

The Eliminator: Understand Elimination of Internal Bus Vol in Cost Cntr Reports

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The Eliminator: Understanding Elimination of Internal Business Volume in Cost Center Reports

By Sutrisno Japit, SAP Practice Manager, Japit, Inc.

Editor's Note: Reporting the true cost of a cost center group can be a challenge as internal cost exchanges can mess things up good. Sutrisno Japit has a neat way to exclude them, and ultimately, let you report the "truth." If you're looking to understand how internal business volume affects your cost center reporting and how to eliminate them, here's just the article you've been waiting for!

Introduction

Do you know how to report the true cost of a cost center group? This seemingly "no-brainer question" has tripped up many SAP consultants and power users. In this article, I would like to explain how internal cost exchanges affect your cost reporting, and how you can exclude them in order to report the true cost of your cost center group. Even though all transactions in this article were executed in an IDES 4.70 x2.0 system, the function of elimination of internal business volume has been available since Release 2.1. If your release is before 4.70, be sure to research and implement any applicable OSS notes. OSS note 17491 (CO Reports: Elimination of Internal Business Volume) is a good place to start.

IN (Debit) and OUT (Credit) Buckets

Conceptually, a cost center can be thought of as having two separate cost buckets, namely: IN and OUT. The IN bucket collects incurred costs, whereas the OUT bucket collects the allocated costs. Upon month-end closing, the net difference of IN and OUT costs is allocated out to the consuming CO objects, thus netting the cost center to a zero balance.

All postings made to the cost center are segregated into the IN and OUT buckets automatically. The system does this through a field called the "Debit/Credit Indicator" (COEP-BEKNZ). As indicated in Figure 1, "D" identifies postings into the IN bucket, whereas the others identify postings into the OUT bucket. Note that the system actually uses the terms "debit" and "credit" for the IN and OUT buckets, respec-

tively. I prefer to use the latter to avoid mixing them up with the FI debit and credit (which means positive and negative).

D/C	D/C	Short text
O		Special: Sender credit from settlement
C		Credit posting or sender credit posting
S		Special: Sender credit from delivery to inventory
D		Debit posting or receiver debit posting

Figure 1: Create CATT Test Case Attributes Screen

Through the use of the "Debit/Credit Indicator", it is very easy to segregate the incurred costs from the allocated costs, thus reporting the true cost of a cost center. The standard "Cost Centers: Actual/Plan/Variance" report (S_ALR_87013611) indicates that "Cost Center A" has incurred and allocated \$1,000 (see Figure 2).

Pretty easy so far. Now, what if you are responsible for a group of cost centers, say A and B? Cost center A allocates all of its costs to cost center B, which in turn allocates them to the other CO objects (see Figure 3). In other words, there are internal cost exchanges between cost centers in my cost center group. What is the true cost of my cost center group then?

Cost elements	Act. costs	Plan costs	Abs. var.	Var. (\$)
430000 Salaries-Base Wages	1,000.00		1,000.00	
* Debit	1,000.00		1,000.00	
648400 ASM ABC Admin.	1,000.00-		1,000.00-	
* Credit	1,000.00-		1,000.00-	
** Over/underabsorption				

Figure 2: "Cost Centers: Actual/Plan/Variance" Report (Showing Incurred Costs and Allocated Costs)

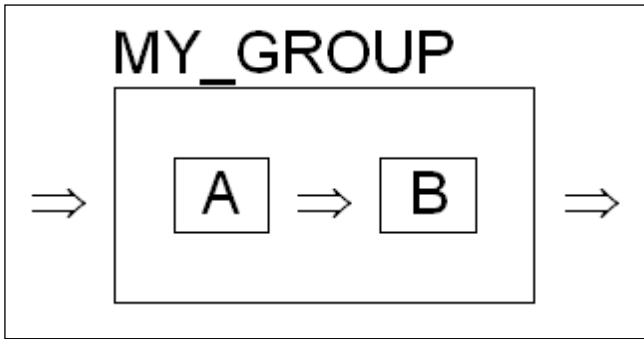


Figure 3: Internal Cost Exchanges Between Cost Centers in Cost Center Group "MY_GROUP"

The standard "Cost Centers: Actual/Plan/Variance" report now indicates that my cost center group (MY_GROUP) has incurred and allocated \$2,000 (see Figure 4). This is absolutely not true! I have not incurred more costs, but I have allocated my costs through another cost center (i.e., A through B) in my group. Refer to Figure 4 an illustration of the following explanation:

IN bucket

- An external posting to cost center A created a debit of 1,000 under 430000.
- Assessment to cost center B created a debit of 1,000 under 648400.

OUT bucket

- Assessment from cost center A created a credit of 1,000 under 648400.
- Assessment from cost center B (to the external CO object) created a credit of 1,000 under 648400.

The internal cost exchanges from cost center A to B created additional incurred costs that were totaled when I ran the report for my cost center group. These internal cost exchanges should be excluded in order to report the true cost of a cost center group. Luckily, our friends in Germany have caught this early on, and created a field called the "Internal Business Volume Indicator (Cost Centers)" (CCSS-BUEKZ). This field is dynamically filled when the report is executed.

Cost elements		Act. costs	Plan costs	Abs. var.	Var. (%)
430000	Salaries-Base Wages	1,000.00		1,000.00	
648400	ASM ABC Admin.	1,000.00		1,000.00	
*	Debit	2,000.00		2,000.00	
648400	ASM ABC Admin.	2,000.00-		2,000.00-	
*	Credit	2,000.00-		2,000.00-	
**	Over/underabsorption				

Figure 4: "Cost Centers: Actual/Plan/Variance" Report (Showing Incorrect True Cost of Cost Center Group MY_GROUP)

Elimination of Internal Business Volume

In order to eliminate internal cost exchanges from the "Cost Centers: Actual/Plan/Variance" report, I created a copy of it using transaction GRR1 (see Figure 5). I called my new report ZIBV.

Library	1VK	
Report	ZIBV	CCtrs: Act/PIW IBV
<input type="button" value="Create"/>		
Copy from		
Report	1SIP-001	

Figure 5: Creation of New Report ZIBV (Based on "Cost Centers: Actual/Plan/Variance" Report [1SIP-001])