



silfen



LPIC Leave Provision Insights & Costing

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Common Leave Provision Pain Points

Are you having problems understanding provision movements in the balance sheet?

Are you having problems aligning leave liability reporting with leave provision balances?

Are you having problems with liability balances when employees move company, profit centre etc.?

Are you having problems with liability not being cleared when an employee terminates?

Do cost centre managers have problems with unexplained provision debits / credits?

Are you having problems with allocating provision expense to the correct cost object?

Leave Provision Insights & Costing Solution (LPIC) by Silfen

LPIC is an SAP payroll “add-on” developed by Silfen to greatly enhance the capability of the SAP standard delivered solution.

LPIC can be used for Australian, Australian Public Sector and New Zealand payroll solutions.

LPIC can be deployed rapidly with the delivery of transports and a minimal amount of local configuration.

LPIC can solve a wide range of common leave provision pain points via application of configurable options.

LPIC has been created within the SAP application using ABAP development.

LPIC is fully integrated with the SpinifexIT Easy Reporter.



LPIC Business Benefits

Leave taken is costed to same cost centre as where the provision credit is posted.

Leave taken is always offset with a corresponding offset from the provision account.

This is achieved by:

- Calculating leave liability and corresponding leave provision movements for each partial payroll period – e.g. upon each employment status, organisational assignment, costing, working time and/or salary change - rather than waiting until month-end.
- Calculating leave liability and corresponding leave provision movements on payroll recalculations.

Standard SAP will only calculate leave liability in last payroll period in the month and all provision movements are posted to last cost centre in the month.

Ability to analyse and report on 'reason' behind provision movements

This is achieved by:

- Splitting total provision movement up into different leave provision movement types such as accrual value, pay rise value, leave taken value etc.
- Individual leave provision movement types can be stored in a new transparent table to support reporting.
- Individual leave provision movement types can be separated into "movement wage types".
- Each movement wage type can be treated differently for FICO posting purpose if desired, or simply used for transparent wage type reporting.

You will go
from not
knowing...

...to
understanding

Period	Debit	Credit	Balance
7	4,042,345.81	4,546,897.74	504,551.93-
8	4,515,640.32	4,894,179.47	378,539.15-

Provision mov. Type Text	P	Q	Quota text	Empl No	Σ
Rate change				...	1,873.40
Leave taken				...	70,055.80-
Internal transfer out				...	5,879.04-
Internal transfer in				...	5,879.04
Accrual				...	446,721.55
				...	378,539.15

Standard SAP will only generate one combined provision movement and does not have the ability to report on individual movement reasons.



The leave liability will be held in the correct general ledger account in the correct company code, business area and/or profit centre.

This is achieved by:

- Automatically transferring leave liability when:
 - o Employee changes Employee Group and/or Employee Sub Group.
 - o Employee changes Company, Business Area, Profit Centre and/or Cost Centre.
- Posting leave liability to the employee's home company code, business area and profit centre.
- Posting leave liability in line with the position or employee's cost distribution company code, business area and profit centre.



Standard SAP does not transfer liability upon Employee (Sub) Group changes and only allows liability transfer at both expense and balance sheet level, not just at balance sheet level.

The company's leave liability and related leave provision accounts are always cleared if employee's employment contract is terminated.

The payroll department is informed in the event that not all leave balances have been cleared upon termination.

This is achieved by:

- Automatically removing the leave liability upon termination and clearing the related balance sheet account.
- Automatically producing a warning message if leave balances have not been cleared.
- Leave liability will also get (re) calculated upon off-cycle correction runs; which are commonly used for salaried employee terminations.

Standard SAP will not clear leave liability if an employee's termination pay is calculated using off-cycle payroll and it will keep liability at provision account for uncleared leave balances.



Leave liability report remains aligned with leave provision balance(s).

This is achieved by:

- Automatically removing provision from the balance sheet if leave liability calculation becomes inactive.
- Ceasing calculation of leave liability when payroll has not been configured to generate leave provision movements.
- Supporting leave liability reporting where liability is kept, rather than reporting liability where the latest movement is costed.

Standard SAP won't clear the balance sheet if liability becomes inactive and will report on liability; even though no provision movements have been generated.

The user can report on the leave provision movements via the SpinifexIT Easy Reporting tool on a per partial period and quota basis

All possible leave provision movements are calculated and are stored in a dedicated leave provision movement details database table, which in turn can be easily incorporated in SpinifexIT Easy Reporter.

Standard SAP does not allow reporting on provision movement reasons.