Effectively Using Allocations

The allocation functionality in Peoplesoft General Ledger has significant functionality beyond merely allocating rental costs. By using creativity in the use of trees and additional chartfields, the functionality can become a primary tool. In this presentation, learn about creative techniques to solve business problems

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Introduction

Background

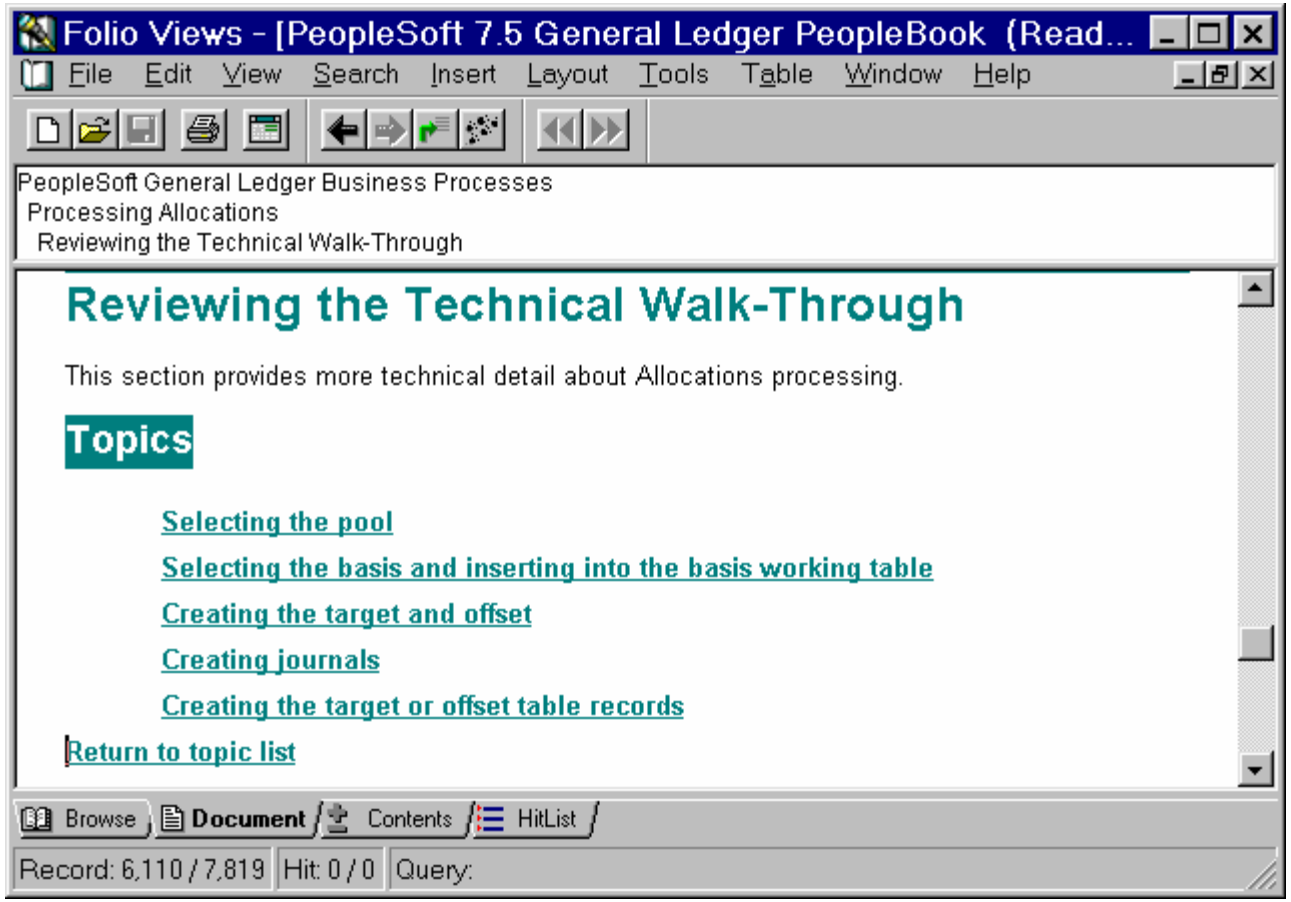
- **Petro-Canada acquired Peoplesoft General Ledger in 1993, Version 1, and Accounts Payable in 1999**
- **Have used allocations to perform business functions rather than acquiring modules**
- **Current release is 8.42; upgrade in progress to Version 9.0**

Agenda

- **Basic Allocation**
- **Moving Costs**
  - **Moving Costs to a Target**
  - **Moving Costs to a Different Chartfield**
  - **Moving Costs to the Same Chartfield**
- **Creating Data**
  - **Straight Line Lease Amortization**
  - **Accruing for Costs**
  - **Unit of Production Depreciation**
- **Conclusion**

Basic Allocation

Peoplebooks provide the beginning



Allocation Terminology

Term	Explanation
Allocation	A calculation that creates journal entries from selected data
Type	The calculation method
Pool	The data that is selected
Basis	The data used to create percentages
Target	The data created by applying the type and the basis to the pool
Offset	The data with the opposite sign

Allocation Terminology

Term	Explanation
Group By	The function that determines how the pool and basis are connected
Allocation Step	The data used by the system to perform the calculation
Allocation Group	Steps are executed in groups by run control
Clearing	Percentages entered by the user for use in allocations

Allocation Terminology

Term	Explanation
Timespan	Uses the As of Date to determine the accounting periods included in the pool If the pool includes the offset, the timespan can be longer than a period
Factor	Enables the pool to be increased / decreased by a percentage

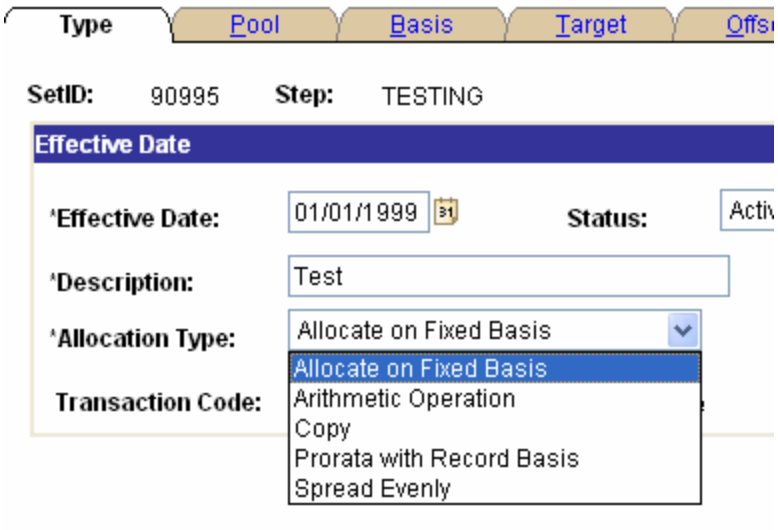
Allocation Terminology

Types	Explanation
Copy	Copies pool amounts to the target and offset, using either fixed or basis values, (Processing Fees)
Pro Rata	Pool * Basis / Total Basis creates the target, (Vehicles)
Arithmetic Operation	Pool (operation) Basis creates the target (Accrual)

A process to follow

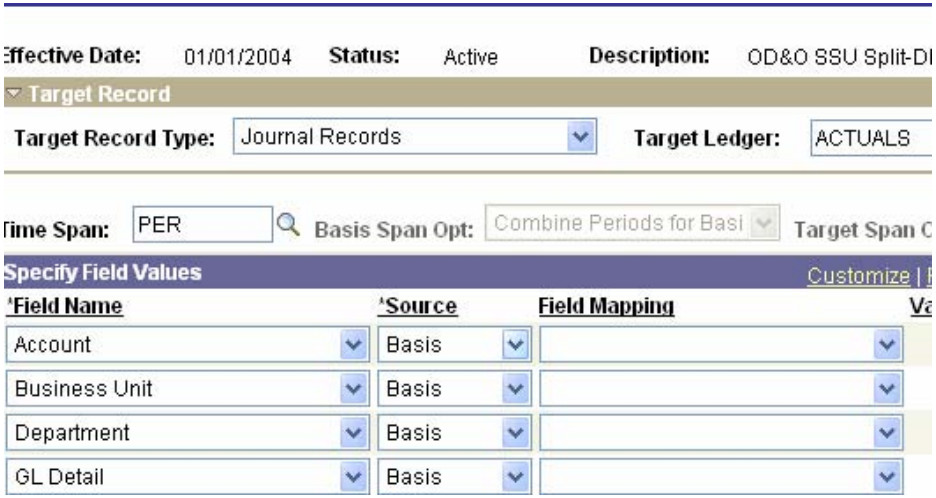
- **Create the journal that you want**
  - **Define the TARGET and the OFFSET parts**
- **Where can the data be found**
  - **Which data needs to be changed**
  - **Which data provides the new data**
- **Connect the parts to allocation terminology**

Decide the Method



- **Allocate on Fixed Basis (Percentages not available to users)**
- **Arithmetic Operation (a one step calculation)**
- **Copy (move the pool to a new chartfield)**
- **Prorate with Record Basis (Percentages updated via Clearing Information)**
- **Spread Evenly (allocate amounts equally)**

Decide the Output



- Determine what is required in the journal rows
- Use the chosen method to derive the entry amounts
- Determine which of the rows will be the TARGET and which will be the OFFSET
- Use the information to construct the POOL and BASIS data

Allocations are calculations

The pool is a summation of values from a table

The basis is a number to be applied to the pool

An arithmetic operation, usually multiplication, is the method of application

(pool)(operation)(basis) = result

(cost)(x)(percent) = distributed amount

Pro Rata is the same as Percentages when the numbers add to 100

Value	Number	Percent	Number	Percent
A	15.33	21.8906%	2,189.06	21.89%
B	17.20	24.5609%	2,456.09	24.56%
C	19.40	27.7024%	2,770.24	27.70%
D	18.10	25.8461%	2,584.61	25.85%
Total	70.03	100.0000%	10,000.00	100.00%

Basis Values can be entered

- **In the Allocation**
  - **Where the percentage does not change**
  - **Where the pool / basis chartfields are the same**
- **In a Ledger**
  - **Where ledger loads of values can be used**
  - **Where the fields used are chartfields**
- **In a Custom Table**
  - **Where users enter the amounts / percents**
  - **Where the chartfields and values change**

Basic Concepts

- **Mapping can create values in chartfields**
- **Group By field must exist in Pool and Basis**
- **Tree Maintenance GLS9001 can load data into trees to maintain the list of values**
- **Pro Rata adding to 100 creates percentage**
- **Only one row in the Basis multiplies by 1**

Transfer Costs

Cost Transfer Types

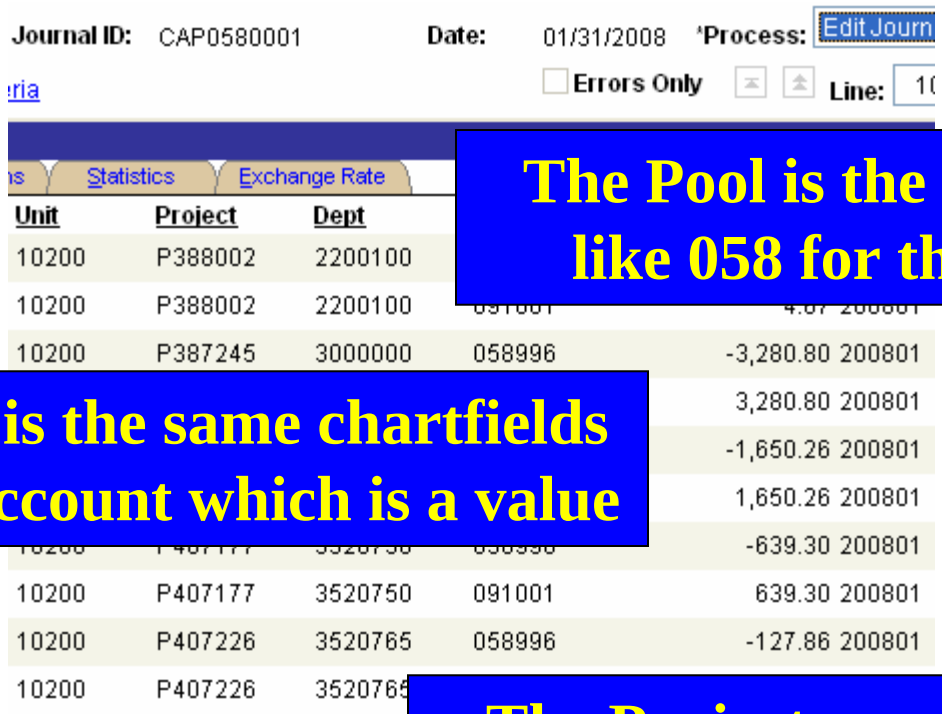
- **Copy the POOL with no BASIS**
  - **Work in Progress**
- **Copy the POOL using cost objects in different chartfields**
  - **IT Project Costs**
- **Copy the POOL using cost objects in the same chartfield**
  - **Vehicle / Facility Costs**

Work in Progress

Work in Progress Allocation Journal

- **Projects are initially set up as Work in Progress (AWPWIP)**
- **Costs are charged to Work in Progress accounts**
- **Project is changed to capital (AWPCAP) or expense (AWPEXP)**
- **Allocation moves costs to the appropriate accounts**

Work in Progress



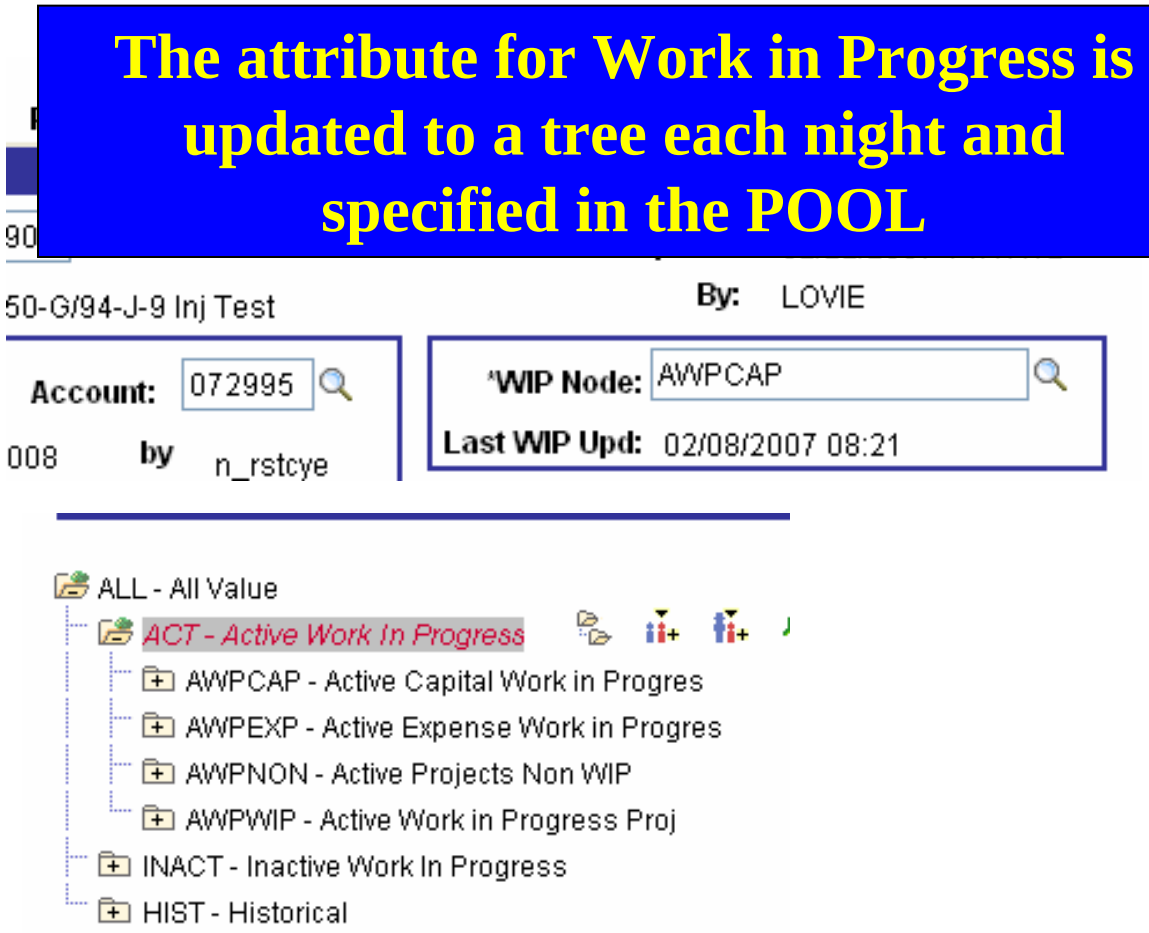
The Pool is the costs in accounts like 058 for the same project

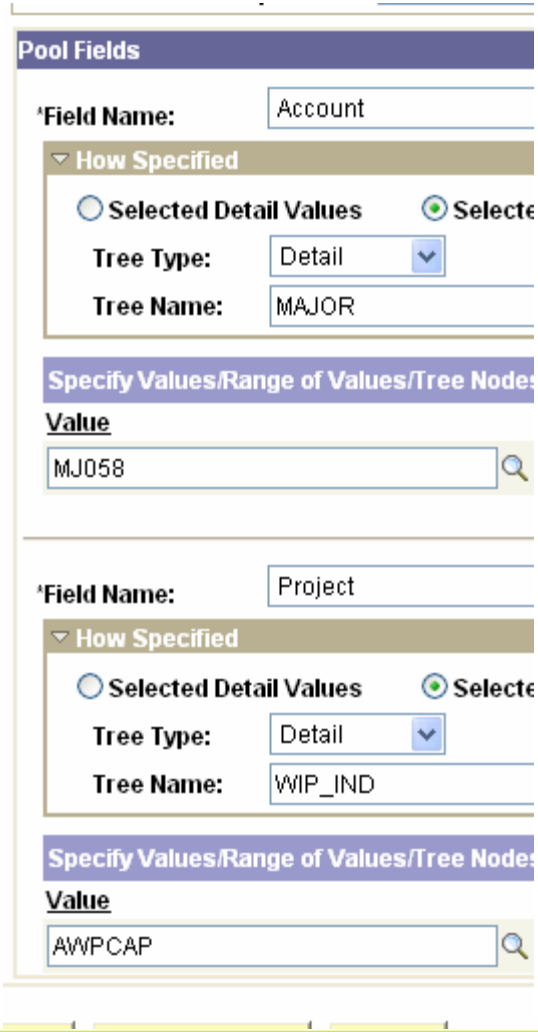
The Target is the same chartfields except the account which is a value

The Projects are selected based upon a Tree Node

Selecting the Projects

The attribute for Work in Progress is updated to a tree each night and specified in the POOL





This would be a straight copy except for the transaction month

The BASIS needs only one record for each accounting month, ProRata of 100%

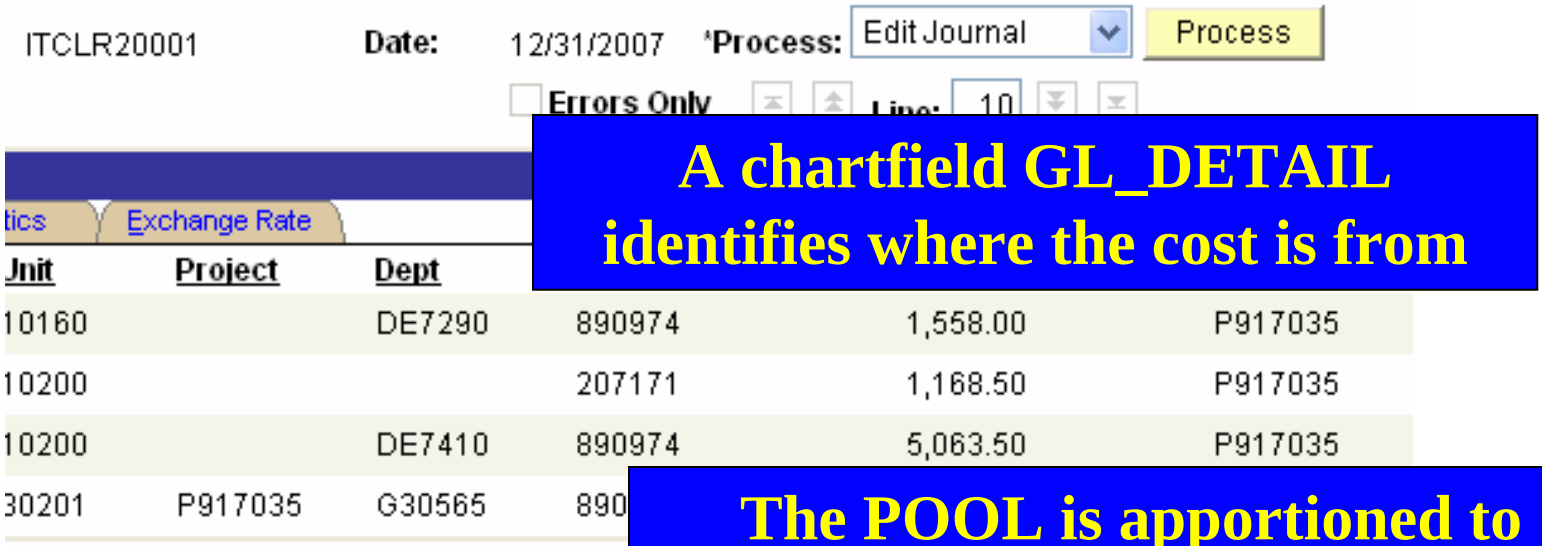
The OCCUR_DT value corresponds to the accounting period, the value of OCCUR_DT is determined by the BASIS timespan of PER

Comments on this allocation

- **Process needs an allocation for every major (POOL)**
- **Allocation Steps do not change**
- **BASIS is 12 records that can be copied to the new year**

IT Project Costs

IT Project Allocation Journal



A chartfield GL_DETAIL identifies where the cost is from

The POOL is apportioned to different chartfield combinations

The Target crosses business units

IT Project Cost Allocation

- **IT project costs are charged to an IT cost centre and allocated to business cost centres.**
- **Project is set up**
  - **Project is created with applicable attributes**
  - **Project is added to the STATISTICS ledger using the percents as amounts**
- **Costs are cleared to the business units responsible for the project**

The BASIS in the STATISTICS ledger

The Project is entered to enable the GROUP BY

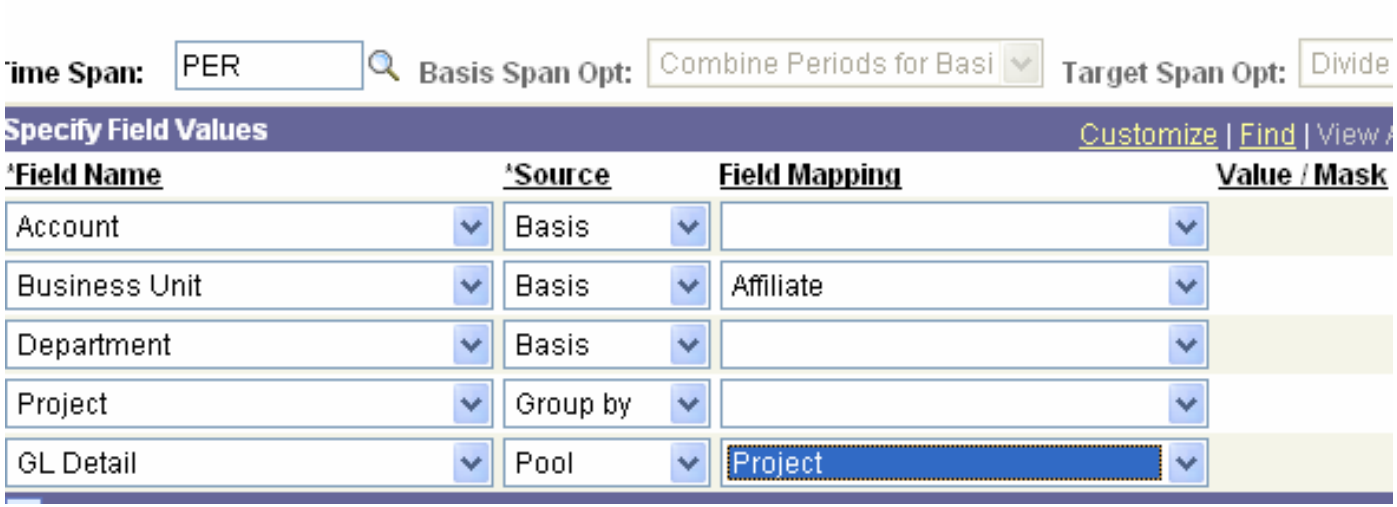
The percents are entered as dollars so prorata will convert to %

Account	Dept	Project	Affiliate		
890974	DE1495	B913042	10	1	10.00
890974	DE7230	B913042	10	1	20.00
207171		B913042	10	1	10.00
890974	DE7290	B913042	10	1	20.00
890974	DE7410	B913042	10	1	40.00

Business Unit 90995 is used in order to cross business units / setids

The affiliate is used to enable MAPPING to the business unit

The Target for this allocation



A report to verify the result

Account	Project	Description	Period	Year	Total
Department			484,388.42	613,242.40	622,917.47
Accounts			484,388.42	613,242.40	622,917.47
Project			484,388.42	3,640,780.01	19,239,852.33
ALLOCATE	ALLOCATE	Alloc	0.00	(3,027,537.61)	(18,616,934.86)
ITALLOC	ITALLOC	IT AF_ _	320,746.14	3,477,137.73	10,967,895.23
TEMP	TEMP	Temporary Node	3,705.00	132,558.98	132,558.98
Blank		NO DESCRIPTION - BLANK PROJECT	0.00	0.00	9,675.00
Total					11,110,129.21
Confirm					FALSE
Detail			484,388.42	613,242.40	622,917.47
Blank					9,675.00
	B911014		Purchase Wellmaster Software		0.01
	B911025		Leveraging U/S Imaging Pilot		0.02
	B911033		Vision Browse Enhancements		0.01
	B911034		OBLM Land Implementation		0.03
Account Balance					9,675.07

Current Month and Year To Date should be zero after Stage 2

ITALLOC not equal to PROJECT means project is not set up

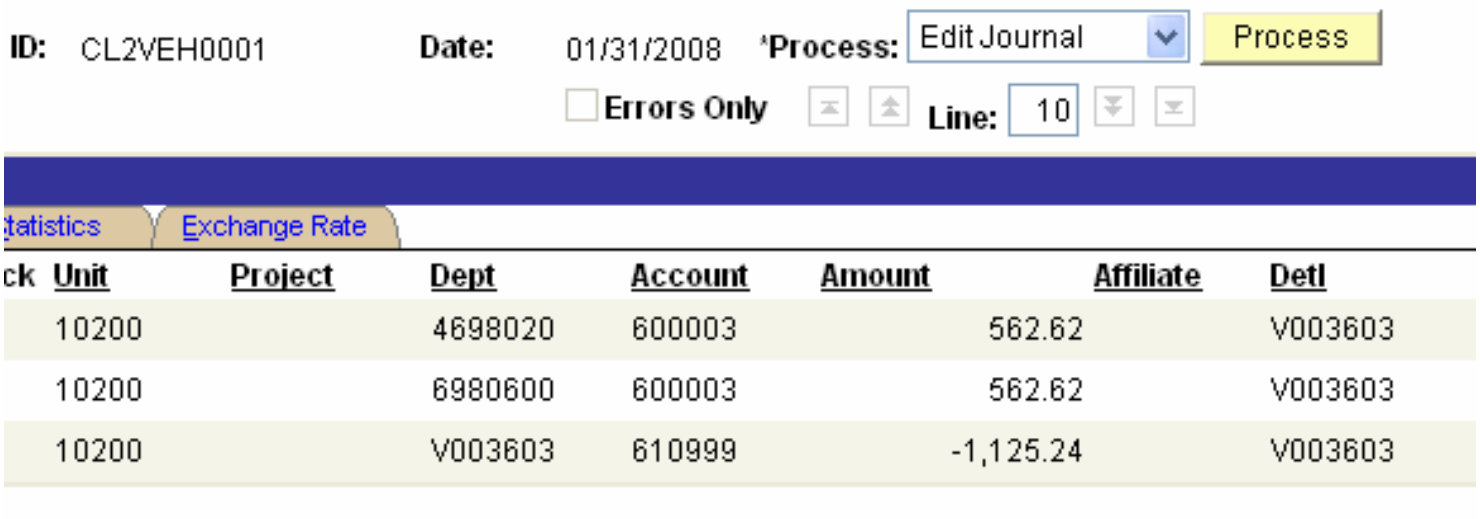
List of known variances from previous years

Comments about the allocation

- **The STATISTICS ledger is unfriendly for this use, therefore it was replaced with ‘a table of values’.**
- **The allocation uses the GROUP BY and MAPPING options to generate the result**
- **The project was common to the POOL and the BASIS, other chartfields changed**

Vehicle Cost

Vehicle Allocation Journal


ID: CL2VEH0001 Date: 01/31/2008 *Process: Edit Journal Process
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tatistics Exchange Rate

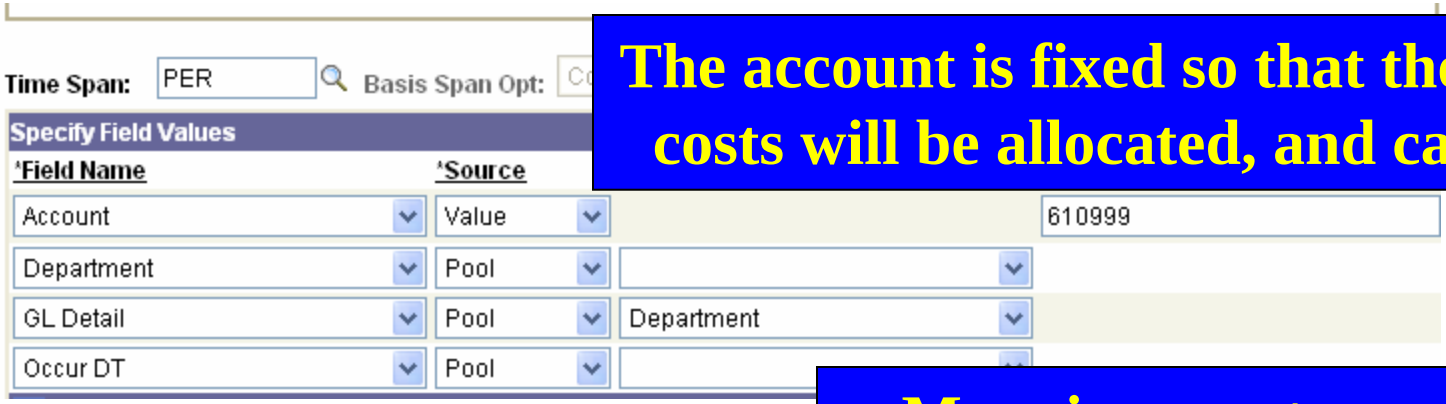
ck	Unit	Project	Dept	Account	Amount	Affiliate	Detl
	10200		4698020	600003	562.62		V003603
	10200		6980600	600003	562.62		V003603
	10200		V003603	610999	-1,125.24		V003603

The POOL and BASIS DEPTID are not the same

Two Steps are Required

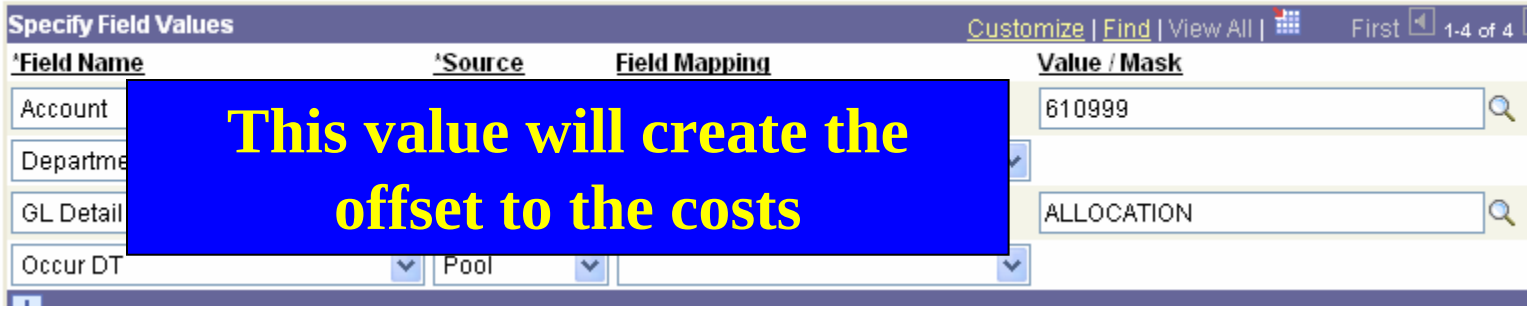
- **Because the Group By must use the same Chartfield; a separate step for each vehicle would normally be required**
- **If another chartfield had common values in the POOL and BASIS then only two steps would be required for all vehicles**
- **Step 1 creates the the other chartfield**
- **The second step allocates the values using Group By and Mapping**

Step 1 is a simple copy



The account is fixed so that the sum of the costs will be allocated, and can be offset

Mapping creates a value that GROJP BY can use



This value will create the offset to the costs

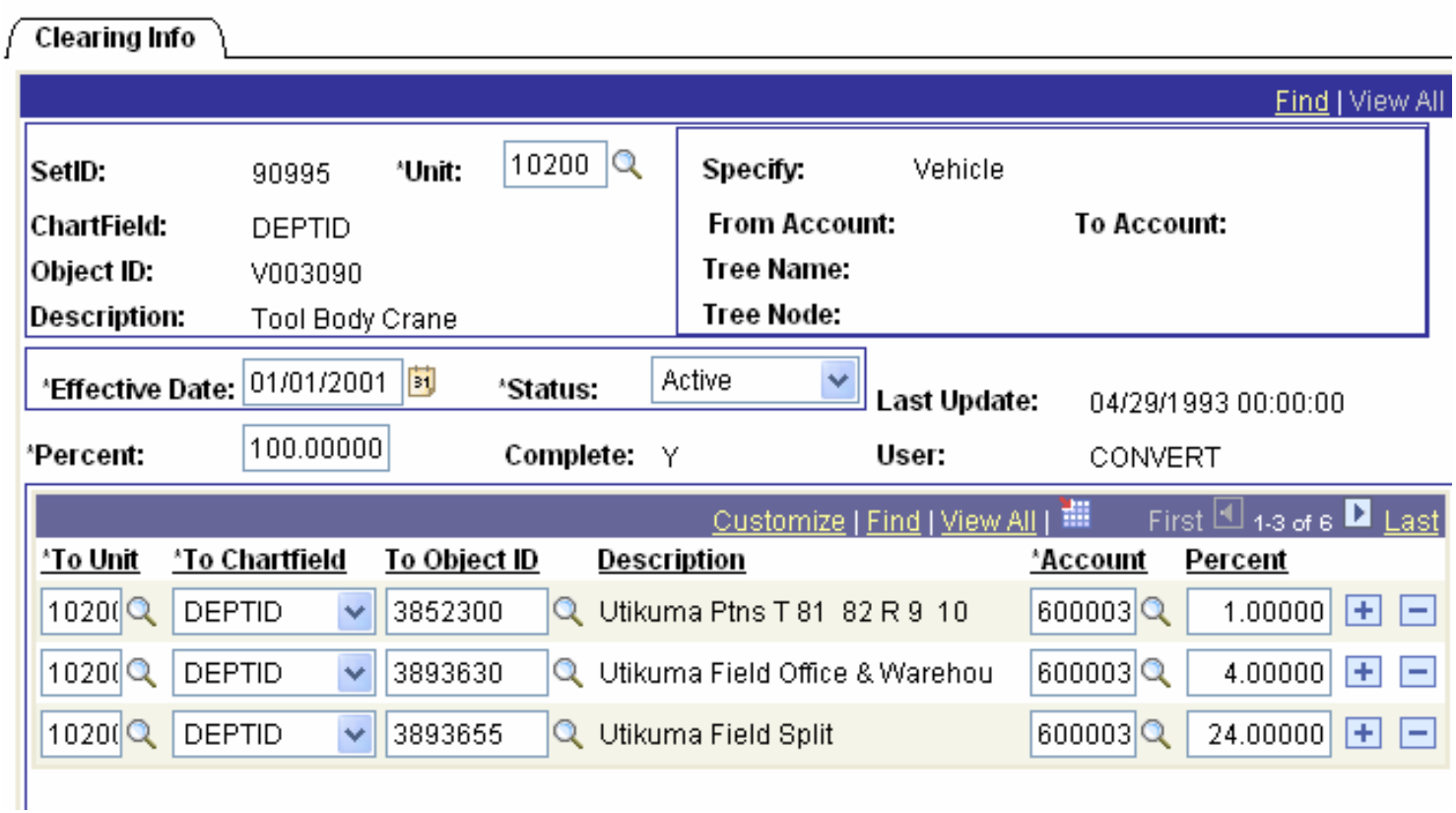
Additional set up required

- **As the department code is going to become a GL_DETAIL value, when the vehicle is created as a DEPTID, it is also created as a GL_DETAIL**

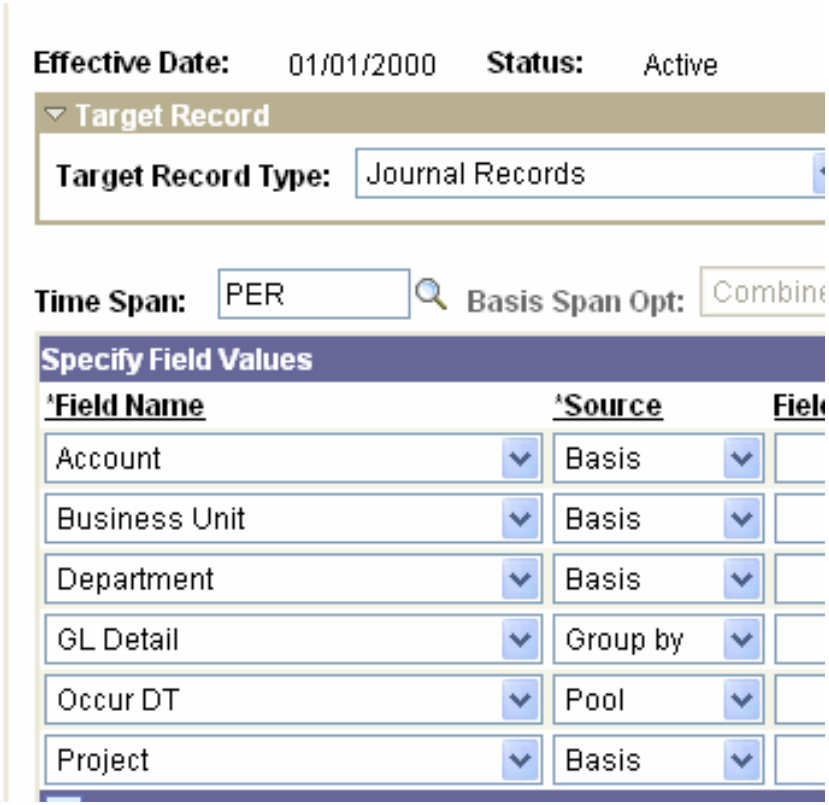
Step 2

- **Uses a custom table rather than the STATISTICS ledger**
  - **User can enter the data**
  - **Edits verify that the percents add to 100**
  - **Effective dating provide history**
- **Uses a view of the custom table**
  - **To eliminate the effective dated records**
  - **To convert the entered chartfield to GL_DETAIL**
- **Uses the GROUP BY on the GL_DETAIL field**

Clearing Data rather than Ledger Data



Step 2 Target uses the GROUP BY



Comments about the allocation

- **Using the Clearing Table causes us to see every allocation as allocating from GL_DETAIL**
- **Used this process for the IT Project allocation to avoid the STATISTICS ledger**
- **Is effective regardless of the number of vehicles; and does not require manual determination of the number of cost objects to be allocated.**

Copy Data Allocations

Final Notes

- **The POOL and BASIS chartfields need to be the same for GROUP BY**
- **MAPPING is effective in moving data into other chartfields**
- **The Statistics Ledger can be used to store percents, but a custom table is user friendly**
- **If you can manually create the journal using tree nodes and calculation, it can be done by allocatio**

Other Copy Data Allocations

- **Eliminate chartfields to reduce Period 0 rows**
- **Transfer Financial Planning Seminar costs to Labour Burden Liability account**
- **Transfer costs of a project from one department to another**
- **Reclassify Revenue (processing fees) to Expense**

Creating Data

Examples of Calculated Transfers

- **Lease Amortization**
- **Unit of Production Depletion**
- **Project Accrual**

Lease Amortization

: LSYEAR0001 **Date:** 01/31/2008 ***Process:** Edit Journal Process

Errors Only **Line:** 10

stics | Exchange Rate

Unit	Project	Dept	Account	Lease	Amount	Occ DT
10200		3501075	202006	0002052454	-432.46	200801
10200		3501075	910100	0002052454	432.46	200801

Lease Term

SetID: 90995 **Lease Cd:** 0002052454

Lease Effective Date: 04/13/2004 **Lease Status Effective Date:**

Lease Status Code:

***Description:** PN 53755 **GL Lease Status:** Active

***Short Description:** PN 53755

Lease Term: 5 **Term UOM:** Years

Acquisition Date: 04/13/2004 **Acquisition Method:** LANDSALE

	B	C	E	G	H	K	L	M
2	**Lease Unproven Land Depreciation Calculation**							
3	%ASD,LACTUALS%							
4								
5	**Node**	**From**	**Lease**	**Term**	**Unit**	**Cost**	**Amortized**	**Net Book**
6	YEARS	All Leases	All Leases	5	YEARS	5,000.00	(1,000.00)	4,000.00
7								

Definition

SetID: 90995 Step: LEASE_YEAR

Effective Date Find | View All First

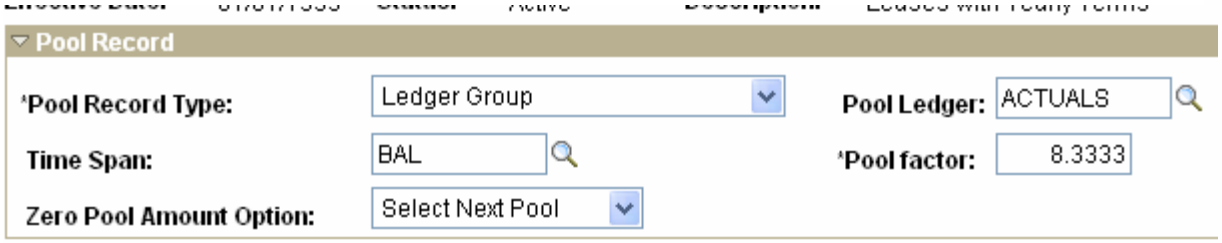
*Effective Date: 01/01/1999 Status: Active

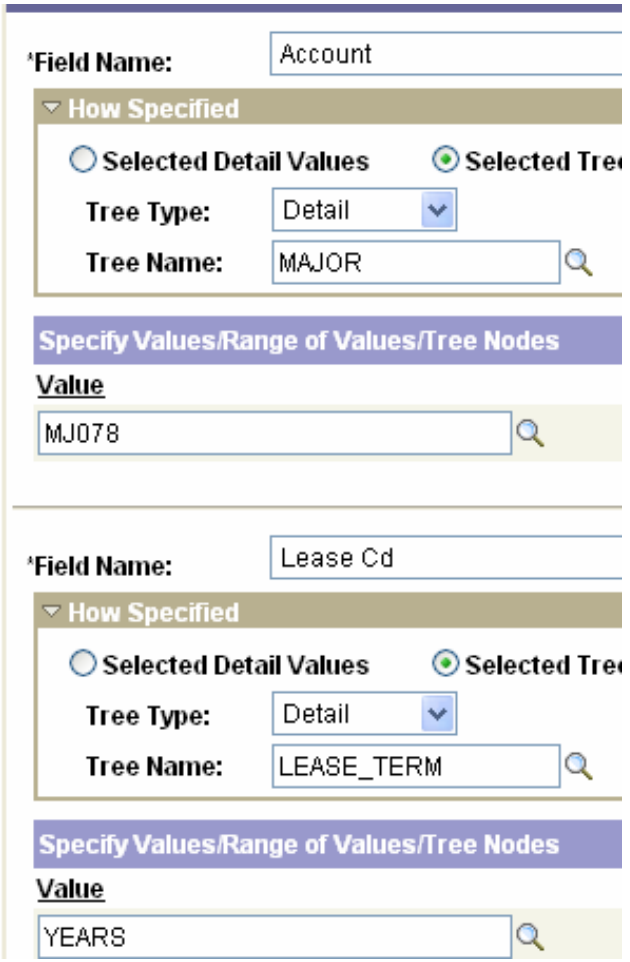
*Description: Leases with Yearly Terms

*Allocation Type: Arithmetic Operation Extension opcode: Divide

Transaction Code: GENERAL General Trans Code

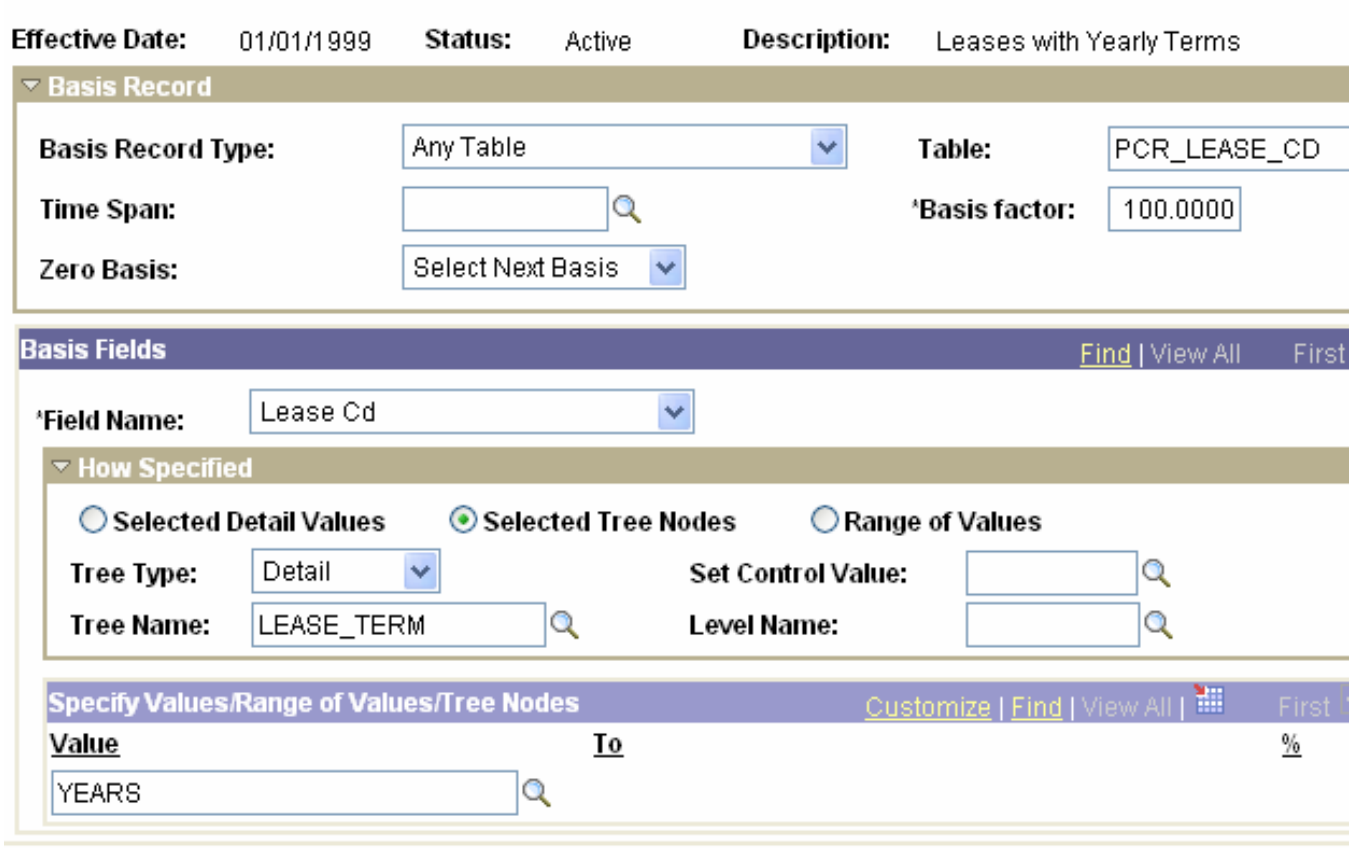
Cost and Term are the Pool



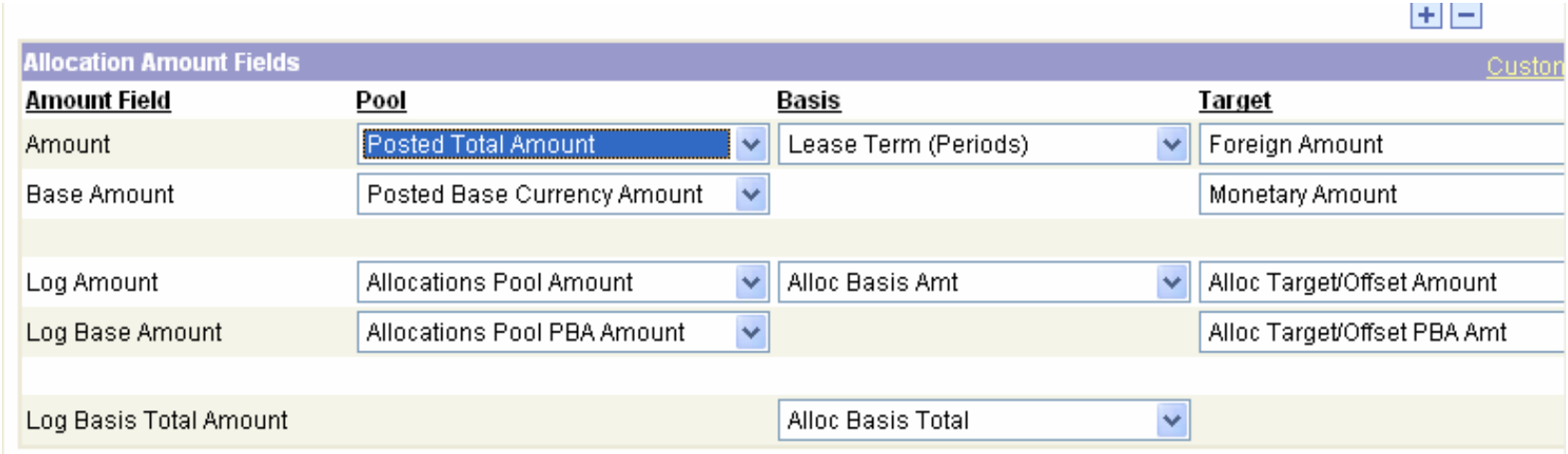


Amortization equals Posted Amount * Factor / Lease Period where factor is a percentage converting years into months (100/12)

Basis finds the Lease Data



Amount Fields find the term



Allocation Amount Fields Custon

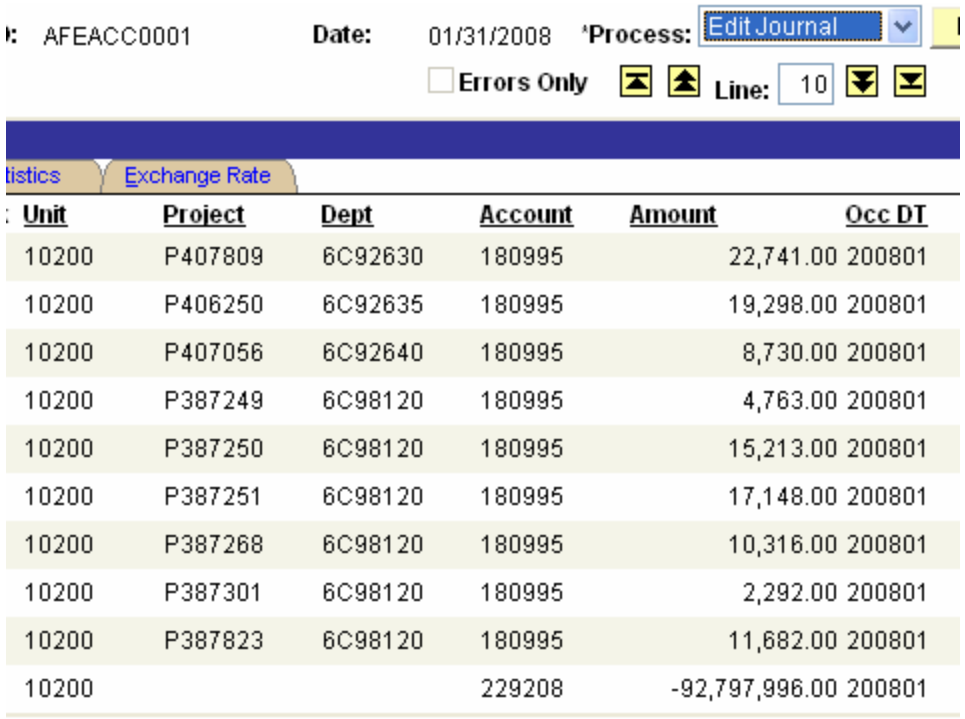
Amount Field	Pool	Basis	Target
Amount	Posted Total Amount	Lease Term (Periods)	Foreign Amount
Base Amount	Posted Base Currency Amount		Monetary Amount
Log Amount	Allocations Pool Amount	Alloc Basis Amt	Alloc Target/Offset Amount
Log Base Amount	Allocations Pool PBA Amount		Alloc Target/Offset PBA Amt
Log Basis Total Amount		Alloc Basis Total	

Comments about the allocation

- **The tree load determines which calculation will apply**
- **Tree nodes determine the allocated amount**
- **A factor converts the years into months**

Project Accrual

Accrual Allocation Journal



AFEACC0001 Date: 01/31/2008 *Process: Edit Journal

Errors Only Line: 10

istics | Exchange Rate

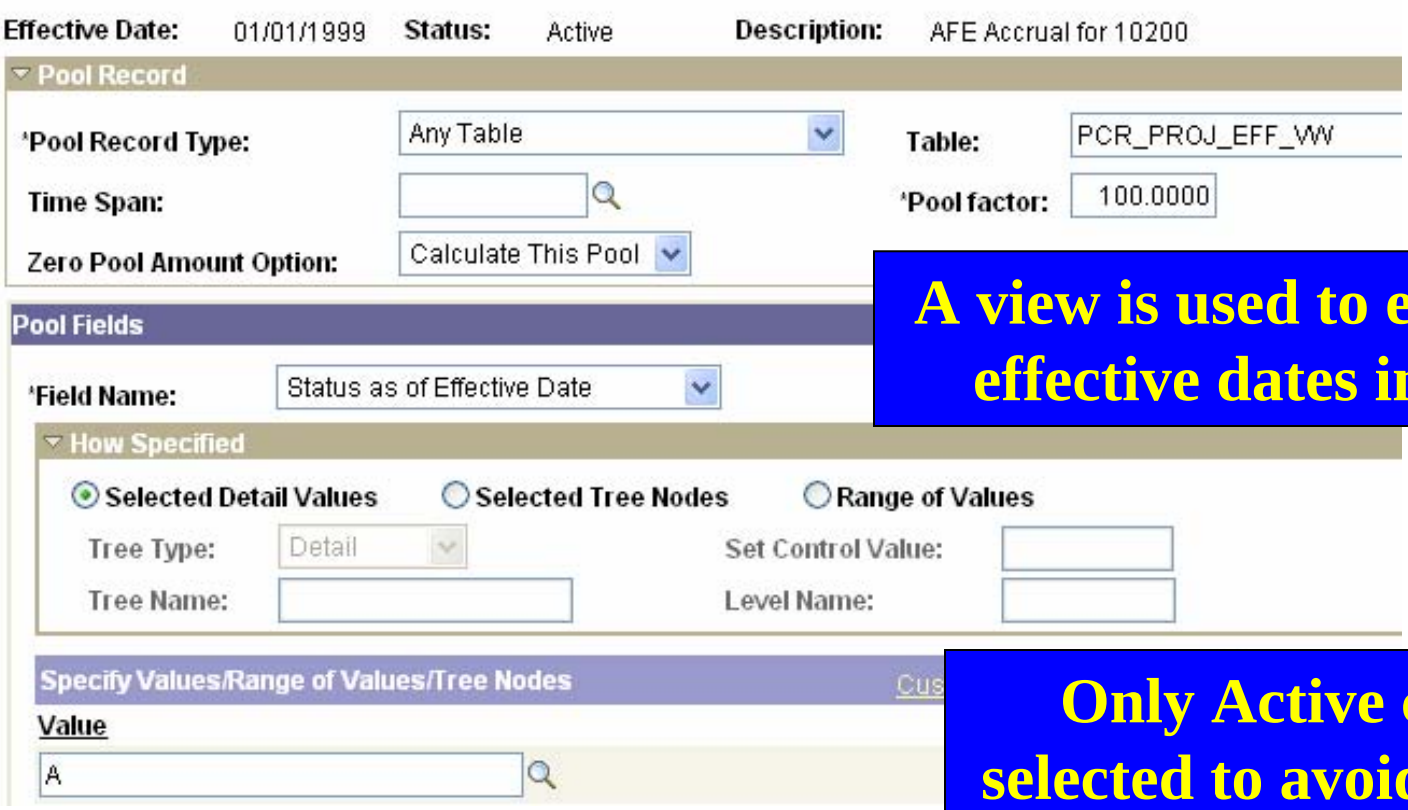
Unit	Project	Dept	Account	Amount	Occ DT
10200	P407809	6C92630	180995	22,741.00	200801
10200	P406250	6C92635	180995	19,298.00	200801
10200	P407056	6C92640	180995	8,730.00	200801
10200	P387249	6C98120	180995	4,763.00	200801
10200	P387250	6C98120	180995	15,213.00	200801
10200	P387251	6C98120	180995	17,148.00	200801
10200	P387268	6C98120	180995	10,316.00	200801
10200	P387301	6C98120	180995	2,292.00	200801
10200	P387823	6C98120	180995	11,682.00	200801
10200			229208	-92,797,996.00	200801

Target equals Project Incurred less Actual

The Offset is the total of the calculated amounts

Projects selected from the PROJ_ACCRUE tree

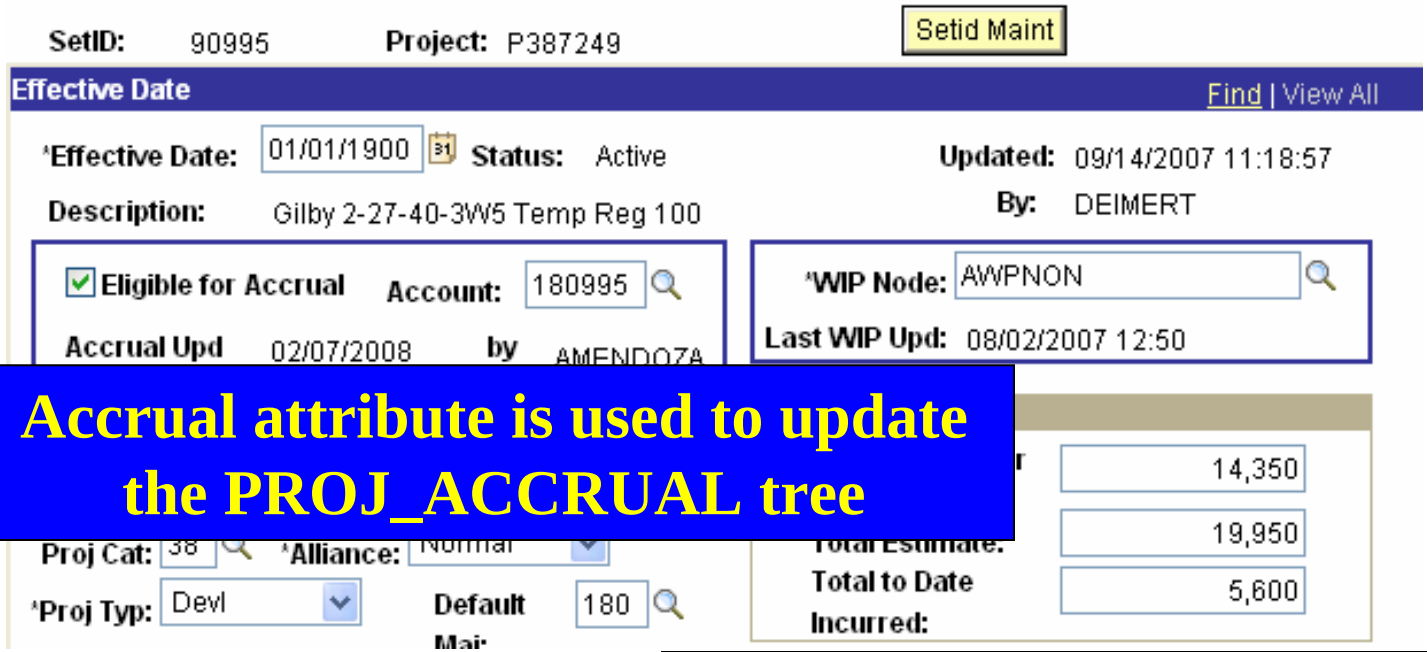
POOL



A view is used to eliminate the effective dates in the table

Only Active codes are selected to avoid edit errors

The Project Chartfield attributes



Accrual attribute is used to update the PROJ_ACCRUAL tree

The Amount entered as the incurred is the POOL amount

Accrual Report is used to confirm

Project	Total	Tree	Query	Test
B384297	32,000.00	2,400.01	2,400.01	Unequal
B384743	37,757.00	2,656.01	2,656.01	Unequal
B404169	700,000.00	595,467.35	595,467.35	Unequal
P146055	295,368.00	0.01	0.01	Unequal
P147028	7,644,350.00	7,581,676.07	7,581,676	
P147049	227,790.00	227,790.39	227,790	
P147050	90,000.00	31,430.50	31,430	
P385566	740,000.00	670,646.59	670,646	
P385567	100,000.00	61,082.41	61,082	
P386064	132,000.00	(716.39)	(716	
P386074	214,000.00	207,570.63	207,570	
P386075	100,000.00	87,068.41	87,068	
P386083	8,000.00	5,136.32	5,136	
P386123	22,000.00	18,850.80	18,850	
P386127	331,500.00	53,937.12	53,937	

Each project is shown with
- **The amount from the project table,**
- **The amount from the ledger if the project is in the accrual tree**
- **The amount from the ledger if the project is marked as eligible**
- **The status – unequal is an error**

Comment about the allocation

- **Allocation should calculate zero when no BASIS exists, but error results. Workaround is to create a setup journal to initialize the amount**
- **A view is used to eliminate the effective dates in the project chartfield.**
- **Only Active codes are selected to prevent edit errors.**
- **An NVISION report is used to confirm the allocation**

Unit of Production Depreciation

Unit of Production Depreciation

Depreciation is calculated based on the volume produced by a field

A field is a node on a Deptid tree.

There are five hundred fields with rates for each product

Use Adjust Budget to enter rates into a Statistics Ledger using the field's Deptid

Create a summary ledger using the field tree node as a Chartfield for pool and basis

Set the pool and basis to the Summary Ledger using the Table option

Use the Group By function on Field and Statistics Code

The Depreciation Volume Data

Account	Deptid	Stat	Posted	
300120	5555500	OIL	300	Data Input to Actuals Ledger
300120	0550500	OIL	400	
301120	5555500	GAS	600	
300120	3823160	OIL	300	
301120	3823160	GAS	600	
300120	38X0500	OIL	5	Data input to Statistics Ledger
300120	38X0500	GAS	9	
300120	45X0100	OIL	3	
300120	45X0100	GAS	7	

Account	Deptid	Treenode	Stat	Posted	
300120	5555500	AB0500	OIL	300	Updated Summary Ledger
300120	0550500	AB0500	OIL	400	
301120	5555500	AB0500	GAS	600	
300120	3823160	BC0100	OIL	300	
301120	3823160	BC0100	GAS	600	
300120	38X0500	AB0500	OIL	5	Updated Summary Ledger
300120	38X0500	AB0500	GAS	9	
300120	45X0100	BC0100	OIL	3	
300120	45X0100	BC0100	GAS	7	

Unit of Production Volume

The volume entry

Dept	Account	Detl	Stat	Journal Li	
			AS	AB0074	9
			GL	AB0074	89
			L	AB0074	79
			AS	AB0074	2,066.19
			GL	AB0074	81.89
38X0074	902001	902001			181.79
38X0074	902002	902002			2,066.19
38X0074	902002	902002			81.89
38X0074	902002	902002			181.79
38X0074	910030	910030			2,066.19

Different accounts are used for different kinds of depreciation (equipment, proven lamd_

The FIELD is shown for reference

The GL_DETAIL code will be used in Step 2 as the GROUP BY

The DEPTID is assigned to hold the depreciation for the field. A Field is a group of DEPTID codes

The same volume for each STATISTICS_CODE is recorded for each account

To make this happen

- **Summary Ledger with a Summary Chartfield is created.**
- **The depreciation accounts are initialized with the assigned DEPTID for each FIELD**
- **A Customized BASIS table is created to include the summary chartfield**

The TARGET

Time Span: PER Basis Span Opt: Combine Periods for Basi Target Span Opt: Divide Target Across Perioc

Specify Field Values Customize | Find | View All | First 1-6 of 6

*Field Name	*Source	Field Mapping	Value / Mask
Account	Basis		
Department	Basis		
Ledger	Value		ACTUALS
Journal Line Description	Group by	Dept Field tree node	
GL Detail	Basis	Account	
Statistics Code	Group by		

The FIELD summary chartfield is mapped to the JRNL_DESC because the field is 20 characters

The ledger is specified because the POOL came from a summary ledger

Unit of Production
Dollars (Volume x Rate)

DDA GAS Rate Journal Entry

Journal ID: DDAGAS0001

eria

ns | Statistics | Exchange Rate

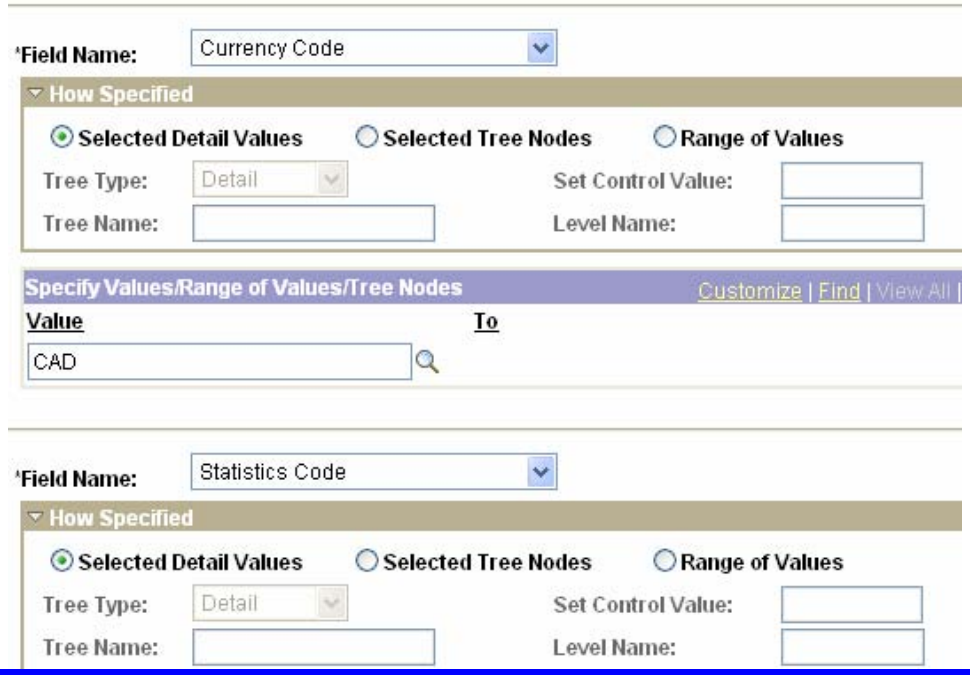
ip	Check	Unit	Dept	Account	Detl	Amount	Affil
	☑	10200	38X0074	198009	900021	-46,849.08	
	☑	10200	38X0074	200002	902001	-144,723.26	
	☑	10200	38X0074	203001	9		
	☑	10200	38X0074	204040	9		
	☑	10200	38X0074	900021	9		
	☑	10200	38X0074	902001	9		
	☑	10200	38X0074	910030	9		
	☑	10200	38X0074	910501	910501	4,214.86	

The BASIS provides the rate and the accounts for the other side of the entry

The GL_DETAIL field is needed because the BASIS and POOL accounts are not the same

The DEPTID and GL_DETAIL from the VOLUME are matched with a Rate

The TARGET has special note



Peoplebooks state If the pool value is a statistic, and the output monetary, specify the values of foreign_currency and currency_cd

Volume x Factor x Rate = Journal

1 to 4 of 4

Ledger Details

Period	Activity	Account	Department	Detl	Stat	Total Amt
1	Activity	900021	46X2000	900021	GAS	13,814.500
2	Activity	900021	46X2000	900021	GAS	12,858.400
3	Activity	900021	46X2000	900021	GAS	13,222.100
4	Activity	900021	46X2000	900021	GAS	13,118.900

Data By Year Customize | Find | View

Del/Cal	Account	Dept	Posted Total Amount	Project	GL Detail
☐	198009	46X2000	11.11		900021

13118.9 * 94.0051 / 100 * 11.11

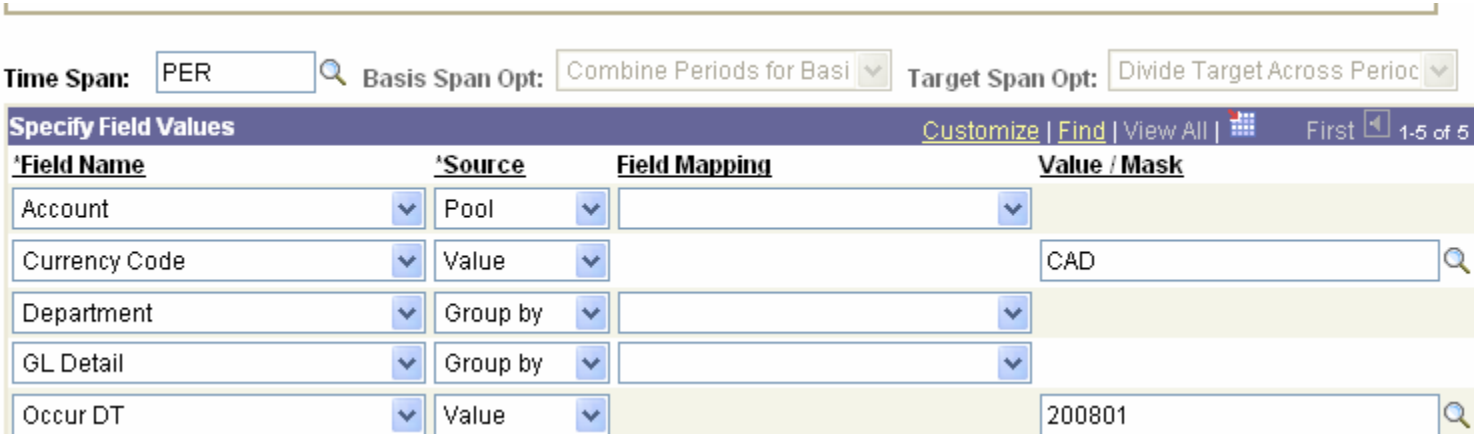
Period	Period	Account	Dept	Vendor	Occ DT	Projec
	4	900021	46X2000		200704	

Transaction Amt: 160,690.98 CAD **Base Amount:** 160,690

Journals Customize | Find |

Journal ID	Date	Seq	Stat Amt	N/R	Amount
DDAGAS0001	04/30/2007			N	137,013.35 CAD

The TARGET



The Account from the POOL is the Expense; the OFFSET will have the account from the BASIS, accumulated depreciation

The GROUP BY ensure there is a one to one relationship between POOL and BASIS

Comment about the allocation

- **The rate allocation creates values to three decimals. Manual intervention is required**
- **Summary Ledgers and Summary trees are needed**
- **Depreciation is calculated if there is a volume. Could use the tree to be more selective**
- **Mapped to fields must be at least the same length as the originating data fields**

Comments Continued

- **A customized Basis Work Table is needed**
- **Set up outlined in PEOPLEBOOKS for statistics and dollar amounts must be reviewed**

Create Data Allocations

Final Notes

- **Data can be created using arithmetic operations**
- **Using ‘any table’ and customizing the BASIS work tables may be necessary**
- **MAPPING requires the TO field be the same size as the from field**
- **Allocations removed the need for many manual entries at month end.**

Other 'create data' allocations

- **Convert internal time sheets into project costs**
- **Convert vehicle distances into expenses**
- **Calculate simple overhead charges based on statistics values (number of wells, buildings, vehicles)**
- **Calculate commissions based on units sold**

Conclusion

Stage 1 Allocations

Allocation	Description
Vehicle	Vehicle allocated vehicle account
Facility	Facilities allocated to same account
Fuel	Facility 6911310 allocated to specific account,
BC Gathering	Midstream revenue, 376078, transferred to expense, 600123
Mineral Tax	Expense 60_205 transferred to Revenue 301390

Stage 1 Allocations

Allocation	Description
Financial Planning	Transfer Centre G30855, G30856 to Payroll Burden account
Jedney	Transfer department 4698275 based on clearing percentage
AFE Transfer	Transfer costs for identified projects from one department to another department code

Stage 2 Allocations

Allocation	Description
AFE Accrual	Calculates the amount project accrual
Work in Progress	Transfer costs from Work in Progress to Capital or Expense
Lease Amortization	Calculate straight line depreciation on the unproved land
Volume setup	Set up the volume in the depreciation accounts
Unit of Production	Calculate depreciation based on volume

Stage 2 Allocations

Allocation	Description
Admin Cost Transfer	Calculate the unit of production depreciation based on volume
East Coast	Transfer costs of DE5020 per clearing percentages
IT Allocation	Transfers costs of IT projects to business cost centres
North of 60	Transfers costs from DE7291 based on clearing percentage
Exploration	Transfer Administrative Expenses to Exploration Expense

We have used allocations creatively to solve business problems

- **Using a second Chartfield to reduce the number of steps (the Flip)**
- **Using the Fixed Basis to combine or transfer Accounts (the Squish)**
- **Using the pro rate feature to allocate on a percentage basis (Joint Interest Partners)**
- **Using statistical values in the pool and rates in the basis to calculate costs**

Effective Allocations

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