

MIS 5121:Enterprise Resource Planning Systems
Week 2: *Business Process, Assertions, HR
Module & Security*

Introductions:

All: Please Prepare a Name Card

New Students:

- Name
- Why in this course
- Unique experience, skills you bring to the class

Control Failure: WorldCom

- Background:

- ❖ American communications – esp. discount Long Distance service
- ❖ Rapidly grew by acquisition – largest being MCI (challenging AT&T)
- ❖ CEO Bernard Ebbers very wealthy from stock price increases & company loans for personal investments (Canada ranch, timberlands, shipyard)
- ❖ ~ 2000 telecom industry was declining
- ❖ Failed merger with Sprint

- Control Failures: mid-1999 thru 2002

- ❖ Booked 'line costs' (interconnection expenses with other telecom companies) as capital \$\$ vs. expense
- ❖ Inflated revenue with bogus accounting entries from 'corporate unallocated revenue accounts'
- ❖ Disguised declining earnings



Control Failure: WorldCom



- Results / Outcomes:



- ❖ Internal auditors secretly met and found \$3.8 B in fraud, assets inflated by ~ \$11 B
- ❖ Arthur Andersen withdrew audit opinion for 2001
- ❖ Company went bankrupt in 2002 (largest at time – eclipsed by Lehman Bros)
 - ❖ Estimated loss of \$180B shareholder value
 - ❖ Layoff of 5,100 employees initially; 30,000 eventually
- ❖ Many executives indicted – some sentenced to prison
- ❖ Former directors settled class-action suit (\$18 M paid by directors themselves)
- ❖ Company reorganized as MCI – now absorbed into Verizon (2005)
- ❖ Inspiration for 'Fun with Dick and Jane' movie remake

- References / Links:

- ❖ http://en.wikipedia.org/wiki/MCI_Inc.
- ❖ <http://www.accounting-degree.org/scandals/>

External Financial Reporting regulations

Other Reg's

Organization's
Objectives & Policies

Balance
Sheet

P & L

Notes

FDA etc.

Performance & Policies

Arise through

Must be observed / achieved in

Business Processes

Procurement

Production

Order to \$\$

Finance

IT

Quality

Logistics

HR

...

Contain

Assertions

- Completeness
- Existence, rights
- Accuracy
- Valuation
- Presentation

Risks

- Product quality
- Delivery (OTD)
- Unused capacity
- Excess Costs
- Lower Sales

Errors & Fraud

Minimized by

ISC framework in the ERP environment

- Entity level controls
 - Automated application controls
- Manual and semi-automated business process controls
- Authorizations and access protection (confidentiality, integrity)
- IT General controls (change management, operation, security)
- Automated testing and monitoring of business processes, KPIs, etc.

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- Automated testing and monitoring of business processes, KPIs, etc.

Assertion

Definition

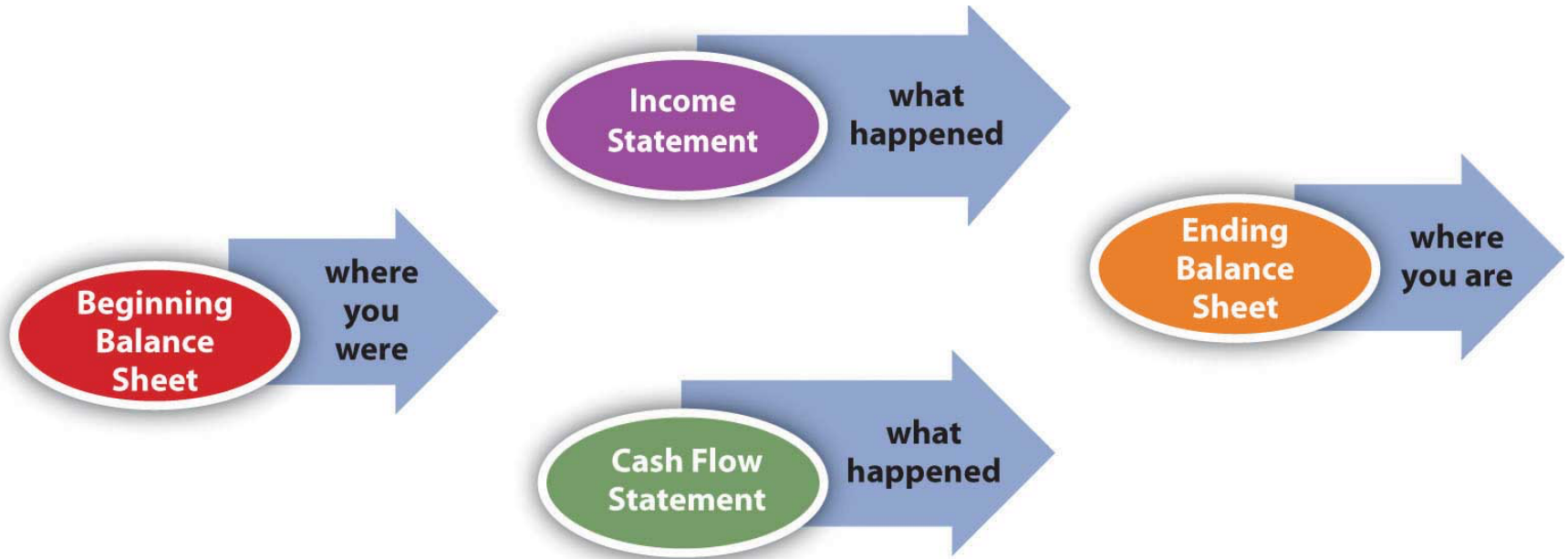
‘a confident and forceful statement of fact or belief’

Oxford Dictionaries

In Auditing: ‘what management claims’



Financial Statements



Example:

http://www.temple.edu/controller/financial_statements/Fiscal2014ConsolidatedStatementspkg-Final.pdf

Copyright 2003 by Randy Glasbergen.
www.glasbergen.com



"Our books are balanced. 50% of our numbers are real and 50% are made up."

Temple University
Of The Commonwealth System of Higher Education
Consolidated Statement of Activities
For the Year Ended June 30, 2014
(in thousands)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Revenues:				
Tuition and fees (net of discounts of \$90,499)	\$672,914			\$672,914
Commonwealth of Pennsylvania appropriation	126,624			126,624
Federal grants and contracts	123,713			123,713
Commonwealth of Pennsylvania grants and contracts	12,056			12,056
Local grants and contracts	3,418			3,418
Private grants and contracts	34,761			34,761
Contributions for operations and endowments	23,737	\$21,114	\$15,337	60,188
Investment return	37,922	2,634	367	40,923
Sales of educational activities	8,649			8,649
Auxiliary enterprises	95,133			95,133
Patient care activities (net of bad debt expense of \$47,318)	1,497,846			1,497,846
Other sources	47,698			47,698
Net assets released from restrictions	17,036	(17,036)		
Total revenues	2,701,507	6,712	15,704	2,723,923
Expenses:				
Educational and general:				
Instruction	433,311			433,311
Research	166,235			166,235
Public service	16,433			16,433
Academic support	156,850			156,850
Student services	76,731			76,731
Institutional support	126,527			126,527
Student aid	12,016			12,016
Total educational and general	988,103	0	0	988,103
Auxiliary enterprises	118,558			118,558
Patient care activities	1,580,321			1,580,321
Total expenses	2,686,982	0	0	2,686,982

Management Assertions

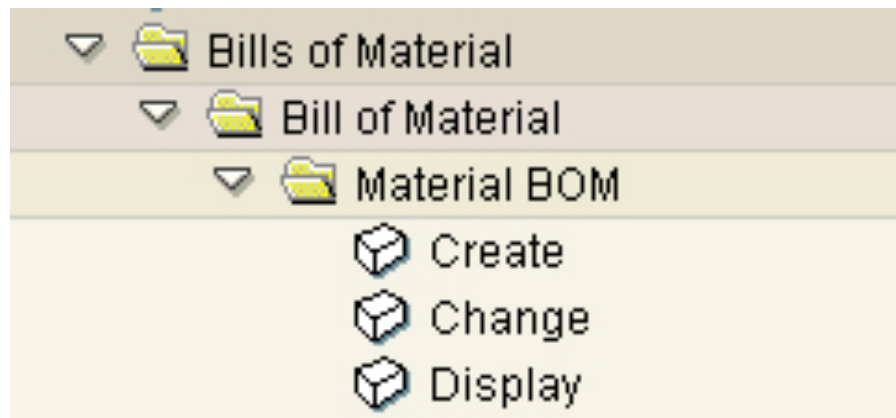


- Occurrence:
 - Recorded transactions exist
 - Transactions actually occurred during the period
- Existence:
 - Evidence the assets, liabilities and equity balances exist (have real world counterpart)
 - Exist at a given date
- Timing (cutoff):
 - Transactions recorded in proper accounting period
 - Transactions recorded with correct dates
- Completeness:
 - Existing transactions are recorded
 - All transaction that should be included are in fact included

	Andhra Pradesh	Andhra Appaniam	Research/Spices Special Center
OPERATING REVENUES AND SUPPORT	\$1,025,883	\$4,477,086	—
—	\$101,272	3,595,389	—
—	902,208	749,804	—
—	98,452	41,309	—
—	1,683,837	30,581	—
—	96,044	2,267,778	—

SAP Design for 'Completeness'

- ◆ In SAP, there are very few delete options:



- ◆ Implication: Don't save if things don't look 100% correct! Exit the transaction and start over
- ◆ Implication: Once transaction included, always included

12	Insert Row
13	Delete Row
14	Clear Contents

Management Assertions

- Accuracy:
 - Transactions have been recorded with correct amounts
 - Transactions recorded in the appropriate accounts
- Valuation:
 - Included at appropriate amounts
 - Value adjustments are properly determined and recorded
- Rights (Ownership):
 - Entity holds or controls rights of ownership to assets
 - Liabilities faithfully represent entity's obligations
 - Rights exist as of given date
- Summarization / Presentation:
 - Transactions are included in the master files
 - Transactions correctly summarized



INCOME STATEMENT

	Andhra Pur	Andhra Pradesh	Research/Spices Special Center
OPERATING REVENUES AND SUPPORT	\$1,025,883	\$4,477,086	—
Operating	5,016,272	3,595,389	—
Support	902,208	749,804	—
Operating & Support	96,452	41,309	—
Operating	1,683,837	30,581	—
Support	1,683,837	2,267,778	—



Balance Sheet

As at 31 December 2005

Notes	2005	2004
16	—	—
18	—	—
19	—	—

Management Assertions

Taxonomy for class

- Occurrence / Existence (timing)
- Completeness
- Accuracy / Valuation
- Rights (Ownership)
- Summarization / Presentation

	Andhra Pradesh	Andhra Pradesh	Research Operation Service Centre
OPERATING REVENUES AND SUPPORT		\$6,477,039	
Administrative, Catering & Gift Shop	\$1,028,883	3,595,189	
Administrative Services	5,016,272	149,854	
Administrative Expenses & Fee	96,452	41,900	
Administrative & Educational Activities	1,663,837	30,281	
	669,694	2,257,778	
		(66,347)	
		3,580,030	280,369
		471,281	208,289
NON-OPERATING ITEMS*			
Costs Not Reimbursed by Operations	435,408		
Income Tax Expense	70,617	(4,215,217)	1,376,054
Administrative Expenses	1,871,891		80,960
Operating Expenses	706,447		
Operating Income	\$16,458,509	\$14,419,274	\$1,864,712
TOTAL REVENUES		1,642,843	1,381,421
	2,550,350	3,490,530	372,506
OPERATING EXPENSES*			
General & Research Activities	2,714,329	2,211,992	
Operational, Maintenance & Utilities	3,840,521	283,808	
Staff Service, Catering & Gift Shop	178,865	293,835	
Membership Services	1,829,257	895,323	
	855,225	108,581	
	923,794	4,400,447	17,667

Balance Sheet	
As at 31 December 2005	
Notes	2004 2005
16	
17	
18	

WorldCom: How the Fraud took place

- Operating Expenses to Assets
 - CFO's directions affected the income statement:

Revenues xxx (no change)

COGS xxx (no change)

Operating Expenses:

~~Fees paid to lease other companies phone networks: xxx (Huge Decrease)~~

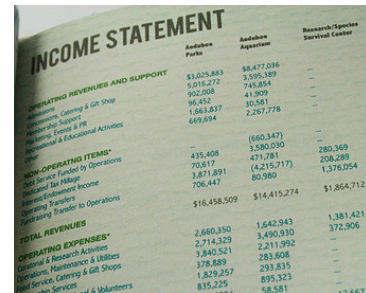
~~Computer expenses: xxx (Huge Decrease)~~

NET INCOME xxx (Huge Increase)

**Removed From
Income Statement**

**Removed From
Income Statement**

= HAPPY INVESTORS



	2003	2004	2005
OPERATING REVENUES AND SUPPORT	\$3,022,883	\$3,595,189	—
Communications	\$0,018,272	743,854	—
Advertising, Printing & On-Site	902,008	41,909	—
Membership Support	16,452	30,581	—
Marketing, Events & PR	1,663,837	2,257,278	—
Professional & Educational Activities	669,894	—	—
Other	—	(660,247)	—
NON-OPERATING ITEMS*	435,408	471,781	280,369
Gain on Sale of Service Funded by Operations	70,817	—	208,289
Interest Income	3,871,891	(4,215,717)	1,376,054
Interest Expense	706,447	80,980	—
Operating Transfers	—	—	—
Non-Recurring Transfers to Operations	\$16,458,509	\$14,415,274	\$1,864,712
TOTAL REVENUES	2,660,350	1,642,943	1,381,421
OPERATING EXPENSES*	2,714,329	3,490,930	372,906
Operational & Research Activities	3,840,521	2,211,992	—
Operations, Maintenance & Utilities	376,889	283,608	—
Advertising, Printing & On-Site	1,829,257	293,835	—
Travel Services	835,225	895,323	—
Other	—	68,581	—

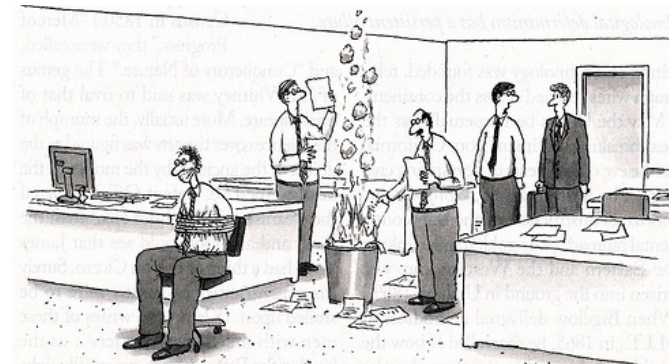
How the Fraud took place (con' t)

- Operating Expenses into Assets
 - WorldCom' s journal entry for \$500 million in computer expenses:

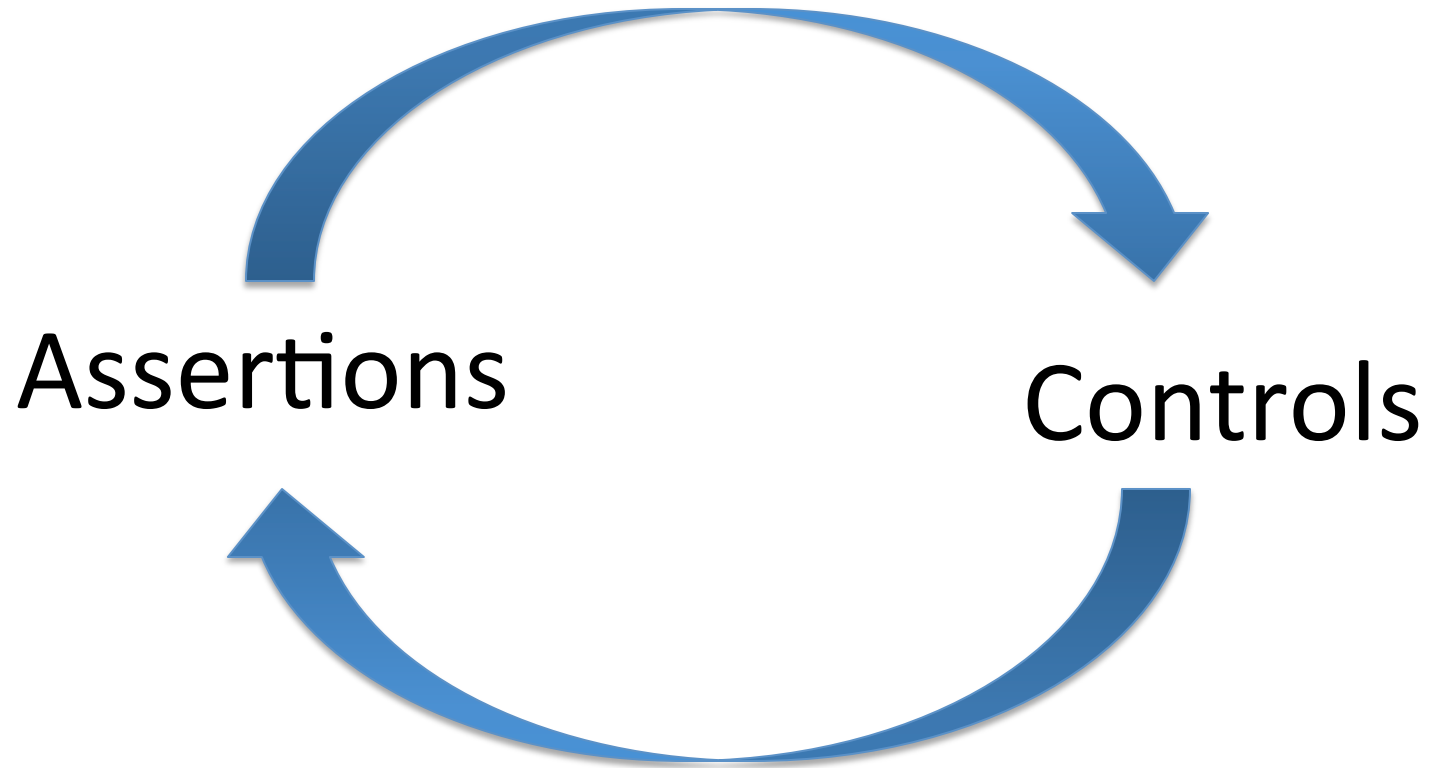
Documents to support entry never found!

Computer Assets	500 million
Cash	500 million

- Huge losses turned into enormous profits.
 - \$1.38 billion in net income in 2001
- Inflated the company' s value in its assets



"First rule—what happens in accounting stays in accounting."

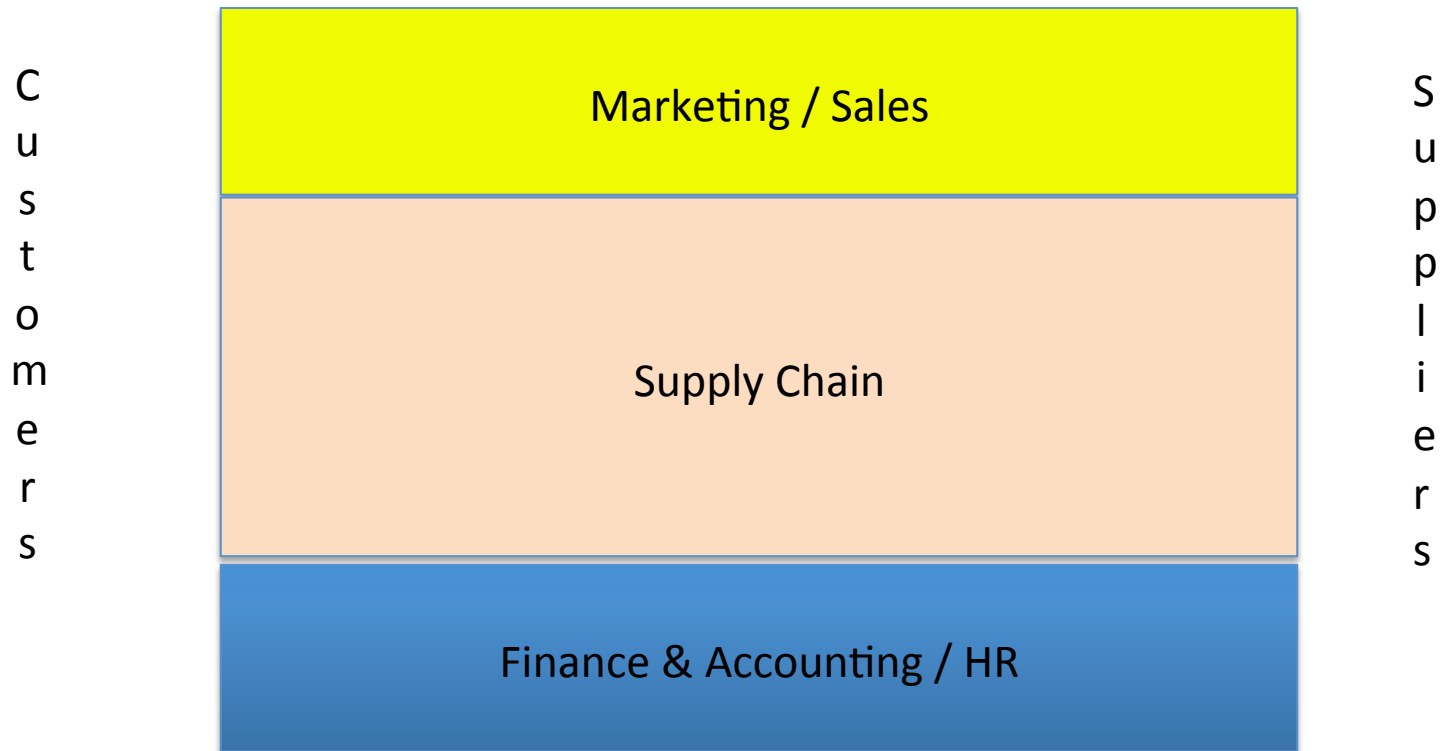


The existence of controls imply the existence of assertions.

Integration of:

- Business Organization
- Business Process
- ERP / SAP Functions

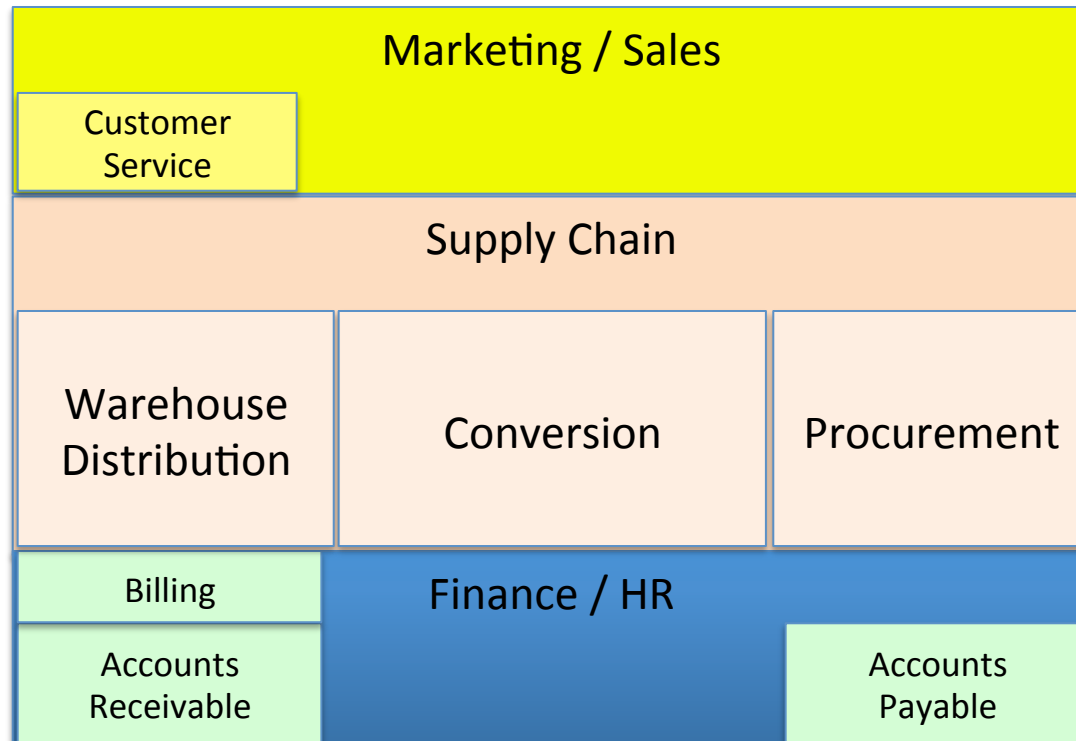
Business Functions / Organization



Global Bike Organization



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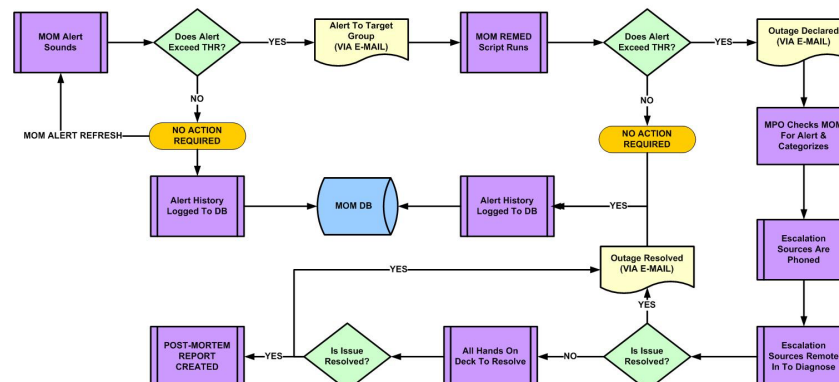
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Business Process

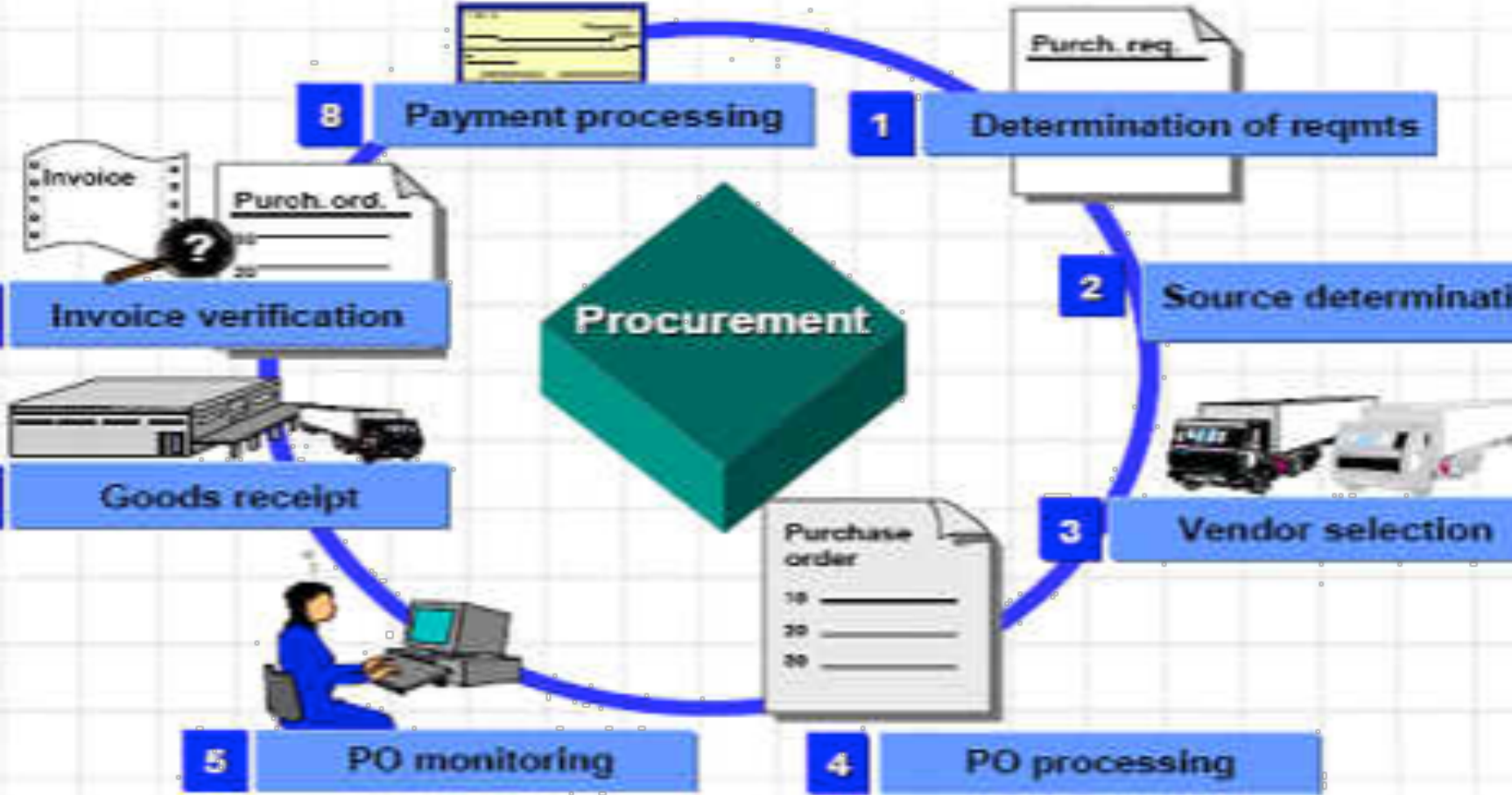
Definition

‘A series of logically related activities / tasks performed together to produce a defined set of results.’

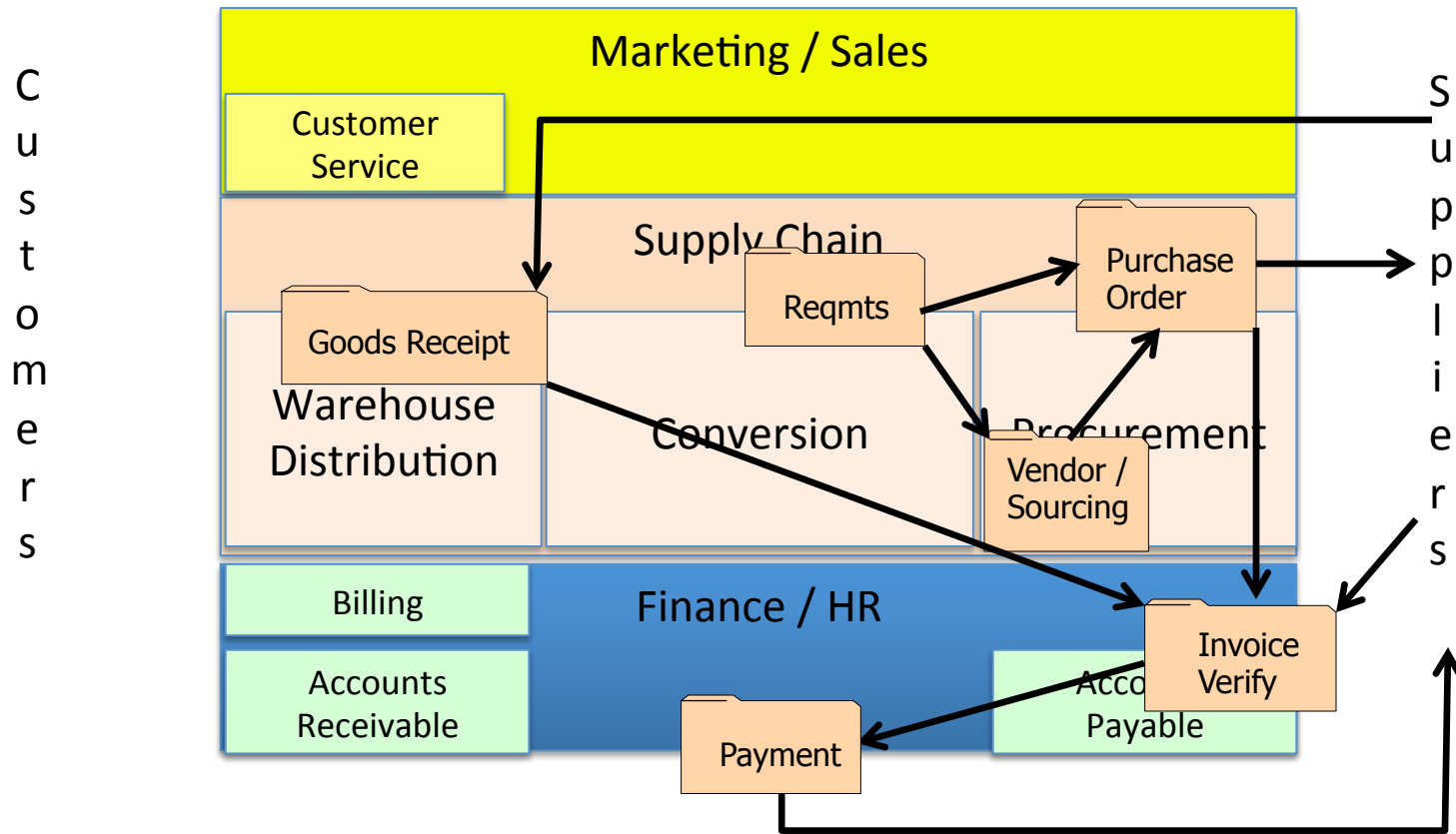
Business Dictionary



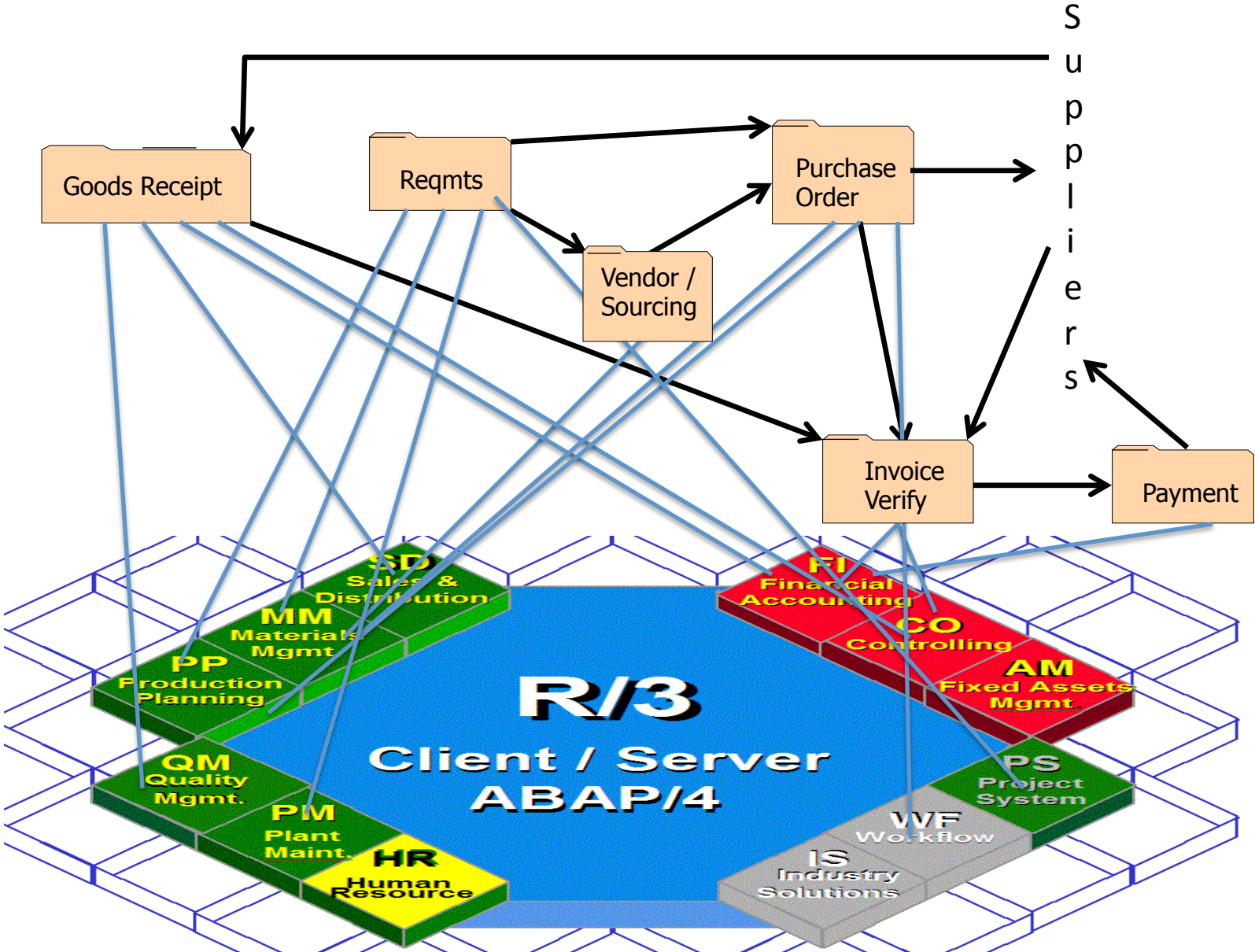
Procurement Process



Procurement at GBI



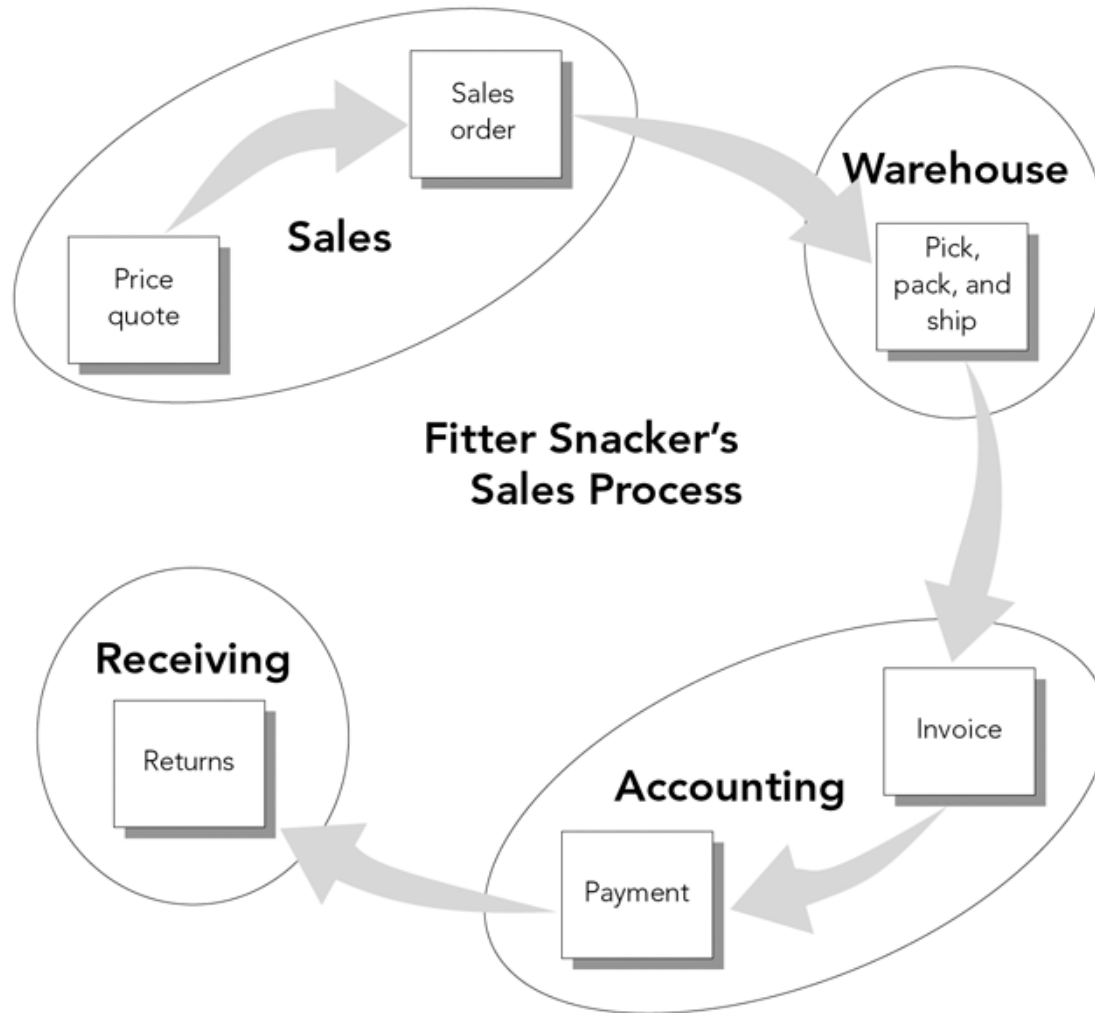
Procurement Functions in SAP



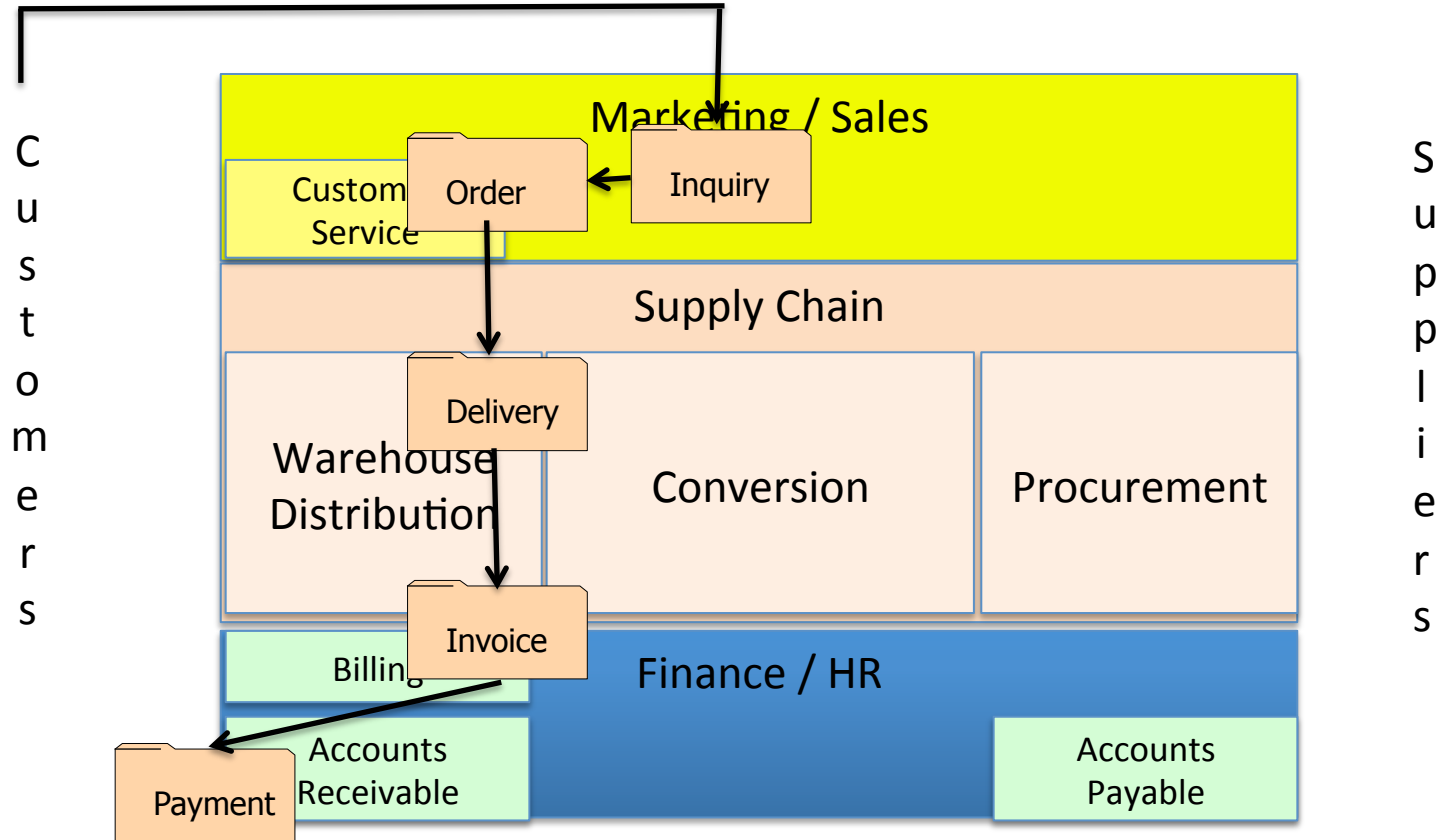
Procurement Functions in SAP

Task	SD	MM	QM	FI	CO	PP	PM	PS	WF
Requirements		<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Vendor / Sourcing		<input checked="" type="checkbox"/>							
Purchase Order		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
Goods Receipt	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
Invoice Verify		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
Payment				<input checked="" type="checkbox"/>					

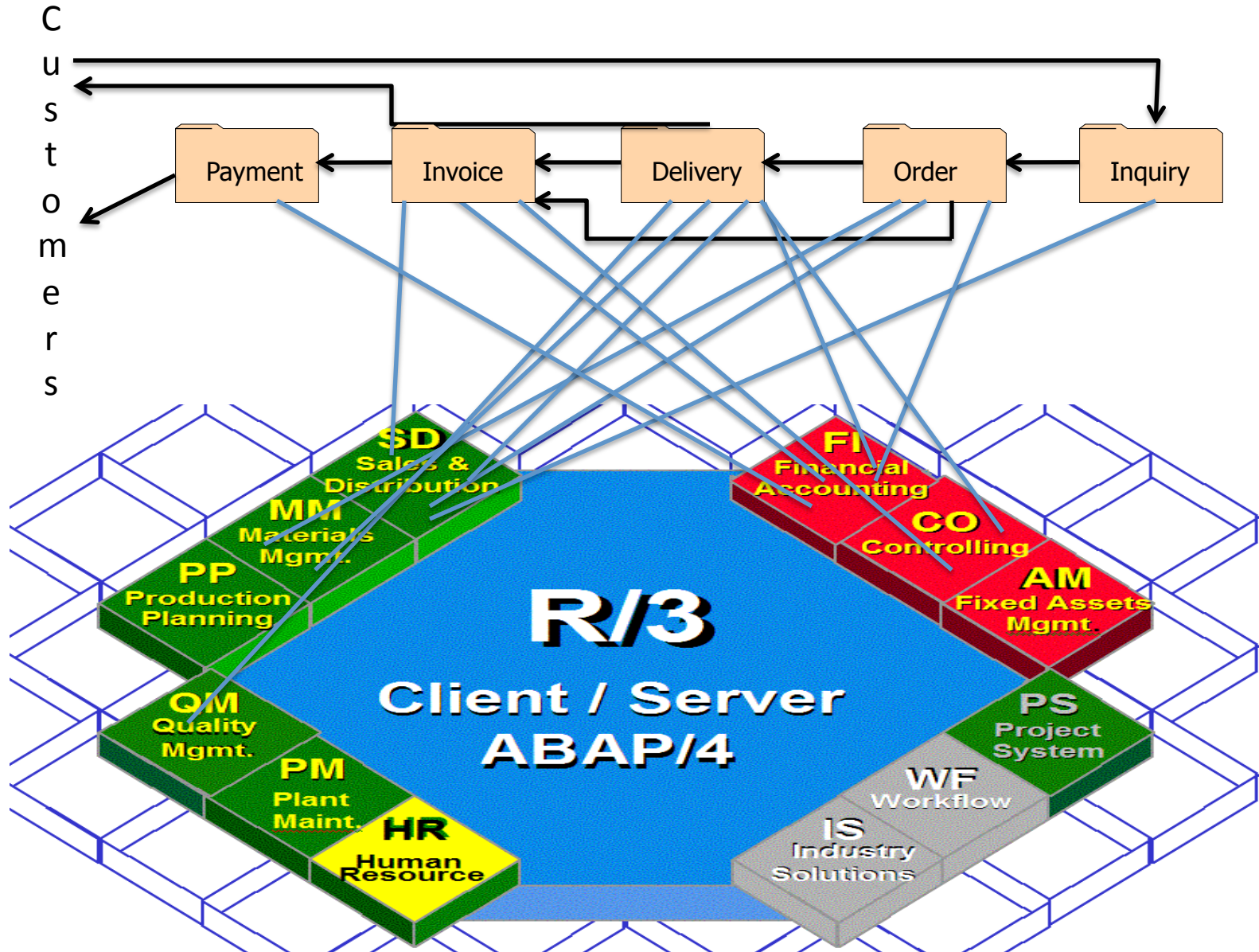
Order to Cash Process



Order to Cash at GBI



Order to Cash Functions in SAP



Order to Cash Functions in SAP

Task	SD	MM	QM	FI	CO
Inquiry	<input checked="" type="checkbox"/>				
Order	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Delivery	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Invoice	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Payment				<input checked="" type="checkbox"/>	

Break Time



Human Resources Module



- HR Module Components
- Cross-Application Components
- HR Security

HR Module Components

Financials

Internet
Integration

Employee
Self-
Service



Office

Logistics

Module: Organizational Management & Workforce Planning

- Defines organizational structure (units, divisions, positions, etc.)
- Base for personnel planning and development
 - ✧ Analyze, forecast, plan and optimize workforce
- Allows planning with actual and proposed personnel scenarios



Module: Recruitment

- Support the entire recruitment process
 - ✧ Receipt of application (e.g. via web access)
 - ✧ Issuance of recruitment requests
 - ✧ Selection process of applicant
 - ✧ Applicant pool administration
 - ✧ Notification to applicants
- Use to implement an effective – and largely automated – recruitment strategy



Module: Personnel Administration (PA)

- Perform essential personnel administration (Hire to Fire) tasks such as:
 - ✧ Hiring employees
 - ✧ Performing organizational reassignments
 - ✧ Salary adjustments
 - ✧ Terminations



Module: Compensation Management

- Empowers managers to offer competitive and motivating remuneration
 - ✧ Fixed pay
 - ✧ Variable pay / Incentive wages (e.g. commissions)
 - ✧ Merit increases
 - ✧ Promotion
- Strategic compensation planning
- Allows enterprise analysis of future projected costs



Module: Benefits

- Comprehensive administration of employee benefits:

- ✧ Health (medical and dental)
- ✧ Insurance (Life)
- ✧ Savings (Retirement) / 401-K
- ✧ Spending Accounts (Medical and Dependent Care)
- ✧ Vacation



- Concepts & processes to manage extensive and highly individual employee benefits packages

- ✧ Open Enrollment
- ✧ Employee Life-cycle Events (e.g. Marriage, Child, and Separation)

Module: Personnel Development

- Compare current or future work requirements with employees' qualifications, preferences and aspirations
- Convert training proposals directly into bookings based on qualification deficits or needs
- Aligning employee goals with corporate goals



Module: Training & Events Management

- Plan and manage business events
 - ✧ Training
 - ✧ Conferences
- Interfaces with other R/3 components
 - ✧ Basis for extending and updating employee's skills and knowledge
- Flexible Reporting
- Appraisal functions
 - ✧ Provide important decision support feedback to ensure the business events offered are both high quality and effective



Module: Time Management (TM)

- Flexible representation of personnel procedures to record and evaluate employee time data
 - ✧ Infrastructure for time data recording
 - ✧ Work schedules / shifts
 - ✧ Record of planned attendance and absences
 - ✧ Record actual attendance and absence (Time sheet)
 - ✧ Annual and Sick Leave accrual
 - ✧ Time evaluation
- Ability to transfer absence and attendance data to other SAP applications



Module: Payroll Accounting

- Process payroll using data from Personnel Admin, Benefits & Time Mgmt Modules
 - ✧ Payroll runs (regular and off-cycle)
 - ✧ Payroll corrections
 - ✧ Payments
 - ✧ Remuneration Statements
 - ✧ Posting to Financial Accounting
 - ✧ Third Party Remittance
- Tax Reporter generates all required state and federal tax forms (e.g. SUI reports & W-2s)
- Includes a number of standard payroll reports
- Configuration highly Country specific

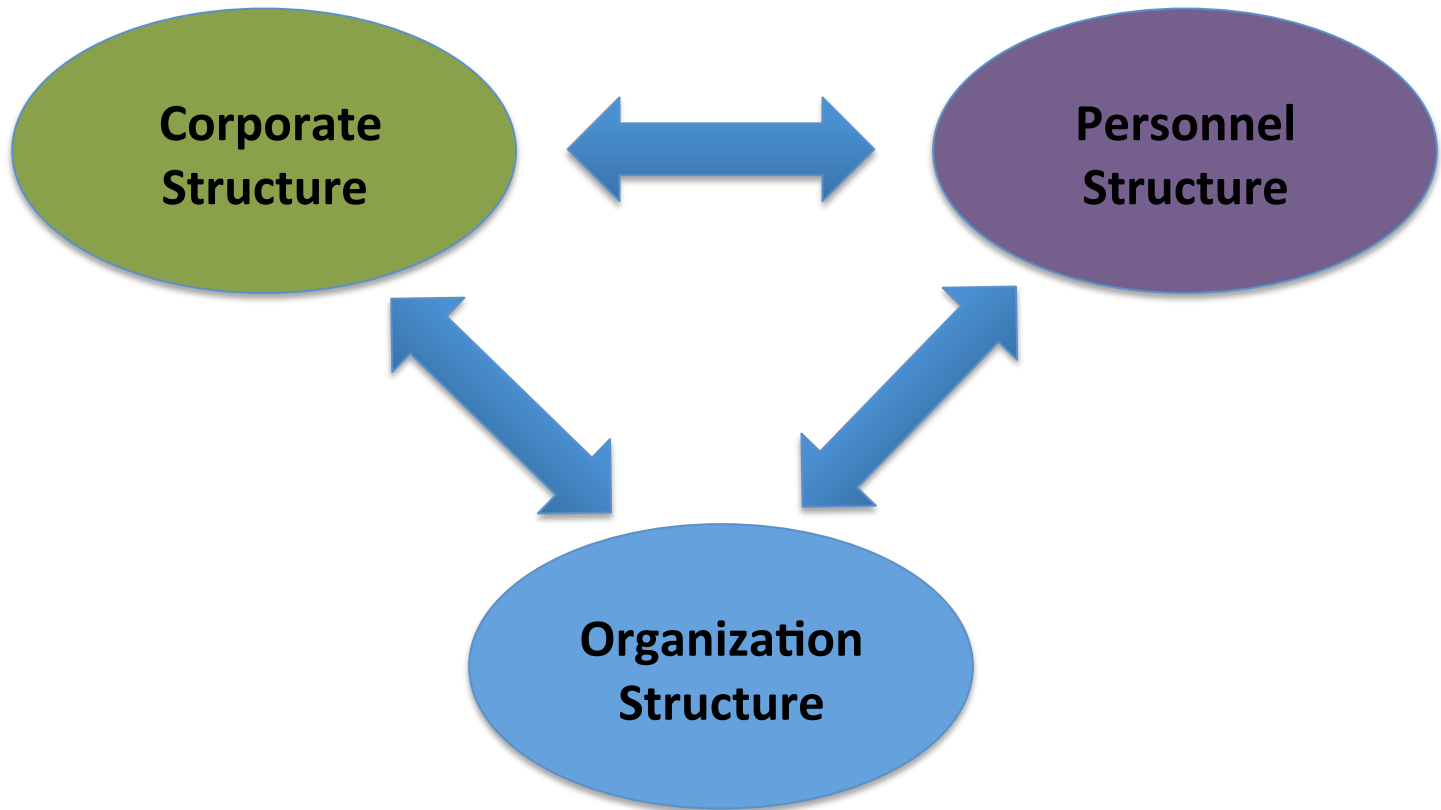


HR: Other

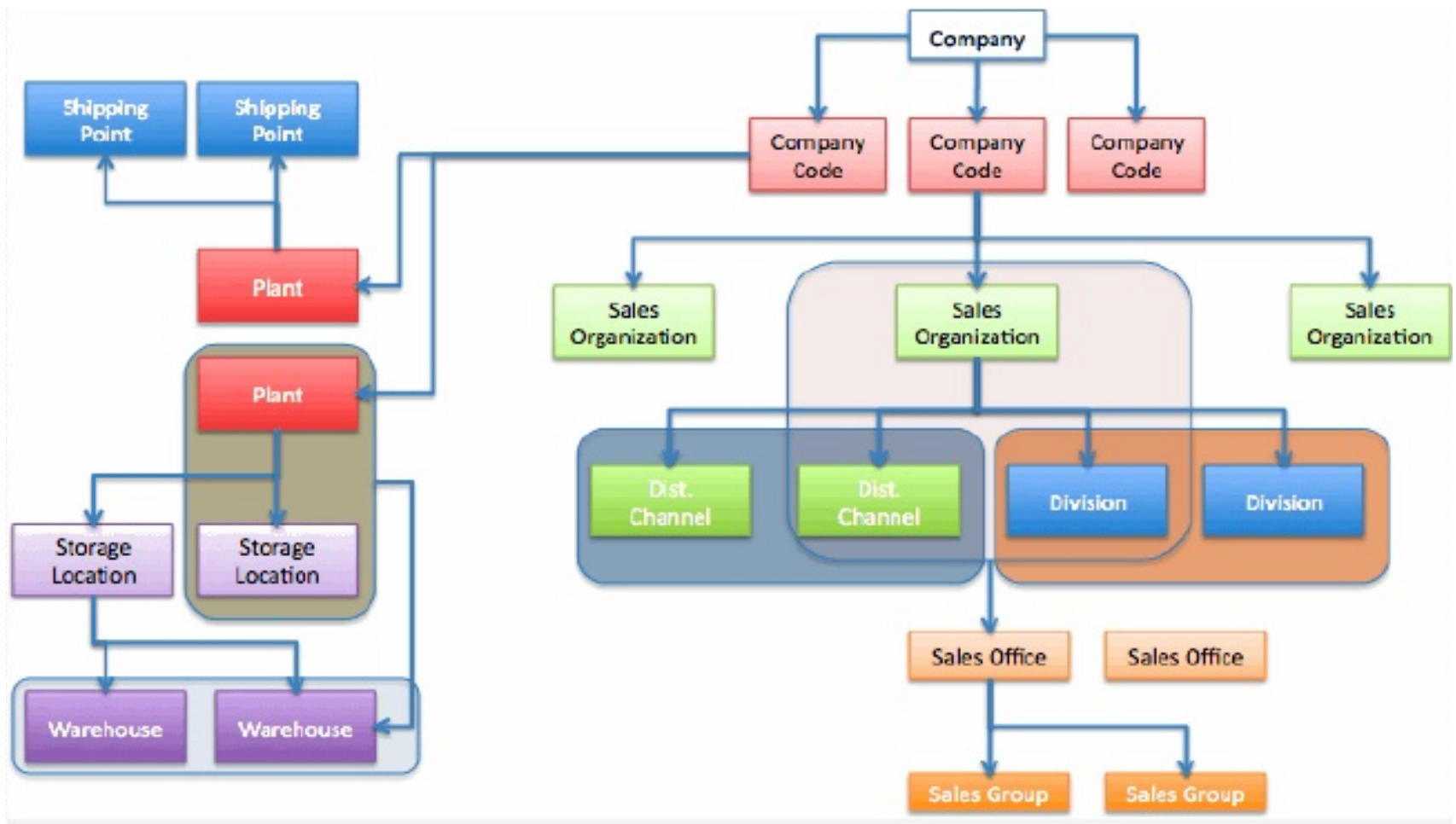
- Travel Management and Expense
- HR Service Delivery (Improve access to information, services, transactions)
 - ✧ Manager Self-Service
 - ✧ Employee Self-Service



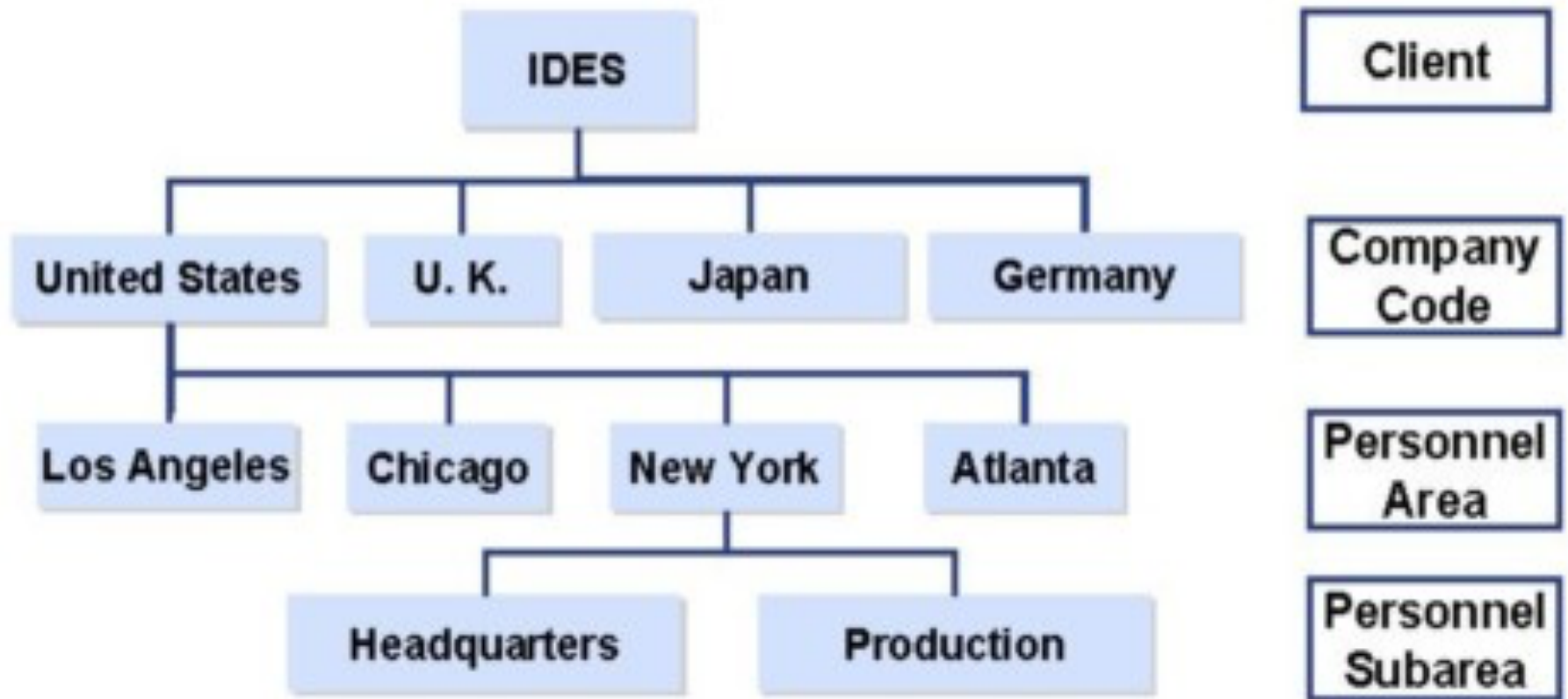
HR: Structures



ECC: Enterprise Structure



HR: Corporate Structure



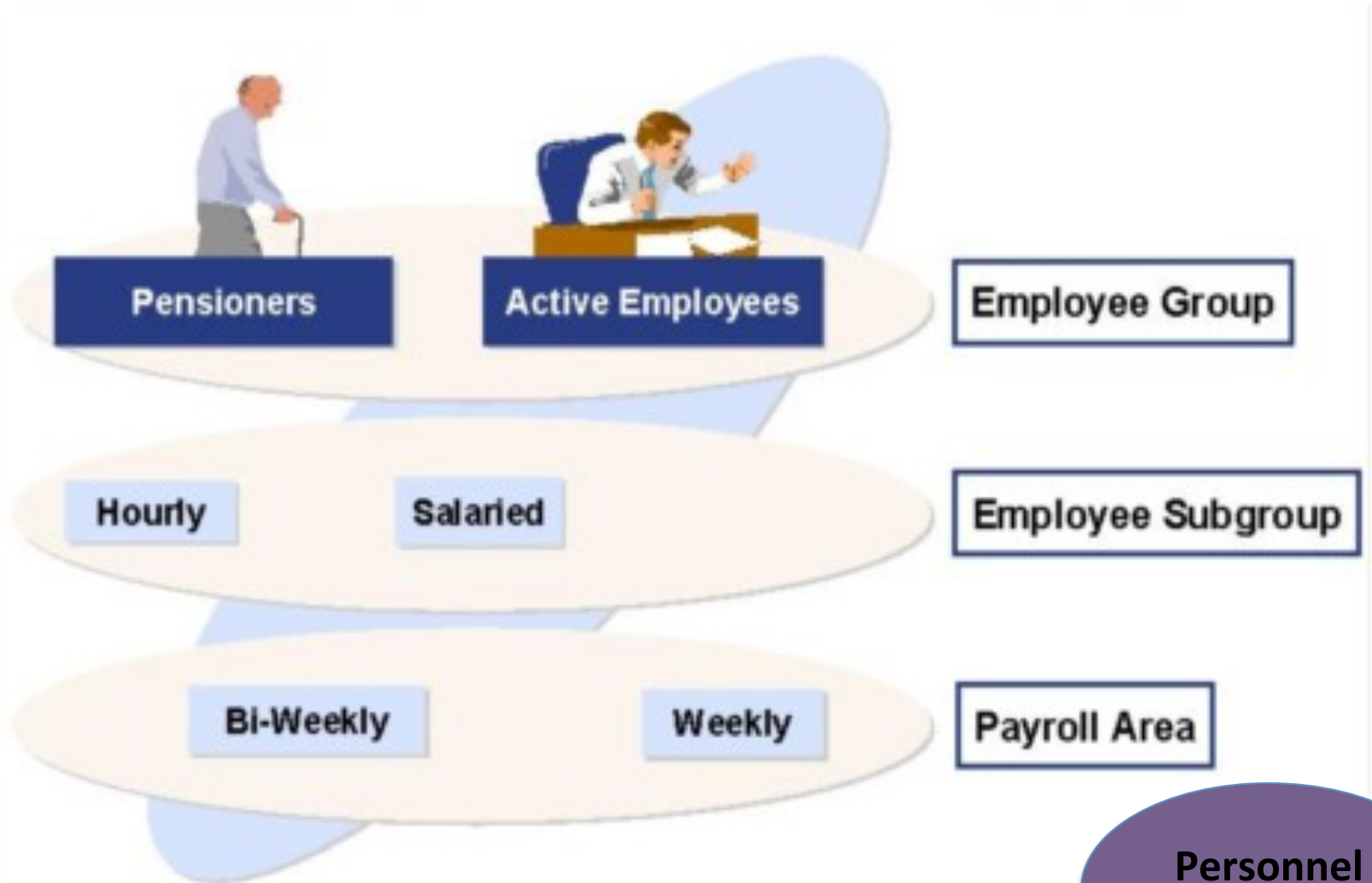
HR: Corporate Structure

- HR Corporate structure different than ECC Enterprise structure
- Personnel Area
 - ✧ Entity for personnel administration
 - ✧ Uniquely assigned to a company code
 - ✧ Default values for data entry
 - ✧ Authorization checks can be performed at this and company level
- Personnel subarea
 - ✧ Divides personnel area
 - ✧ Controls pay scale, wage type structures and work scheduled planning
 - ✧ Unique 4 digit code



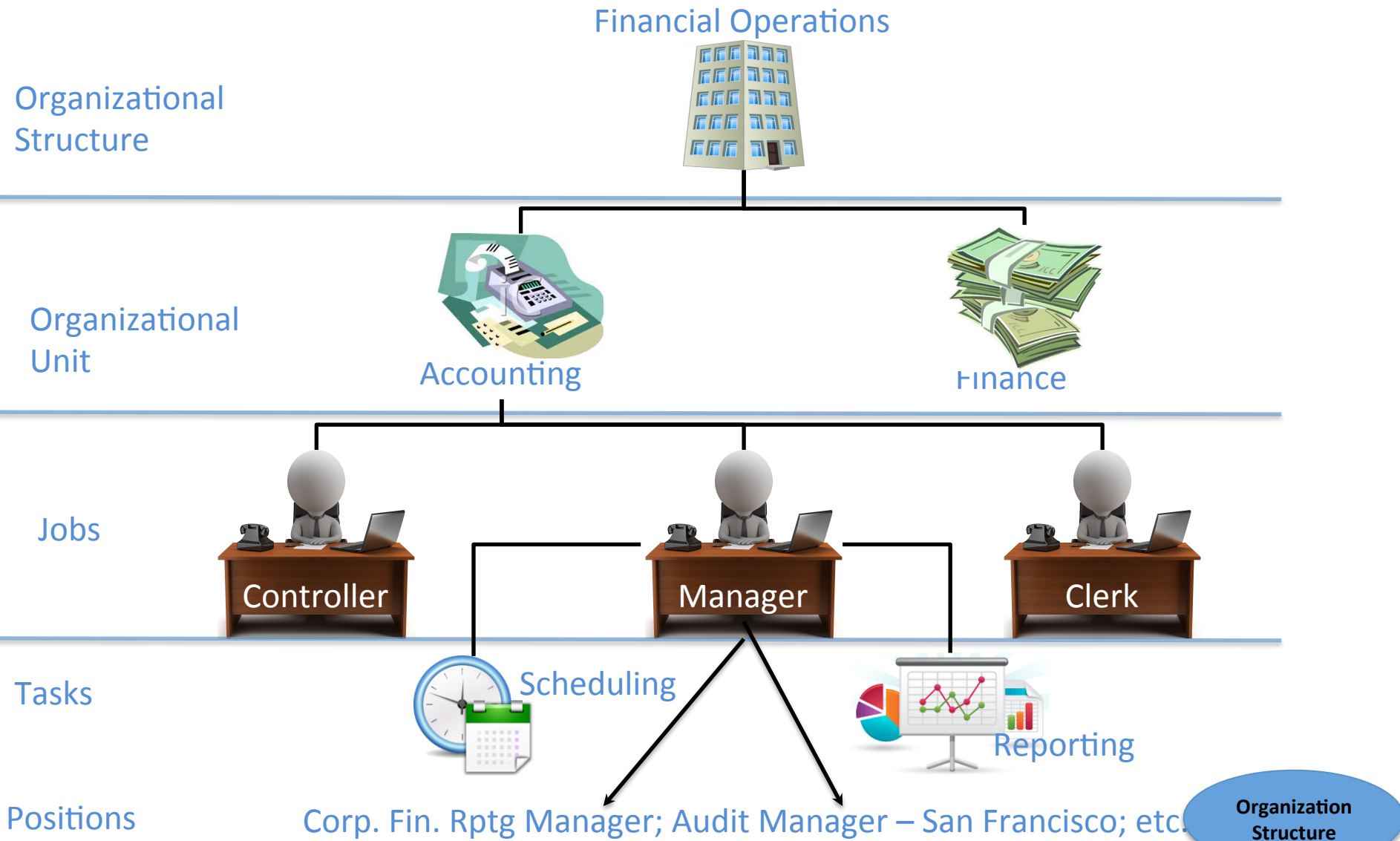
**Corporate
Structure**

HR: Personnel Structure



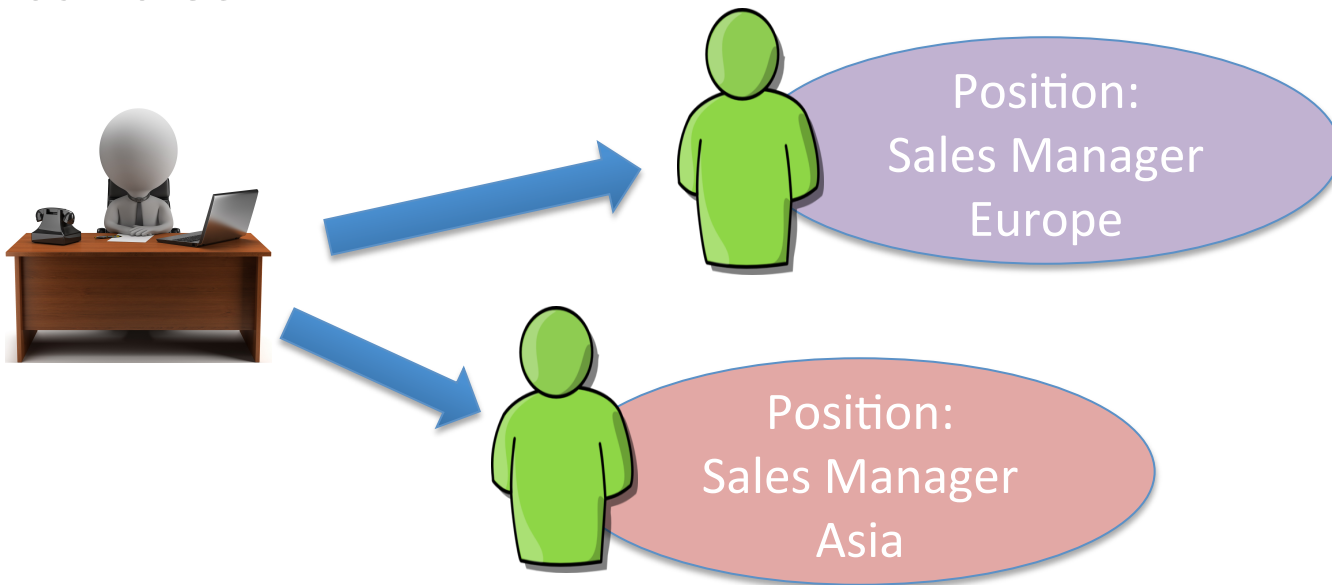
Personnel Structure

HR: Organizational Structure

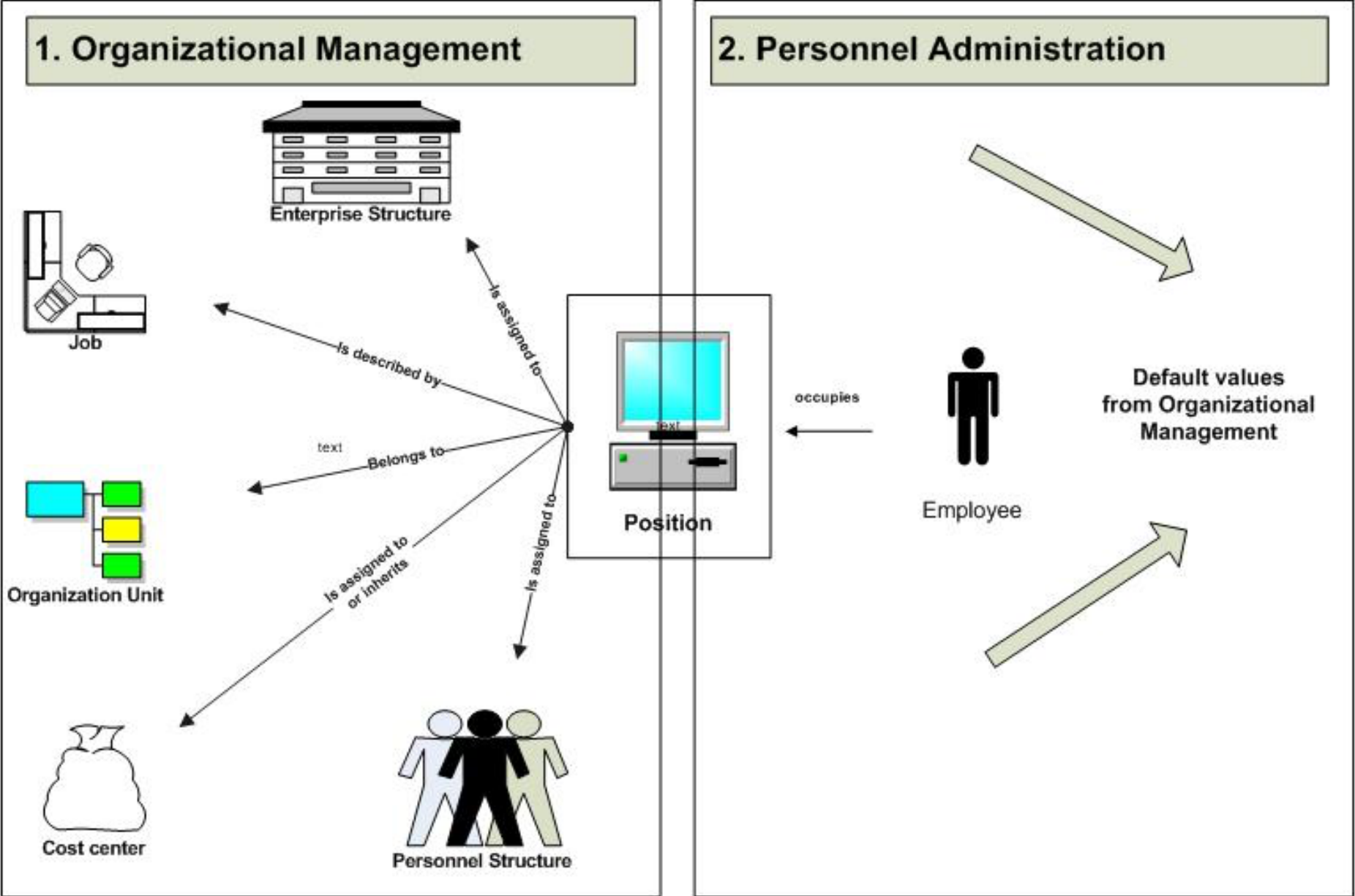


HR: Organizational Structure

- Organizational Key
 - ✧ 14 character field for defining organizational and personnel structure
- Positions: Represent actual employee placements or vacancies



HR: Relationship of Objects



HR: Infotypes

- Infotypes: information groups that store personal data
 - ✧ Controlled for scope and access authorization
 - ✧ Logical grouping of data fields on screen
 - ✧ 4 digit Infotype code
- Examples
 - ✧ 0001 - Organizational assignment (organizational unit, job)
 - ✧ 0007 - Work schedule (shift, time recording, work hours)
 - ✧ 0009 - Bank Details (account details to receive check)
 - ✧ 0021 - Family
 - ✧ Personal data (current name, name at birth)
 - ✧ Payroll status (last payroll, date for recalculation)

HR: Infotypes



Family or Related Persons



Planned Working Time



Bank Details



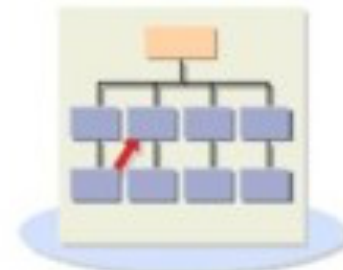
Personal Data and Addresses



Employee



Tax Data



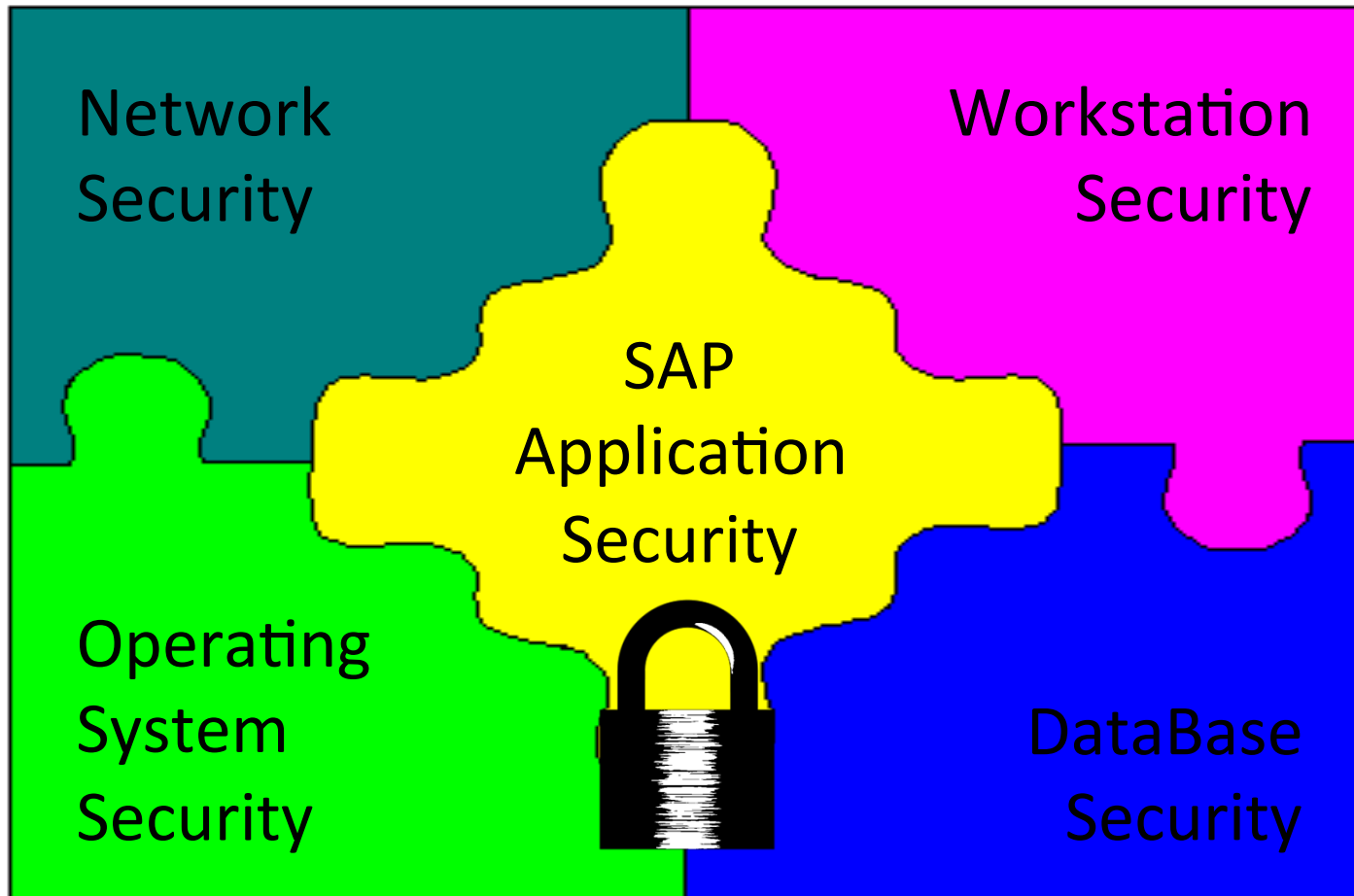
Organizational Assignment

Infotypes Are Logical Groupings of Data Fields

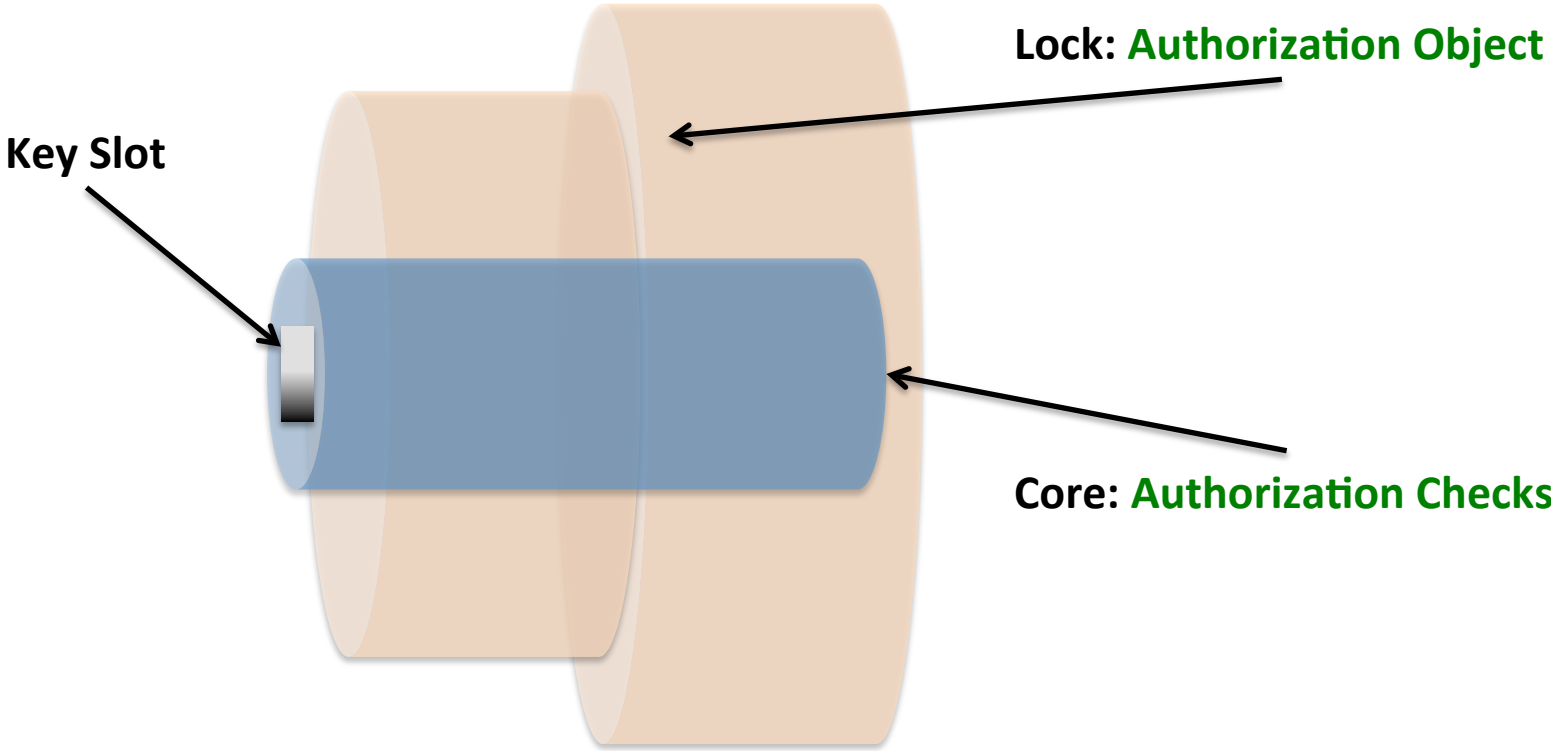
SAP Security – HR view

- Agenda
 - Few SAP Security basics
 - HR: Double Verification Principle
 - HR: PD Profile – Structural Authorizations
 - Position based Security
 - Position based vs. User based Security

SAP Environment Security Components

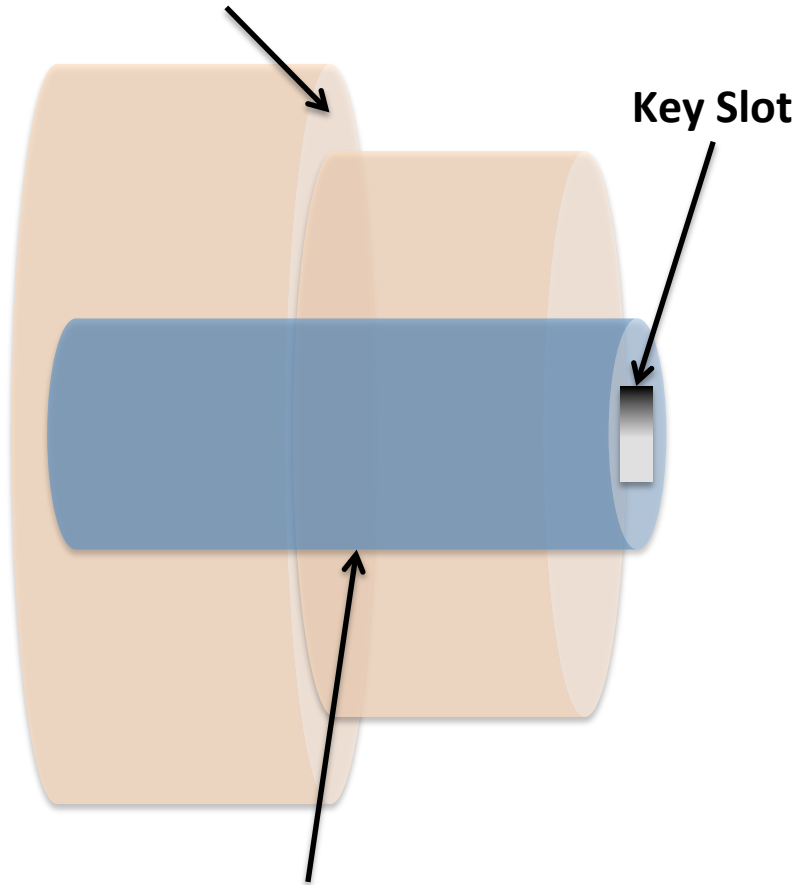


SAP Security: Lock Concept



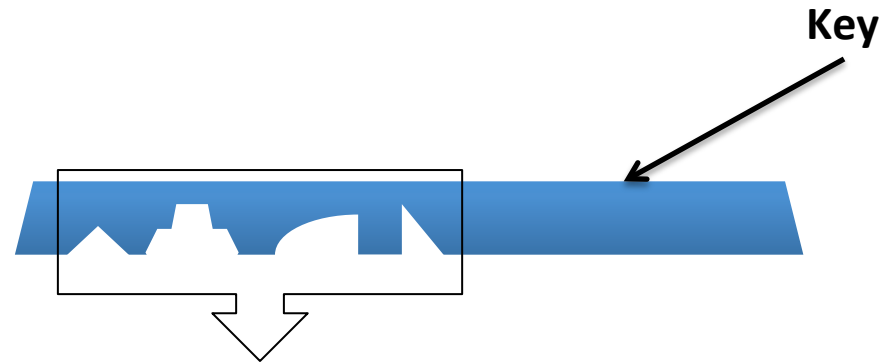
SAP Security: Key Concept

Lock: **Authorization Object**



Key Slot

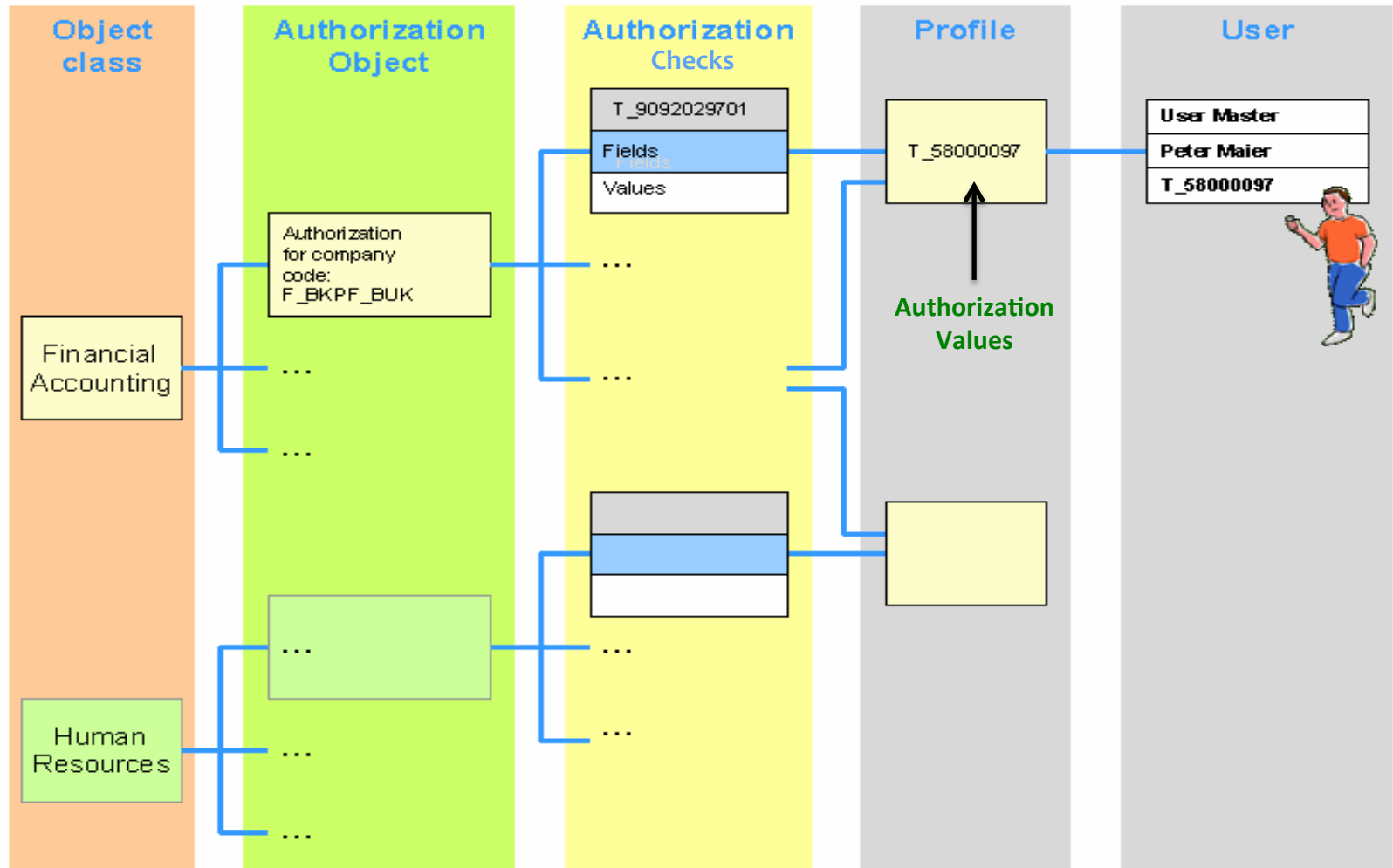
Core: **Authorization Checks**



Key

Authorization Values

SAP Security



HR Security: Sample Authorization Object

Object: P_ORGIN (for HR Master Data)
Authorization: P_ORGIN

Field	Values
Authorization Level	R, E, D, M, S, W or *
Infotype	*
Employee Group	*
Employee Subgroup	*
Organizational Key	*
Personnel Area	*
Personnel Area Subtype	*

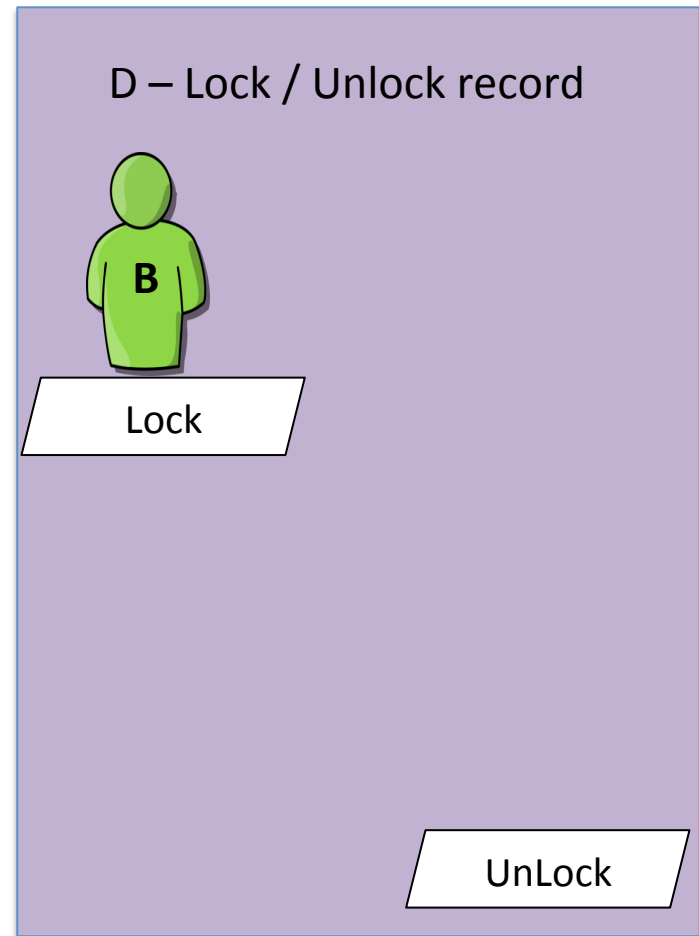
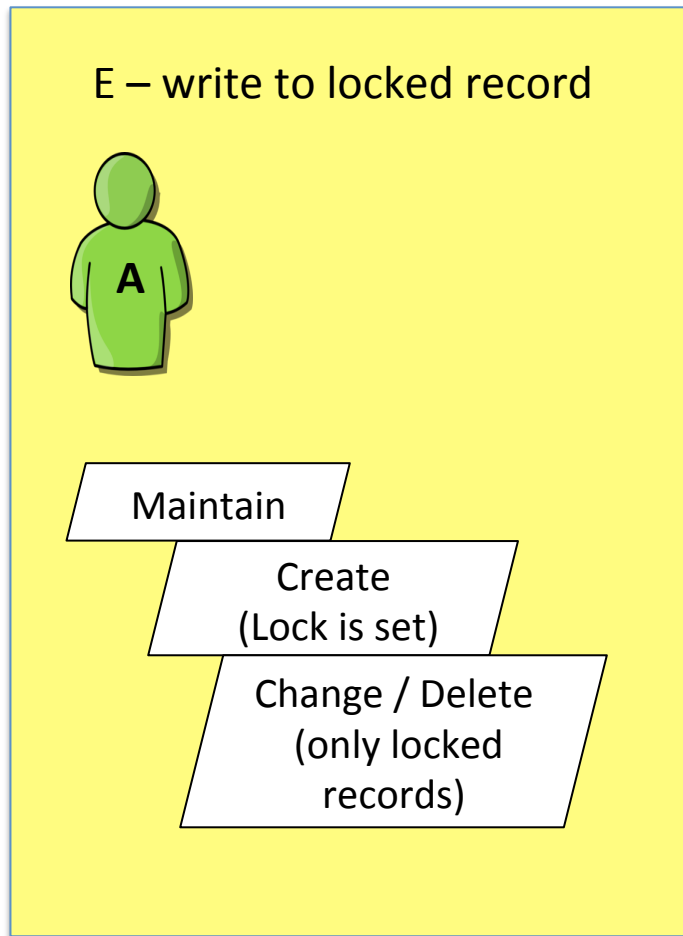
Also requires transaction code (P_TCODE) authorization
e.g. PA20 (display HR Master data), PA30 (maintain master data)

HR Security: Authorization Field

- Authorization level field values outside HR are numerical values
- HR Specific authorization levels:
 - R Read
 - E Write to a locked record
 - D Lock / unlock record
 - M Display matchcodes
 - S (Symmetric) Write to a locked record; unlock IF the last person who used the record is NOT the current user
 - * All activities

HR Security: Double Verification Principle

Authorization Level



Asymmetrical Double Verification

HR Security: Double Verification Principle

- Protect critical infotypes by segregating data entry and data control responsibilities among two (2) people.
 - ✧ No single person can change critical values (e.g. base pay)
- Asymmetrical Double Verification: 2 users don't have same authorization
 - ✧ New data: User A enters new data; User B unlocks it
 - ✧ Existing data:
 - User B locks; User A changes data; User B unlocks
 - User A creates locked copy and then changes; User B unlocks this data.
 - ✧ Delete data: User B locks the data; User A deletes it.
- Symmetrical Double Verification: Both users have level S
 - ✧ Each user can lock, change, relock data records
 - ✧ Can unlock only if not last person to have changed locked data

HR Security: Structural Authorizations

- End User inherits HR security access only to the organizational units (or departments) that have been assigned to them
- PD Profiles / Structural Authorizations
 - ✧ Defines additional level of security access by Organization
 - ✧ Confines users to perform tasks within specific organization layers
 - ✧ Used *in conjunction* with standard SAP profiles (lesson 7 - 10)
 - ✧ Created in config vs. security profile generator
 - ✧ Assigned to individual users via linking to positions (infotype 1017)
 - ✧ Only used while accessing HR data

Position-Based Security Concept

- HR module used to help Security Administrators control system access
- Roles and activity groups or authorization profiles (standard and structural) are attached to positions or other objects in the organization structure
- The person who holds / occupies the position inherits access provided by the profiles or activity groups
- When people move within the organization, no need to communicate with Security Administrators

User-Based Security Concept

- Security roles are directly assigned to user master records
- Accommodates traditional thinking:
 ‘Joe Smith approves purchase orders vs. Finance Manager approves purchase orders’
- Is only security approach possible with HR module implementation
- Requires matching job and position responsibilities to access requirements for each user

Position-Based vs. User-Based Security

- Position-based Security Benefits:
 - ✧ Security based on employee's position and how that position fits in the organizational structure.
 - ✧ Aligns with business process thinking
 - Payroll administrator starts and stops payroll vs. Joe Smith starts and stops payroll
 - Workforce Planning Manager creates new positions vs. Joe Smith creates new positions
 - ✧ Automates security adjustments triggered by employee's long-term movement in organization (e.g. new hire,, transfer, termination)
 - ✧ Lower long-term security maintenance and administrative costs despite the one-time development costs



Position-Based vs. User-Based Security

- Position-based Security Benefits:
 - ✧ Facilitate general assignments to employees whose positions belong to same organizational unit.
 - ✧ Base training and change management strategies on jobs and/or positions
 - In a course – train all HR Managers
 - Communicate business impact to all Personnel Administrators
 - ✧ Easier use of workflow
 - Workflow uses organizational structure to identify approving position(s). Position drives approval and not the holder of the position
 - Position-based security similar to position-focused Workflow (chief positions). Activity / processing centered around



Position-Based vs. User-Based Security

- Position-based Security Cautions:
 - ✧ How to handle non-employees (contractors, consultants, third-party)? User-based security most likely implemented – no positions for third-parties.
 - ✧ When roles (activity groups) used for position-based users, security assignment can also occur directly in user master record.
 - Most effort defining, creating the activity groups
 - ✧ Challenging for fuzzy, complex, dynamic organizations
 - Fuzzy: structure is flexible (can depend on individual in position) or varies significantly in different parts of organization
 - Complex: matrix organizations, few or very many levels of organization more difficult to model in SAP HR Structure
 - Dynamic: if organization changes frequently, position security reorg is required to support





Purchase-to-Pay Exercise



- Primary Learning objectives
 - Experience the steps in a typical purchasing transaction
 - See how an ERP system handles typical purchasing transactions
 - Work through the procedures involved in a test of transactions
 - Investigate related application controls in an ERP system
- Secondary learning objectives:
 - See the integration between materials management (MM) and financial accounting (FI) modules of SAP
 - View some basic FI module settings than enable proper system functions

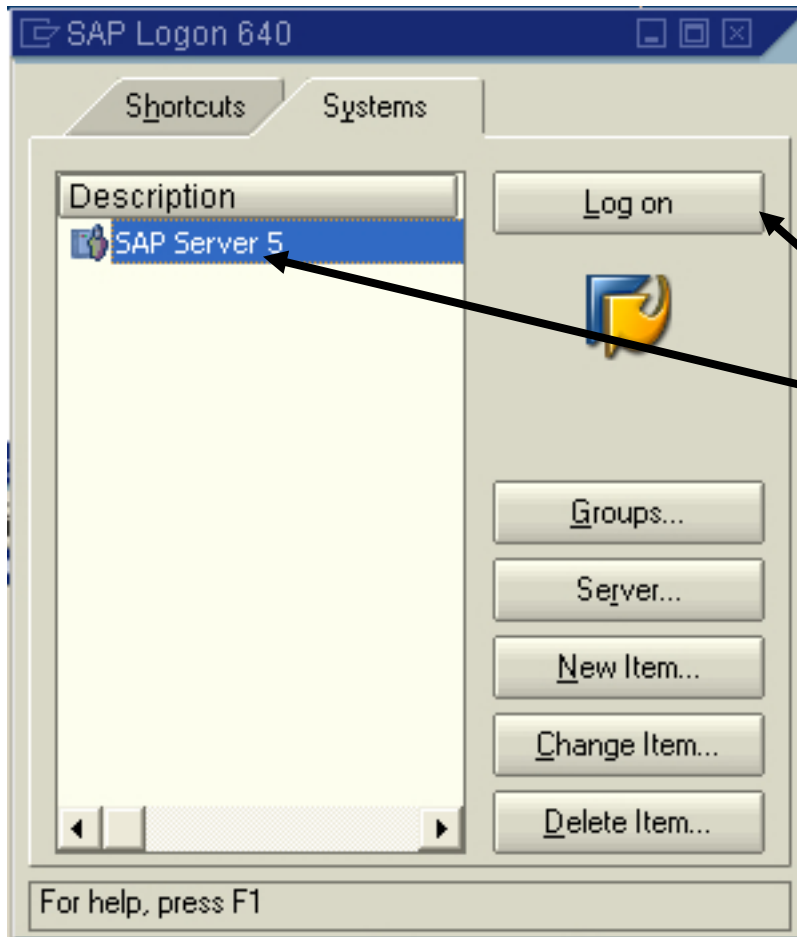


Exercise 1: Purchase to Pay



- Agenda
 - Today: Logging On; Steps 1 - 6
 - Next Class (*Feb 2*): Steps 7 - 14
 - *Due Feb 5 11:59 PM*: Assignment Submission

Configured SAP Gui



Select System:
double-click or
Logon button

Logging On

The screenshot shows the SAP R/3 login interface. At the top, there is a menu bar with 'User', 'System', and 'Help'. Below the menu bar is a toolbar with various icons. The main area is titled 'SAP R/3' and contains a 'New password' button. The login fields are: 'Client' (with '000' entered), 'User' (with a yellow highlight), 'Password' (with '*****' entered), and 'Language' (with a yellow highlight). Three black arrows point from text labels on the right to the Client, User, and Password fields.

Enter Client

Enter User (R/3 Account)

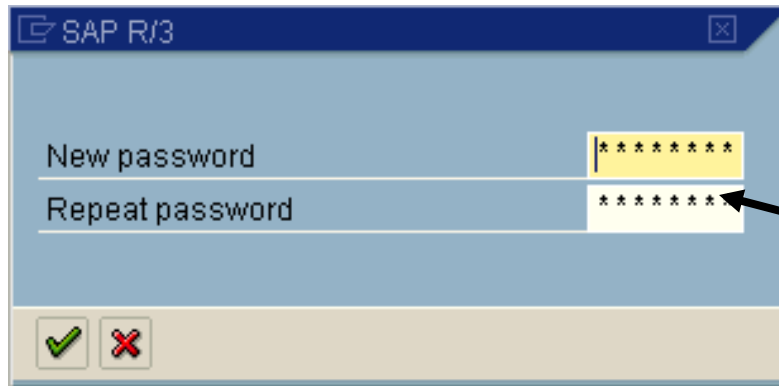
Enter Password (R/3 Account)

Don't worry about language—
English will default in

SAP Access Details

SAPGUI - System ID	GB5
Host Name	GB5.UCC.UWM.EDU
Client Name	SAP ERP GBI AIS 2.21 (MCC)
Client Number	648
SAPGUI - System Number	00
Student Userids	AIS-002 to AIS-029
Initial Student Passwords (case sensitive)	5121Temp

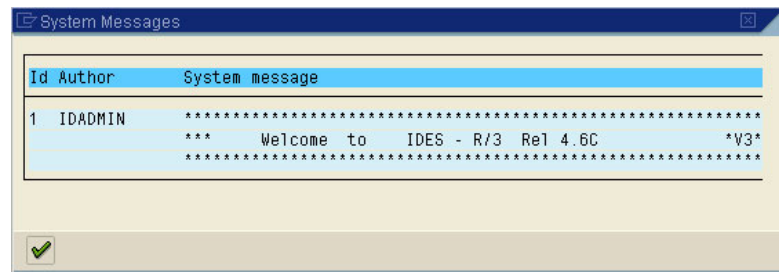
Logging On ...2



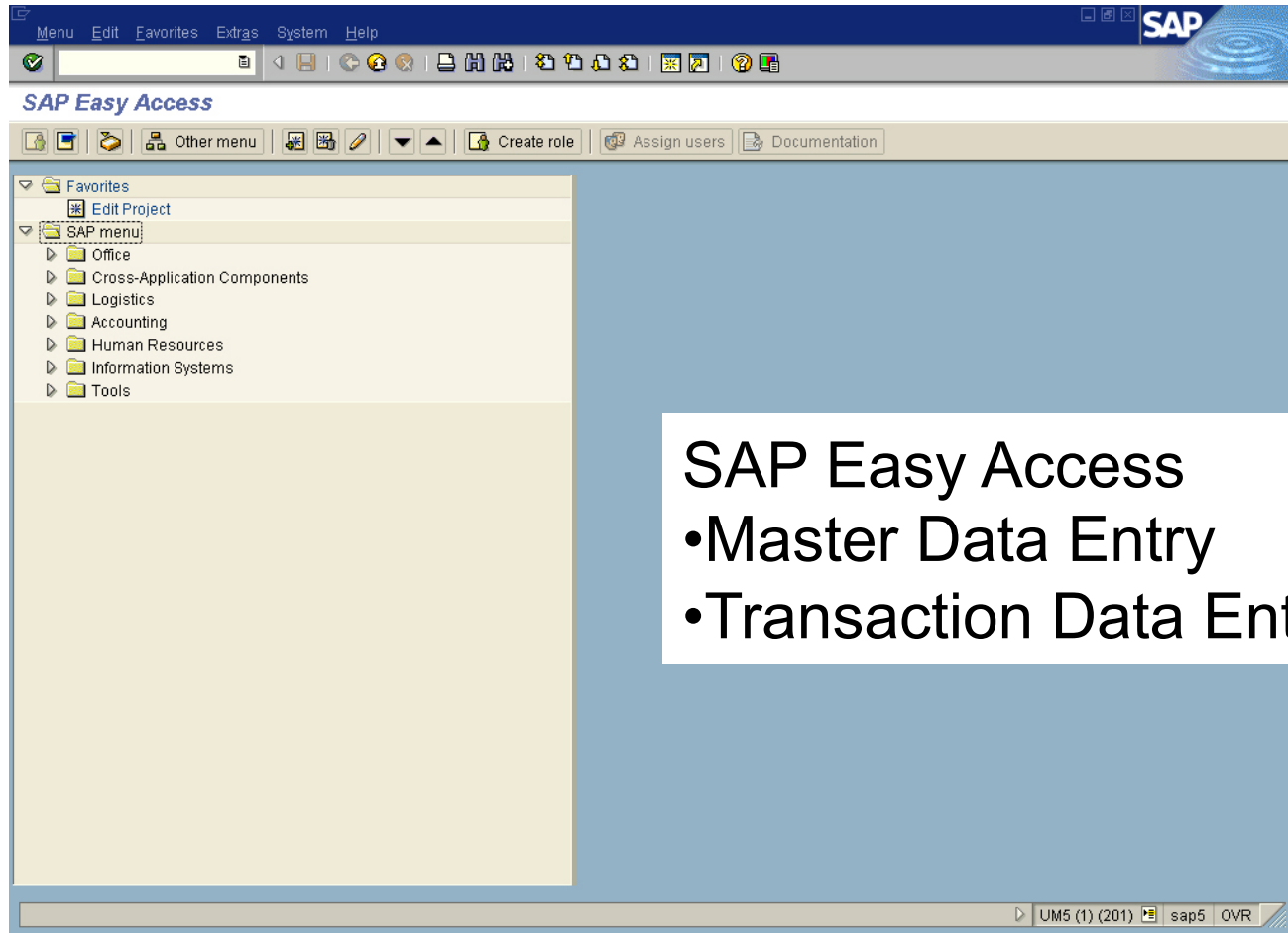
On the first time logging in to a new account, you will have to change the password—try To remember your new Password WITHOUT WRITING IT DOWN!

Then a message or two

Then



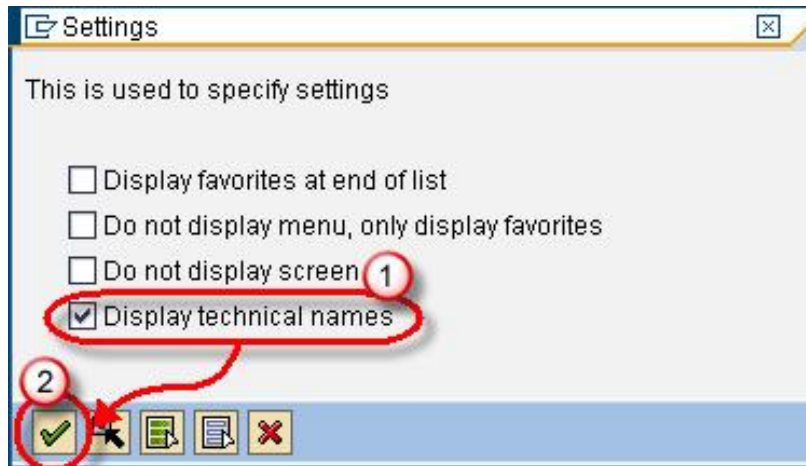
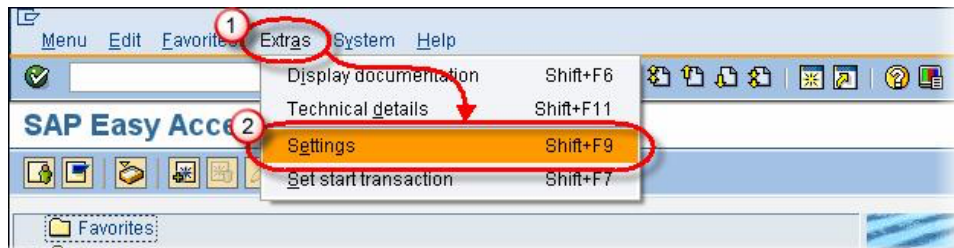
Success !!



SAP Easy Access

- Master Data Entry
- Transaction Data Entry

Enable 'Expert' Mode



Also: Extras -> Technical Details



Exercise 1: Purchase to Pay



- Agenda
 - Today: Tasks 1 - 6
 - Next Class (*Feb 2*): Tasks 7 - 14
 - *Due Feb 5 11:59 PM*: Assignment Submission



Exercise 1: Purchase to Pay



- Task 1.1 - Examine the Chart of Accounts
 - Menu: **Accounting** ▶ **Financial Accounting** ▶ **General Ledger** ▶ **Information System** ▶ **General Ledger Reports** ▶ **Master Data** ▶ **Chart of Accounts**
 - Transaction: **S_ALR_87012326**

- Task 1.2-3 - Examine General Ledger Accounts
 - Menu: **Accounting** ▶ **Financial Accounting** ▶ **General Ledger** ▶ **Master Records** ▶ **G/L Accounts** ▶ **Individual processing** ▶ **Centrally**
 - Transaction: **FS00**



Exercise 1: Purchase to Pay



- Task 2 - Examine System Settings
 - Menu: ***Tools*** ▶ ***Customizing*** ▶ ***IMG*** ▶ ***Execute Project***
 - Transaction: ***SPRO***
 - Do not make any changes to the system while you are in the IMG.**
 - Expand SAP Reference IMG: ***Financial Accounting (New)*** ▶ ***Financial Accounting Global Settings (New)*** ▶ ***Global Parameters for Company Code*** ▶ ***Enter Global Parameters***
- Task 3 - Create a Master Material Record
 - Menu: ***Materials Management*** ▶ ***Material Master*** ▶ ***Material*** ▶ ***Create (Special)*** ▶ ***Trading Goods***
 - Transaction: ***MMH1***



Exercise 1: Purchase to Pay



- Task 4 - Create a Vendor Master Record
 - Menu: **Logistics** ▶ **Materials Management** ▶ **Purchasing** ▶ **Master Data** ▶ **Vendor** ▶ **Central** ▶ **Create**
 - Transaction: **XK01**
 - Expand SAP Reference IMG: **Financial Accounting (New)** ▶ **Financial Accounting Global Settings (New)** ▶ **Document** ▶ **Tolerance Groups** ▶ **Define Tolerance Groups for Employees**
- Task 5 – Create Information Record for the Vendor/Material
 - Menu: **Logistics** ▶ **Materials Management** ▶ **Purchasing** ▶ **Master Data** ▶ **Info Record** ▶ **Create**
 - Transaction: **ME11**



Exercise 1: Purchase to Pay



- Task 6 - Check Status of Various Accounts
 - Check Inventory: MM Inventory Quantity
Transaction: **MMBE** (*Stock Overview*)
 - Check GL Inventory, GL Cash, GL A/P, GR/IR (Goods Received / Invoice Received):
Transaction: **S_ALR_87012291** (*Line Item Journal*)
 - Check A/P Vendor sub-ledger:
Transaction: **FBL1N** (*Vendor line item display*)

Extra Slides

How the Fraud took place (con' t)

- Operating Expenses to Assets
 - CFO' s directions affected the balance sheet:

Assets:

Computer assets + xxx (Huge Increase)

Leasing assets + xxx (Huge Increase)

Added to Balance Sheet

Liabilities xxx (no change)

Stockholders Equity:

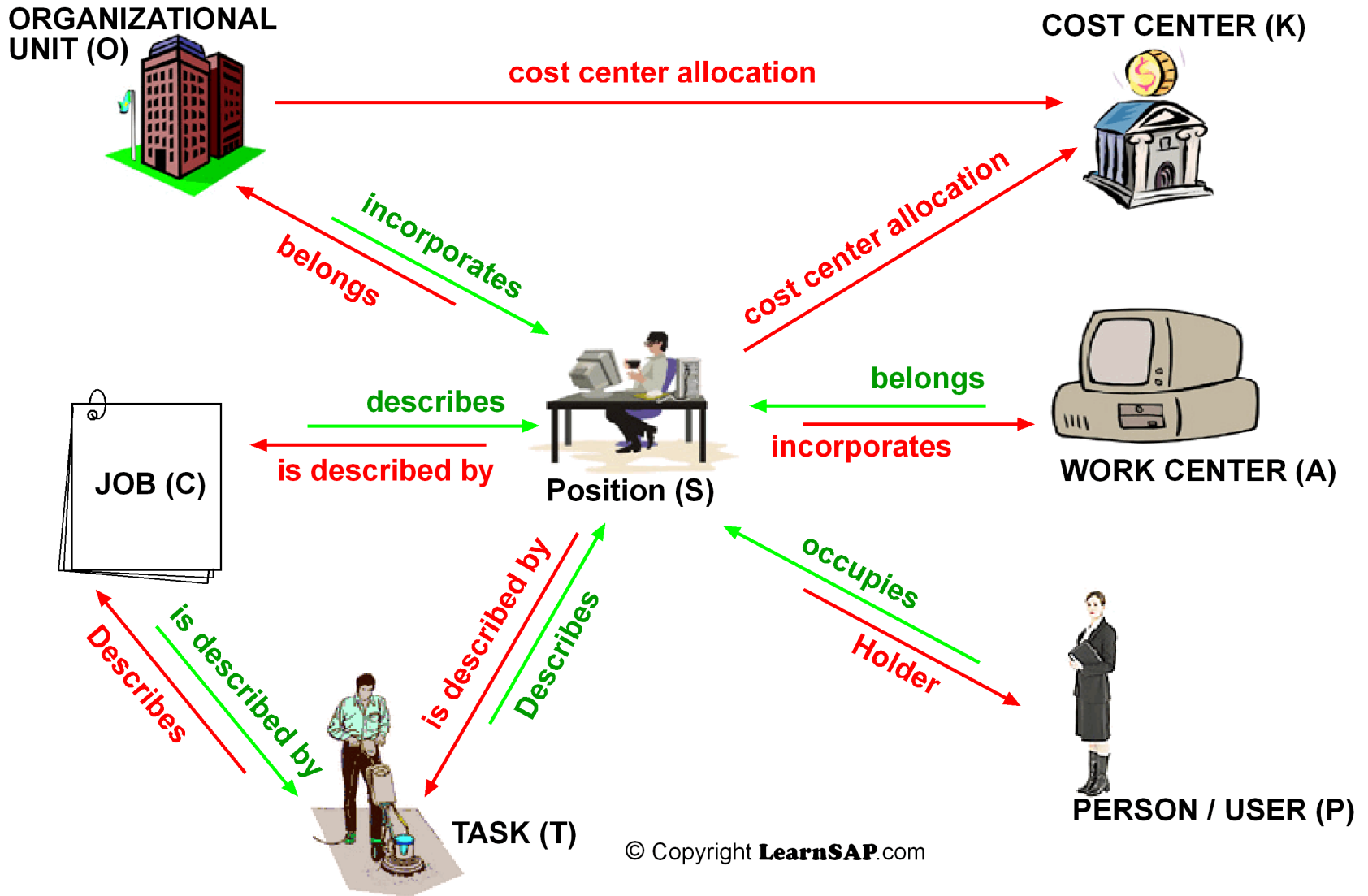
Retained Earnings + xxx (Huge Increase)

Added to Balance Sheet

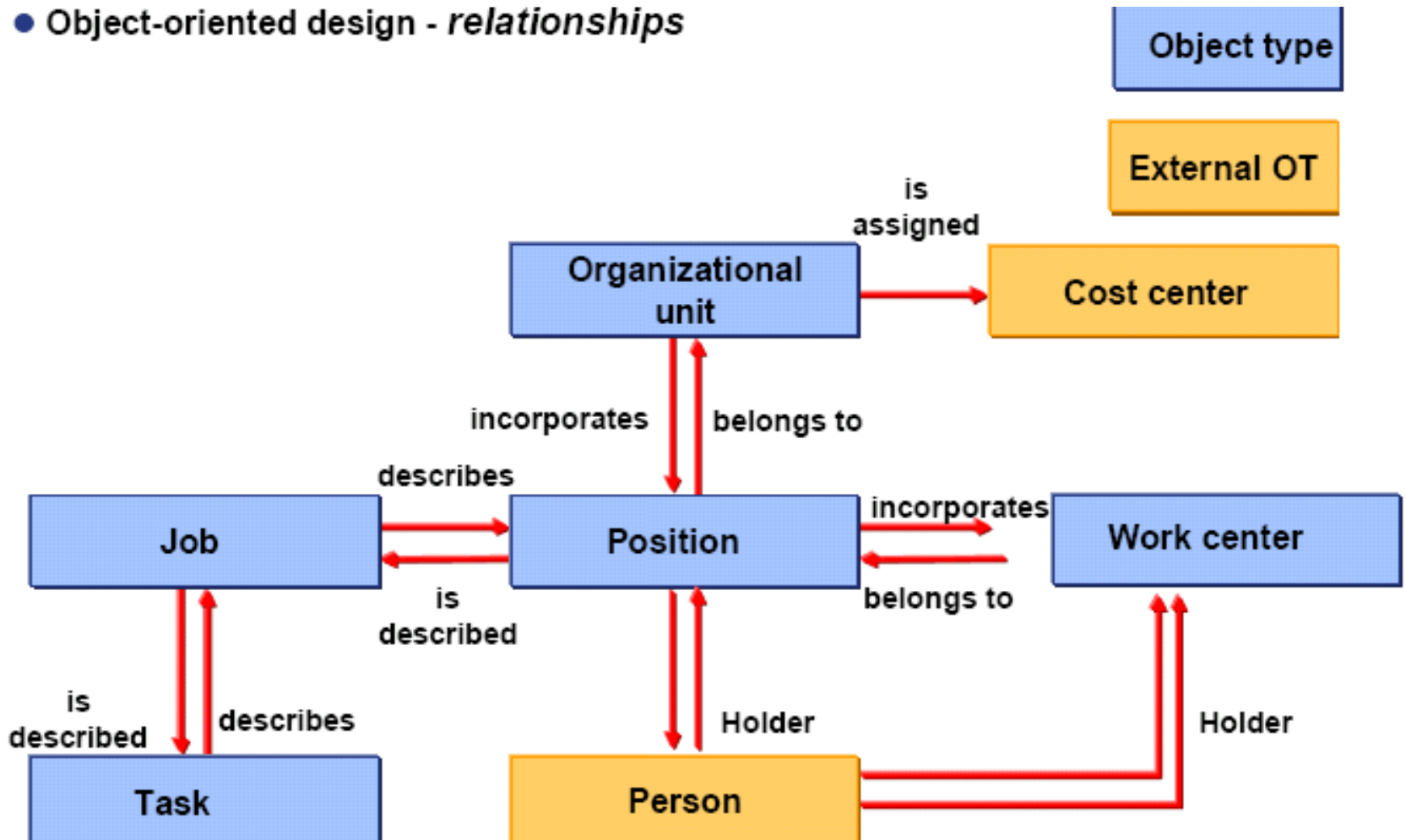
= HAPPY INVESTORS



HR: Relationship of Objects



- Object-oriented design - *relationships*



Additional HR Terms: subtypes, objects

