

US - 7424 FI-CO COGS 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

Country Accounting

ERP



Frequency

Monthly

References

ZWFA15P

Forms

[FI CO Cogs - Entries](#)

[COGS - Permanent Entries](#)

Attachments

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1. Objective and Scope

1.1. Objective of this Operation

Reconcile FI and CO modules in SAP for transactions impacting Cost of Goods Sold ([COGS](#)). It is a procedure that needs to be done on D+2.

1.2. Scope

[This document applies to company 7424.](#)

2. Definitions

See Finance Glossary:

- [CSR](#)
- [COPA](#)
- [COGS](#)
- [FI](#)
- [NAM](#)
- [SBS](#)

- SCMA

3. Tasks description

3.1. Responsibilities

On a monthly basis, SBS Service Center NAM Team runs FI-COPA COGS Results by plant in order to make the corrections to align both modules.

Whenever permanent actions are to be taken, Controllers have to validate the corrections, as responsible actors in each plant books.

A followup of the entries are made during the month to verify it deeper.

3.2. Reconciliation

This reconciliation intends to track down differences in Cost of Goods Sold (COGS) between FI and COPA.

It occurs after the following Closing Steps are completed:

- **Ship Not Billed completed:** Correction of inconsistencies in what was shipped and not effectively billed at material and plant level;
- **Sales are closed:** All sales for the month are reported and period is closed;
- **MMRV Closed:** Material period is closed, so no further movement is posted.

3.3. I identify differences in SAP

Differences are displayed in transaction ZWFA15P, with variants below related to each company:

- SCMA_7424_COGS

Selection is:

- **Selection Criteria**

ALV Variant: /ZWFA15RMAT

Company Code: 7424

Period: Closing Period (MM.YYYY)

Limit: 0,01

Flag "Only variances": checked

- **Data PA**

Operating Concern: Z028

Record type: F, Z and B

Currency Type: 10

- **Data FI**

Document Type: WA and WL

Movement code: 453 to 460

Account number: 98150363 and 98150364

- **Manual adjustment postings**

Document type: AD

COPA account number: 98154199, 98254199 and 98258199

FI account number: 98350011, 98350050 and 98350055

Cost Center: 7424-9200 / 7008-9200 / 7752-9200

- **Stock in transit selection parameters**

Document type: SA and SB

Account number: 98350080

Flag "See Stock In Transit Document": Checked

W1.5.5(001) Reconciliation of cost of goods sold



ALV variant total by plant /material

Selection criteria

Company code	7424			
Period	07.2019			
Plant		to		
Material code		to		
Limit	0,01			
☒ Only variances				

Data PA

Operating concern	Z028			
Billing Type		to		
Item Category		to		
Record Type	F	to		
Currency type	10			

Data FI

Document type	WA	to		
Movement code	453	to	460	
Account Number	98150363	to		

Manual adjustment postings

Document type	AD	to		
COPA account number	98154199	to		
FI account number	98350011	to		
Cost center	7424-9200	to		

Stock in Transit selection parameters

Document type	SA	to	SB	
Account Number	98350080	to		
Material code		to		
☒ See Stock in Transit documents				

After all this is selected, execute the transaction.

Output will be a table drilled down by plant and material.

For those plants in which a difference is seen, open the field to see by material, since corrections need to be done at material level.

Consider a threshold of 100.00 USD.

3.4. I identify the cases to be correct

3.4.1. I identify the 1st Case - Shipments not billed and not picked up in the Ship Not Billed process

These are cases in which the sales order is executed, material is sent out for shipment from the stock, but no customer billing is issued.

- **Correction:** Book a reversing entry (Accrual) with document type "AD" to recognize the billing in the closing period.
- **Correction type:** Temporary. One entry per each material and plant, reversed in the next month.

3.4.2. I identify the 2nd Case - "KEN" Item Category Document: Customer Consignment Inventory

Inventories located at customer warehouse per consignment contract, normally the monthly invoice is issued at the last minute of the month and sometimes it crosses two different periods due to timing constraints.

The CSR team needs to wait until D1 to get the information needed for billing. They normally do this billing on Day 1, but they have to back date to the end of month to eliminate any FI-CO COGS issues.

- **Correction:** Same entry and requirements as the 1st case above.
- **Correction type:** Temporary. One entry per each material and plant, reversed in the next month.

3.4.3. I identify the 3rd Case - "TAN" or "RTN" Item Category Document: Customer Return

Whenever a good is returned from customer it has to be blocked before becoming an effective inventory again, following this sequence:

1. Blocked for inspection;
2. Blocked for quality;
3. If the good is OK and credit was effective, turn into physical inventory with no use restriction.

Until the 3rd phase occurs, there is a credit note posted to customer in SD (FI) and Inventory is not back to available.

Controllers follow-up during the month this kind of issues – customer returns.

- **Correction:** Same entry as the 1st case, however, the credits and debits might go in different directions as the normal cases, depending on what is missing: credit note or returned material;
- **Correction Type:** Temporary. One entry per each material and plant, reversed in the next month.

3.4.4. I identify the 4th Case - Cost Difference

Shipment and invoice have crossed two different periods; i.e. reversal of invoicing accrual posted in the previous month and real shipment posted in the current month, therefore, they worked with two different prices leaving a small difference to be corrected.

- **Correction Type:** Permanent. One entry per each material and plant, never reversed.

3.4.5. I identify the 5th Case - Trading Plants

Due to the nature of a trading plant, any COGS difference, independently of its nature, shall be posted as cost difference.

- **Correction Type:** Permanent. One entry per each material and plant, never reversed.

To identify if the plant is a trading plant in SAP, the "search term 2" of the plant is NDIR.

Enter in MB51 transaction and click in the box right after the plant field:

Material Document List

Item Data

Material

Plant 7917

Insert the *Solvay USA* in field name 2 and 9999 in the Maximum No. of Hits

Plant (1)

Restrictions

Search Term 2

Search Term 1

Postal Code

City

Name 2 *Solvay USA*

Company name

Address Version

Plant

Maximum No. of Hits 9999

Look in the "Search Term 2" = NDIR it is a trading plant.

Plnt	Search Term 2	Search Term 1	Postl Code	City	Name 2	Name	Version
7917	NDIR		08540-6241	PRINCETON	SOLVAY USA INC.	7424 / Trading USA	

3.5. I post the entries

3.5.1. I post temporary entries

Use the form attached [FI CO Cogs - Entries](#)

Change the month;

In field "COGS Temporary Entries D+2", insert the differences verified in step 3.5.1.

Fill until column "FI Document". The document number column is used when you already posted the entries for corrections.

It will post an accrual and reverse on next month.

The doc type used is AD - Manual Adjust. COGS

Indicator	Account	Cost Center	Material #	Profit Center	Assignment
Dt	37000109		X	X	X
Cr	98350050	CCCC-9200	X		x

CCCC - company code, the cost centers are:

- 7424-9200
- 7008-9200
- 7752-9200

Debit – Account 37000109 FINISHED PRODUCTS-ADJUSTMENT, which is the stock part

Credit – Account 98350050 FINISHED PRODUCT STOCK VARIATION-COST OF SALES ADJ, which is the COGS part of the adjustment

The “Xs” in the table above represent what information needs to be provided in each part of the entry.



Remark

In the 3rd case (Customer Return) debts and credits might be in opposite position as all the others.

3.5.2. I post permanent entries

Use the form attached [COGS - Permanent Entries](#)

Change the month;

Below the document there is an area of "D+2 - Cost Differences", insert the differences verified in step 3.5.2.

Fill the profit segment with an example of the same sales order. Also fill the COGS information. The document number column is used when you already posted the entries for corrections. The reason is "FI CO COGS Reconc. Cost difference"

It will post a permanent entry with PA structure, so it will post directly in PA and the difference will disappear.

The doc type used is AD - Manual Adjust. COGS

Correction has to be posted on the following accounts and parameters:

- Indicator: Debit or Credit, depending on the difference balance
 - **Account: 98350011 – CP Adj. COPA (Variable Cost) – FI part**
 - Cost Center
 - Assignment: Enterprise Code
 - Material Number
-
- Indicator: Debit or Credit, depending on the difference balance
 - **Account: 98154199 – Finished Products Stock Variation (COPA Impact) – COPA Part, Value Field D45**
 - Profit Center
 - Assignment: Enterprise Code
 - Order Number (Profit Segment)
 - Product Number (Profit Segment)
 - Ship to (Profit Segment)
 - Sold to (Profit Segment)
 - Payer (Profit Segment)
 - Distribution Channel (Profit Segment)
 - Country Payer

There are two ways to post the entry above:

- Correct information: Once you have all the data to fill in the profit segment, which can be retrieved from KE23N when displaying the PA document related to the issue;
- Fake/Dummy data: General information to be inserted for this kind of information:

Dummy data:

- Payer: 999930
- Customer: 999930
- Country Code: US
- Distribution Channel: 10
- Ship to: 999930
- Product number: Material
- Sales Order: Not needed
- Sold to: 999930

Best practice: describe on field "text" the case to which the difference refers to.

End of document.