EXIUM®
Technology Solutions

Post Go-Live Activation of Open Item Management
by Rohana Gunawardena, Exium Inc.

SAPtips

Post Go-Live Activation of Open Item Management

By Rohana Gunawardena, Exium, Inc.

Editor's Note: Correcting posting errors in the R/3 General Ledger isn't anyone's ideas of a good time. Any means of preventing/identifying errors before they create erroneous reports and data queries are welcomed by all. Through the course of his global R/3 implementations, FI/CO Editor Rohana Gunawardena has mastered a helpful way of reducing and spotting posting errors: open item management. In his easy-to-follow, step-by-step fashion, Rohana walks us through real-life scenarios such as cost of sales reposting—scenarios where open item management can be used to enhance the accuracy of the posting process and identify *problem postings. As Rohana points out, this "open item" process has most often been used for customer and vendor accounts, but it actually has a broader application that companies can use in a range of situations, such as balance sheet GL accounts.*

1. Introduction

During the course of SAP® project assignments, I have often come across interface processes and cost re-post processes where it is difficult to detect errors. One way to help reconcile these accounts is to convert them to open item management and clear matching items. Then, error items are clearly identified as open items.

Often when processes are created at go-live, the long-term validation and reconciliation of the process in SAP is not thought through. Typically, this is due to the use of low test volumes, so that manual reconciliation is easy. However, when the process moves to a production environment, there may be millions of lines per year posted to a single account—making manual reconciliation impossible.

1.1. Cost of Sales Re-Post Process

Figure 1 shows an example of a process that was designed without open item management, and that benefited a great deal by conversion of a key account to open item management.
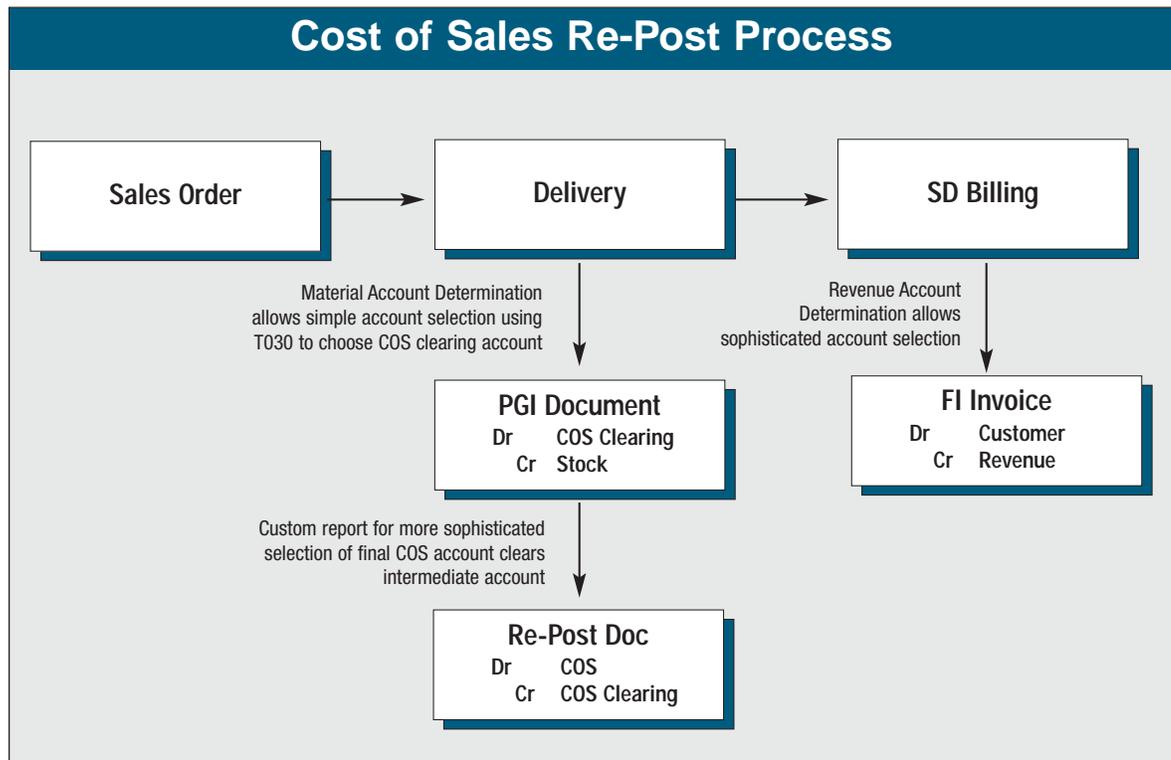

Figure 1: Cost of Sales Re-Post Process

A process I have seen at many companies is a custom cost of sales re-post program. In SD, revenue account determination allows highly sophisticated selection of revenue accounts for invoice postings. On the cost side, the MM account determination using T030 does not allow this level of sophistication when posting cost of sales at PGI. Companies get around this by posting all cost of sales to a clearing account, and then writing a custom program to re-post the cost based on information in the sales order. In a process like this, errors can occur—such as the re-post batch program failing, items getting re-posted twice due to programming errors, or items not getting re-posted at all. If the process is designed around an open item managed account, then each item can be cleared as it is reposted, allowing clear identification of unprocessed items and providing an easy trail to see where the cost was reposted. Figure 2 shows an example of open and closed items in transaction FBL3.

Reconciliation can also be difficult, as the amounts posted to the COS clearing account are re-posted to many different actual COS accounts., Confusion can arise because the actual COS accounts may have postings from several different sources and transaction volume may be very high.

In one case I came across, the programmer placed an "X" in the line item text to mark if a line had been processed. As time went by, program performance deteriorated as all line items for the account had to be reviewed. To make matters worse, users would update the line item text and remove the "X," resulting in duplicate posting When this was converted to open item management, report perform-

Figure 2: Cost of Sales Clearing GL Account with Open and Closed Items, Transaction FBL3

ance improved, as SAP keeps open and closed GL line items in the separate tables BSIS & BSAS. End-user reporting also improved a great deal as a result of the conversion to open item management.

1.2. External Financial Processing Interface

Figure 3 shows an example of a process where financial transactions from SAP need to be sent to an external system for further pro-
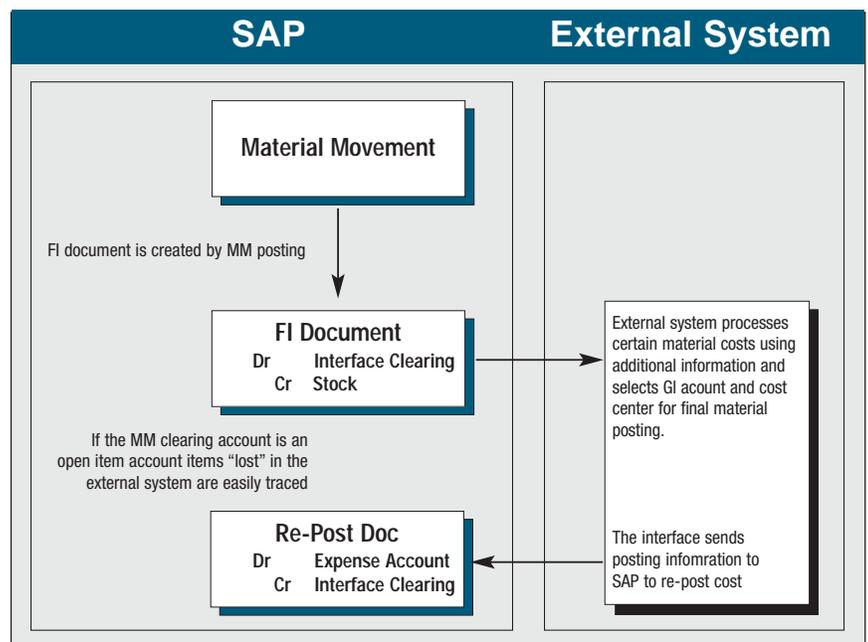

Figure 3: External Financial Processing Interface

cessing before the final GL account can be determined. Often this type of interface is used when there is a major legacy system that is not converted to SAP.

In this example, if the Interface Clearing account is defined as an open item account, and clearing occurs on the re-post from the external system, then items missed by the external system are clearly identified as aged open items. On the other hand, if the Interface Clearing account is just a regular GL account—as is the case on many SAP projects—then analyzing balances at month end can be very complex, as they may be composed of open items from a prior period, or even a prior fiscal year.

2. What is Open Item Management?

Open item management means that line items in the GL account can be matched up, and when the value nets to zero, they can be cleared. This functionality is most often used in customer and vendor accounts to clear invoices with payments, but it is not restricted just to customer and vendor accounts—you can use it for balance sheet GL accounts as well. Figure 4 shows an example of the GL account's company code
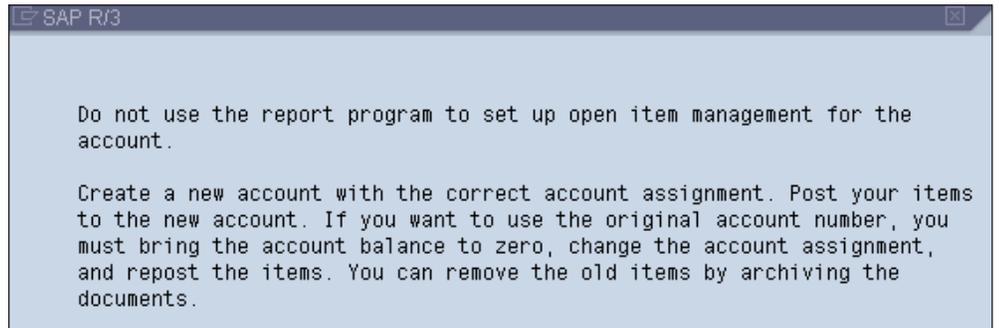
Figure 5: The RFSEPA02/03 Reports May Be Blocked In Your System, But This Can Be Fixed.

view, transaction FS03, with open item management activated.

Examples of accounts that usually have open item management include:

- Bank clearing account
- Payroll clearing account
- Cash discount clearing account
- GR/IR clearing account
- Customer accounts, SAP makes this compulsory
- Vendor accounts, SAP makes this compulsory

3. Converting Accounts

Consider this point carefully before proceeding: If you decide that open item management is the way forward to help you reconcile your accounts, the first thing to consider is whether to use a new account or an existing account. The official SAP policy is to use a new account to avoid problems

with converting existing accounts. In practice, I have not run into any insurmountable difficulties in converting accounts to open item management, but I have come across accountants who insist on using existing accounts or corporate accounting departments that will not issue new account numbers.

3.1. Conversion Programs

SAP provides the following standard conversion programs to turn open item management on and off for an account:

RFSEPA01
Switch On Line Item Display by Changing Master Record

RFSEPA02
Switch On Open Item Management by Changing Master Record

RFSEPA03
Switch Off Open Item Management by Changing Master Record

As shown in Figure 5, these reports maybe blocked in your system. If that is the case, look at OSS note 175960: "RFSEPA02/03 not suptd as of Re.4.5A. What can I do". As the note explains, you can activate the reports as Z copies instead.

Figure 4: Open Item Management Flag in the GL Account Company Code View, FS03

SAPtips

4. Conversion Check List

4.1. Check For Missing Line Items

Before going ahead with the conversion of the account, you need to make sure that all line items for the account exist in secondary index tables BSIS & BSAS. Unfortunately, when SAP updates the database, it can, in rare cases, miss line items.

Check account line items using report SAPF190. If any line items are missed, use report SAPF071 to recreate the missing line items. Read the documentation for these reports carefully before running them.

Missing line items can cause problems later on when you try to clear the newly-created open items and find there are not enough items to clear. Figure 6 shows a pre-conversion GL account line item detail, transaction FBL3, which does not show open or cleared items, unlike figure 2.

Figure 7: Total Account Balance Is Zero

4.2. Zero Out Account Balance

Post a JV to make the account balance zero so that the GL account master can be changed (see Figure 7).

4.3. Change GL Account Master

Go to the GL account master in change mode, transaction FS02, and set the open item management flag. This can only be done if the account balance is zero. See figure 4.

4.4. Block The Account For Posting

You must block the account for posting before running the report. Use transaction FS05.

4.5. Convert Line Items

Run report RFSEPA02/ZFSEPA02 to turn on the open item management flag at the line item level for all items posted to the account.

If you do not perform this step, you can still change the GL account master to open item management, but the existing line items will always display as open items and cannot be selected in clearing transactions, like F-03 and F-04. In Figure 8, we return to our account list and see that all of the items are now listed as "open."

Figure 6: Before Conversion, the Open Item/Closed Item Title Does Not Appear

```
249000    / 0001          Items      8
COS Clearing
```

Allocation	Doc. No.	BusA	DT	Doc. Date	PK	Curr	Amount	Clr

Open items

21586100	3100125998	0022	SA	08/09/2003	40	USD	134.67	
21586100	3100125999	0022	SR	08/09/2003	50	USD	134.67-	
21587934	3100126002	0022	SA	08/12/2003	40	USD	456.87	
21587934	4900297831	0022	WL	06/26/2003	50	USD	456.87-	
21645966/3	3100126000	0022	SA	07/24/2003	50	USD	2,312.87-	
21645966/3	4900297830	0002	WL	07/21/2003	40	USD	2,312.87	
21676481/1	3100126001	0022	SA	08/10/2003	50	USD	256.73-	
21676481/1	4900297829	0022	WL	08/09/2003	40	USD	256.73	

Selected

```
0000249000                             0.00  USD
```

Displayed

```
0000249000                             0.00  USD
```

Figure 8: After Conversion, All Line Items Are Open Items

4.6. Unblock The Account For Posting

You must unblock the account to allow new postings. Use transaction FS05.

4.7. Reverse Zero Entry

Reverse the JV you posted to get the account balance to zero in order to allow the GL account master change. This will create the first clearing for the account. See Figure 9.

4.8. Clear Existing Items

Immediately after converting the account, you will have lots of open items you need to clear. If there are only a few, this can be done manually, using transaction F-03. If there are many items, you need to devise a strategy for the clearing, e.g., do you need to clear by business area or fiscal period? You can use the SAP standard program SAPF124, use LSMW, or write a custom ABAP to do this. See Figure 2 for results.

In simple cases, this can be a straightforward step, but in high volume settings, the introduction of foreign currency postings can cause problems. In the case of foreign currency postings, you may have to make single currency postings using FBB1 to balance in both document and local currency at clearing, or make sure that exchange gain and loss accounts are configured for automated write off, using transaction OB09.

4.9. Clearing New Items

Think about how new line items will be cleared. Do you need to schedule the SAP standard clear-

Open items

21586100	3100125998	0022	SA	08/09/2003	40	USD	134.67	
21586100	3100125999	0022	SR	08/09/2003	50	USD	134.67-	
21587934	4900297831	0022	WL	06/26/2003	50	USD	456.87-	
21645966/3	3100126000	0022	SA	07/24/2003	50	USD	2,312.87-	
21645966/3	4900297830	0002	WL	07/21/2003	40	USD	2,312.87	
21676481/1	3100126001	0022	SA	08/10/2003	50	USD	256.73-	
21676481/1	4900297829	0022	WL	08/09/2003	40	USD	256.73	

Cleared items

| 21587934 | 3100126002 | 0022 | SA | 08/12/2003 | 40 | USD | 456.87 | 003 |
| 21587934 | 3100126003 | 0022 | SR | 08/12/2003 | 50 | USD | 456.87- | 003 |

Figure 9: Reversing the Balancing Document Will Create the First Cleared Items

The use of open item management greatly helps with the account reconciliation process. Companies often have processes designed at go-live which do not take the impact of high data volumes into account.

ing program SAPF124 as a batch job to clear the account? Does any re-post ABAP need to be modified to perform automated clearing using FB05, or does the ABAP need to be modified to populate the correct values in FI document fields? Does configuration need to be changed to populate values in FI document fields? If you use SAPF124 what fields will you need to populate? Most often the allocation field is used for matching the open items—do you need to configure table TF123, transaction OB74?

Once you have designed a new process for clearing items going forward, you will also need to design an exception process to help accounting users investigate uncleared items. Once all these processes are designed, make sure your accounting users understand them and will follow the process going forward. Designing an overly complex process is likely to result in the same unreconciled clearing accounts building up in the future.

5. Summary

The use of open item management greatly helps with the account reconciliation process. Companies often have processes designed at go-live which do not take the impact of high data volumes into account. If you decide to use open item management for an existing process, think carefully about whether converting the existing account or using a new account is the best approach. If you choose to convert an account, think about how you're going to clear the newly created open items. Make sure you design a process to ensure that all transactions are cleared on a timely basis going forward, and that accounting users understand the new process.

Rohana Gunawardena, *Exium Inc.* Rohana is a Senior FI/CO Consultant specializing in global, multi-site rollouts. Rohana has been working with SAP since 1992, focusing on the FI and CO modules with emphasis on business segment reporting, cross-module integration to FI/CO, sales-cycle accounting, and A/R. He also has experience with SD and ABAP. Rohana is a Fellow of the Institute of Chartered Accountants in England and Wales. He can be reached at **Rohana@Exium.com.** ↰

SAPtips

About The Author

Rohana Gunawardena heads the SAP practice division at Exium. Exium is a leading business and technology consulting firm that enables companies to achieve their strategic business goals. Exium specializes in delivering superior IT solutions using SAP products.

Rohana has worked on a variety of SAP projects since 1992, focusing on large multi-year implementations of SAP following the full SAP life-cycle from strategic planning to production support. Rohana has a special focus on the Order-to-Cash process and cross-module integration to FI/CO.

Rohana is a Fellow of the Institute of Chartered Accountants in England & Wales. Previously Rohana has worked with the consulting practices of Accenture, Deloitte and PwC.

He has spoken at many SAP conferences and has published more than 30 magazine articles in SAP Financials Expert, SAP SCM Expert and SAPtips on various aspects of SAP. Rohana is widely acknowledged as a leading SAP expert.

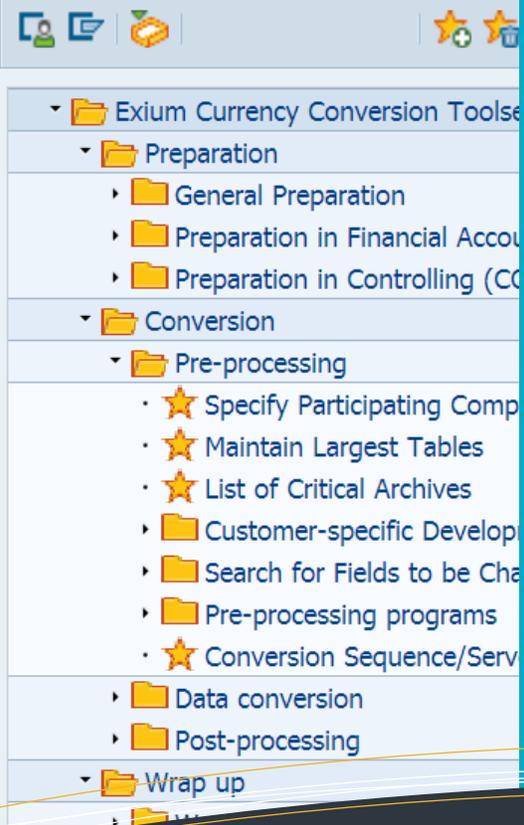You may reach him via e-mail at Rohana@Exium.com.

Group Currency Conversion

Exium Currency Convers

- Exium Currency Conversion Toolse
  - Preparation
    - General Preparation
    - Preparation in Financial Accou
    - Preparation in Controlling (CC
  - Conversion
    - Pre-processing
      - ⭐ Specify Participating Comp
      - ⭐ Maintain Largest Tables
      - ⭐ List of Critical Archives
      - Customer-specific Develop
      - Search for Fields to be Cha
      - Pre-processing programs
      - ⭐ Conversion Sequence/Serv
    - Data conversion
    - Post-processing
  - Wrap up

Conversion Scenarios

Our sophisticated solutions allow organizations to maximize their ROI and extend the life of their system by correcting data, which is normally not possible through simple configuration, to reflect the current business environment.

- **Post go-live activation of group currency**
- **Chart of Account rationalization**
- **Controlling Area merger**
- **Currency type alignments**
- **Material Ledger alignment**
- **Local Currency changeover**
- **many more.**

EXIUM®
Technology Solutions