

SAP- MATERIALS MANAGEMENT (MM)

OVERALL OBJECTIVE

- To ensure that we have the right product, in the right place, at the right quantity and price.
- To reduce working capital by monitoring raw and packaging stocks on a continuous basis.

VENDOR MASTER FILE

- Only authorised suppliers must be included in the master file in terms of the purchasing standards policy.
- Deliverables include policy and procedure documents defining standards for purchasing relating to SAP systems.

MATERIAL MASTER FILE

- Ensure that controls are adequate to ensure that the master file is completely and accurately created.
- Ensure that there is appropriate accountability for master file data.
- Ensure that compulsory fields (conditions) such as discounts, delivery costs, cash discounts, etc. are identified (pre-defined) and flagged to ensure that these fields are entered on the system.
- Ensure that appropriate unit of measure is updated on the system.
- The system must identify obsolete and potential obsolete stocks in respect of date code and expired stocks.
- All purchases from non-approved suppliers must be flagged.
- Ensure that obsolete codes can be timeously removed from the system (S&D, FIN, PP, MM)
- Ensure that routing is appropriately implemented (linked to PP).
- Appropriate access must be given to master file information (technical, purchasing, distribution and at factory levels).
- The master file only contain authorised technical data.
- Management decision must be taken regarding the updating of material specifications.
- Documented procedures must address lot control, production control and demand management.
- Ensure that lot tracking is considered.
- Ensure that appropriate decision is taken regarding pricing. Interfaces to costing is adequate.
- Ensure that warehouse management decision considers stock rotation and best before dates.

BILLS OF MATERIAL (BOM)

- Ensure that all BOMs are appropriately authorised and updated on the system.
- Ensure that the ownership of bills is defined and access appropriately designed.
- Ensure that standards are appropriate and periodically reviewed.
- A management decision needs to be made with regards to updating of the bills on the

SAP system.

- Ensure that the current BOMs and material master file are adequately reviewed before they are updated on the SAP system.
- Appropriate take-on procedures of BOMs needs to be implemented.
- Adequate integrity checks must be done between master files in both systems in respect of fill weights, raw and packaging materials (part, item, parent and completed products).
- Ensure that the SAP system enables the use of effective dates (linked to PP) on the system.
- Ensure that bills are independently checked before copied to the live system.

ORDERS

- A management decision with regards to ABC analysis of materials needs to be made. The analysis must be done by quantity, value, material and vendor.
- Ensure that forecasting information is down loaded onto the materials management model, on a timeous basis.
- Ensure that stock requirements reflect current stock holding and lead times.
- The system needs adequate control with regards to the processing of EDI orders.
- Costs relating to transfer orders must be pre-defined.
- Ensure that only authorised orders are placed. These must be within the buyers purchasing authority.
- The system should accommodate for forward cover for indent orders.
- Ensure that foreign exchange cover is taken and monitored, by specific indent orders.
- Ensure that the order price does not include VAT.
- The system must account for the recording and monitoring rebates, on an ongoing basis.
- A system needs to be implemented to control stock transfers between plants.
- Transport cost incurred must be accurately accounted for.
- The system must cater for scheduling agreements/contracts and quotations.
- A decision has to be made with regards to use of system generated requisitions, on the MRP system.
- Management must ensure that outstanding orders listing, as well as expected orders, feed into the warehouse management system are reviewed daily.
- The buyers must have viewing access on the system.
- Procedures need to be defined for promotional and made to order stock orders. (These should include access, monitoring and authorisation controls).
- A policy decision needs to be made with regards to the updating and controlling of manual payments.
- Account codes updated on the master file, must cater for accrual variances.
- Accrual variances must be analysed by the Purchasing Manager.
- Only once the BOMs are activated, should orders be captured against these materials.

WAREHOUSE

- Procedures regarding the checking and releasing of goods, by QC and warehouse, needs to be documented.
- Ensure authorisations/segregation of duties are adequately set up, for job functions, in the warehouse management function.
- Procedures should ensure that all goods received are captured onto the system on a daily basis.

- Only stock inspected and released by QC should be issued to production.
- All issues must be appropriately authorised and the documentation must be sequentially controlled.
- Nightshift requirements must be prepared and checked adequately, before nightshift production commences.
- Access to stock and stock records should be restricted.
- Ensure that all stocks received are captured onto the system, in the correct period.
- The tolerance level between order and receipt quantity must be documented.
- A decision needs to be made with regards to incomplete deliveries. The order can either be returned to the supplier, or part receipted into stock.
- Goods returned must be accurately recorded in the correct period.
- Access to stock records for returns, should be restricted.
- Procedures should be present to ensure that all goods returned, are credited to the correct creditors account.
- Ensure adequate storage arrangements with regard to FIFO/LIFO system is implemented.
- Price variance must be analysed, reported and actioned on a timeous basis.
- Management needs to ensure that the engineering stores function is catered for adequately, in the MM module.
- All movements must be traceable through the system.

REPORTS

The following standard report obtained in the current system must be available on the SAP system:

- Buyers requirements
- Stock simulation
- Stock versus plan
- Price increases
- Outstanding orders
- Weekly requirements
- MRP

STOCKTAKE

- Management needs to decide whether stocktake will be done on a monthly or perpetual basis.
- The system needs to accommodate for the scanning of products into the warehouse.
- Facility to print stock count sheets must be available on the system.
- The system must facilitate adequate cut-off procedures.
- Access of theoretical stock balances should not be available to people involved in the stocktake.
- The system must be able to identifying any old or slow moving stock to be written off, on a timeous basis.
- The system must be able to generate a report identifying frozen stock in all locations.
- Audit trails of physical stocks captured on the system must be available.
- Option to generate variances and to print stock variance reports, must be available during the stocktake..

