Dynamic Allocations vs. Standard (Transaction) Allocations

CLA Sage Intacct Virtual Days

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Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Create Opportunities

Objectives

At the end of this session, you will be able to

- Explain the two different methods of automating allocations in Intacct
- Determine whether one or both of standard and dynamic allocations will work for your organization

Agenda

- Introductions
- Allocations Overview
- Standard (Transaction) allocations
- Dynamic Allocations

Introductions

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Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

John Merrick

- Senior Intacct Implementation Consultant
- Started with CLA in 2014
- Based in Indianapolis

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- Senior Intacct Implementation Consultant
- Started with CLA in 2016
- Based in Arlington, VA

Allocations Overview

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Two options for allocating in Sage Intacct

Standard Allocations

- Standard (transaction) allocations allocates transaction amounts across multiple dimensions at the time of transaction entry

Dynamic Allocations

- Dynamic Allocations allocates general ledger account balances at regular intervals (typically monthly)

Two options for allocating in Sage Intacct

Standard Allocations

- Use standard allocations when allocation percentages or amounts and dimensions <u>are known</u> at the time of transaction entry

Dynamic Allocations

- Use Dynamic Allocations when allocation percentages or amounts <u>are not known</u> at the time of transaction entry

Standard (Transaction) Allocations

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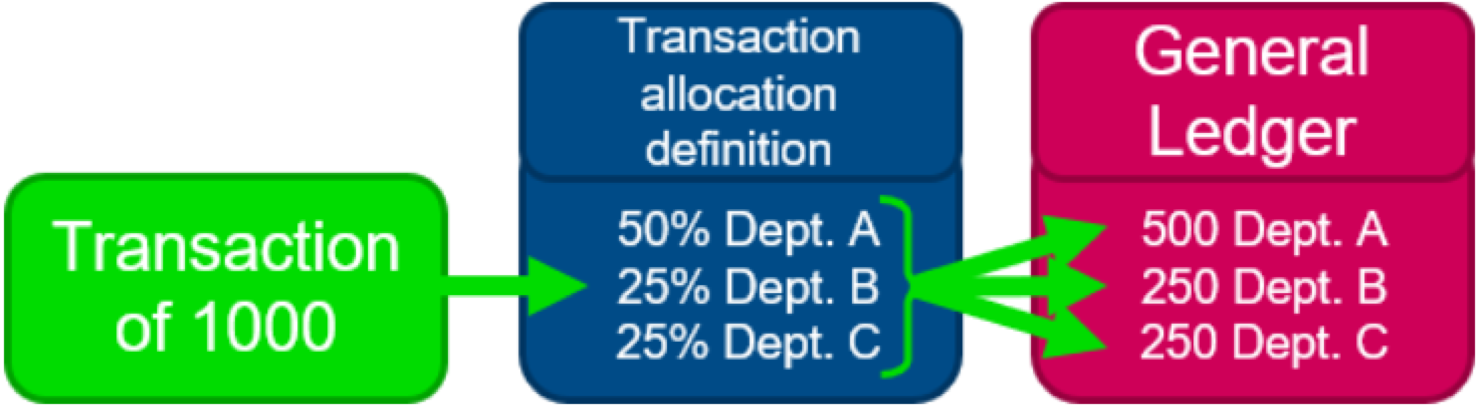
Standard (Transaction) Allocations

- What are they?
  - Standard allocation combinations that are saved in Intacct and routinely used during transaction entry entry



Standard (Transaction) Allocations

- How are they used?
  - Automatically distribute line item amounts across multiple dimensions – such as departments, locations, projects, or classes
  - You can allocate a percentage, an exact (absolute) value, or a fixed amount with over/under logic

Standard (Transaction) Allocations

- How do I start using them?
  - **Enable** transaction allocations in the applications where you want to use them
  - **Create** and name a transaction allocation
  - **Use** transaction allocations while recording entries

Standard (Transaction) Allocations – Enable

- The configuration screens for the Accounts Payable, Accounts Receivable, and General Ledger modules each has a check box for enabling allocations

Standard (Transaction) Allocations – Enable

- Allocations can also be enabled within individual Purchasing transaction definitions
  - NOTE: To be enabled in a transaction definition, the TD has to post to Accounts Payable (e.g. a Vendor Invoice)

Standard (Transaction) Allocations – Enable

- Allocations can be used in any of these screens:
  - Accounts Payable Bills and Recurring Bills
  - Account Receivable Invoices and Recurring Invoices
  - General Ledger Journal Entries and Recurring Journal Entries
  - Purchasing transaction definitions that post to Accounts Payable

Standard (Transaction) Allocations – Create

- Navigate to **General Ledger (Setup tab) >> Transaction allocations**
- From the list, you can Add, Edit, View, or Delete an allocation

Standard (Transaction) Allocations – Create

- Allocations can be set up to allocate by
  - Percentage
  - Exact amount
  - Fixed amount with over/under logic

Standard (Transaction) Allocations – Create

- Percentage
  - Allocates a percentage of the line item amount
- Exact amount
  - Allocates an exact dollar amount
- Fixed amount with over/under logic
  - Allocates a fixed amount in the order dimensions are listed in the definition, then percentages are applied to any remaining funds

Standard (Transaction) Allocations – Use

- To apply a transaction allocation to a line item
  - Click in the line item on the transaction
  - Select the transaction allocation definition from the **Allocation** drop-down menu.
  - After a dollar amount has been entered for the line, click the **Show Details** tab to review the split of the allocation

TRANSACTION ALLOCATION DEMO IN INTACCT

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Dynamic Allocations

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What is It?

- After the fact allocation tool
- Automatically shift costs or share revenue


SOURCE
What do I want to allocate?
BASIS
How do I want to allocate it?
TARGET
Where do I want to allocate it?
RESULT
Allocated costs reflect true performance
10%
20%
30%
40%
Program A
10,000
Program B
20,000
Program C
30,000
Program D
40,000

Dimension Treatment

Dimension treatment

Allocation focus dimensions will be allocated; **Preserve values** dimensions retain their values.
Dimension overrides can be set in the Target Entry section below.

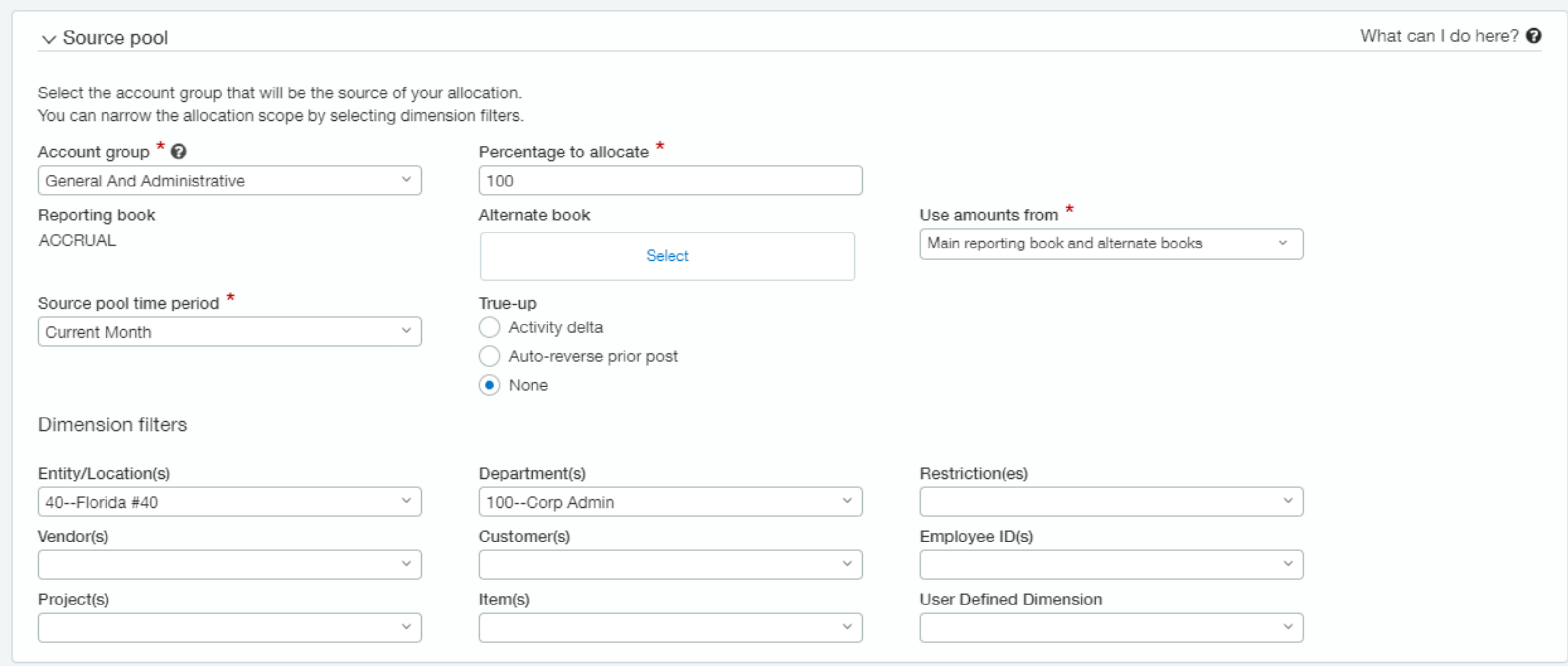
What can I do here?

Location	Department	Restriction
Preserve values	Allocation focus	Preserve values
Vendor	**Customer**	**Employee**
Not considered	Not considered	Not considered
Project	**Item**	**User Defined Dimension**
Preserve values	Not considered	Not considered

Dimension Treatment

- Not considered: ignored for allocations
- Preserve values: keeps originally coding on allocation entry
- Allocation focus: Driver to split amounts

Source Pool



Source pool
What can I do here?
Select the account group that will be the source of your allocation.
You can narrow the allocation scope by selecting dimension filters.
Account group *
General And Administrative
Percentage to allocate *
100
Reporting book
ACCRUAL
Alternate book
Select
Use amounts from *
Main reporting book and alternate books
Source pool time period *
Current Month
True-up
Activity delta
Auto-reverse prior post
None
Dimension filters
Entity/Location(s)
40--Florida #40
Department(s)
100--Corp Admin
Restriction(es)
Vendor(s)
Customer(s)
Employee ID(s)
Project(s)
Item(s)
User Defined Dimension

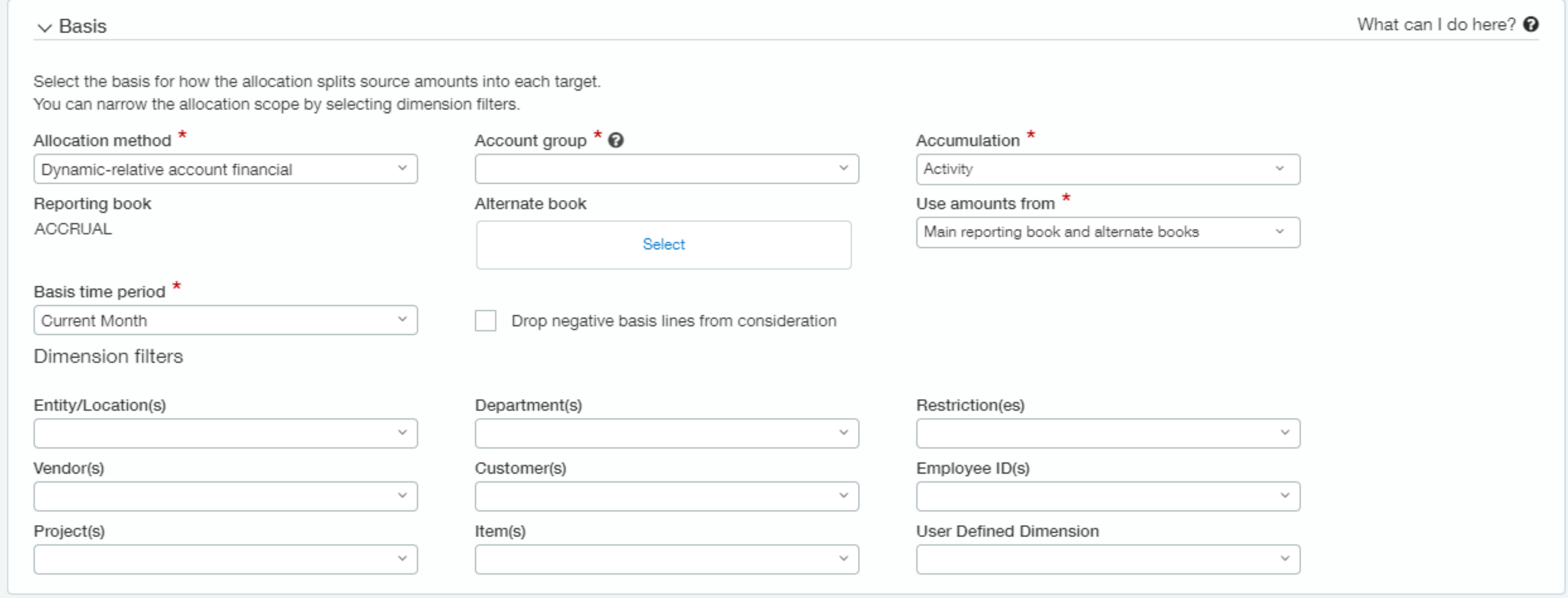
Source: What to allocate

- Period of Time
- Can allocate in full or partial
- Based off account group
  - Line by line allocations need to be setup separately
- Pull amounts to include User Defined Books
  - Useful in multi-tier allocations
- Filter for Dimensions (groups) as needed

True Up

- Activity Delta
  - Ensures source account is cleared out
  - Looks at new activity
  - Useful when running allocations multiple times in same period
- Auto Reverse
  - Reverses prior same period allocation
  - New allocation is made using latest info
  - Most Accurate way to allocate to latest source and basis

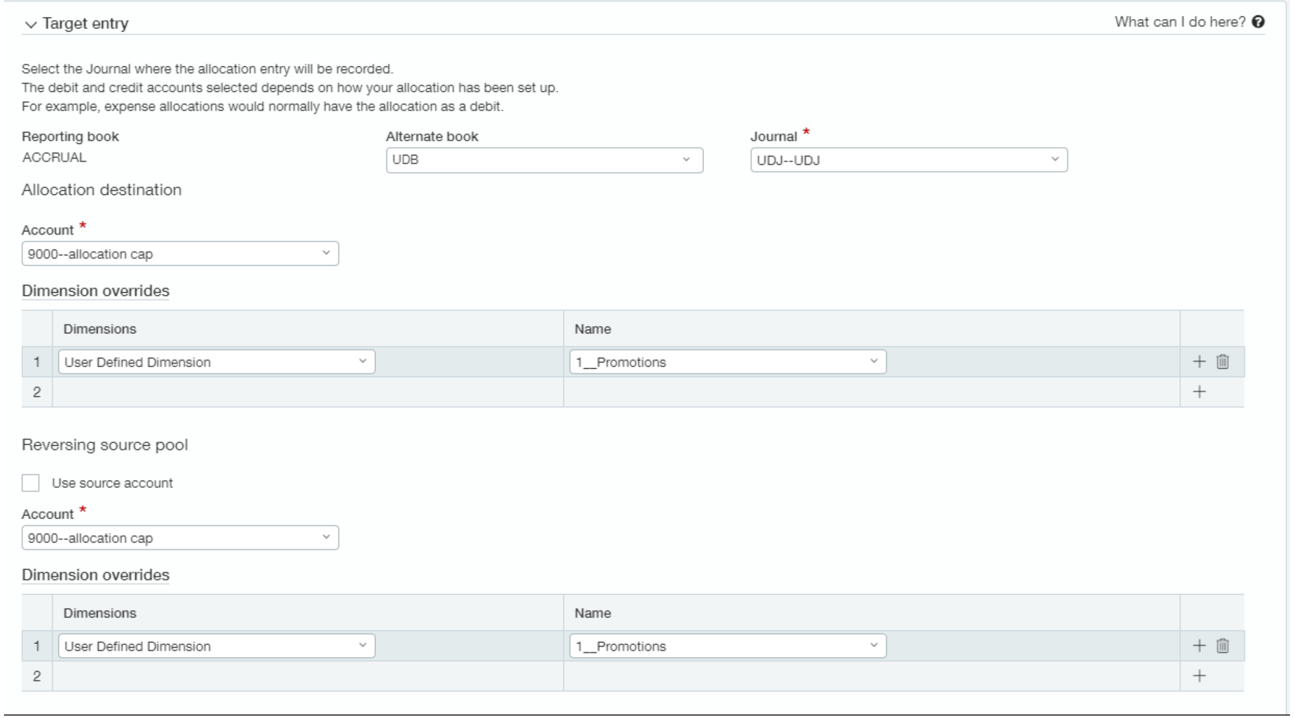
Basis


Basis
What can I do here?
Select the basis for how the allocation splits source amounts into each target.
You can narrow the allocation scope by selecting dimension filters.
Allocation method *
Dynamic-relative account financial
Account group *
Accumulation *
Activity
Reporting book
ACCRUAL
Alternate book
Select
Use amounts from *
Main reporting book and alternate books
Basis time period *
Current Month
Drop negative basis lines from consideration
Dimension filters
Entity/Location(s)
Department(s)
Restriction(es)
Vendor(s)
Customer(s)
Employee ID(s)
Project(s)
Item(s)
User Defined Dimension

Basis: How to Allocate

- Based on Actuals or Statistical Info
- Looks at one or multiple accounts
- Main reporting/ alternative books
- Time period
  - Monthly, quarterly, yearly based on when percentages need to change
- Dimension Filters

Target Entry



Target: Where to Allocate

- Specify account to post the allocated side and the reversal (source)
- Can debit and credit same accounts or different accounts
- Can be setup to use an allocated expense line or original coding (separate allocations for each account)
- Override dimension values when “not considered”
  - Keeps gl requirements on

Generating the Allocations

- Specify posting date
- As of Date drives query and basis pools
- Run individually or in groups
  - Will need multiple groups for tiered allocations

Questions?

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Thank you!

Additional Resources

- Enable: Transaction allocations overview
  - https://www.intacct.com/ia/docs/en_US/help_action/General_Ledger/Allocations/transaction-allocations-overview.htm
- Enable: Set up transaction allocations for Purchasing transactions
  - https://www.intacct.com/ia/docs/en_US/help_action/Purchasing/Setting_up_Purchasing/Transaction_allocations/set-up-transaction-allocations-po.htm

Additional Resources

- Create: Define transaction allocations
  - https://www.intacct.com/ia/docs/en_US/help_action/General_Ledger/Allocations/transaction-allocations-definitions.htm
- Use: Transaction allocations on bills, invoices, or journal entries
  - https://www.intacct.com/ia/docs/en_US/help_action/General_Ledger/Allocations/transaction-allocations-run.htm