

US - 7424 Inventory Accounts Reconciliation

Tasks to be completed when documenting an operation (from creation to publication)

1. Enter the **Title of the operation / page**

2. Add the following Labels:

- Scope of applicability: **ww**, **country_accounting**
- Country or group of countries (if applicable): belux, china, france, italy, lam, nam,uk_ie, bulgaria, dach, netherlands, iberia, poland, latvia, australia, india, japan, south_korea, thailand, singapore
- Unit and Domain according to the [List of labels to be used in the Finance Service Line space](#)
 - E.g. 1: WW Operation in Financial Accounting under domain "Central Finance Processes & Compliance":
 - Labels to be used: **ww**, **financial_accounting**, **central_fin_proc_compliance**
 - E.g. 2: France Operation in Financial Accounting:
 - Labels to be used: **country_accounting**, **france**, **financial_accounting**
(for country operations, the Domain is always country_accounting)

3. Fill in all fields as described above

4. Once the description of the operation is completed, ensure it is approved and published by launching the [SBS-Finance approval workflow](#)

Domain: Country Accounting

Responsibility area: N/A

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Scope

? Unknown Attachment

ERP



Frequency

? Unknown Attachment

References

[MB5L](#); [GR55 - Z4F3](#); [FBL3N](#); [ZWFAL052](#); [ZWFAT135](#)

Forms

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Attachments

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1. Objective and Scope

1.1. Objective of this Operation

The purpose of this document is to explain how to prepare the Inventory Accounts Reconciliation.

This reconciliation intends to give a better overview of Inventory Movements, supporting on ARA analysis and Audit process.

1.2. Scope

This procedure applies to **WP1** companies.

2. Definitions

See Finance Glossary:

- WP1

3. Tasks description

3.1. I retrieve stock accounts data via MB5L

Enter on transaction **MB5L** and fill the company code.

Flag the options:

- Select balance, Previous period
- Totals Only

Use layout: /DTT AUDIT

List of Stock Values: Balances





Database Selections

Material				
Company Code	7424	to		
Valuation Area		to		
Valuation Type		to		
Valuation Class		to		
G/L Account		to		

Period

☐ Select Balance, Current Period
☒ Select Balance, Previous Period
☐ Select Balance, Previous Year

Scope of List

☒ Totals Only
☐ Negative Stocks
☐ Materials with Zero Stock
☐ Valuation Area Level Only
☐ Extended Check
☐ Display Indiv. Matl Lines

Display Options

Layout: /DTT AUDIT

Take a picture of the MB5L screen and paste in the file (MB5L tab), and also fill manually the box.

MB5L - Stock Values

Bal. per	CoCd	Company Name		
G/L acct	ValA	Material	Material Description	Stock Account
06/2019	7424	SOLVAY USA INC.		
31000100				35.888.949,05
31000160				4.627,56
31000200				12.285.247,56
31000225				0,00
31000300				2.037.504,19
37000100				70.178.121,21
37000200				23.012.797,71
37000400				1.033.879,45
* Total				144.441.126,73

G/L Account	Stock Account
31000100	35.888.949,05
31000160	4.627,56
31000200	12.285.247,56
31000225	-
31000300	2.037.504,19
37000100	70.178.121,21
37000200	23.012.797,71
37000400	1.033.879,45

144.441.126,73

These information of Stock Account will be populated on tab "CCCC Summary", column G, just do a double check to confirm if the values are matching.

3.2. I retrieve the data from Balance Sheet

Go to transaction **GR55** - report group **Z4F3**:

- Second period: Last quarter previous year (Q4 Y-1)
- First period: Last quarter
- Company code

Group balance sheet - 2 periods: Selection

Data Source...

Selection values

Second period: 12
 Fiscal year for second period: 2017
 First period: 6
 Fiscal year for first period: 2018

Selection groups

Company code:
 Or value(s): 7424 to

Generate the balance sheet report in excel by clicking on Settings options

Type of Output Microsoft Excel

Copy columns from B2 to E til the end, and paste in tab "Z4F3" starting in B2.

	B	C	D	E
1		Comparison Quarter	Reporting Quarter	
2	Lead column	12 / 2017	6 / 2018	Variance
3	21100100 LAND	23.975.002,63	23.975.002,63	
4	21100300 LAND IMPROVEMENTS	20.153.739,02	15.561.842,96	4.591.896,06
5	** ZFC-A21100 Land	44.128.741,65	39.536.845,59	4.591.896,06
6	21300100 BUILDINGS	64.279.935,08	61.643.659,56	2.636.275,52
7	21300110 FIXTURES AND FITTINGS TO BUILDINGS	41.156.063,36	40.112.308,26	1.043.755,10
8	21300120 BUILDINGS INFRASTRUCTURE	11.960.665,44	9.907.739,98	2.052.925,46
9	** ZFC-A21300 Buildings, improv	117.396.663,88	111.663.707,80	5.732.956,08
10	21500200 FIXED ASSETS - FIXTURES & FITTINGS	4.165.929,34	3.918.855,48	247.073,86
11	21500300 FIXED ASSETS - MOTOR VEHICLES	1.812.726,15	1.474.596,64	338.129,51

The information of these two periods will be populated on tab "CCCC Summary" column E and F.

3.3. I retrieve open items data

Go to the transaction **FBL3N** and insert the variant **ARA.INV.REC**

Parameters of variant:

- GL accounts that receive manual entries (all FI excluding MB5L accounts - which are automatic);

FI	31000109
FI	31000209
FI	31000309
FI	31000400
FI	34000100
FI	34000200
FI	37000109
FI	37000209
FI	37000300
FI	37000305
FI	37000409
FI	39100100
FI	39100200
FI	39700100

- All items for the reconciliation period
- Layout /ARA.INV.REC



Observation

The report has two tabs for inventory accounts line items:

- "Accumulated Balance- Inv. Acc." it's for accumulated balance for previous years.
- "Inventory Accounts FBL3N" it's for year balance.

Considering that the accumulated balance is already updated on report, we need to take only the balance of current year and reconciliation month.

Make a filter on column YEAR/MONTH and select only the month.

Extract the report to spreadsheet and copy & paste values on tab "Inventory Accounts FBL3N"

In this tab there are three additional columns named as:

- **Enterprise:** it defines the GBU based on Profit center or Assignment Code.
- **Entry type:** it defines the entry type, that could be Stock Depreciation, Revaluation, COGS, WIP or Journal Entries, based on reference, document header text or text.
- **Quarter:** based on year/month this column defines the quarter.

P	Q	R
Enterprise	Entry Type	Quarter
NOVE CARE	Stock Depreciation	Q1
AROMA PERFORMANCE	Stock Depreciation	Q1
AROMA PERFORMANCE	Stock Depreciation	Q2



Observation

If there is formula error on somewhere it should be checked.

3.3.1. I check the profit centers via ZWFAI052

On Tab "PC Lookup", there is the information of all profit center and its Enterprise Description and Market Description. Update it if is needed, checking the profit centers on:

Transaction ZWFAI052:

- Controlling area: Z028
- Current date: The last day of the month
- Profit Center:*

There is a vlookup formula to retrieve the Enterprise according to Profit center, or according to Assignment Code. If the document doesn't have PC neither assignment code, it could be retrieved from details in "CAT" column I and J. For this one we need to define which GBU is the document related for, and update the database (columns I and J).

C	D	E	F	G	H	I	J
Profit Center	FC Enterprise description		Assignment Code	GBU		CAT	Enterprise
0241-A0449	NOVE CARE		CSNR	NOVE CARE		400032308-168691,14	ZZ ECO SERVICES
0241-B0449	NOVE CARE		CSFN	NOVE CARE		400032320-582765,25	ZZ ECO SERVICES
0241-D0449	NOVE CARE		MZNR	CORPORATE BUSINESS SERVICES		400032332-58173	ZZ ECO SERVICES
0241-F0449	NOVE CARE		MZRD	CORPORATE BUSINESS SERVICES		400032339-319335,65	NOVE CARE
0241-G0449	NOVE CARE		RENK	SPECIAL CHEM		400032585-178437	NOVE CARE
0241-I 0449	NOVE CARE		REWR	SPECIAL CHEM		400032621-152349	AROMA PERFORMANCE

3.4. I update and review the Detailed Balance and the additional tabs

In tab "Summary", for each Detailed Balance column, there is an additional tab with more relevant information about the entries.

Detailed Balance						
Revaluation	Intransit	FI-CO COGS	Stock Depreciation	WIP Entries	Journal Entries	Unexplained

- **Revaluation**

Refresh the pivot table and select only the month. Ensure the Grant Total is matching with the total in Summary.

Inventory Revaluation

Year/month 2019/06

- **Reval Report**

This is the evidence for the SAP Revaluation program. Copy & Paste the spool retrieved of the execution.

- **In transit**

Refresh the pivot table and select only the month. Ensure the Grant Total is matching with the total in Summary.

There are two additional tabs for In Transit evidences:

Run each transaction in test mode and export the data. Copy & paste in the report.

ZWFAT135: Outbound

ZWFA98A: Inbound (layout /AUTO POST)

Assessment of inbound stock in-transit



Selection parameters

☐ Run for consistency check only

Inbound in-transit as of	30.06.2019		
Company of the buying plant	7424	to	
Buying plant		to	
Material		to	

Treatment with / without interco procurements

☒ internal flows

Selling plant		to	
---------------	----------------------	----	----------------------

Treatment with / without NON interco procurements

☒ external flows

External vendor		to	
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Display layout of the report



- **COGS**

Refresh the pivot table and select only the month. Ensure the Grant Total is matching with the total in Summary.

SAP evidence: **ZWFA15P**

Run the transaction for the month and take a print screen. Copy & Paste on COGS tab.

- **STOCK DEPRECIATION**

This tab must be reconciled with the support documentation for each provision. We need to load the support documentation in ARA as well. Ask the Controller to provide the concerned documents related to the provision.

- **WIP**

Refresh the pivot table and select only the month. Ensure the Grant Total is matching with the total in Summary.

SAP evidence: **WIP calculation accruals - template of the journal entries.**

- **JOURNAL ENTRIES**

This report intends to summarize the manual entries and its justifications/support documentation. In the frame of ARA reconciliation and audit process, it's very helpful to have these entries justified.

3.5. I check and reconcile differences, if needed

After doing these steps, the tab "**CCCC Summary**" is updated with all needed data. The balance for each entry type is split there by columns named in accordance with entry types.

The column "Unexplained" must be zero. If not so, please check what is generating the difference and reconcile it.

3.6. I upload the file in ARA tool

The accounts are the ones under Account item A300*

End of document.