# Understanding Tiered Allocations

**Narrator:** Angelica, the Cost Accountant at Maple Airworks, is teaching her follow up class on allocations. Today she's explaining to the group how tiered allocations work.

**Angelica:** When we finish setting up allocation codes, we next assign tier levels to them. Any ideas on what tiered allocations do?

**Hosea:** They ah… well… ah….

**Tabitha:** They organize how they work together. THEY ALL MUST WORK TOGETHER!

**Angelica:** Good, that's part of it!

**Hilda:** I bet it's like a pyramid, right? Allocations on the top tier affect allocations on the second level, and then they affect the third. They descend from the top to the deep below.

**Angelica:** Yes, that's right.

**Hosea:** Zoinks! I see it now! A pyramid, with level one at the tip top!!!

**Angelica:** Once you set up tiered allocations, generate them together as a batch. Run a process that allocates amounts through this batch. Here's what you do….

**Narrator:** Select this top button to join this class. To get back here, select Home. When you're ready to show off your knowledge, take the quiz.

## Topics

- Entering Tiered Allocations
- Creating Allocation Batches
- Simulating Allocations
- Generating Allocations
- Allocation Process Review

## Entering Tiered Allocations

Assign each allocation code to a tier. A tier defines the code's relation to other allocation codes. The top level is Tier 1, followed by Tier 2, Tier 3, and so on, reflecting allocation levels your business requires.

When the allocation process runs, it first disperses amounts at Tier 1 and then moves down to Tier 2, dispersing those amounts, then Tier 3, and continues through the hierarchy.

You set up which allocation codes generate together in Allocation Batch Maintenance. But we won't get to batches just yet, the next part of the course shows how to set them up.

To start, assign a tier to an allocation code. Launch Allocation Code Maintenance and select the code.

In the Tier field, enter this code's level. Since this is the first allocation code to process, enter 1 in this field.

The Stamp fields help track allocations you generate through this tier. If the code's tier is 2 or higher, you can use these fields. The process places the Target Allocation Stamp in accounts that receive the amounts.

The process then adds the Source Allocation Stamp to the original accounts. See how that works? Both the source and receiving accounts get stamps, helping you locate them later. You'll see what was allocated where and when.

If you don't want to see the stamp from the previous tier, select the Exclude check box.

But to save previous stamps in source and target accounts, select the Include check box. To use a previous one, select it from the Allocation Stamp drop-down list.

Nice work, your allocation codes have tier levels. The next part shows how to group, or batch, codes together. Tap below to review some notes or move on to batch allocation codes.

## Creating Allocation Batches

Allocation Batch Entry defines the groups, or batches, of allocation codes you run sequentially. Create the batch, select its allocation codes, then assign financial schedules to the batch.

Start by selecting New. Enter an ID and a Description that helps you know what this allocation batch does.

Pick the general ledger Book. When this batch generates, it posts allocation amounts to the general ledger accounts within this book.

Select the Journal. The allocation amounts post to this journal.

If you want allocations to automatically reverse, select the Reverse check box. This batch reverses the journals and adds the date on which this reverse occurs.

With this set up, you're ready to select the allocation codes. From the New menu, pick New Allocation Code. This adds a line to the Allocation Codes grid.

Select an allocation code from the grid's drop-down list. Then press tab a couple times to create a new line. Select another allocation code. Keep doing that until you've added all the codes that generate through this batch.

Save your work so far.

There's one more thing left to do, generate a schedule for the batch. From the Actions menu, select Generate Schedule.

This Generate Schedule dialog box pops up. Make sure the current calendar year displays, then click Generate.

Look at that! You have a list of schedules based on the fiscal periods in the calendar. Open the Actions menu again and select Schedule All Periods. Now each schedule runs during each fiscal period. Nice!

Tap below to read notes on creating allocation batches. But before you post allocations, test their results. Use the right icon to learn how to do that.

## Simulating Allocations

Things may not be set up quite right. Even though you've selected the source and target accounts on allocation codes, defined their tiered relationships, and created the allocation batch, some amounts might not be allocating the way you expect them to.

Verify your financial outcome by simulating the allocations. Run this prep mode in the Generate Allocations process. The allocations distribute to target accounts, but these results do not save to the general ledger.

Instead, view the results in the Allocation History Tracker. Look over the allocations to make sure they disperse into the accounts you planned. You'll probably do this multiple times to verify the correct results generate.

First launch the Generate Allocation process.

Select the Book. Indicate if you will simulate for a fiscal period or a date range. This example simulates allocations during a fiscal period.

For the Apply Dates Option, select From Batch Schedule. This process then uses the schedules you generated in Allocation Batch Maintenance. See how all that works together?

Now select the Simulation check box. That's the key control indicating the process runs as a simulation. It will not post amounts to the general ledger.

Expand the Filter card. The allocation batch you created displays. Add or remove allocation batches as needed.

To run the simulation, tap the Process button.

When the process finishes, review the results. Launch the Allocation History Tracker.

The first page shows recent allocation runs. The Batch Code and Description defines the allocation batch. The Run Number indicates how many allocation codes were included in the tiered batch. And the Simulation check box is selected too. Good, these results only display here in the tracker.

Tap the batch code link.

The next page then shows you the General Ledger Details. Review the results in this grid.

To make changes to the allocation codes, select the code. From the side panel, select Allocation Code Entry. Make the changes you need, then run the simulation again. Keep doing this until allocations disperse into the correct amounts and accounts.

Tap below to check out notes on the simulation process. Then move on to learn how to post allocations to the general ledger.

## Generating Allocations

It all comes down to this, generating tiered allocations. This process is similar to simulating allocations, but during this process you generate a report to check over things one last time before you post.

This is also a good opportunity to show how running the process through a date range works. Select the For Date Range radio button.

Pick a Start Date and an End Date. To generate all allocations from the beginning of the year to the current date, select the Year-To-Date Allocation check box.

Define the Apply Date and the Reversal Date for the transactions. These dates are saved with the entries.

Make sure that the Simulation check box is clear. You're running the process for real this time!

Expand the Filter card to verify the correct batches are included in the process.

Here's where you do one more check before you post the allocations. Tap the Overflow icon and select Edit List.

The Process GL Allocations – Edit List application displays. Tap Print Preview. Review the amounts to make sure they disperse correctly.

When you're happy with what you see, return to the Generate Allocations process. Tap Process. Allocations post to your general ledger.

One last thing. Expand the Advanced card to set this process to run automatically on a recurring schedule. Review the Implementation User Guide in the application help to learn about assigning this process to a regular schedule.

And that's it. Tap below to see notes on generating allocations. To see how this all works together, click the Next icon.

## Allocation Process Review

This illustration shows the tiered allocation process. Select an icon to learn more about a specific step in this process. To take the quiz, tap the Next icon.

**Tiered Allocations**

Assign each allocation code to a tier. A tier defines the code's relation to other allocation codes. The top level is Tier 1, the next level is Tier 2, then Tier 3, continuing as you need. These levels reflect the dispersal process your business requires.

**Allocation Batches**

Allocation batches are the groups of allocation codes you run at the same time. You select the allocation codes to include in each batch. After you select the codes, assign financial schedules to the batch.

**Simulate Allocations**

Verify the financial outcome by simulating allocations. Run this preparation mode in the Generate Allocations process. View the simulated results in the Allocation History Tracker.

**GL Allocations – Edit List**

Before you post allocations, review them on the edit list. This makes sure they disperse correctly before you save them to general ledger accounts.

**Generate Allocations**

Run the Generate Allocations process to post allocation amounts to the general ledger. Target accounts receive allocation amounts defined on the codes included within the batch.

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