

John Pringle

# Practical Guide to SAP® Cost Center Accounting

- ▶ Overview of cost center accounting in SAP
- ▶ Flow of actual values into cost center accounting
- ▶ Cost center planning in SAP ECC 6.0 and SAP S/4HANA
- ▶ Most important standard reporting options in SAP CCA

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## 2 Master data in CCA

One way of classifying data in SAP is to differentiate between items that are considered master data and items that are considered transactional data. In SAP, master data is relatively static data that is defined once and is shared throughout the application. Examples include vendors, customers, materials, general ledger accounts, cost centers, and profit centers. This master data then is used in transactional data such as invoices, accounting documents, and material movements. In an SAP implementation project, the structure and definition of master data should be thoroughly planned to reflect the needs of the business properly. Careful consideration should be given to such factors as numbering and naming the master data, permitted field values, and the ultimate reporting aims of the business. In this chapter, you will see the relevant master data available in CCA.

### 2.1 Cost center

As discussed in the previous chapter, the definition of the cost centers represents the organization from a cost control perspective. Once the master data is defined, the cost centers are arranged in a hierarchy to represent the structure of the enterprise from a cost control responsibility perspective. During the design of the system, the nature of that responsibility structure should be determined. On what parameters or criteria are the costs managed? Is it on a geographical basis, a functional basis, a product line basis, some other method, or a combination of some of the above? Usually a cost center should have an owner or manager to ensure that someone owns the responsibility for the plan and the costs.

As you will see, multiple views or hierarchies can be created using cost center groups to represent different ways of arranging the cost center structure. This concept will be discussed later in this chapter. At a minimum, you need to have a Standard Hierarchy, which needs to contain all the cost centers within the controlling area. Technically, the name of this

hierarchy is defined first in the configuration settings and assigned to the controlling area before the cost center masters can be created.

The cost centers can be created either through the individual creation transaction code KS01 (see Figure 2.1) or directly within the standard hierarchy (this option will be shown later).

**Create Cost Center: Initial Screen**

Master Data

Controlling Area: 6000

Cost Center: 5000199004

Valid From: 01.01.2000 to 31.12.9999

Reference

Cost center:

Controlling Area:

Figure 2.1: Create cost center initial screen

### Set the controlling area



Often, when entering transactions in the controlling module in SAP, you are presented with a preliminary screen asking you to enter the controlling area. Having to enter the controlling area constantly can become aggravating, especially when you may only be working with one area. The solution to this is to set your controlling area using transaction OKKS. Enter the controlling area that you work with and press the save button. The value is now stored in your user parameters and remains until you set it to a different value.

It is important to understand how you will name or number pieces of master data such as cost centers before you create them. Unlike some master data objects in SAP, a number range object does not drive cost center numbering. In fact, it is free form. You are limited by the field size

of up to 10 characters, and there are a few special characters such as \* that will be rejected; otherwise, you can use any alphanumeric combination you choose.

You should also know the cost center is specific to the controlling area and not to the company code. This means it is not possible to have a duplicate cost center identifier value within the same controlling area. For example, you might have several company codes assigned to the same controlling area, and you may have the same departmental function in each of those company codes. As an example, in a legacy application, you may have an HR department in two different companies, and this legacy application will allow you to use the same department identifier in each company. For instance, Human Resources might be department 100 in each of the company codes. In SAP, this will not work since we cannot duplicate the identifier 100 in the same controlling area. In SAP, you will need to work in another way. Perhaps by adding the prefix of the company code or some other logic, you can build your cost center hierarchy without having duplicate numbers. You might have the logic that the identifier 100 remains to mean Human Resources, but you add a prefix to represent the company code so you would have cost centers 6000100 and 6100100. These kinds of thought processes need to occur with cost center numbering in SAP.

When you have decided on your cost center number, go ahead with transaction KS01. You will need to enter VALID FROM and TO dates. It is important to understand that the cost center is considered a *time-based* object in controlling, which means it is created with a validity period, and you can create different data values for different periods.

In configuration, certain fields on the master data can be flagged as *time dependent*, resulting in SAP storing a new master record whenever a time-dependent field is changed on a cost center. The ability to create time-based objects is a very important aspect of controlling since it allows you to view master data values at different periods. For example, the person responsible for the cost center may change next year. If person responsible is a time-dependent field, then you will have a view of the cost center master when Miles was the person responsible, and then a new view starting when person responsible is reassigned.

### Defining time dependent fields



Since every change to a time-dependent field causes SAP to write a new master record for the data object being changed, you should be very careful in defining fields as time dependent in the system configuration. By defining many time-dependent fields, the data volumes can become large, and match-code searches can become confusing for the user, as a piece of master data with more than one-time range will appear multiple times in a match-code search. The SAP-delivered configuration should be sufficient for most situations.

The time dependency of other master data is checked when you assign a cost center to it, such as a profit center. For example, if you created a profit center to be valid from 01/01/2015 onwards, you cannot create a cost center assigned to that profit center with a valid-from date earlier than 01/01/2015.

### Valid-from dates and other master data



It is best to be aware of other master data requirements when you are setting up validity dates for cost centers, profit centers, and other CO objects. There may be requirements from other modules, such as HR or fixed assets, that the cost centers should exist for a certain time in the past to allow historical data to be loaded. It is good to know that before you create your cost centers and profit centers to avoid extra rework to extend the validity periods.

The final section on the initial screen allows you to use an existing cost center from the same or different controlling area as a template from which to copy your new cost center.

## Copying master data



Many master data objects will have a COPY FROM or CREATE WITH REFERENCE option to allow you to use an existing piece of master data as a template for your new entry. This can significantly speed up the creation of new pieces of master data.

The most important information about the cost center is contained on the BASIC DATA tab. (see Figure 2.2).

Cost Center	5000199004		
Controlling Area	6000	Smarter Sisters Games	
Valid From	01.01.2000	to	31.12.9999

  

<b>Basic data</b>	Control	Templates	Address	Communication	History
-------------------	---------	-----------	---------	---------------	---------

  

<b>Names</b>	
Name	US Corporate IT
Description	US Corporate IT
<b>Basic data</b>	
User Responsible	
Person Responsible	Miles Cable
Department	IT
Cost Center Category	H
Hierarchy area	5000199
Company Code	6000
Business Area	
Functional Area	
Currency	
Profit Center	500040

Figure 2.2: Create cost center basic data

On this tab, you will define the **Name** and **Description** of the cost center. These are essentially a short text value and a longer text value to define the cost center name. You should maintain both values since some reports and evaluations will use the Name and others will use the Description, depending on the available space.

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