Financial Configuration Exercise

Scenario

You are working for SAP AG, on a new client account. Your client, MobileCo, is very demanding and wants the system configured for Finance as soon as possible.

You have interviewed the head of the client's finance and controlling organisation to understand the business processes that the client has in order to map those requirements into the system. Your notes from the interview were as follow:

Interview Notes

The company, MobileCo, is a company trading in Mobile telephones & accessories. It purchases various models and sells in bulk to retailers & wholesalers. The company operates in several countries, including the US, UK, Spain, and Egypt and reports finances monthly. Each country is represented as a separate company code.

GL information: The Company will use one chart of accounts across the organisation. The financial year for the company runs from July 1-June 30th and there should be only 1 period open at any given time. There are 4 types of GL account the company will use in the system:

- Expense Accounts
- Balance Sheet Accounts
- Reconciliation Accounts
- Revenue Accounts

The company accounting procedures require that Expense Account master records are in the range 1000000-1999999, balance sheet accounts 2000000-2999999, reconciliation accounts 3000000-3999999, and revenue accounts 4000000-4999999. It is expected that all **expense** and **revenue** accounts are flagged for **line-item display**, and all accounts must have a relevant field status group assigned.

When posting to an expense account a valid **cost object** is expected to track the departmental spend. The company accounting standards require GL accounting documents to be numbered in the range 1000000000-1999999999. When posting **a GL document**, the fields "**document header text**" and "**Reference**" must both be completed. The field "Document header text" should not be able to be changed once the document is posted.

Tolerance Group:

We have 2 levels of permitted payment differences, one for all normal employees which should be assigned by default to all new users, and the other for directors and above which can be manually assigned when necessary. The permitted values are:

- Default group
    - 3% discount, max 10000 units of company code currency
    - Can be applied on invoices up to 20,000.
- Director group
    - 5% discount, max 50000 units of company code currency
    - Can be applied on invoices up to 100,000.

These 2 groups should be created for each company code.

A GL account to record cash discounts and an account for exchange rate differences should be maintained in customizing.

AP Information: The Company deals with domestic suppliers within each country of operation, and several international suppliers. The company has 2 terms of payment, one for domestic suppliers and one for international suppliers. There must be a terms of payment maintained for all suppliers setup. The terms of payments agreed with the suppliers are:

- Domestic Vendors – Invoice due within 30 days of posting the document in the system. A discount of 3% may be taken if paid within 15 days
- International Vendors – Invoice due within 45 days of posting the document in the system. A discount of 2% may be taken if paid within 30 days, or 3% if within 15 days

The baseline date for the above calculation should always be the posting date of the invoice.

Domestic Vendor Accounts should be numbered from 5000000-5999999, and international vendors 6000000-6999999. AP invoices should be numbered 2000000000-2999999999 and outgoing payments numbered 3000000000-3999999999. When posting an **AP invoice**, the field "**Reference**" should be **mandatory**.

To reduce the risk of making fraudulent transactions, there should be dual control over changes to bank key or bank account values in the vendor master records.

AR Information: The company deals with domestic and international customers in each country. The company again has 2 terms of payment which are the same as vendor terms:

- Domestic Customers – Invoice due within 30 days of posting the document in the system. A discount of 3% may be taken if paid within 15 days
- International Customers – Invoice due within 45 days of posting the document in the system. A discount of 2% may be taken if paid within 30 days, or 3% if within 15 days

The baseline date for the above calculation should always be the posting date of the invoice.

Domestic Customer Accounts should be numbered from 6000000-6999999, and international Customers 7000000-7999999. AR invoices should be numbered 4000000000-4999999999 and incoming payments numbered 5000000000-5999999999. When posting an **AR invoice**, the field "**Reference**" should be **mandatory**.

Master Data:

The necessary GL account, Vendor, and Customer numbers can be created with any numbers so long as they fit within the range. For testing purposes some sample accounts should be created in each company code:

GL Accounts:

AP Reconciliation account
AR Reconciliation account
Retained earnings account
Revenue account
Sales account
Bank account
Asset account
Expense accounts (e.g. gas, water, salaries, cash discount, exchange rate differences)

Vendor accounts:

UK/US/EG/ES domestic vendors
FR/DE international vendors

Customer accounts:

UK/US/EG/ES domestic vendors
FR/DE international vendors

Other Notes:

-Management is considering setting up transactions between Egypt and Spain. Do what is needed and test it.

-The national regulations in Egypt stipulates that the tax base amount is net. The tax rates used are 10% for input tax and 15% for output tax. Do what's needed and test it.(**VAT Taxes**)

-Management knew that SAP user can clear open items for G/L and sub ledgers accounts automatically. Do what's needed and test it.

-Our Customer want to send a reminders for our business partners which have due open items not settled within the determined period and he needs you to show him the levels of actions in the system that might help him.(**Dunning**)

-Our customer uses the cycle of checks in transit in both(A/R and A/P).

-Our customer has two cash journals for the EG company code,one of them for the EGP transactions and the other for the USD transactions.(**Cash Journal**)

-EG company code uses the **withholding tax** procedures. Do what's needed so the end user can use the withholding tax in payment (in A/R,A/P and cash journals)(**WHT**)

-check the Central bank of Egypt website and maintain the **currencies** rates for the EG company code.(**Currencies "Exchange Rates"**).

-Do the minimum requirements to help your client manipulate fixed assets in their companies. (**Assets**)

Testing

Once configured and master data created, you can now test your configuration. You should test using the following list as a minimum, feel free to add in your own scenarios:

Test #	Scenario	Expected Result	Actual Result	Pass/Fail	Comments
1	Post a vendor invoice in each of your company codes against and expense account	Reference field required Cost object required Correct terms of payment should be defaulted on invoice from vendor master Posted document should have number in range of 2000000000-2999999999			
2	Check the balance of the GL expense account	Invoice values are posted to expense account specified above Check line items are all displayed, not just totals			
3	Post a matching invoice to one of the above with the same reference and date	Duplicate invoice warning appears			
4	Change the bank account detail of a vendor	Dual control required on field			
5	Verify AP reconciliation account has been updated	AP reconciliation account matches total of all invoices posted in the company			
6	Check vendor account balances	Open items should appear on vendor account			

Test #	Scenario	Expected Result	Actual Result	Pass/Fail	Comments
7	Post an outgoing payment against an open item from above	Item posted with document in range 3000000000-3999999999			
8	Verify AP reconciliation account has been updated	AP reconciliation account matches total of all invoices posted in the company **minus** the outgoing payments			
9	Check the vendors account balance for the vendor you paid above	Cleared items should appear on vendor account			
10	Post a customer invoice in each of your company codes against a revenue account	Reference field required Correct terms of payment should be defaulted on invoice from customer master Posted document should have number in range of 4000000000-4999999999			
11	Check the balance of the GL revenue account	Invoice values are posted to revenue account specified above Check line items are all displayed, not just totals			
12	Verify AR reconciliation account has been updated	AR reconciliation account matches total of all invoices			

Test #	Scenario	Expected Result	Actual Result	Pass/Fail	Comments
		posted in the company			
13	Check customer account balances	Open items should appear on customer account			
14	Post an incoming payment against an open item from above	Item posted with document in range 5000000000-5999999999			
15	Verify AR reconciliation account has been updated	AR reconciliation account matches total of all invoices posted in the company **minus** the incoming payments			
16	Check the customer account balance for the customer who paid above	Cleared items should appear on customer account			
17	Post an additional outgoing payment but take a discount	Discount should be allowed if within tolerance of your user ID and changed to the relevant GL account			
18	Post an additional incoming payment where the customer has taken a discount	Discount should be allowed if within tolerance of your user ID and changed to the relevant GL account			
19	Verify the cash discounts show on the cash discount GL account	Discounts shown on account			
20	Post a GL document to move a balance from one GL expense account to another	Reference and document header text			

Test #	Scenario	Expected Result	Actual Result	Pass/Fail	Comments
		fields should be mandatory Document should be posted with a range of 1000000000-1999999999			
21	Check corresponding GL accounts to verify the successful movement	Values should be shown GL Account line items should be shown			
22	Attempt to amend the document header text of the document above	System should not allow this to be modified			
23	Attempt a GL document posting using a date in the next calendar month	System should inform that next period is not open			