Harmony P - Setting Up Employee Cost Allocation Structure in the General Ledger

This knowledge base article guides users through setting up employee cost allocation structures in the General Ledger. This feature is particularly useful for users who wish to split their General Ledger accounts by employee via percentage, amount, or units.

Pre-Requisites

Before proceeding with employee cost allocation structure setup, ensure the following pre-requisites are met:

- Understand the regular General Ledger structure setup process
- All required dimensions or departments are entered into the system
- Payroll categories are set up correctly
- All employees are entered into the system

Process

Follow the steps below to create and configure employee cost allocation structure(s):

1. Navigate to Payroll > Payroll Setup > General Ledger Setup > Structure.
2. Access the **'Employee'** tab to manage employee cost allocation structures.
3. Click the "**+ New**" button to create a new employee cost allocation structure.
4. Set the _"Status"_ to enabled to activate the structure.
5. In the first section under _Available Employees_, select the employees who should belong to this structure and click the **">"** button to add them into this structure.
   - You can also select employees in the _Selected Employees_ section or the _Inactive Employees_ section and click the **"<"** button to remove them from this structure.
6. In the _Available Payroll Categories_ section, choose applicable categories using checkboxes and move them with the **">"** button.
7. In the _Selected Payroll Categories_ section, specify the split method - percentage, units, or amount.
   - Note that units may only be used if the selected payroll category is unit-based.
8. Click the three dots button for each payroll category and the grid to enter the split will appear at the bottom. Enter the split values as required. Be sure to include the value and the dimensions/departments that it is split by.
9. Repeat steps 7-8 for each payroll category.
10. At the top-right, enter _"Debit"_ and _"Credit"_ structures as normal.
11. Click the "**Save**" button to save changes.
12. Repeat steps 3-11 for each required employee cost allocation structure.
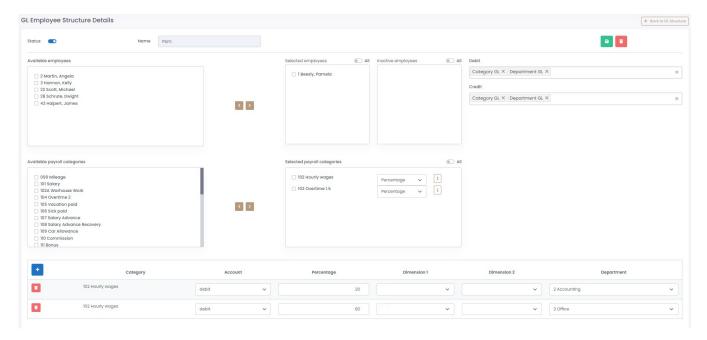
Example

This example demonstrates the application of the employee cost allocation structure, showcasing how the split is calculated for specific employees and payroll categories. Consider the following GL account and employee cost allocation structure setup:

GL Accounts:

Assume that the following is our GL account setup:

- In the **'Category'** tab, Hourly Wages GL Account = 10
- In the **'Department'** tab, Accounting Department GL Account = 01
- In the **'Department'** tab, Office Department GL Account = 02

Assume that this is the employee cost allocation structure that we have built:

Employee Cost Allocation Structure:

- Only employee 1 - Beesly, Pamela is affected, because Pamela is the only employee selected in the *Selected Employees* section.
- Only payroll categories 102 - Hourly Wages and 103 - Overtime 1.5 are affected, because these are the only two categories selected in the *Selected Payroll Categories* section.
- The split for 102 - Hourly Wages is by percentage - 20% in the Accounting department and 80% in the Office department.
- This means that if Pamela is paid $1000 for 102 - Hourly Wages, then $200 (20%) will go to the Accounting department and $800 (80%) will go to the Office department.
- According to the *"Debit"* and *"Credit"* fields, the structure of the account will take the Category GL and combine it with the Department GL.

This results in the final GL:

- "1001" (Accounting Department) = $200
- "1002" (Office Department) = $800