Understanding Tiered Allocations

Tiered allocations enable you to apply the results of one allocation to the results of another. Allocations on the top tier affect allocations on the second level, and then they affect the third. For example, the first tier might distribute amounts across several divisions, and the second tier might then divide amounts among several departments.

Objectives

- In this course, you first assign tiers to existing allocation codes. The tier defines the code's relation to other allocation codes.

- Once you set up tiered allocations, you can group them together as a batch. You can run a process that allocates amounts through this batch.

- Before you generate allocations, you can run a simulation, to make sure amounts are allocating as you expect them to.

- When you do generate allocations, all codes assigned to Tier 1 allocate their amounts first. Then, the allocations you generate distribute through the codes assigned as Tier 2, and the process continues through all the tiers you have defined on the allocation codes.1

Entering Allocation Tiers

To start, assign a tier to each allocation code you want to be in the hierarchy.

In Allocation Code Maintenance, select the code from the Landing Page.

Like any allocation code, each code included in a tiered relationship must have general parameters, source data criteria, and target accounts. *

In the Tier field, enter the level for this code. Since this is the first allocation code to process, we can keep the default setting of level 1. For the tier 2 allocation code, enter 2 in the Tier field.

The various 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 allocation 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.

Select the Exclude check box to indicate the current allocation should exclude the transactions previously stamped by a different allocation.

Select the Include All check box to apply this allocation to the transactions previously stamped by a different allocation.

In the Allocation Stamp field, you can select an allocation stamp (previously entered as a Target Allocation Stamp on a different allocation code) to indicate that the current allocation should only apply to transactions previously marked with that allocation stamp.

For example:

Allocation 1: Tier: 1; Allocation Stamp: <empty>, Target Allocation Stamp: 01

Allocation 2: Tier: 2; Allocation Stamp: 01, Target Allocation Stamp: 021

In the tier 1 allocation, we set a specific target stamp - 01.

For the tier 2 allocation, we enter the same stamp 01 in the Allocation Stamp field. This means that the tier 2 allocation will only apply to transactions that bear the target stamp 01.

But do not select any allocation stamp parameter if you want the allocation code to apply to any applicable GL transactions.

OK, so your allocation codes have tier levels and stamps set up. The next topic shows you how to group, or batch, codes together.

Select the right arrow icon to continue.

Creating Allocation Batches

In Allocation Batch Entry, you define 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 Allocation Batch. Enter an ID and a Description that helps you know what this allocation batch does.

Make sure you set the correct general ledger Book.

Select the Journal. The allocation amounts post in this type of journal.

If you want allocations to automatically reverse, select the Reverse check box.

Hit Save.

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

Select an Allocation Code from the drop-down list in the grid. Hit Save, then select New Allocation Code again. Select another allocation code from the drop-down. Keep doing that until you've added all the allocation codes you want to run in this batch.

Hit Save.

There's one more thing left to do: generate a schedule for the batch. Expand the Allocation Schedule card. From the overflow menu, select Generate Schedule.

The Generate Schedule window displays. Make sure the current calendar year displays, then select Generate. Select OK in the Information message.

Look at that! You have a list of schedules based on the fiscal periods in the calendar. By default, only the current period is selected for Allocations.

In the overflow menu, you can also select Schedule All Periods. Select OK to confirm. Now the schedule is set to run the allocation batch in every fiscal period.

Next, we'll simulate the allocations. Select the right arrow icon to continue.

Simulating Allocations

Even though you've selected the source and target accounts on the 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 application. The allocations distribute to the target accounts, but the results do not save to the general ledger.

In the Generate Allocations application, select the Book. Determine if you will simulate for a fiscal period or for a date range. This example simulates allocations during a fiscal period.

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

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

Expand the Filter card. Here, you can limit the process to run particular batches. Click Search to bring up the Search window and select the batch in question. The batches you included display in blue.

To run the simulation, select Process.

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

The landing page shows recent allocation runs. The Batch Code and Description defines the allocation batch. The Run Number is a sequential number, so you can clearly see which allocation run was the most recent. The Simulation check box is selected too. Good, these results only display here in the tracker.

Select the batch code link in the grid.

The next page shows you the Details. Review the results on the GL Details card.

If you need to make adjustments to an allocation code, expand the Allocation Codes card. Right-click and select Allocation Code Entry. When the Allocation Code app opens, select the code on the Landing Page. Make the adjustments you need and save the changes.

Then you can return to the Generate Allocations app and run the simulation again. You can repeat this process until allocations disperse to the correct accounts with the correct amounts.

Select the right arrow icon to continue.

Generating Allocations

It all comes down to this: generating (the) tiered allocations. During this process you can generate a report to check things over one last time before you post.

This is also a good opportunity to show how to run the process for a date range instead of a fiscal period. In the Generate Allocations application, 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 for the transactions (and the Reversal Date if applicable). 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. Go to the Overflow menu and select Edit List.

Select Print Preview. Review the amounts to make sure they will disperse correctly.

When you're happy with what you see, return to the Generate Allocations application. Select Process. The allocations post to your general ledger. Once again, you can see the results on the Allocation History Tracker. This time, the Simulation check box is clear, because the allocations posted to the GL.

One last thing. Back in the Generate Allocations app, 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.

That's it. Select the right arrow icon to continue to the final knowledge check.

Recap

In this course, we looked at assigning tiers to allocation codes, grouping codes together in a batch, running a simulation for the allocations, generating the allocations for real, and reviewing the results.

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