

Cost Pool Group Creation Guide

Introduction

This document provides information regarding creating Cost Pool Groups.

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QuickSteps

A Cost Pool Group should be set up (at a minimum) for each legal entity for which indirect rates will be calculated. To set up a Cost Pool Group, navigate to **Admin > Setup > Accounting > Cost Pool Groups**. Click the *+Cost Pool Group* link and perform the following:

1. Enter Cost Pool Group Summary information

Enter the required *Name* and *Legal Entity* values. A description is optional. click **Save**.

Note: The Legal Entity cannot be changed once a cost pool definition has been specified as the organizations used in the definition are validated against the legal entity specified here.

2. Add Cost Pool(s)

Click the **edit pencil icon** for the desired Cost Pool Group.

Select the *Cost Pools* tab. Click the *+Cost Pool*/link to add a new cost pool to this group.

Enter the appropriate information and click **Save** when finished.

Admin Setup – Edit Standard

Summary **Cost Pools**

[+ Cost Pool](#)

MANAGE COST POOLS FOR THE STANDARD COST POOL GROUP

	COST POOL	CALCULATION PERIOD	BASE CALCULATION METHOD	COST ELEMENT	POST TO GL	POST RATE	ACTIVE
	Fringe_Client_Site	YTD	Actual Amount	FRINGE_CLIENT_SITE	✓	✓	✓
	Fringe_Company_Site	YTD	Actual Amount	FRINGE_COMPANY_SITE	✓	✓	✓
	Facilities Service Center	YTD	Percent		✓		✓
	Overhead_Client_Site	YTD	Actual Amount	OVERHEAD_CLIENT_SITE		✓	✓
	Overhead_Company_Site	YTD	Actual Amount	OVERHEAD_COMPANY_SITE		✓	✓
	G&A	YTD	Actual Amount	G&A		✓	✓

Total Rows:6

Note: Cost Pools must appear in the grid in the order in which they should be calculated. This can be accomplished by adding them in the order they should be calculated, or by reordering them using the blue arrow icon. Click the icon to see the popup dialog containing move direction options.

G&A YTD

Total Rows:6

- ↕ Move Up To Top
- ↑ Move Up One
- ↓ Move Down One
- ↕ Move Down To Bottom

3. Enter Cost Pool Header

Admin Setup – Cost Pool Edit for Standard Cost Pool Group

ACTIVE

*Cost Pool: Post to GL:

*Calculation Period: Post Rate to Cost Structures:

*Base Calculation Method: Cost Element:

POOL (NUMERATOR)

ACCOUNT	ORGANIZATION	POST ACCOUNT	POST ORGANIZATION
80 - General and Administrative	MYCO - My Company	80.03.99 - CONTRA G&A Allocation	
82 - B&P Costs	MYCO - My Company	82.02.99 - CONTRA B&P Allocation	
84 - IR&D Costs	MYCO - My Company	84.02.99 - CONTRA IR&D Allocation	

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BASE (DENOMINATOR)

ACCOUNT	ORGANIZATION	AMOUNT	POST ACCOUNT	POST ORGANIZATION
50 - Direct Costs	MYCO - My Company		50.60.98 - G&A Allocation to Direct Costs	
Total:		0		

* Indicates required field
 Calculation Period of MTD is calculated the same as YTD when calculating cost pool rates based on Budgets.
 Post to GL is ignored for calculations based on Budgets as they are not posted to the GL.
 Post Rate to Cost Structures and Cost Element are ignored for calculations based on Budgets as rates are not updated by calculations based on Budgets.
 Budget Cost Pools with a base calculation method of 'Hours' cannot be used to calculate rates based on Budgets as hours are not available in Budgets.

Save Cancel

- **Cost Pool** - Description of Cost Pool.
- **Calculation Period**
 - **MTD (Month-To-Date)** - Typically only used for monthly allocations of intermediate cost pools such as Facilities or IT.
 - **YTD (Year-To-Date)** - All cost pools that update rates should use this option.
- **Base Calculation Method**
 - **Actual Amount** - Use amounts posted to the general ledger accounts and organizations included in the Base.
 - **Fixed Amount** - Use amounts entered in the Amount Column in Base grid (e.g., ratio of square footage used to total square footage).
 - **Hours** - Use hours posted via the labor cost post to the general ledger accounts and organizations included in the Base.
 - **Percent** - Use percentages entered in the Amount Column in Base grid (e.g., pre-determined percentages to allocate IT department).
- **Post to GL** - If checked, the result of the cost pool allocation is posted to the GL. Examples of when this would be checked include:
 - User wants fringe allocation to appear in their financial statements.
 - MTD pools should always be posted to the GL assuming that the amounts will be required in subsequent indirect rate calculations.
 - Cost Pools where the result of the calculation is later used in a MTD pool (e.g., fringe costs are allocated to the IT Department).

Note: Posting to the GL is not required to calculate rates except as noted above. The results of all calculations are stored in intermediate tables for use in succeeding calculation steps (e.g., results of fringe allocation will be available for use in subsequent overhead and G&A calculations).
- **Post Rate to Cost Structures** - Should be checked if the pool is directly related to an indirect cost element in an associated cost structure. Should never be checked for an intermediate calculation pool.
 Note: Cost pools where this is checked should always have a **Calculation Period** of *YTD* and a **Base Calculation Method** of *Actual Amount*.
- **Cost Element** - Cost element to update with the actual indirect rate calculated in associated cost structures.
 Note: Cost elements should only be selected once within a cost pool group.

4. Enter Pool definition

Specify the **ACCOUNT** and **ORGANIZATION** combinations that define the Pool. Parent accounts and organizations in the associated Cost Pool hierarchies should be used to simplify entry. Subsequent changes to the hierarchies (e.g., addition or deletion of accounts and organizations from the specified parent) will automatically flow into the cost pool calculations using this approach.

Specify the offset/contra **Post Account** that should be posted to represent the allocation out of the pool. This will be the account (typically) credited for the allocation out of the pool. It is best practice to use a single contra account (e.g., fringe allocation contra) here so the history of the postings to the original accounts is not lost.

Specify a Post Organization if you want the posting to go to a specific organization. This value is normally left blank, in which case the postings will be made against the organizations of the original pool amounts.

5. Enter Base definition

Specify the **Account** and **Organization** combinations that define the Base if the Base Allocation Method is Actual Amount or Hours. Parent accounts and organizations in the associated Cost Pool hierarchies should be use to simplify entry. Subsequent changes to the hierarchies (e.g. addition or deletion of accounts and organizations from the specified parent) will automatically flow into the cost pool calculations using this approach.

Specify the **Amount** values if the if the Base Allocation Method is Fixed Amount or Hours.

Specify the allocation to **POST ACCOUNT** that should be posted to represent the allocation into the Base of the pool amounts. This will be the account (typically) debited for the allocation out of the pool into the base-related accounts. It is best practice to use a separate allocation to account for each line (e.g. fringe allocation to direct labor, fringe allocation to overhead) here so the results can be used in subsequent calculations.

Specify a **POST ORGANIZATION** if you want the posting to go to a specific organization. This value is normally left blank if the Base Allocation Method is *Actual Amount* or *Hours*, in which case the postings will be made against the organizations of the original pool amounts. If the Base Allocation Method is *Fixed Amount* or *Percent* this field is required as no Base Organizations are available.

6. Save the Cost Pool

Once you have set up all cost pools in the cost pool group, they will be available in **Financials > General Ledger > Cost Pool Calculation** for calculation and later posting as necessary.

Functionality Notes

Prerequisites

The following items must be configured in Unanet prior to setting up Cost Pool Groups:

1. **Cost Elements** defined - This includes all of the direct and indirect cost elements used in the Cost Structures.
2. **Cost Structures** defined - This includes the rules used to allocate indirect costs to projects.
3. **Post Accounts** used by Cost Pool Edit set up:
 - a. **Pool Contra accounts** - These are the accounts that will be typically credited for the allocation of the cost pool amounts (e.g., Fringe Allocation Contra).
 - b. **Base allocation accounts** - These are the accounts that will be typically debited for the allocation of the cost pool amounts (e.g., Fringe Allocation to Direct Labor).
4. **Cost pool hierarchies** defined.
 - a. **Accounts** - Rollup accounts that are used to define amounts that should be included in the Pool or Base amounts within a cost pool (e.g., Fringe Expenses, Direct Labor).
 - b. **Financial Organizations** - Typically a rollup to the legal entity level unless indirect rates are calculated at a lower level of the organization.

Troubleshooting

This function is only available to users with the following roles: Administrator.

Additional Information

[Help Documentation - Admin Setup - Cost Elements](#)

[Help Documentation - Admin Setup - Cost Structures](#)

[Help Documentation - Admin Setup - Cost Pool Groups](#)

[KC - General Ledger Guide: Cost Pool Calculations](#)