

Defining cost allocation

The functionality of cost allocation control allows for verifying whether journal entries fulfil the conditions as regards their allocation by type and function. It can also be used to control other associated posting operations. The program can verify cost allocation automatically on a current basis during posting or manually on a recurring basis.

The cost allocation control functionality is available, if in *System → Configuration → Accounting*, the parameter *Control cost allocation* is checked.

List of cost allocations

The list of cost allocations is available from the level of menu *Configuration → Accounting*, under [**Cost Allocations**] button.

The list contains standard buttons and, additionally:

- [**Import**] – allows for uploading definition from a file
- [**Export**] – allows for exporting selected definitions to a file
- [**Update**] – allows for updating definition of allocation based on the data from a previous accounting period. Only new cost allocations with symbols which do not exist in a given accounting period are added.

Permissions of operator groups to read, add, modify and delete cost allocations depend on granting them appropriate permissions to the object *Cost Allocation (Configuration → Company Structure → Operator Groups → edition of a given operator group → Tab Objects → Accounting area)*. Definitions of cost allocations are associated with particular accounting period.

Defining cost allocation

To add a new cost allocation, it is necessary to select [Add] button. A form of cost allocation definition is opened.

No.	Source Account Expression	Source Account Side	Target Account Expression	Target Account Side
1	4*	=	5*	Any

Cost allocation form

The form is composed of the following elements:

- **Symbol** – mandatory field, the system controls its uniqueness within an accounting period
- **Active** – parameter for determining activity status of cost allocation. Only active cost allocations can be used.
- **Name** – name of cost allocation
- **Settlement account** – account taking part in settlement, optional field
- **Account Side** – side of settlement account, this field is activated upon completing the settlement account field. The following options are available:
 - *Any* – default value, control regards those journal entries, which are registered on both account sides (turnover on Debit side is retrieved with a minus sign and turnover on Credit side is retrieved with plus sign)

- *DR* – only journal entries registered on *Debit* side are registered
- *CR* – only journal entries registered on *Credit* side are included

Note

DR and *CR* options can be renamed if default values of the parameters *Abbreviated name for debit* and *Abbreviated name for credit* have been modified in *System* → *Configuration* → *Accounting*.

- **Control allocation while posting** – parameter receives one of the following values:
 - *Don't control* – default value, the system does not verify conditions specified in cost allocation definition
 - *Warn* – the system displays a warning if the conditions are not fulfilled
 - *Block* – the system blocks posting in case the conditions are not fulfilled
- **Description** – field for providing additional description

Tab *Items*

In the system, it is possible to add cost allocation items in two ways: directly in the table or through form.

Adding cost allocation items in table

To add an item to cost allocation in table, it is necessary to click on [**Add**] button placed in *Items* group of buttons. A row in which it is possible to enter data, appears in the table. A user must fill in the following columns: ...

Adding cost allocation items through form

To add an item to cost allocation in table, it is necessary to click on [**Add Through Form**] button placed in *Items* group of buttons.

The screenshot shows a software window titled "Cost Allocation Item". It contains two vertically stacked sections. The top section is labeled "Source Account" and has a text field containing "4*" and a dropdown menu labeled "Side" with "DR" selected. The bottom section is labeled "Target Account" and has a text field containing "5*" and a dropdown menu labeled "Side" with "DR" selected. Both sections have a small icon in the top right corner.

Form of cost allocation item

The form is composed of the following elements:

- **Source Account** – account on which a journal entry will be registered
- **Source account side** – posting side onto source account, parameter available after completing the field *Source Account*. Available options:
 - *Any* – default value (turnover on Debit side is retrieved with a plus sign and turnover on Credit side is retrieved with minus sign)
 - *DR* – only journal entries registered on *Debit* side are registered
 - *CR* – only journal entries registered on Credit side are included
- **Target Account** – cross posting/parallel posting account
- **Target account side** – posting side onto target account, available options are:
 - *Any* – default value (turnover on Debit side is retrieved with a plus sign and turnover on Credit side is retrieved with minus sign)
 - *DR* – only journal entries registered on *Debit* side are registered

- CR – only journal entries registered on Credit side are included

In fields: *Source account*, *Target account*, it is possible to enter particular numbers of book accounts or use an account format. Available types of account formats:

- ? – Any character
- * – Any string of characters
- [] – Character included in string
- [-] – Character included in range
- [^] – character not included in string
- [^-] – character not included in range
- (|) – or

Tabs *Attributes*, *Attachments*, *Change History*

Detailed description of tabs can be found in articles: <LINK>

Functioning of cost allocation control

Methods of controlling cost allocations

- **during work on a current basis** – the system checks active cost allocations which in parameter *Control cost allocation while posting* have option *Warn* or *Block set*. When attempting to save a posting document, it is verified whether it fulfills conditions specified in cost allocation definition. If it fulfills the conditions – it will be added. If not – the system displays a warning or message informing about error, depending on set type of control. The control on a

current basis includes all defined cost allocations – journal entry is considered correct if it fulfills all the defined cost allocations. The control on a current basis includes all defined cost allocations – regardless of the way in which they were created, that is whether they were entered by a user or created automatically by the system. The control is performed also during confirmation of journal entries.

- **on request** – a user can check whether conditions of cost allocations are fulfilled, by clicking on [**Check Cost Allocations**] button. The control is available for documents:
 - journal entry
 - accounting note
 - opening balance
 - unposted entry view

A document fulfills a cos allocation if the following totals are equal:

- total of journal entries registered on accounts defined as source accounts
- total of journal entries registered on accounts defined as target accounts
- total of journal entries registered on accounts defined as settlement accounts

In case a settlement account is not specified, then correctness of the totals below is controlled:

- total of journal entries registered on accounts defined as source accounts
- total of journal entries registered on accounts defined as target accounts

Example

1. A cost allocation [4 and 5] has been defined as follows:

Account	Account Type	Account Side
4*	Source	Any
5*	Target	Any
490	Settlement	Any

2. The following journal entry was registered:

Account	Account Side	Amount
100	CR	5000 USD
410	DR	4000 USD
420	DR	1000 USD
501/490	DR/CR	3000 USD
502/490	DR/CR	1000 USD

total of entries on source accounts: 5000 USD

total of entries on target accounts: 4000,00 PLN

total of entries on settlement account: 4000,00 PLN

The cost allocation [4 and 5] is not fulfilled, because the above totals do not equal.

Note

Posting in a single batch – in case the control of cost allocation is defined in the cost allocation definition with warning and generation of entries which do not fulfill a cost allocation, no message is displayed during posting and the system posts documents. Information about documents not fulfilling the conditions of cost allocation is registered in the posting–dedicated log.

Reporting of discrepancies among journal entries

Apart from using the option of checking cost allocations, which is available on the form of accounting documents, it is

also possible to control selected journal entries in a single batch.

The option of reporting in a single batch is available from the level of the lists *Accounting* → *Ledger* and *Accounting* > *Account*. After selecting the option [**Check Cost Allocation**], a window with the following parameters is opened:

- **Correctness condition for journal entry** – this parameter can take the following values:
 - *Fulfill all cost allocations* – journal entry is considered correct if it meets all the cost allocations
 - *Fulfill at least one cost allocation* – journal entry is considered correct if it meets at least one cost allocation
- **Show only entries which do not fulfill cost allocations** – if selected, the list of journal entries displayed after being controlled in reference to cost allocations is filtered only to entries which do not fulfill cost allocation(s)
- **Cost allocations** – the parameter takes one of the following values:
 - *All* – correctness of entries with all the cost allocations is controlled
 - *Selected cost allocation* – correctness of entries with a selected cost allocation is controlled
- **Display in Log** – the parameter takes one of the following values:
 - *Only invalid entries*
 - *All entries*

Note

In case:

- an accounting document is confirmed (confirmed journal entry, confirmed opening balance, confirmed accounting note),

- an accounting document is modified in such a way that it is possible to save the document,
- it results from the cost allocation definition, that saving of accounting document should be blocked,
- instead of blocked saving, a warning is displayed.

On the list of journal entries, there is a printout Journal Entries – Cost Allocations Control available. This printout presents the journal entries which do not fulfill the conditions of cost allocation.