

PwC SAP FICO Consultant Interview Questions And Answers

Q: What are the key steps involved in the SAP implementation lifecycle?

Key steps include:

- Establish the project's goals and scope.
- Record all specific business needs and procedures.
- According to the requirements, configure the SAP system.
- Conduct acceptability testing for users, integration, and units.
- Put the system into operation.
- Ensure post-implementation optimization and support.

Q: What is the purpose of the SAP Controlling Area, and how do you configure it?

SAP CO's Controlling Area is an organizational unit that facilitates cost tracking and reporting for various company codes. Configuration include establishing cost element accounting, designating the controlling area, and allocating it to corporate codes.

Q: How do you handle financial transactions involving multiple currencies in SAP FICO?

When handling multi-currency transactions, SAP converts foreign currency amounts into local currency using exchange rates. This covers managing currency revaluation, maintaining exchange rates, and setting up different sorts of exchange rates.

Q: What is the role of SAP Fiori in financial processes, and how does it integrate with SAP FICO?

FICO is one of the SAP apps that can benefit from a contemporary, user-friendly interface offered by SAP Fiori. By providing role-based, user-friendly apps for financial processes and seamlessly integrating

with SAP FICO for real-time data access and transactions, it improves the user experience.

Q: How do you approach data migration and system conversion for SAP FICO?

Financial data must be extracted, cleaned, and loaded into SAP FICO as part of data migration. This include mapping data from legacy systems, confirming data integrity after conversion, and utilizing tools like SAP Data Services or LSMW (Legacy System conversion Workbench).

Q: How do you use SAP FICO to improve financial forecasting and budgeting?

With features for in-depth cost planning, budget monitoring, and deviation analysis, SAP FICO assists with financial forecasting and budgeting. Accurate budget preparation, tracking of expenses, and analysis of budget variances are all made possible by it.

Q: Explain how you would handle discrepancies in financial reports in SAP FICO.

- Examining disparities through the examination of transactional data and reports.
- Verifying the data integrity and setup settings.
- Carrying out reconciliations and making necessary adjustments to entries.
- Putting procedures in place to stop inconsistencies in the future.

Q: Can you explain the concept of 'Asset Retirement Obligation' (ARO) and its handling in SAP?

The price associated with removing, restoring, or dismantling an asset is known as an Asset Retirement Obligation (ARO). It is handled in SAP by setting aside money for unforeseen expenses and recording them in the right accounting entries and reports.

Q: What is a financial statement version in SAP, and how do you configure it?

The format and presentation of financial statements are defined by a financial statement version. It is set up by specifying the arrangement of the hierarchy and account groupings on balance sheets and profit and loss statements.

Q: What is document splitting, and why is it useful?

Businesses can generate more thorough financial reports, such as those broken down by profit center or section, by using document splitting. By ensuring that transactions are appropriately separated and recorded, it enhances financial transparency.

Q: How do you handle the integration of SAP FICO with SAP BW (Business Warehouse)?

Setting up data extraction from SAP FICO to SAP BW for reporting and analytics is part of the integration process with SAP BW. In order to enable meaningful financial analysis, this entails establishing data sources, specifying data extraction techniques, and guaranteeing reliable data transfer.

Q: How do you manage periodic activities such as asset depreciation in SAP FICO?

Setting up depreciation zones, depreciation techniques, and conducting periodic depreciation runs are the ways in which asset depreciation is managed. This guarantees that assets are appropriately depreciated in compliance with financial requirements and accounting policies.

Q: What is the role of 'Segmentation' in SAP FICO, and how does it support financial reporting?

The in-depth examination of financial data by segments, such as business units or geographical areas, is made possible by segmentation. Through the ability to generate reports that show the performance of particular organizational parts, it facilitates financial reporting.

Q: What is the purpose of the reconciliation account in SAP FICO?

Reconciliation accounts are general ledger accounts used to automatically post all transactions from subsidiary ledgers like accounts payable or accounts receivable. They ensure that balances between sub-ledgers and the general ledger are always consistent.

Q: Explain how intercompany transactions are handled in SAP FICO.

Intercompany transactions in SAP FICO involve posting financial transactions between different company codes. These transactions are recorded in both the buyer's and seller's books and are reconciled through intercompany clearing accounts.

Q: How do you perform a year-end closing in SAP FICO?

Year-end closing in SAP FICO involves several steps, including closing asset accounting, performing reconciliations, clearing open items, posting accruals and deferrals, and executing the profit and loss account closure. This ensures that financial statements are accurate for the fiscal year.

Q: What is the purpose of cost center accounting in SAP FICO?

Cost center accounting helps track and manage the costs incurred by different departments or divisions within an organization. It allows companies to analyze and control costs by assigning them to cost centers for more detailed reporting and analysis.

Q: How do you configure a payment program in SAP FICO?

Configuring a payment program in SAP FICO involves setting up parameters such as payment methods, bank accounts, payment terms, and selecting vendors for automatic payment processing. This helps automate the payment of open invoices.

Q: What is the difference between a profit center and a cost center in SAP FICO?

A profit center is focused on tracking revenue and profitability, whereas a cost center tracks only expenses. Profit centers help assess the

profitability of specific units or products, while cost centers are used for budgeting and cost control.

Q: How is internal order management used in SAP FICO?

Internal orders are temporary cost objects used to track costs for a specific event, project, or task. These costs can later be settled to cost centers, profit centers, or other cost objects, facilitating detailed cost tracking.

Q: What is the purpose of the asset explorer in SAP FICO?

The asset explorer is used to view detailed information about a specific asset in SAP FICO. It provides an overview of acquisition, depreciation, retirement, and other asset-related transactions, allowing for comprehensive asset management.

Q: What is the significance of parallel accounting in SAP FICO?

Parallel accounting allows businesses to maintain different financial ledgers for various accounting standards, such as IFRS and GAAP. This enables organizations to report financial results according to multiple regulatory requirements.

Q: How does SAP FICO handle recurring entries?

Recurring entries automate the posting of financial transactions that happen regularly, such as rent payments or monthly accruals. These entries are predefined and automatically posted at set intervals, reducing manual entry errors.

Q: What is the purpose of accruals and deferrals in SAP FICO?

Accruals and deferrals are used to align financial transactions with the correct accounting period. Accruals recognize expenses or revenue that has occurred but is not yet posted, while deferrals delay recognition until a later period.

Q: How do you handle tax reporting and configuration in SAP FICO?

Tax reporting in SAP FICO involves configuring tax codes, tax jurisdictions, and tax accounts. It ensures that taxes are correctly calculated on financial transactions and that reports are generated for compliance with tax authorities.

Q: What is the purpose of a dunning process in SAP FICO?

The dunning process in SAP FICO is used to remind customers of overdue payments. It involves generating and sending dunning letters based on predefined levels of urgency, helping businesses manage accounts receivable and minimize outstanding debts.

Q: How are profit and loss (P&L) accounts handled in SAP FICO?

Profit and loss accounts in SAP FICO are used to record revenue and expense transactions. At the end of the fiscal year, the balances of P&L accounts are transferred to the retained earnings account, which is part of the equity section on the balance sheet.

Q: What is the role of a house bank in SAP FICO?

A house bank in SAP FICO represents a bank that a company works with for financial transactions. It includes details about the company's bank accounts and is used in payment programs, bank reconciliations, and cash management processes.

Q: Explain the purpose of settlement rules in internal orders in SAP FICO.

Settlement rules define how the costs incurred in an internal order will be allocated to other cost objects, such as cost centers, profit centers, or assets. This ensures that costs are appropriately charged to the correct areas of the business.

Q: How do you handle the month-end closing in SAP FICO?

Month-end closing involves steps like posting recurring entries, clearing open items, executing depreciation runs, reconciling sub-ledgers, and

generating financial reports. This ensures that the financial data is accurate for the month.

Q: What is SAP New GL, and how does it differ from the classic General Ledger?

SAP New GL provides enhanced functionalities such as segment reporting, parallel accounting, and document splitting, which are not available in the classic General Ledger. It offers more flexibility in financial reporting and management.

Q: How do you configure and use profit center accounting in SAP FICO?

Profit center accounting is configured by defining profit centers, assigning them to organizational units, and specifying account assignment objects. This allows businesses to track profitability at a more granular level by product, division, or location.

Q: What is the purpose of the fiscal year variant in SAP FICO, and how is it configured?

The fiscal year variant defines the financial periods used for reporting. It can be configured as a calendar year or a custom fiscal year, with varying numbers of periods and special periods for adjusting entries.