

Financial Audit & control Using



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Objective:

To provide an in-depth understanding of how SAP can be leveraged by chartered accountants to enhance financial management and auditing processes, ensuring efficiency, accuracy, and compliance.

KEY Take Away:

- 1. Streamline financial process**
- 2. Improved reporting capabilities**
- 3. Wise compliance & risk management**
- 4. Financial Audit process through SAP:**

Speaker Profile -
CA SOUMYADIPTA DAS

Professional Degrees: Chartered Accountant (CA), Company Secretary (CS), IFRS Certified.



Working Career

Partner, Das Ghosh and Associates

Soumyadipta Das currently serves as a partner at Das Ghosh and Associates. In this role, he has been

instrumental in driving business growth through his expertise in business process re-engineering, internal audit, ERP implementation, and management consulting. His strategic vision and leadership have been pivotal in delivering high-quality services to clients and ensuring operational excellence.

Industry Experience

Genpact: At Genpact, Soumyadipta honed his skills in business process optimization and internal audits. His contributions were vital in enhancing the efficiency of various financial processes, which resulted in significant cost savings and improved compliance.

Berger Paints: During his tenure at Berger Paints, he managed critical financial operations and played a key role in ERP implementations. His efforts streamlined financial workflows and integrated various business functions, leading to more cohesive and efficient operations.

DB Desai: At DB Desai, Soumyadipta's expertise in management consulting and taxation was extensively utilized. He worked on numerous high-impact projects that improved financial governance and risk management practices within the organization.

Co -Panelists -



Miss Abanti Sen

Abanti is an NMIMS alumni, started her career in Digital Strategy & Consulting. She is the co-founder and managing director of BizzmanWeb Pvt Ltd. She has been delivering key-notes and panels across the globe in - Digital

Transformation,Supply Chain,Process Re-engineering, and Data. Under her leadership BizzmanWeb has spread its operation across 10+ countries including Singapore, Middle East, and USA. Abanti has been awarded "Indian Achievers Award" for heading most promising tech company in 2021, ilead "Future Vista" 2022 and "Tally MSME Honours" at 2022.

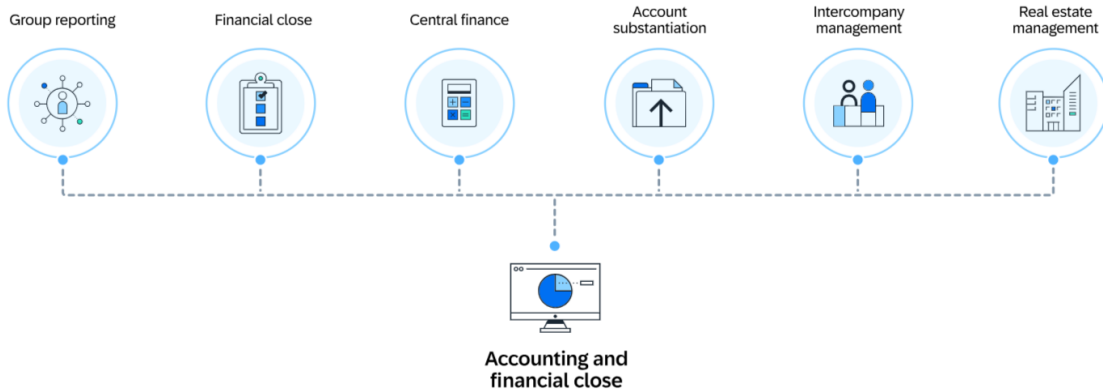
Mr Probal Chakraborty



An NIT-alumni with 18 years' experience in manufacturing industry, worked for Canadian MNC, Indian PSU and Tatas. Thereafter he moved to the IT Industry, IBM India, and worked for 20 years. Technology wise he has rich experience in SAP and has multiple service delivery global experiences in implementations, upgrade, AMS etc. He also has digital transformation experience in cutting edge areas such as AI, Data Analytics etc.

Capability For SAP Audit Module

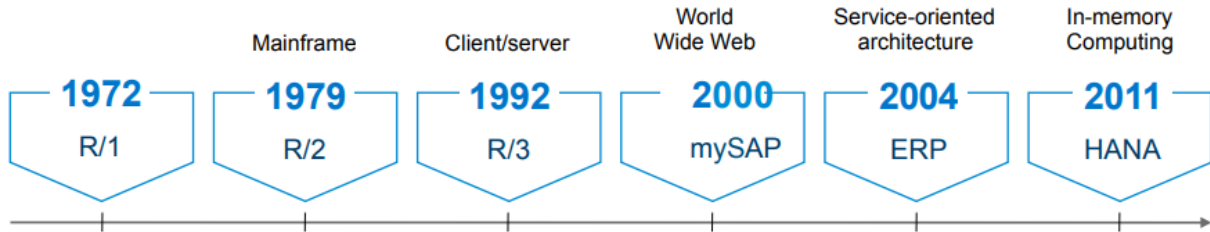
Record-to-report optimization leads to fast and trusted financials



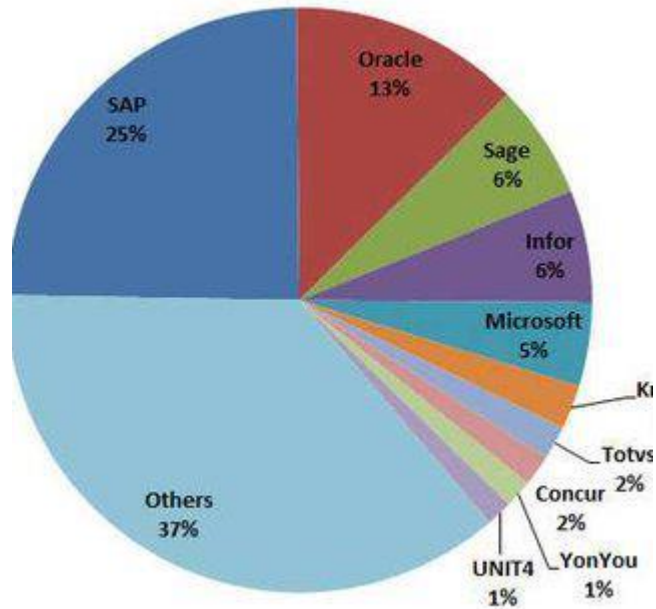
History of SAP

SAP, or Systems, Applications, and Products in Data Processing was founded in 1972 by five former IBM employees in Germany. It was originally conceived to

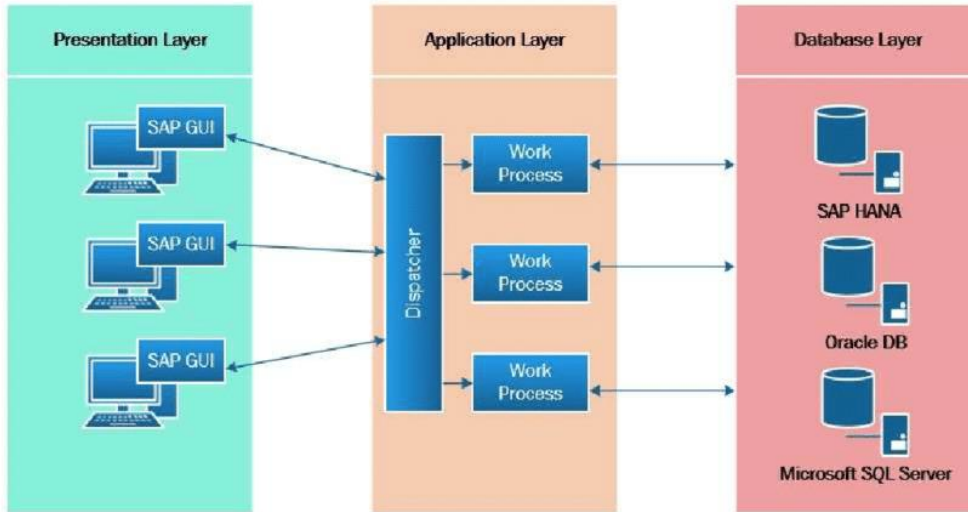
provide customers with a standardized software package for real-time data processing and reporting.



1. Market Share



2. Architecture of SAP



3. Modules -

SAP - Modules

Modular Architecture / Integrated Business Processes

FI - Finance

CO - Controlling

TR - Treasury

EC - Enterprise Contr.

IM - Investment Mgmt.

PS - Project System

WF - Workflow

ECM - Enterprise Cont.M.

IS - Industry Solutions

SAP NetWeaver

People Integration

Multi Channel Access

Portal / Collaborations

Information Integration

Process Integration

Application Platform

ABAP (JAVA)

DB & OS Abstraction

SD - Sales & Distribution

MM - Materials Mgmt.

PP - Production Planing

QM - Quality Mgmt.

PM - Plant Maint.

HCM - Human Capital M.

BW - Business Warehouse

CRM - Cust. Relation M.

FS - Financial Solutions

4. Essential Features:

- **Group reporting**
- **Financial close**
- **Central finance**
- **Account substantiation**
- **Intercompany management**

Group Reporting

Connect financial close processes and eliminate the need for multiple systems

With the SAP S/4HANA Finance solution for group reporting, you can drill down consolidated reports to see documented details in the general ledger.

- **On-premise, cloud, or hybrid deployment**
- **Unified entity and group close reporting**
- **Continuous accounting functionality**
- **Advanced group consolidation features**

211100 Trade pay L_NC

[Edit](#)
[General Information](#)
[Breakdown by Subassignment](#)
[Attributes for Processing](#)
[Language-Dependent Texts](#)

Field Name	Breakdown Type	Fixed Value	Maximum Selection	Value List
Partner Unit	Optional breakdown: Initialized value allowed			
Subitem Category	Required breakdown: Entry is forced, default allowed	1		
Subitem	Required breakdown: If blank, the default value is used		S-BC-TT-02	900, 901, 902, 903, 909, 915, 950, 955, 970, 980, and more (1)

Attributes for Processing

Settings in this section are time- and version-dependent. You are working within Period: **001|2019** Version: **Y10 (Actuals)**. Other versions affected by changes: **32 Versions**

 Display Options: Show Attribute Values Only Show Attribute Values and Validity Periods

Selection Attributes

FS Item Role:
 Data Collection Selection: S-L-TRADE-OTH-PAY (Trade and other cur payables)
 Currency Translation Selection: S-CT-BS-CLO (B/S Items - closing rate)
 Elimination Selection: S-IUE-BS-AP (IC Trade Payables)
 Cash Flow Selection: S-CF-PAY-L1 (Trade payables)
 Scope Selection:
 Other Selection:

Target Attributes

Elimination Target: 211100 (CL -Trade s/p,C)
 Non-Controlling Interest Target:
 Planning Target:

Financial Closing

Closing templates

Start with best-practice entity close content, then use sequencing and dependencies to fit your organization's needs and reuse templates across multiple companies and cycles.

Closing automation

Increase the efficiency and speed of your close with automation routines, execute jobs across your landscape, and give your team intuitive, self-service access to closing transactions.

Monitoring and insights

Achieve real-time insight into your financial close process and help ensure the quality and governance of each close to meet regulatory disclosure mandates.

SAP Approve Closing Tasks

Standard *
Not Filtered

To Be Approved (3) Approved (37) Rejected (0)

Tasks (3) Standard

<input type="checkbox"/>	Task Default Desc.	Task ID	Task Type	Status	Task List ID	Task List DR1 Desc.	Plan
<input type="checkbox"/>	Execute Settlement for AuC	2079	FIOR1 Application	Checked	DEMO 1	Monthly/Yearly	2018
<input type="checkbox"/>	Clear Outgoing Payments	2064	FIOR1 Application	Completed Without Errors	048512-T1	048512 Feb	2020
<input type="checkbox"/>	Depreciation Posting Run	1839	Job	Completed Without Errors	IS3008	Monthly/Yearly	2020

By Date By Type By Priority

Task Clear Outgoing Payments (Id: 2064) is ready for approval.

TaskId: 048512 Feb (02/21/2020)
Just now

[Approve](#) [Reject](#)

Task Execute Settlement for AuC (Id: 2079) is ready for approval.

TaskId: Monthly/Yearly (23/01/2019)
2 hours ago

[Approve](#) [Reject](#)

Predecessor tasks for task Asset History Sheet (Id: 9064) completed. You can process your...

TaskId: March Close (Partner Test) (03/31/2020)
2 hours ago
[Show More](#)

Predecessor tasks for task Manage Posting Periods for Fixed Assets (Id: 9062) completed...

TaskId: March Close (Partner Test) (03/31/2020)
2 hours ago
[Show More](#)

Task Depreciation Posting Run (Id: 9061) is complete

TaskId: March Close (Partner Test) (03/31/2020)
2 hours ago

Task Execute Settlement for AuC (Id: 2079) is complete

TaskId: Monthly/Yearly (02/09/2020)
4 hours ago

Single platform for reporting and transaction execution

Connect data from SAP and third-party ERP systems

With SAP S/4HANA for central finance, you can support finance transformation and innovation by enabling a phased implementation of SAP S/4HANA that helps avoid disruption and reduces risk.

- **Cloud deployment**
- **Advanced single source and end-to-end segment, entity, and group reporting**
- **Standardized local, central, and corporate processes and scalable execution**
- **Self-service, shared-service, and automated finance processes**

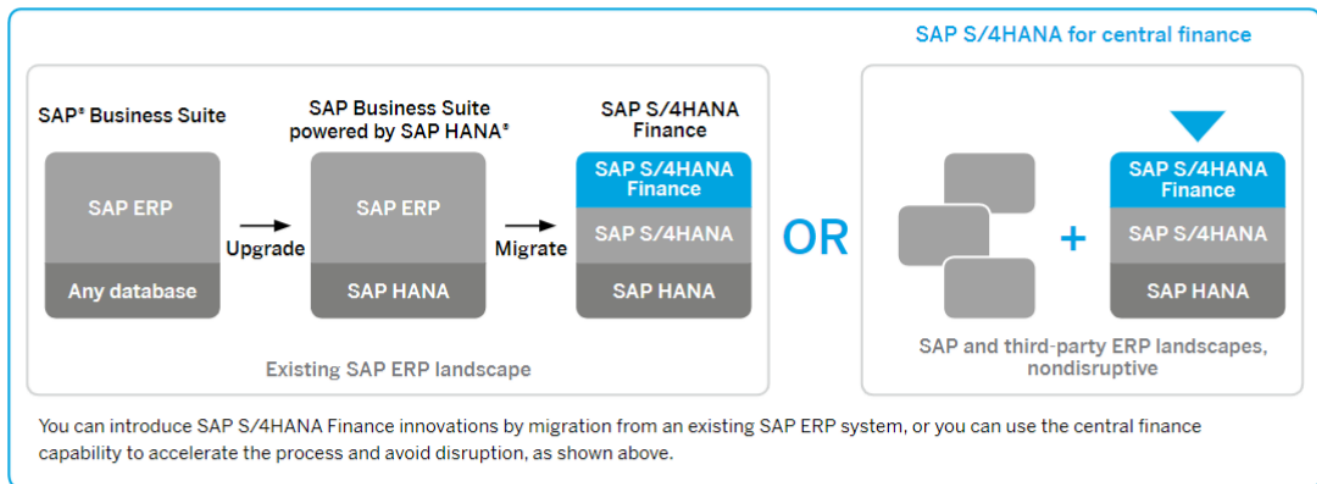


Figure: A Clear Shortcut to Innovation

Intercompany Management:

Enforce intercompany trading relationships and enable transaction creation, validation, workflows, and substantiation while initiating, approving, and booking transactions.

Intercompany reconciliation and settlements

Automate matching of intercompany transactions, create reconciliation items for unmatched dealings, and reduce transactions required for settlement between entities through bilateral netting.

Global view with transparency and control.

Consolidate settlement balance information between entities into one location to gain the highest degree of data integrity and regulatory compliance and boost visibility into aggregated, bilaterally netted payables or

Audit Process for SAP Finance-

- **Planning:** Define audit objectives and scope.
- **Access:** Gain authorized access to SAP system.
- **Data Extraction:** Extract financial data using SAP reporting tools.
- **Analysis:** Review data for anomalies, discrepancies, and compliance.
- **Control Testing:** Assess effectiveness of internal controls.
- **Verification:** Sample transactions for accuracy and completeness.
- **Documentation:** Record findings and observations.
- **Reporting:** Summarize findings and issue audit report.

Enhancing Auditing with SAP

- **Audit Information System (AIS):**
 - Overview and features
 - Accessing and analyzing audit logs
 - Ensuring data integrity and compliance
- **Continuous Controls Monitoring (CCM):**
 - Setting up and managing controls
 - Automating compliance checks
 - Real-time monitoring and alerts
- **Data Analytics for Auditors:**
 - Using SAP for audit data extraction and analysis
 - Identifying patterns and anomalies

Essential Tools

- **Access Controls:** Manage user permissions and restrictions to ensure data security.
- **Financial Reporting:** Generate customizable reports for analysis and compliance.
- **Audit Trails:** Track changes and transactions for accountability and transparency.
- **Segregation of Duties (SOD):** Prevent conflicts of interest by separating key tasks.
- **Automated Workflows:** Streamline processes and approvals for efficiency and accuracy.
- **Data Analytics:** Utilize built-in tools for trend analysis and anomaly detection.
- **Integration Capabilities:** Seamlessly connect SAP with other systems for data flow.

Financial Control Using SAP

- **Policy Implementation:** Establishing financial policies and procedures within SAP.
- **Authorization Management:** Controlling access and permissions to financial data and transactions.
- **Transaction Monitoring:** Regularly reviewing and reconciling financial transactions for accuracy.
- **Risk Management:** Identifying and mitigating financial risks through SAP's risk analysis tools.
- **Internal Controls Testing:** Assessing the effectiveness of internal controls to prevent errors and fraud.

SAP Audit Management

- **Audit Planning:** Define objectives, scope, and schedules for audits.
- **Risk Assessment:** Identify and prioritize audit areas based on risk.
- **Resource Allocation:** Assign tasks and resources efficiently.
- **Execution and Documentation:** Conduct audits and document findings digitally.
- **Issue Tracking:** Monitor and manage audit issues to resolution.
- **Reporting and Analytics:** Generate comprehensive reports and analyze audit data

SAP S/4HANA Cloud for treasury and risk management

Financial risk management

- Automate the capture of FX exposures from your cash flow and balance sheet
- Generate hedging proposals and multiple hedging instrument types while accounting for IFRS and US GAAP
- Embed workflows and analytics throughout treasury management and financial risk mitigation
- Debt and investment management

Initiate deal requests from your cash management applications

- Consolidate trading deal requests from multiple sources, including centralised counterparty exposure calculations
- Enable outbound and inbound integration with trading platforms

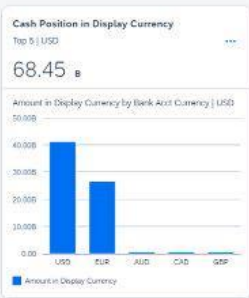
- Application extensions for treasury

Support two-way integration with multiple trading platforms with SAP trading platform integration

Automate data downloads from multiple market data providers with the SAP Market Rates Management application

Confirm payments and trades with the SAP Multi-Bank Connectivity solution

Key Date: Today (11/30/2023) | Display Currency: United States Dollar (USD) | Exchange Rate Type: Standard translation at average rate (M) | Company Code: | Transaction Currency: | Adapt Filters (3)



FX Options

Transaction Currency	Nominal Amount in Transaction Currency	Nominal Amount in Display Currency
EUR	10,000,000.00	13,570,000.00
USD	-11,590,000.00	-11,590,000.00

Foreign Exchange Rate

Average 5 of 7

Currency Pair	Exchange Rate	Difference from Previous Month
EUR/USD	1.36	27.84%
USD/JPY	67.92	1.27%
GBP/USD	1.27	4.52%
USD/CHF	0.87	-3.11%
AUD/USD	0.66	3.61%

FX Forwards

5 of 9

Transaction Currency	Nominal Amount in Transaction Currency	Nominal Amount in Display Currency
EUR	1,000,000.00	2,367,540.86
CAD	2,000,000.00	1,471,700.00
EUR	960,098.53	1,302,853.67
GBP	448,522.48	569,399.29
HKD	300.00	43.92

Non-Deliverable Forwards


Transaction Currency	Nominal Amount in Transaction Currency	Nominal Amount in Display Currency
EUR	5,000,000.00	1,361,285.05
USD	-4,428,571.43	-4,428,571.43

Agenda

- [Introduction to SAP](#)
- [Common Questions During Audit](#)
- [SAP System Architecture](#)
- [SAP Lingo](#)
- [SAP Organization Structures](#)
- [SAP Modules](#)
- [Roles and Authorizations](#)
- [Importance of SUIM Transaction](#)
- [Segregation of Duties](#)
- [Access Request in SAP for Auditors](#)
- [SAP Tables](#)
- [Downloading and Analyzing Data from Tables](#)

- Account Type (Customer, Vendor, G/L, Assets and Material)
- Document Type
- Posting Date, Document Date and Entry Date
- Posting Key
- Special G/L Indicator
- Open Item
- Cleared Item
- Goods Movement (Movement Type)
- Sub Ledger
- Cost Object (Cost Center, Internal Order, Project System, Production Order)

Definition

- How should Auditor operate this Complex IT System?
 - How can the Auditor generate information in SAP R/3 which meets his requirement?
 - What should the Auditor focus on, in order to obtain a correct picture of the complete system and resulting business information?
 - What are the options to downloading data to personal computers?
- 

Doc Type and Posting Key Combination in Business Process

SAP document type/posting key/reversal document type				
	Doc Type	Posting Key		Reversal type
		Dr	Cr	
Vendor invoice booking Non-PO based	KR	40	31	KA
Vendor invoice booking PO based	RE	86	31	RE
Vendor Invoice Reversal PO based	RE	96	22	RE
Vendor Invoice Reversal Non-PO based	KA	50	22	KA
Vendor invoice payment	ZP	25	50	ZP
Vendor invoice payment	KZ	25	50	KA
Expense payment (without vendor code)	SA	40	50	AB
Customer invoice booking	DR	01	50	DA
Customer invoice receipt	DZ	40	15	DA
Customer credit memo (Credit Note)	DG	40	11	DA
Vendor credit memo (Debit Note)	KG	21	50	KA
Payment to customer	DZ	05	50	DA
Receipt from vendor	KZ	40	35	KA
Accrual of income/expense	AB	40	50	AB
Reversal of accrual of income/expense	AB	40	50	AB
GL to GL transaction	SA	40	50	SA

- Roles and **Authorizations** allow the users to access **SAP** Standard as well as custom Transactions in a secure way.
- **SAP** provides certain set of generic Standard roles for different modules and different scenarios.
- Validation of Roles and Authorization is a major challenge for Auditors in order to ensure proper Segregation of Duties.

SAP Authorization Concept

The SAP Authorization Concept

The Components



SAP User Master Record
Master data for SAP users



Roles
Contains transaction codes, authorizations (mapped to one profile) and user assignments



Profiles
Container of authorizations



Authority Check
Performed by SAP to help establish that a user has the correct authorization to execute a particular task.



Authorization Object:
Template for security that contains fields with blank values



Authorization (Field Values):
Authorization object with completed fields



Definition

- What is SOD?
 - ❖ SOD is the concept of having more than one person required to complete a task. Effective SOD in an organization is intended to prevent fraud and error.
 - ❖ Examples: A user having access to create Vendor Master Data and make Payments is a violation of SOD.
- If adequate segregation of duties does not exist, the following could occur:
 - ❖ Misappropriation of assets
 - ❖ Misstated financial statements
 - ❖ Improper use of funds or modification of data could go undetected

Some examples of Segregation of Duties

Case 1	<ul style="list-style-type: none">• Create vendor (Purchasing) (MK01) or Create Vendor (Accounting) (FK01) or Create vendor (centrally) (XK01)• Post Automatic Payment (F110)
Case 2	<ul style="list-style-type: none">• Create Purchase Order (ME21N) or Create and maintain contract (ME31K) or Create Outline Agreement (ME31N)• Post Goods Receipt for PO (MIGO)
Case 3	<ul style="list-style-type: none">• Create Purchase Order (ME21N) or Create and maintain contract (ME31K) or Create Outline Agreement (ME31N)• Post Goods Receipt for PO (MIGO)• Enter Invoice (MIRO)
Case 4	<ul style="list-style-type: none">• Enter Non-PO Vendor Invoice (FB60) or PO Based Vendor Invoice (MIRO)• Post Outgoing Payments (F-53) or Payment Request (F-59) or Automatic Payment (F110)
Case 5	<ul style="list-style-type: none">• Post Journal Voucher (FB01 or FB50)• Open Posting Period
Case 6	<ul style="list-style-type: none">• Approve a requisition (ME54N)• Create a PO (ME21N)• Receive Goods (MIGO)

Critical Access Not to be Given

- Below are some access which should never be given to anyone in SAP Production System
- Profile SAP_ALL or SAP_NEW
- DEBUG under Object S_DEVELOP, if needed only display access with value "03" to be given.
 - ❖ The DEBUG mode is an extremely dangerous feature in a production environment, because it enables to perform operations that leave no trace, because it by-passes all SAP built-in controls.

Procure to Pay – Points to consider

Points to check in P2P Processes from an Audit Point of view:

- Tolerance set up in Companies for Quantity and Price Variation
- Invoice Blocking and its release
- Direct posting to G/L Account in MIRO transaction
- PO release strategy
- Duplicate Invoice Posting control – Error or Warning in System
- Important Tables to check with respect to PO, GR and Invoices are:
 - ❖ EKKO – PO Header Table
 - ❖ EKPO – PO Line Item Table
 - ❖ BKPF – Accounting Document Header Table
 - ❖ BSEG – Accounting Document Line Item Tables

Some Other Useful SAP Reports

- F.01 – Financial Statement
- FBL3N – G/L Line Item Report
- FBL1N – Vendor Line Item Report
- FK10N – Vendor Balances (To view total Purchases)
- FBL5N – Customer Line Item Report
- FD10N – Customer Balances (To view total Sales)
- KSBP – Cost Center Commitment Report for Accrual
- S_ALR_87013611 – Cost Center Plan vs Actual Report
- S_ALR_87012341 – Potential Duplicate Invoice Check
- S_ALR_87012936 – Depreciation Forecast Report
- MMBE – Stock Overview Report
- MB51 – Material Document List
- ME2L / ME2N – PO related display Report
- FB03 – FI Document Display
- MR11 – GR/IR Maintenance Report
- VA03 – Sales Order Display
- VF03 – Billing Display
- PA20 – Employee Master Display
- MR22 – Material Price Change Document Display
- KKBC_ORD – Analyze Production Order
- CS03 – Display BOM
- CK13N – Display Material Cost Estimate



Definition

As an Auditor, we always prefer to work in Excel, however we sometimes struggle to download a SAP report to Excel. SAP provides standard ALV method for downloading report to Excel.

Transaction – FAGLL03

Path -System -> List -> Save -> Local file

The screenshot shows the SAP transaction FAGLL03, titled "G/L Account Line Item Display G/L View". The interface includes several sections for data selection:

- G/L account selection:** Fields for "G/L account" and "Company code" (with "0001" entered) and "to" fields with dropdown arrows.
- Selection using search help:** Fields for "Search help ID" and "Search string" with a "Search help" button.
- Line Item Selection:** Radio buttons for "Open Items", "Cleared Items", and "All Items".
 - Open Items:** "Open at Key Date" field with "11.02.2019" entered.
 - Cleared Items:** "Clearing Date" and "Open at Key Date" fields with dropdown arrows.
 - All Items:** "Posting Date" field with dropdown arrows.
- Type:** "Ledger" field with "01" entered.

Recorded with Debut Home Edition. Upgrade to Pro to remove

Definition

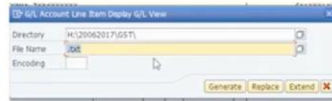
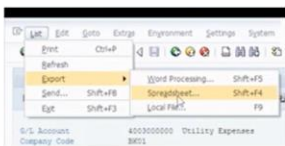
G/L Account Line Item Display G/L View

G/L Account: 4003000000 Utility Expense
Company Code: 8801
Ledger: 02

Dr	Assignment	DocumentNo	Bus	Typ	Doc. Date	Dr	Amount in local cur.	CD	Clng-acc.	Prctk-Clr	Segment	Text
		10000000	SA		17.01.2019	80	1.900,00	100				Utility Testing
		10000000	SA		17.01.2019	80	1.900,00	100				Utility Testing
		10000000	SA		23.01.2019	80	14.500,00	100				Utility Testing
		10000000	SA		23.01.2019	80	12.210,00	100				Utility Testing
		10000000	SA		23.01.2019	80	12.890,00	100				Utility Testing
		10000000	SA		23.01.2019	80	17.932,00	100				Utility Testing
		10000000	SA		23.01.2019	80	17.709,00	100				Utility Testing
		10000000	SA		23.01.2019	80	11.909,00	100				Utility Testing
		10000000	SA		23.01.2019	80	9.874,00	100				Utility Testing
							91.000,00	100				
**	Account: 4003000000						91.000,00	100				

G/L Account: 4003000001 House Rent Expense
Company Code: 8801
Ledger: 02

Dr	Assignment	DocumentNo	Bus	Typ	Doc. Date	Dr	Amount in local cur.	CD	Clng-acc.	Prctk-Clr	Segment	Text
		10000000	SA		23.01.2019	80	91.000,00	100				Utility Testing
**							91.000,00	100				



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Q&A