I perform the FI/COPA reconciliation of COGS (cost of goods sold)

Domain: Costing

Responsibility area: Ensure Costing Allocations

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  - 1. Title of the page = SAP Transaction code, SAP Report or SAP Message
  - 2. Add the following Labels, respectively:
  - SAP Transaction => "sap_transaction", Transaction code "xxxx"
  - SAP Report => "sap_report"
  - SAP Message => "sap_msg"
  - 3. On the left section, describe the steps. On the right section, insert respective print screens and additional guidelines, if needed (e.g. Main selections of the transaction...)
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  - 3.2. I analyse the discrepancies
  - 3.3. I perform the corresponding posting to reconcile FI/COPA

Scope

WW

ERP

PF2
WP2

Frequency

Month

References

- ZWFA15P - Reconciliation of Cost of Goods Sold
- Z1K_RECONCILIATION - Reconciliation of Cost of Goods Sold

Forms

Attachments

- ZWFA15P Variances (WP2)
- Z1K_Reconciliation Variances (PF2)

Previous OP << I perform the FI /COPA reconciliation of COGS (cost of goods sold) >> *Next OP*

1. Objective and Scope

1.1. Objective of this Operation

The objective of this operation is to guarantee that the delta FI-COPA inside COGS headings equals 0 at the end of the month during closure. It perform the necessary corrections based on defined and approved instructions and the necessary internal controls.

1.2. Scope

This procedure is applied to all companies WW.

2. Definitions

See Finance - Glossary

3. Tasks description

3.1. I run the COGS reconciliation report

Tasks to be completed when documenting an SAP Transaction, Report or Message code.

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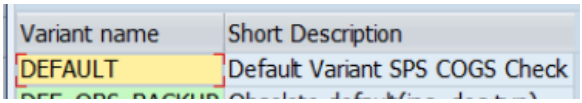
3. On the left section, describe the steps. On the right section, insert respective print screens and additional guidelines, if needed (e.g. Main selections of the transaction...)

STEP 1

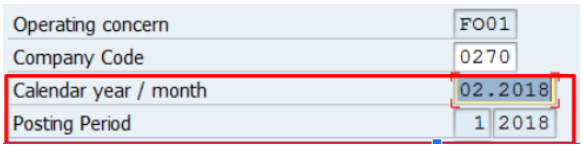
Use transaction code:

Z1K_RECONCILIATION - Reconciliation of Cost of Goods Sold: Initial Screen

Go to transaction **Z1K_RECONCILIATION,** and select the Default variant (t's important to use this variant and not create different ones, because IS is constantly updating it with more details that might be useful):



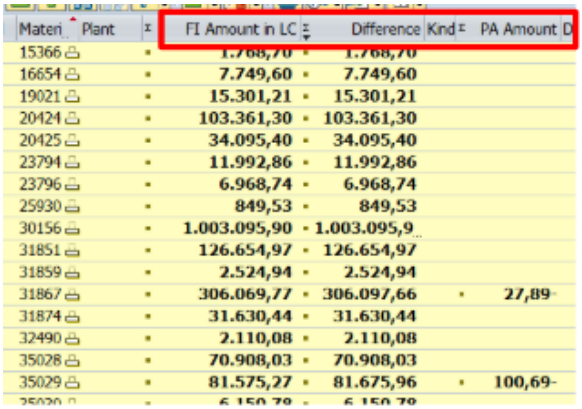
After choosing the variant and adding the company code, it's important to press "Enter" so that you have both periods with the same information:



STEP 2

After running the report you'll have 3 columns:

- Amount in FI
- Amount in COPA
- Tip: for bigger companies, it might be helpful to make a filter in column "difference" excluding the range -1 to 1:



Materi	Plant	FI Amount in LC	Difference	Kind	PA Amount D
15366		1.768,70	1.768,70		
16654		7.749,60	7.749,60		
19021		15.301,21	15.301,21		
20424		103.361,30	103.361,30		
20425		34.095,40	34.095,40		
23794		11.992,86	11.992,86		
23796		6.968,74	6.968,74		
25930		849,53	849,53		
30156		1.003.095,90	1.003.095,9		
31851		126.654,97	126.654,97		
31859		2.524,94	2.524,94		
31867		306.069,77	306.097,66		27,89-
31874		31.630,44	31.630,44		
32490		2.110,08	2.110,08		
35028		70.908,03	70.908,03		
35029		81.575,27	81.675,96		100,69-
35030		6.150,78	6.150,78		

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3. On the left section, describe the steps. On the right section, insert respective print screens and additional guidelines, if needed (e.g. Main selections of the transaction...)

STEP 1

Use transaction code:

ZWFA15P - Reconciliation of Cost of Goods Sold: Initial Screen

Go to transaction **ZWFA15P,** select the variant of the company code to be analyzed (for example for ZFR3, choose ZFR3_CLOSING) and Validate and select the corresponding company.

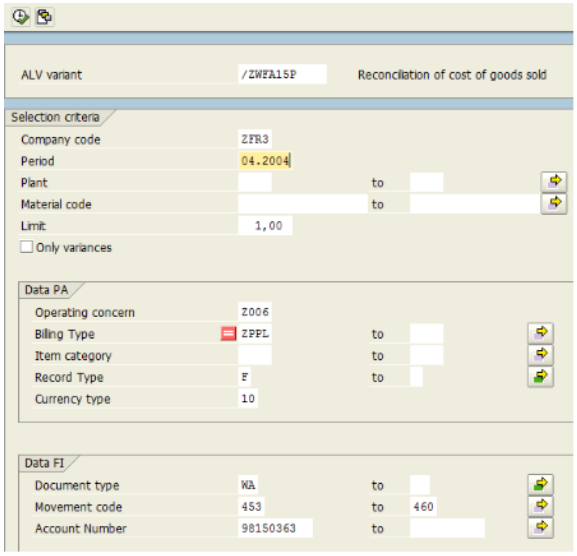
Document Type:

- **WA**: Goods issue
- **WL**: Goods issue/delivery

Movement Code:

- **453** : TP returns to own
- **454** : TP own to returns
- **457** : TP Returns to own QI.
- **459** : TP Ret. to own blckd.
- **460 :** TP Own blckd to ret.

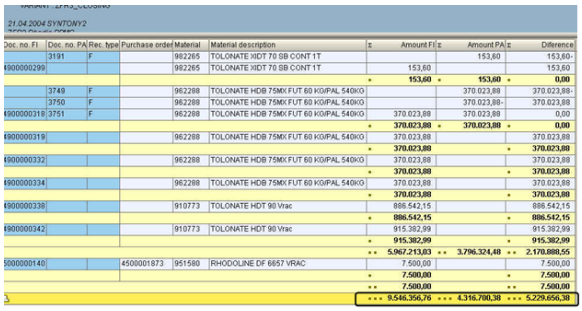
TP: Transfer to company's own stock



STEP 2

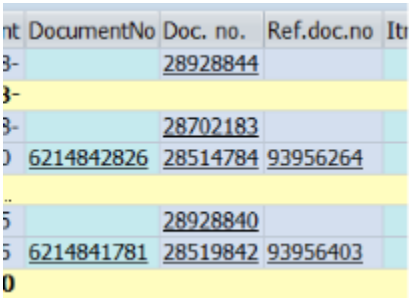
The outcome of this report allow us to compare COGS amount in FI and in COPA and find out where do discrepancies come from :

- The material master record (if the material has a Standard Cost Estimate)
- The invoice whose number appears on this report
- The order



3.2. I analyse the discrepancies

In Z1K_Reconciliation we can enter directly inside of the documents by clicking in 1 of the documents below, depending on what we want to see:



In a general way, we might have several issues:

FI posting without COPA posting

- CO objects (cost centers, orders, WBS elements) not completely settled.
- Process order confirmations reversed on a different period with a different standard price.
- Deliveries shipped but not billed.
- Sales invoices not released to accounting (VFX3).
- Returns: product returned to stock without credit memo or with a credit memo w/o quantity.
- Direct trading: receipt without billing.

COPA posting without FI posting

- Direct manual posting in COPA only (document type Z).
- Direct trading: billing without goods receipt.
- Returns: credit memo issued without movement type 45X.

Variance between the amount posted in FI and the amount posted in COPA for the same operation.

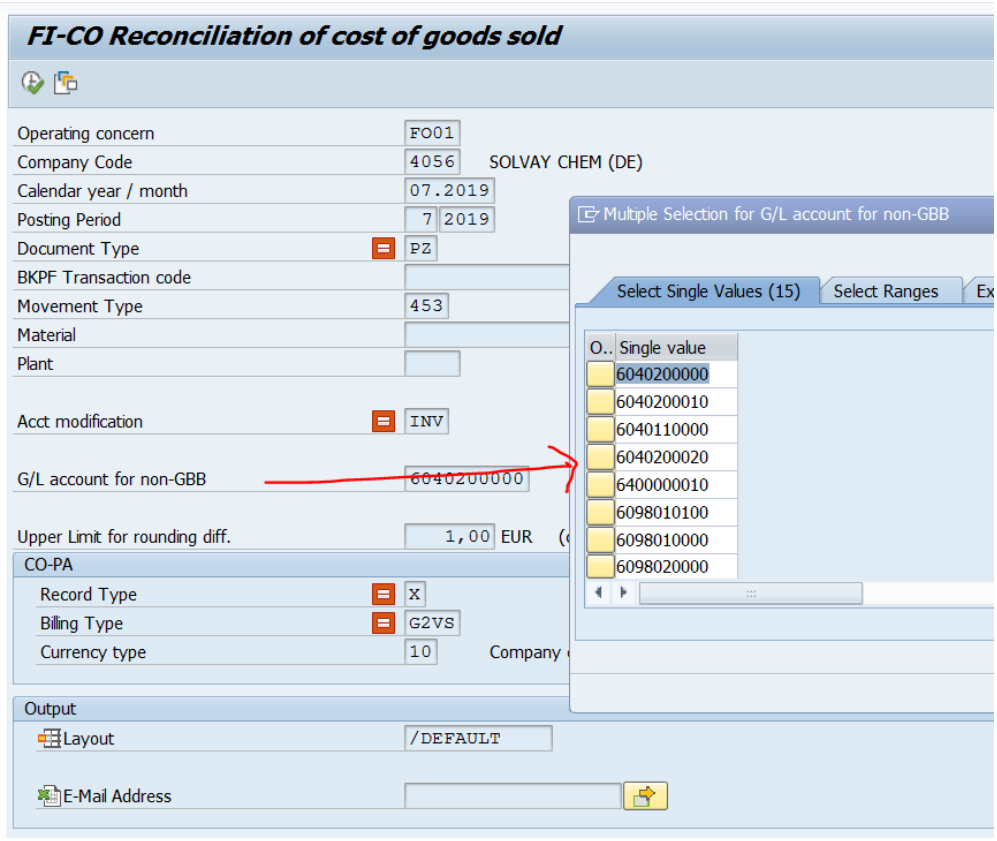
- New material: calculation of the first standard price after some deliveries or production.
- Release of new standard cost of the material between delivery and billing on the month of the delivery.
- Variance rounding up.
- Return: movements 651 and 45X entered on different periods than credit memo.
- Qualification Delayed & Eco Services: Shipped material code different from billed material code. When there is a difference between standard costs of the material codes involved.
- Deletion of a standard cost and recalculation of a new one between shipment and billing.

3.3. I perform the corresponding posting to reconcile FI/COPA

After performing the relevant checks and analyzing origins of differences, it is necessary to apply the appropriate corrections, according to this file.
The corrections can be done via FI (this is the primary option that should be used almost every time) or via COPA, according to the type of difference.

Note:

A) For all corrections done in FI it's recommended to use document type S1, and it's mandatory to use one GL account which is mentioned in parameter G/L account for non-GBB:



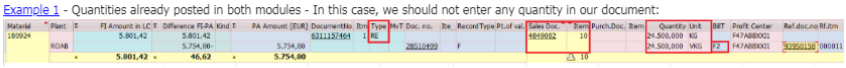
B) For all corrections done in COPA it's mandatory to use one of the following value fields:

FERTP Vbl.manuf.costs
FERTF Fix prod. costs
VVF00 F00 DEP Std
VVD0X D0X VC Variance COGS
VVE0X E0X FC Var. COGS
VVF0X F0X DEP Var. COGS
VVICP ICP Interco cost
VV151 151 samples
VVTXA Adj Fiscal Deprec

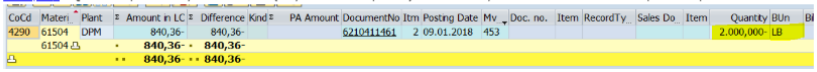
AND to fill the following characteristics: Material + Plant + Profit Center + Amount.

Additionally, we need to check if which quantities should be posted in our correction:

Example 1 - Quantities already posted in both modules - In this case, we should not enter any quantity in our document:

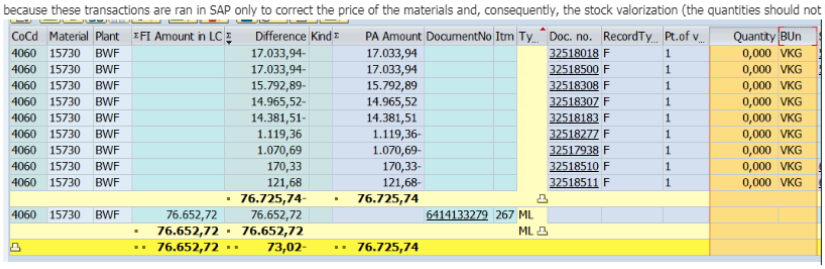


Example 2 - Quantities posted only in FI or in CO (only 1 document posted) - In this case, in our document we should post the quantities also:



CoCd	Materi	Plant	Amount in LC	Difference	Kind	PA Amount	DocumentNo	Itm	Posting Date	Mv	Doc. no.	Item	RecordTy	Sales Do	Item	Quantity	BUn	Bl
4290	61504	DPM	840,36-	840,36-			6210411461	2	09.01.2018	453						2.000,000-	LB	
	61504		840,36-	840,36-														
			840,36-	840,36-														

Example 3 - Quantities not posted on both sides - In this case it's necessary to understand why we don't have quantities. For example, here the postings relate the ML and KE27. And these 2 procedures must also be posted without qua because these transactions are ran in SAP only to correct the price of the materials and, consequently, the stock valorization (the quantities should not be affected). So we should make our correction without entering any quantity:



CoCd	Material	Plant	FI Amount in LC	Difference	Kind	PA Amount	DocumentNo	Itm	Ty	Doc. no.	RecordTy	Pt.of v	Quantity	BUn
4060	15730	BWF		17.033,94-		17.033,94				32518018	F	1	0,000	VKG
4060	15730	BWF		17.033,94-		17.033,94				32518500	F	1	0,000	VKG
4060	15730	BWF		15.792,89-		15.792,89				32518308	F	1	0,000	VKG
4060	15730	BWF		14.965,52-		14.965,52				32518307	F	1	0,000	VKG
4060	15730	BWF		14.381,51-		14.381,51				32518183	F	1	0,000	VKG
4060	15730	BWF		1.119,36		1.119,36-				32518277	F	1	0,000	VKG
4060	15730	BWF		1.070,69		1.070,69-				32517938	F	1	0,000	VKG
4060	15730	BWF		170,33		170,33-				32518510	F	1	0,000	VKG
4060	15730	BWF		121,68		121,68-				32518511	F	1	0,000	VKG
				76.725,74-		76.725,74								
4060	15730	BWF	76.652,72	76.652,72			6414133279	267	ML					
			76.652,72	76.652,72					ML					
			76.652,72	73,02-		76.725,74								

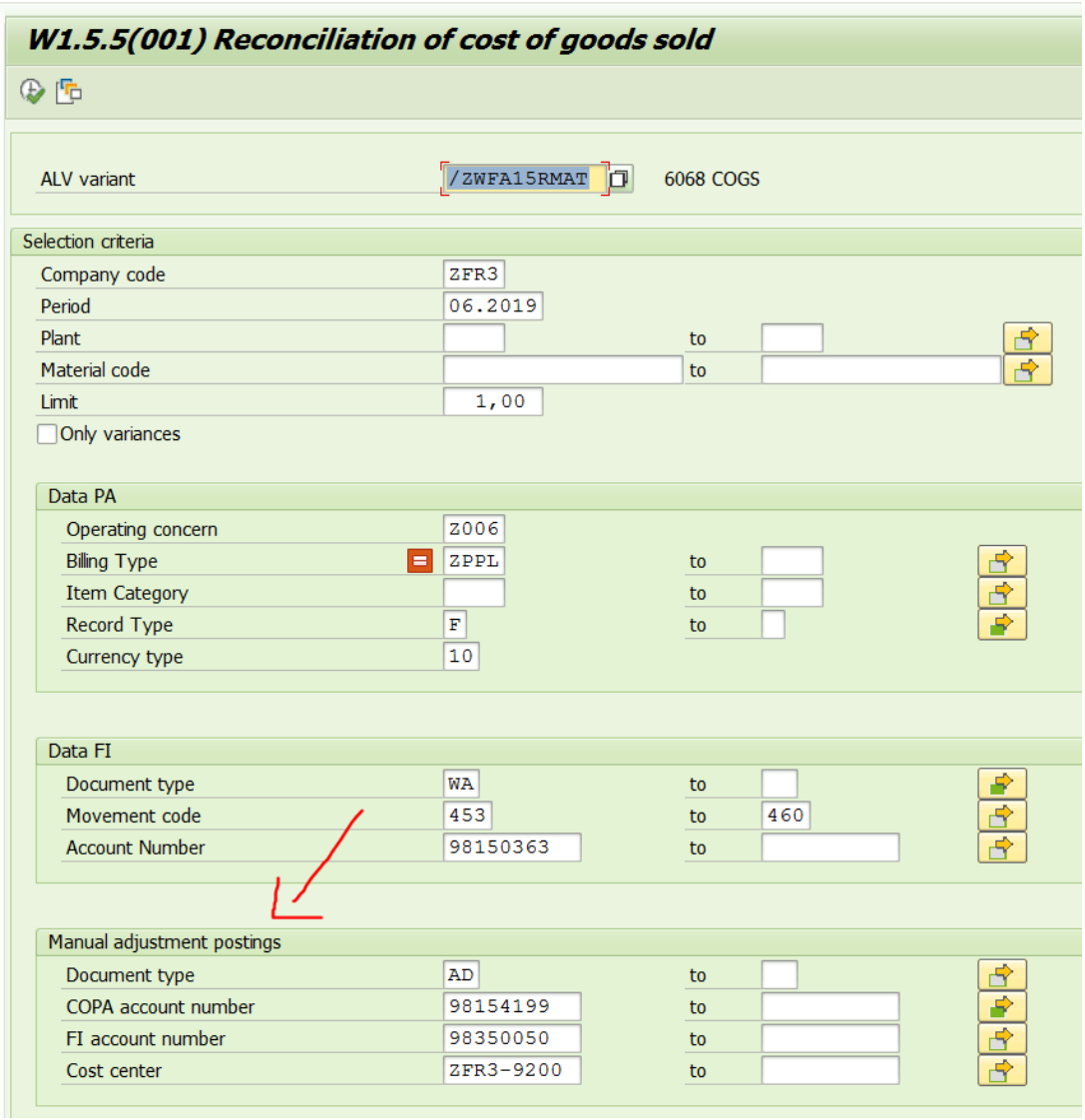
A check by plant/material should be done after corrections have been applied to guarantee that everything is OK.

At the end of the analysis and correction process, the gap should be equal or near 0.

After performing the relevant checks and analyzing origins of differences, it is necessary to apply the appropriate corrections, according to this file. The corrections can be done via FI (this is the primary option that should be used almost every time) or via COPA (in exceptional situations only), according to the type of difference.

Note:

For all manual corrections to be done, it's mandatory to use the accounts/document type/etc that appears in each variant:



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