Auto Recovery without employee consent (use with thresholds)**

The image shows two screenshots from the SAP system. The left screenshot is titled "Display IMG" and shows a tree structure under "Overpayment Recovery" with "Define Payroll Constants for Overpayment Processing and Recovery" selected. The right screenshot is titled "Change View 'Payroll Parameters': Overview" and displays a table of payroll constants.

Constant	Info	Payroll constant	Start Date	End Date	Value
401KR	f	401K - pretax rollover posttax	01/01/1985	12/31/9999	
402G8	f	Eligible for 402g8 exception?	01/01/1985	12/31/9999	1.00
415PE	f	% of 415(c) Includible comp,	01/01/2002	12/31/9999	1.00
457PE	f	% of 457 Includible comp,	01/01/2002	12/31/9999	1.00
A0168	f	GTL Absence exempt status	01/01/1900	12/31/9999	
ADIVP	f	Flat-rate working days/month	01/01/1985	12/31/9999	20.00
<b>AUTCL</b>	<b>f</b>	<b>Recover overpmts. w/o consent</b>	<b>01/01/2007</b>	<b>12/31/9999</b>	<b>1.00</b>
B0168	f	GTL Beneficiary exempt status	01/01/1900	12/31/9999	
BEGWW	f	Begin time for working week	01/01/1985	12/31/9999	12.00
CAPIT	f	California PIT 2009	04/01/2009	05/31/2009	
CASUP	f	CA suppl tax indicator	01/01/2003	12/31/9999	1.00
CEFML	f	FMLA CE Override	01/01/1990	12/31/9999	1.00
COBSE	f	COBRA Special Plan Enrollment	02/17/2009	12/31/2009	1.00
COBSR	f	Switch to enable COBRA subsidy	02/17/2009	12/31/2009	1.00
CUMTY	f	HCE plan year cumulation	01/01/1800	12/31/9999	
DELIM	f	Delimiter for working time end	01/01/1985	12/31/9999	4.00
DYOFF	f	Overtime hours. for comp. day	01/01/1985	12/31/9999	6.50

## Necessary Configuration to Turn ON (cont.)

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- **V\_T511K IMG Path Payroll → USA → Overpayment Recovery**
  - ◆ **AUTCL set to 1.00 (Auto Recovery)**
  - ◆ **FGVTR set to 0.00 (Terminated EE forgiveness)**
    - ▶ **Implies that forgiving a terminated employee could be the rule, not the exception**
  - ◆ **REPYR set to 1.00 (Enable recovery across tax years)**
    - ▶ **Company decision as to whether it's compliant to recover overpayments from previous years**
    - ▶ **Consider the tax implications in regard to W2 earnings**

# Necessary Configuration to Turn ON (cont.)

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- **Wage type Processing Class 77**

- ♦ Determine which wage types you want to track for overpayments processing
- ♦ Consider that some earnings shouldn't be set for overpayment recovery (e.g., imputed income)
- ♦ Beware of wage types that fluctuate often in retro-calculation from the original period due to changes in attendance time
  - ▶ **Creating overpayments every time reduction occurs in retro time entry can be tedious to manage**



**Decision  
Point**

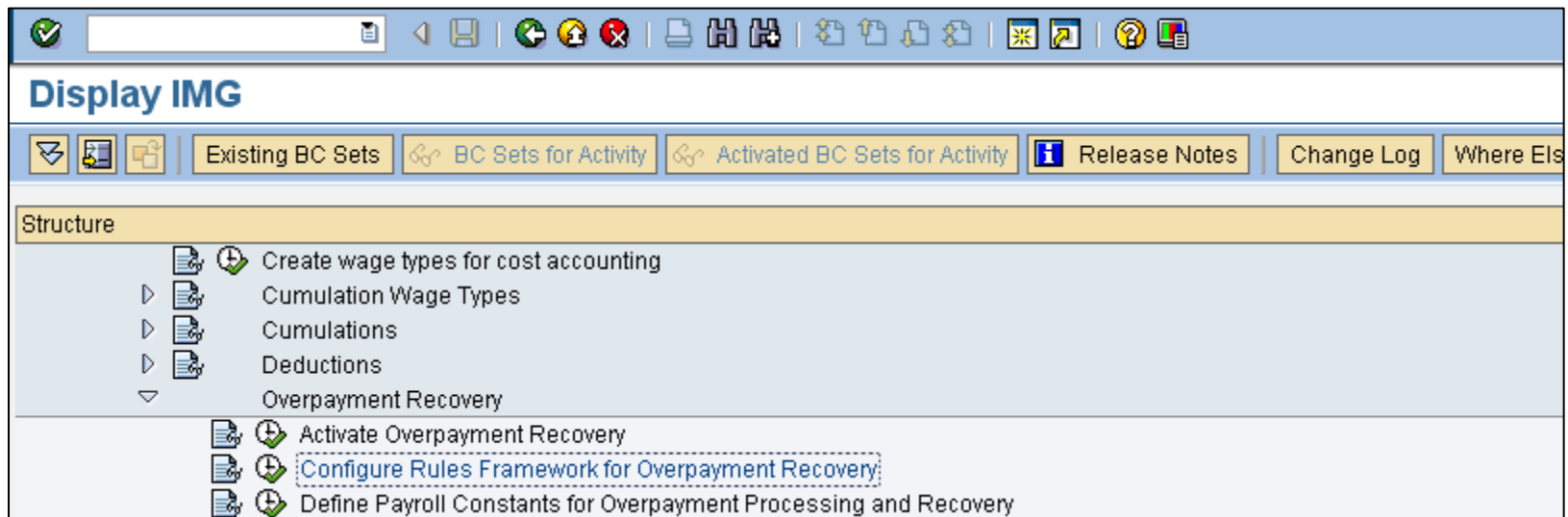
## Necessary Configuration to Turn ON (cont.)

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- **Wage type Processing Class 77 (cont.)**
  - ♦ **Beware of reduction of salary in retro-calculation due to absences**
    - ▶ **If absences are typically entered in retro period, and salary is reduced, then salary reduction is technically an overpayment**
  - ♦ **The more active the changes in retro, the more CLM entries are created**
    - ▶ **Without thresholds in place, the process can be tedious**
- **Wage type permissibility on IT0909**
  - ♦ **Any wage type that will be set for Processing Class 77 would also be set for this infotype to be permissible (T512Z)**

# Necessary Configuration to Turn ON (cont.)

- **Threshold configuration**
  - ◆ Based on state (STATE) and Employee Subgroup (ESG) criteria
- **Priority**
  - ◆ Determine settings for prioritization of collection
    - ▶ No priority settings will default to wage type number
- **Minimum for states**
  - ◆ Based on rate (uses /5UT wage type to determine minimum)



# Necessary Configuration to Turn ON (cont.)

- **Thresholds**
  - Configuration of “Code” here, by employee groupings
  - Code 10 set to FIXED with threshold of \$2,500.00

The screenshot displays a software application window titled "Change View 'Define Threshold Rule and Forgiveness': Overview". The interface includes a menu bar (Table View, Edit, Goto, Selection, Utilities, System, Help) and a toolbar with various icons. A left-hand pane shows a "Dialog Structure" tree with "Define Threshold Rule and Forgiveness" expanded. The main area is divided into two sections:

**Define Threshold Rule and Forgiveness**

Code	End Date	Start Date	Long Text
10	12/31/9999	12/21/2009	Salary Exempt
11	12/31/9999	12/21/2009	Salary Non Exempt
12	12/31/9999	12/21/2009	Hourly

Below this table, the configuration for Code 10 is shown:

Code: 10  
 Long Text: Salary Exempt  
 End Date: 12/31/9999  
 Start Date: 12/21/2009

**Define Conditions For Rule**

Critr	Wage Type	End Date	Amount	Operation	Start Date
FIXED		12/31/9999	2,500.00	+ Plus sign	12/21/2009

## Necessary Configuration to Turn ON (cont.)

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- **Threshold's limit is for all wage types, not specific to a wage type**
  - ♦ **SAP table entry won't allow FIXED and wage type**
  - ♦ **FIXED — whereby a flat amount is specified**
  - ♦ **WAGET — whereby a percentage of a wage type is specified**
- **All CLM entries total up to \$3,000.00; threshold is \$2,500.00**
  - ♦ **Based on priority, SAP takes \$2,500.00 in wage type number orders with a remaining balance \$500**
    - ▶ **/580 Overpayment Balance**
    - ▶ **/584 Overpayment Recovery**

# Necessary Configuration to Turn ON (cont.)

- **Criteria**
  - **ESG (Employee Subgroup)**
    - ▶ **Processes limits at Employee Subgroup level**
    - ▶ **Different thresholds for different ESGs**
  - **STATE (Work Tax State IT0208)**

Table View Edit Goto Selection Utilities System Help

Change View "Define Rule Asg Criteria, Search Help and Priority": Over

New Entries

Dialog Structure

- Enter Min Wage For State
- Assign Wagetype priority
- Define Threshold Rule a
  - Define Conditions Fc
- Define Rule Asg Criteria,
  - Assign Threshold Rl

Crite...	Criteria Search Help	Priority	Long Text
ESG	EMPLOYEE SUBGROUP	1	Employee Subgroup
STATE	STATE	2	State

# Necessary Configuration to Turn ON (cont.)

- **Criteria key links to code**
  - **Criteria key for ESG is “10” for salary exempt**
  - **Links to code “10” salary exempt**

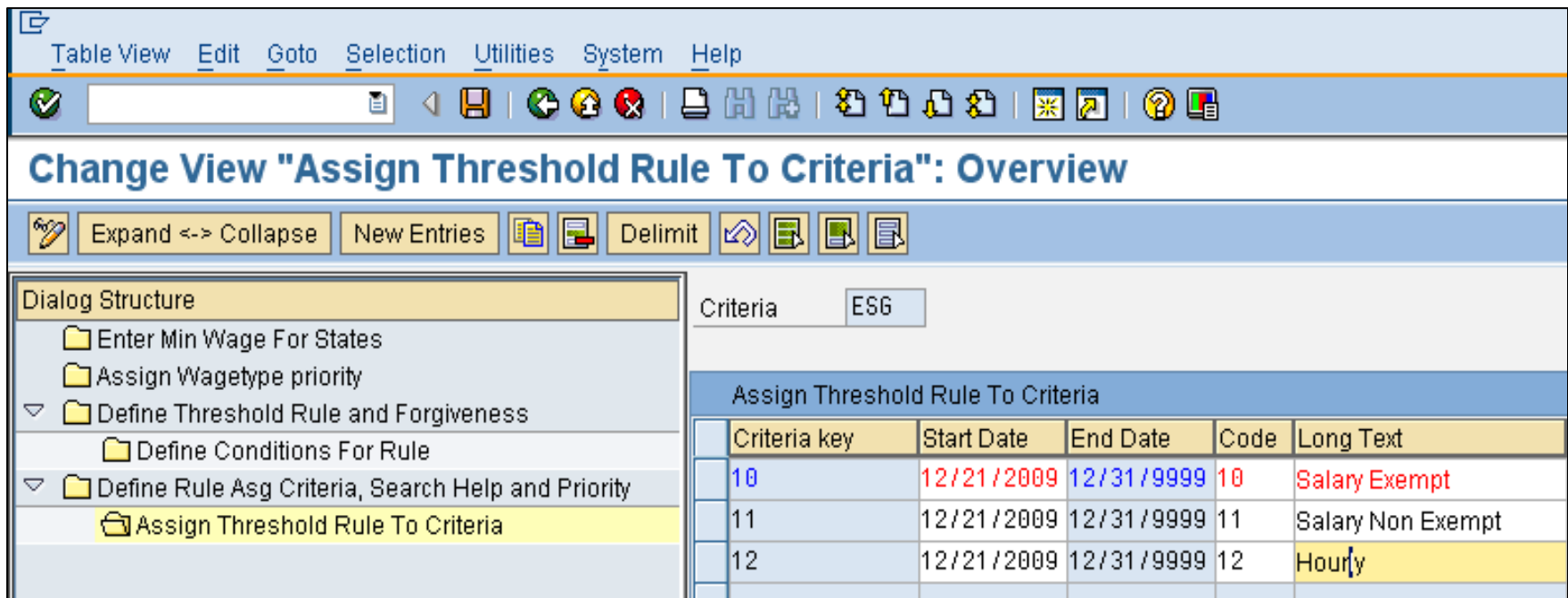


Table View Edit Goto Selection Utilities System Help

Change View "Assign Threshold Rule To Criteria": Overview

Expand <-> Collapse New Entries Delimit

Dialog Structure

- Enter Min Wage For States
- Assign Wagetype priority
- Define Threshold Rule and Forgiveness
  - Define Conditions For Rule
- Define Rule Asg Criteria, Search Help and Priority
  - Assign Threshold Rule To Criteria

Criteria ESG

Assign Threshold Rule To Criteria				
Criteria key	Start Date	End Date	Code	Long Text
10	12/21/2009	12/31/9999	10	Salary Exempt
11	12/21/2009	12/31/9999	11	Salary Non Exempt
12	12/21/2009	12/31/9999	12	Hourly

# Necessary Configuration to Turn ON (cont.)

- **Criteria state**
  - ♦ **Criteria key AK, AL, AR, etc., set to Auto Clear**

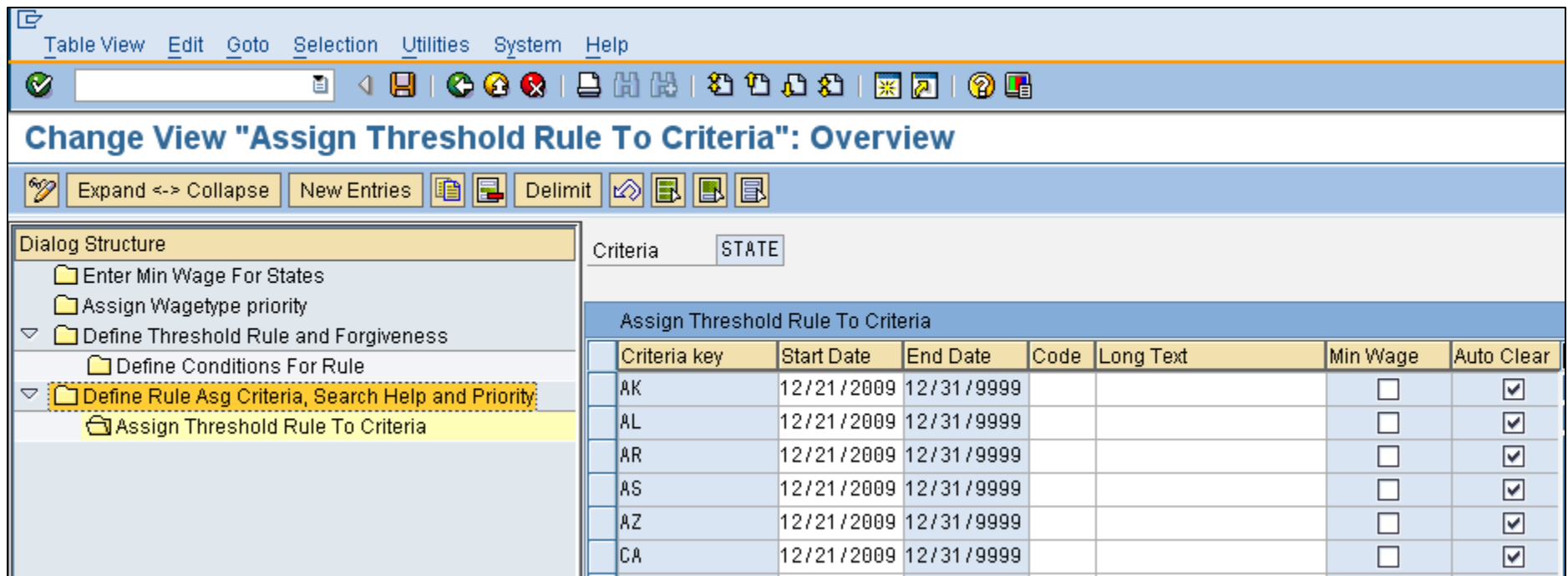


Table View Edit Goto Selection Utilities System Help

Change View "Assign Threshold Rule To Criteria": Overview

Expand <-> Collapse New Entries Delimit

Dialog Structure

- Enter Min Wage For States
- Assign Wagetype priority
- Define Threshold Rule and Forgiveness
  - Define Conditions For Rule
  - Define Rule Asg Criteria, Search Help and Priority
    - Assign Threshold Rule To Criteria

Criteria STATE

Criteria key	Start Date	End Date	Code	Long Text	Min Wage	Auto Clear
AK	12/21/2009	12/31/9999			<input type="checkbox"/>	<input checked="" type="checkbox"/>
AL	12/21/2009	12/31/9999			<input type="checkbox"/>	<input checked="" type="checkbox"/>
AR	12/21/2009	12/31/9999			<input type="checkbox"/>	<input checked="" type="checkbox"/>
AS	12/21/2009	12/31/9999			<input type="checkbox"/>	<input checked="" type="checkbox"/>
AZ	12/21/2009	12/31/9999			<input type="checkbox"/>	<input checked="" type="checkbox"/>
CA	12/21/2009	12/31/9999			<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Necessary Configuration to Turn ON (cont.)

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- Create criteria keys for both STATE and ESG first
- Build the code to threshold link last
- Both STATE and ESG are needed for process to work
- Priority of wage type used to control which wage types recover first
- Weigh the use of percentage settings on wage types
- Can't use thresholds at wage type level, only in total by employee CLM entries
- Considerations for minimums by state based on /5UT due to USCLM function hard codes UWHI rule
  - If you copy UWHI to a Z custom rule, there is currently no way to call the customized rule in USCLM



Secret

# Necessary Configuration to Turn ON (cont.)

- Function USCLM added to US payroll schema
- Schema U000 → UAL0 → PIT X023
- Following X023, enter USCLM
- Uncomment
- USCLM reads RT

Display Schema : UAL0

Cmmnd  Sta

Line	Func.	Par1	Par2	Par3	Par4	D	Text
000010	BLOCK	BEG					Calculate part time factors + gross
000020	IF		SPRN				If period is special run
000030	ELSE						Else: period is not special run
000040	GEN/8	16					Create wage types /801 to /816 in IT
000050	PIT	XPPF		NOAB			Determine proration factors
000060	PIT	XCM0	P31				Period lump sums for cost accounting
000070	PIT	XVAL	P10				Prorate period gross wages
000080	ACTIO	XCH0	A				Calculate hours for cost accounting
000090	ENDIF						Endif period is special run
000100	XDECI	CONV	RT	2		*	Convert RT amounts down to 2 decimals
000110	XDECI	CONV	IT	2		*	Convert IT amounts down to 2 decimals
000120	PIT	X023	P20	NOAB			Cumulate gross wages and store in RT
000130	USCLM					*	US Overpayment Processing
000140	BLOCK	END					

# Necessary Configuration to Turn ON (cont.)

- Customizations

- Special processing and business requirements could lead you down a road of customizations surrounding USCLM
- We created custom schema ZU01, all related to overpayment processing
- Two custom functions
  - ▶ ZCLM and ZRTC1



Heads-Up

Display Schema : ZU01

Line	Func.	Par1	Par2	Par3	Par4	D	Text
000010	COM						Cop Overpayments Recovery 100109 kwb
000020	BLOCK	BEG					Overpayments Recovery
000030	PIT	ZU0A	P77				* Store to RT
000040	PIT	ZU0B					* Add 5UT
000050	PIT	ZU53		NOAB			Det Overpayment Recovery for SE and SNE
000060	PRINT		IT				Print IT
000070	USCLM						US Overpayemnts recovery function
000080	PIT	ZU54		NOAB			Det Overpayment Recovery for SE and SNE
000090	PRINT		IT				Print IT
000100	IF		R				Only perform in retro
000110	REFRESH		OLD				Refresh ORT CORT
000120	LPBEG		RC				Loop
000130	IMPRT		0				Import Old Results ORT
000140	LPEND						EndLoop
000150	PRINT	NP		ORT			Print ORT
000160	ZCLM						Evaluate CLM remove unnecessary entries
000170	REFRESH		OLD				Set back to LRT
000180	IMPRT		L				Set back to LRT
000190	PRINT	NP		ORT			Print ORT
000200	PRINT		IT				Print IT
000210	PIT	ZU55	GEN	NOAB			Process amts eliminated from the CLM
000220	PRINT		IT				Print IT
000230	ENDIF						End only perform in retro
000240	PRT	ZU0C	P77				* Store back to IT (no C1 split)
000250	PIT	ZU0E	P77				* Reduce Accumulators
000260	PRT	ZU0D					* Remove 5ut
000270	PRT	ZU0F	GEN	NOAB			* Remove C1 Split
000280	ZRTC1						Remove C1 Split and C1 entry
000290	PRINT		IT				Sort IT
000300	BLOCK	END					

# Necessary Configuration to Turn ON (cont.)

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- **Why was it necessary to create customizations?**
  - ♦ **Analysis of CLM table to remove entries created in retro for salary proration**
  - ♦ **Salary proration occurs regularly due to absence entry in past period, replacing salary**
  - ♦ **No true overpayment, because when replacing salary with an absence, the employee is still paid in full**
  - ♦ **Unwanted CLM entries were created that required process challenges for payroll department**



**Heads-Up**

## What We'll Cover ...

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- Explaining the basics of original claims processing and new US overpayment processing
- Turning ON the necessary configuration
- **Managing the process**
- Understanding compliancy
- What to watch out for
- Implementing a work around (salary proration)
- Wrap-up

# Manage the Process

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- **Payroll calculation will generate the CLM table**
  - ◆ **Only in retro can a CLM be created**
- **Processing of overpayments and recovery of overpayments should be analyzed and determined as part of implementation**
  - ◆ **Regular payroll processing**
    - ▶ **What are the process steps needed to properly resolve CLM entries when running regular payroll?**
  - ◆ **Off-cycle processing**
    - ▶ **What are the process steps needed for different types of off-cycle activities?**
      - *Terms and active EEs may have different process*
      - *Compliancy to pay within state rules regarding when employee must receive owed monies*

# Manage the Process — Regular Payroll Processing

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- **Without thresholds in place and without auto recovery turned on, all reduction of earnings for wage types configured for overpayments in retro-calculation will become CLM entries**
- **Recommendation: Determine threshold amounts that are acceptable and configure by employee subgroup, and turn on auto recovery**

## Manage the Process — Regular Payroll Processing (cont.)

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- **If it is determined that payroll wants to manually manage overpayments:**
  - ♦ **SAP will create IT0909 for all employees with CLM entries**
  - ♦ **Each IT0909 will require employee consent be checked**
  - ♦ **Each recovery amount will need to be entered**
  - ♦ **Steps above will be done in correction status as payroll will need to be run for Matchcode W (correction run) before overpayments can be recovered during payroll**
    - ▶ **Otherwise, no overpayments will be recovered until next payroll and all steps above are done**

## Manage the Process — Regular Payroll Processing (cont.)

---

- **No thresholds, and resolved after payroll process**
  1. **Exit payroll**
  2. **Run the US Overpayment Recovery Program to build IT0909**
  3. **Review report for overpayments with remaining balances**
  4. **Determine which overpayments should be cleared in total or in partial amounts**
  5. **Update employee consent on IT0909 and enter recovery amount**
  6. **Wait for next regular payroll to collect**
- **This process will result in employees being given earnings, but no recovery of overpayments in the current payroll process — done in the next regular payroll (may be unacceptable)**

## Manage the Process — Regular Payroll Processing (cont.)

---

- **No thresholds, and resolved within payroll process**
  1. **Resolve all corrections for all other payroll issues when in correction status, then**
  2. **Run the US Overpayment Recovery Program to build IT0909**
  3. **Review report for overpayments with remaining balances**
  4. **Determine which overpayments should be cleared in total or in partial amounts, or forgiven**
  5. **Update employee consent on IT0909 and enter recovery amount**
  6. **Rerun payroll for Matchcode W**
  7. **Exit**
- **This process is more appropriate, but requires intervention during the payroll process, which can cause delays**

## Manage the Process — Regular Payroll Processing (cont.)

---

- **With thresholds, and resolved within payroll process**
  1. Resolve all corrections for other payroll issues when in correction status, then
  2. Run the US Overpayment Recovery Program to build IT0909
  3. Review report for overpayments with remaining balances
    - ▶ **Only CLM entries in total by employee over the threshold or without enough gross should remain with overpayment balances (wage type /580)**
  4. Determine which remaining overpayments should be cleared in total or in partial amounts
  5. Update employee consent on IT0909 and enter recovery amount
  6. Rerun payroll for Matchcode W
  7. Exit
- **This process should have the least impact on payroll process**

# Manage the Process — Off-Cycle Processing

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Heads-Up

- **EE has a CLM from retro when running an adjustment check**
- **Because earnings were reduced by \$50 from original period, but other earnings were increased by \$60 from original period, you would expect to pay a net of \$10 gross**
- **But if you don't clear the claim, he will be paid the \$60, and the \$50 will remain unrecovered until a later payroll**
- **SAP doesn't process CLM recovery on adjustment checks**

## Manage the Process — Off-Cycle Processing (cont.)

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- **This occurs if an employee has no current period earnings, then the overpayment won't be recovered, even if other earnings are coming from the retro periods**
  - ♦ **Affects regular and off-cycle processing**
- **Another example: An adjustment check that determines \$100 of earnings from retro period, and \$80 in overpayment won't take the \$80 even though the threshold is set higher**
  - ♦ **This occurs because logic is based on /101 in current period and adjustment checks have no /101**
  - ♦ **Challenge: In payroll, off-cycle is used to meet legal and employee obligations, and paying the employee \$100 but not collecting the \$80 is not compliant with payroll**
  - ♦ **But payroll must pay the employee, so you need to use a workaround**

# Manage the Process — Off-Cycle Processing (cont.)

- **Workaround**

1. **Configure your system to display /580 on off-cycle workbench reason codes**
2. **Determine the difference between gross on the adjustment check and the /580 overpayment balance**

The screenshot shows a software interface with a top navigation bar containing 'History', 'Payroll', 'Replace payment', and 'Reverse payment'. The main area is divided into two sections:

**Start payroll**

Reason: 0010 Adjustment payment  
Payment date: 01/15/2010  
Earl.MD change: 12/21/2009

Buttons: Start payroll, Save

**Payroll result**

Wage Ty...	Long text	Amount	Currency
/580	Overpayment Balance	253.52	USD
/559	Payment	425.84	USD
/560	Amount to be paid	425.84	USD

# Manage the Process — Off-Cycle Processing (cont.)

- **Workaround (cont.)**

3. Run Remuneration Statement to get gross amount

4. Determine the delta  $\$570.54 - \$253.52 = \$317.02$  (amount of bonus payment to be paid)

Period Begin	01/15/2010	Tax Status				State		YTD Taxable Earnings		
Period End	01/15/2010	Federal	State	Live	Work	SS		3,699.05	FED	3,099.34
Check Date	01/15/2010	FED Married 02	IL Married 02	IL	IL	Med		3,699.05		
<b>Gross</b>	<b>570.54</b>	Deductions	91.29	Taxes	53.41	Net	425.84	Claim	0.00	
Income	Date	Hour	Rate	Current	Before-tax	Deductions	Current	YTD		
Holiday - Sched 1.0	01/03/10	8.00-	31.69	253.52-	Thrift Before-tax		85.58	562.22		
Holiday - Sched 1.0	01/03/10	8.00		253.52	SSF Before-tax		5.71	37.49		
Hol - Sched 1.5	01/03/10	12.00	47.54	570.54	Medical			50.00		
Cash Earnings Total		12.00		570.54	Dental			10.50		

## Manage the Process — Off-Cycle Processing (cont.)

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- **Workaround (cont.)**

5. **Create a bonus payment on a wage type that has appropriate taxation and 401k wage base, then create a negative IT15 for same amount on the same wage type dated in the next regular period**
6. **SAP will collect overpayment, take back the IT15, and pay the wages earned in retro plus current period earnings on next regular check; employee will be whole**

# Manage the Process — Additional Information for Implementations

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- **Be sure to involve your payroll team during parallel testing regarding off-cycle and regular payroll processing, and how to recover overpayments, before implementation date**
  - **Discussion on workarounds for processing a payment due to an employee that wouldn't recover the overpayments came about after go-live**
- **Parallel testing should always include retro calculation**
  - **This is especially true if you intend to use USCLM function**
  - **Need to ensure you understand what the process involvement will be to manage overpayment recovery**

## Manage the Process — Additional Information for Implementations (cont.)

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- **Weigh the original and new claims processing to determine which will work best for you**
  - **If you want a high percentage of overpayments to be recovered automatically, the original claims process might be more suitable (process time for managing new functionality vs. gain of control of recovery on a few employees)**
  - **If you want to manage a high percentage of claims to be processed with intervention using IT0909 to control recovery and have compliancy, then the new functionality is more suitable**

## What We'll Cover ...

---

- Explaining the basics of original claims processing and new US overpayment processing
- Turning ON the necessary configuration
- Managing the process
- Understanding compliancy
- What to watch out for
- Implementing a work around (salary proration)
- Wrap-up

# Compliance

---

- **The design and requirement of US Overpayments Recovery was based on the concept of compliance with state rules regarding collection of employee overpayment**
- **With consent, you can manually collect the overpayment from employee**
- **Due to the nature of SAP retro-calculation, what normally is a benefit could be a problem in certain situations, as reduction of earnings in retro periods may not truly be a valid overpayment**
  - ♦ **Example: As previously discussed, salary proration with absence valuation, or attendance type changes in retro time entry**

## Compliance (cont.)

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- States have different rules regarding when you can recover an overpayment to an employee
- Refer to Bureau of National Affairs Web site to research states
  - ♦ [www.bna.com](http://www.bna.com)

# Compliance — Sample State Rules

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- **Indiana**

- **If an employer has overpaid an employee, the employer can deduct the amount of the overpayment from the employee's wages. An employer must give an employee two weeks notice before deducting any overpayment from the employee's wages. Deduction is not permitted if the amount is in dispute. The maximum amount of a wage deduction is the lesser of 25 percent of the employee's disposable earnings, or the amount by which the employee's disposable earnings for the week exceed 30 times the federal minimum wage. If a single gross wage overpayment equal to 10 times the employee's gross wages is made due to a misplaced decimal point, the entire overpayment can be deducted immediately.**

- **Washington**

- **Overpayments: Employers can recover overpayments from employee paychecks if the overpayments were infrequent and inadvertent. Employers have 90 days from the initial overpayment to detect and implement a plan to collect overpayments. If overpayments are not detected within 90 days, employers cannot adjust current or future wages to recoup overpayments.**

# Compliance

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Milestone

- **With the new US Overpayment Recovery Solution, SAP is providing a tool that will allow for:**
  - ♦ **Payroll to control recovery of an overpayment to an employee rather than SAP automatically recovering all possible monies and then creating claims only when there wasn't enough earnings from the employee to recover**
- **Compliance is possible if your payroll department adheres to specific rules regarding when and how you can recover earnings in a more controlled way**
- **Testing both the technical and process aspects will help your department decide the costs and benefits of implementing US overpayments recovery**

## What We'll Cover ...

---

- Explaining the basics of original claims processing and new US overpayment processing
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# WPBP Split with Multiple CLM Entries

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- **SSOLL is populated beyond three-character limit**
  - ◆ **Collect hours in SSOLL greater than 999**
  - ◆ **RPCALCU0 abend, due to field maximum**
  - ◆ **SAP fix in SAP Note 1434502**

# Unintended Overpayments

---

- **Proration for salary non-exempt and salary exempt in retro causes overpayments (CLM) that are unintended and fall outside the normal expectation of what is an overpayment**
  - ♦ **Threshold rules can limit exposure**
  - ♦ **When an absence is entered or changed in a retro period, the effect on salary is a reduction**
  - ♦ **Any reduction of earnings will result in a CLM, but the employee is not overpaid, only prorated salary**

# Unintended Overpayments (cont.)

- Proration of salary could be for salary change in retro (valid overpayment)
- Proration of salary could be from absence change or creation in retro (not a valid overpayment)
- Cannot differentiate between the two incoming reasons for proration; so in combination, they will be a CLM entry
  - Customizations built by client for a workaround discussed in next section

Payroll Results										
Personnel No.	133705 James G Waldrop - USA									
Seq. number	00012 - accounted on 02/09/2010 - current result									
For-Period	01.2010 (01/01/2010 - 01/15/2010)									
In-Period	03.2010 (Fin.: 02/15/2010)									
Table CLM - Overpayments processing table										
Seqno	Wagetype	Forperiod	Inperiod	Bonusdat	CheckDate	PriorYearRepChkDat	Prioryear	Payarea	Payty	APZNR
00004	1004	REGSLNEI	201001	201002	01/15/2010			UD	01	
		0.00	0.00	580.04	580.04	0.00	0.00			

# Overpayment Recovery

---

- **Doesn't recover on adjustment check**
- **Doesn't recover in current period without /101 gross, even though employee may have positive earnings coming from retro period to offset and recover the CLM**
- **Both items are in review by SAP and will likely result in an improvement**

## What We'll Cover ...

---

- Explaining the basics of original claims processing and new US overpayment processing
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# Salary Proration Work Around

- **Salary proration handling of CLM entries**
  - ♦ **As previously noted, a custom function and rules were developed to remove CLM entries when the reduction of salary was due to absence valuation in retro calculation**
  - ♦ **Custom subschema contains rules, USCLM, and custom functions**

Display Schema : ZU01

Cmmnd | Stack

Line	Func.	Par1	Par2	Par3	Par4	D	Text
000010	COM						Cop Overpayments Recovery 100109 kwb
000020	BLOCK	BEG					Overpayments Recovery
000030	PIT	ZU0A	P77				* Store to RT
000040	PIT	ZU0B					* Add 5UT
000050	PIT	ZU53		NOAB			Det Overpayment Recovery for SE and SNE
000060	PRINT		IT				Print IT
000070	USCLM						US Overpayemnts recovery function
000080	PIT	ZU54		NOAB			Det Overpayment Recovery for SE and SNE
000090	PRINT		IT				Print IT
000100	IF		R				Only perform in retro
000110	RFRSH		OLD				Refresh ORT CORT
000120	LPBEG		RC				Loop
000130	IMPRT		0				Import Old Results ORT
000140	LPEND						EndLoop
000150	PRINT	NP	ORT				Print ORT
000160	ZCLM						Evaluate CLM remove unnecessary entries
000170	RFRSH		OLD				Set back to LRT
000180	IMPRT		L				Set back to LRT
000190	PRINT	NP	ORT				Print ORT
000200	PRINT		IT				Print IT
000210	PIT	ZU55	6EN	NOAB			Process amts elimiated from the CLM
000220	PRINT		IT				Print IT
000230	ENDIF						End only perform in retro

# Salary Proration Work Around (cont.)

- **Schema logic**
  - **ZU53 rule – Creation of the comparison totals for salary exempt and salary non-exempt**
  - **USCLM – Generate CLM entries (RT vs ORT), sets RT back to original**
  - **ZU54 – Add back original comparison totals for salary exempt and salary non-exempt**
  - **Import – Fill ORT with O results (USCLM reset to L after processing)**
  - **ZCLM – Comparison of old total to new total**
    - ▶ **When totals equal, remove CLM and C1**
    - ▶ **Create IT entries for reversed amounts taken out of CLM table**
  - **ZU55 – Process IT entries to RT that were produced by ZCLM, effectively setting RT back to what it was before USCLM identified claims**

**Display Schema : ZU01**

Line	Func.	Par1	Par2	Par3	Par4	D	Text
000010	COM						Cop Overpayments Recovery 100109 kwk
000020	BLOCK	BEG					Overpayments Recovery
000030	PIT	ZU0A	P77				* Store to RT
000040	PIT	ZU0B					* Add 5UT
000050	PIT	ZU53		NOAB			Det Overpayment Recovery for SE and SNE
000060	PRINT	IT					Print IT
000070	USCLM						US Overpayemnts recovery function
000080	PIT	ZU54		NOAB			Det Overpayment Recovery for SE and SNE
000090	PRINT	IT					Print IT
000100	IF		R				Only perform in retro
000110	RFRSH		OLD				Refresh ORT CORT
000120	LPBEG		RC				Loop
000130	IMPRT		0				Import Old Results ORT
000140	LPEND						EndLoop
000150	PRINT	NP	ORT				Print ORT
000160	ZCLM						Evaluate CLM remove unnecessary entries
000170	RFRSH		OLD				Set back to LRT
000180	IMPRT		L				Set back to LRT
000190	PRINT	NP	ORT				Print ORT
000200	PRINT	IT					Print IT
000210	PIT	ZU55	GEN	NOAB			Process amts eliminated from the CLM
000220	PRINT	IT					Print IT
000230	ENDIF						End only perform in retro

# Salary Proration Work Around (cont.)

- Two /17x wage types created for comparison
  - ♦ Salary exempt and salary non-exempt have different comparison totals because the parts that go into the total differ
    - ▶ Proration calculation different even when absence is same
  - ♦ Accumulation of wage types (parts of total) done with standard SAP accumulation configuration
  - ♦ Table V\_512W\_D

Periods

	Start	End	
Wage Type 1004 Salary NE Indirect	01/01/1900	12/31/9999	

Processing Classes

PC	Name of Processing Class	P	Name of Spec. of Proc. Class	
1	Assignment to valuation bases	3	WT included in valuation basis /001 and	
3	Cumulation and storage of time wage ty	0	Pass on unchanged	
4	Summarize WT acc.to TX and SI periods			
5	Create net remuneration and total expen			
6	Enter wage type from old payroll account	0	Wage type will not be transferred	

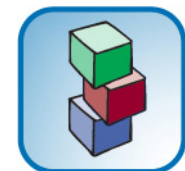
Cumulations

CN	Cumulation Wage Type	C	
14	Base wage for BSI	<input checked="" type="checkbox"/>	
15	Bonus Wages	<input type="checkbox"/>	
67	Payments/deds./unreduced	<input type="checkbox"/>	
71	Sal NonExempt Overpmt Rec	<input checked="" type="checkbox"/>	
72	Sal Exempt Overpmt Rec	<input type="checkbox"/>	

## Salary Proration Work Around (cont.)

---

- When retro occurs, ORT to RT comparison is done by USCLM to determine reduced earnings
- When CLM is identified, RT is set back to ORT for wage types turned on for Overpayment Recovery (Proc Class 77)
- Accumulators /17x always stored in RT, used to compare if the totals are the same
- If same totals, ZCLM removes the CLM, puts negatives in IT for those amounts
- Store negatives from IT to the RT, reducing the RT amounts
- Back to where you started



**Building  
Blocks**

# Salary Proration Work Around (cont.)

- **Example:**
  - Salary \$26,834.00 per pay period was paid in Period 2
  - In Period 3, vacation entered in retro for Period 2 (8 hours vacation 100%)
  - Absence valuation \$2,683.40, salary proration \$24,150.60
  - Wage type 1003 was reduced = CLM



Lesson

EE group	1	Regular	Pers. area	1260
EE subgroup	10	Salaried	Pers. subarea	0010 Non-Union
Start	01/31/2010	To	01/31/2010	Chg. 02/10/2010 BANKSK

<b>Absence</b>	
Absence type	0200 Vacation - 100%
Time	06:00 - 14:00 <input type="checkbox"/> Pre-day
Absence hours	8.00 <input type="checkbox"/> Full-day
Absence days	0.33
Calendar days	0.00
Quota used	8.00 Hours

able RT				
A	Wage Type	APC1C2C3aBKoReBTAwvTvNOne	Amount/One Number	Amount
3	/001 Valuation b01		*961116.88	
3	/002 Valuation b01		*961116.88	
3	/004 Valuation b01		309.61	
3	1003 Salary 01			24,150.60
3	1323 Vacation Pa01		8.00	2,683.40
3	1602 Active Emp 01			266.19
3	9002 Scheduled W01		80.00	
3	9115 Base Hours 01		72.00	

# Salary Proration Work Around (cont.)

- USCLM function identifies the ORT paid \$26,834.00 in wage type 1003 and the new RT after proration is \$24,150.60
- Created CLM entry to be recovered
- RT set back to original for wage type 1003 from ORT
- Note that SAP is essentially creating an overpayment by setting back the original RT when CLM came from proration
- Amount of CLM is higher than threshold, so full recovery would not occur in the current Period 3
- Solution: Custom operation to reset when not a valid claim



Lesson

Table CLM					
Seqno	Wagetype	Forperiod	Inperiod	Bonusdat	CheckDate
Payid	Juper	OriginalHrs	RemBalanceHrs	OriginalAmt	RemBalanceA
00004	1003	REGSALRY	201002	201003	01/29/2010
		0.00	0.00	2,683.40	2,683.40

Table RT					
A	Wage Type	APC1C2C3aBKoReBTAwTvNOne	Amount/One	Number	Amount
3	/001 Valuation b01		*961116.88		
3	/002 Valuation b01		*961116.88		
3	/004 Valuation b01		309.61		
3	1003 Salary 01				26,834.00
3	1323 Vacation Pa01			8.00	2,683.40
3	1602 Active Emp 01				266.19
3	9002 Scheduled W01			80.00	
3	9115 Base Hours 01			72.00	
*	/584 Amount Over				2,683.40

# Salary Proration Work Around (cont.)

- Perform only in Retro if “R”
- ZCLM Function requires Import O
- Compares /17x wage types from ORT and IT, if equal, the CLM is invalid



## Lesson

Overpayments Recovery				
⊞	PIT	ZU53	NOAB	Det Overpayment Recovery for SE and
⊞	PRINT	IT		Print IT
⊞	USCLM			US Overpayemnts recovery function
⊞	PIT	ZU54	NOAB	Det Overpayment Recovery for SE and
⊞	PRINT	IT		Print IT
⊞	IF	R		Only perform in retro
⊞	RFRSH	OLD		Refresh ORT CORT
⊞	LPBEG	RC		Loop
	1.Run			
⊞	IMPRT	0		Import Old Results ORT
	LPEND			EndLoop
⊞	PRINT NP	ORT		Print ORT
⊞	ZCLM			Evaluate CLM remove unnecessary

# Salary Proration Work Around (cont.)

- ZCLM function removes CLM
- ZCLM function removes C1 splits
- ZCLM function adds negative entry to IT



Lesson

ZCLM Evaluate CLM remove unnecessary entries

Input

Table CLM

Seqno	Wagetype	Forperiod	Inperiod	Bonusdat	CheckDate	PriorYearRepChkDat	Prioryear	Payarea	Payty	APZNR
Payid	Juper	OriginalHrs	RemBalanceHrs	OriginalAmt	RemBalanceAmt	RecoveredAmt	PartialforgvAmt	Totalforgv	C1ZNR	
00004	1003	REGSALRY	201002	201003	01/29/2010			UD		01
		0.00	0.00	2,683.40	2,683.40	0.00	0.00			

Output

Table CLM  
No entries in this table

3	1003	Salary	01	99	2,683.40-
---	------	--------	----	----	-----------

## What We'll Cover ...

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- Explaining the basics of original claims processing and new US overpayment processing
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# Resources

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- **Mary Graybeal, “A Detailed Look at the New Overpayment Recovery Process for SAP Payroll” (SAPinsider HR2009 conference) — a review of configuration and process**
- **Original claims processing information provided by SAP**
  - ♦ **<https://websmp209.sap-ag.de/~sapidb/011000358700010096942001E>**
- **Bureau of National Affairs provides state compliancy rules [www.bna.com](http://www.bna.com)**

## 7 Key Points to Take Home

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- **Configuration of the US Overpayments Recovery controls which wage types will be processed**
  - **Not all earnings codes need be turned “on” for the new process**
- **Thresholds don’t limit how many overpayments are created, but allow for automatic recovery of overpayments up to a set limit**
- **Compliancy requirements can be met with US Overpayments Recovery, but with some manual processing to recover overpayment**
- **Original claims processing using wage type /561 is still an available option, but also has its own manual processing steps to consider when weighing the decision to use the original or new functionality**

## 7 Key Points to Take Home (cont.)

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- **Workarounds may be required, but SAP is making improvements**
- **IT0909 links master data with payroll results to manage recovery**
- **Be sure to test both technical and process aspects when implementing**
  - **New processes need to be worked through to understand impact**

# Your Turn!

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**Questions?**

**How to contact me:  
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# Disclaimer

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