

Functional Requirements Document GL / Cash & Bank

Prepared for
Technica International

Version: 3.0

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Table of Contents

Contents

1.1	Introduction.....	4
1.2	Purpose	4
1.3	Acronyms.....	4
1.4	Business Processes List	5
1.5	Processes List.....	5
1.6	Business Processes.....	7
1.7	SY001 Legal Entities	7
1.8	SY002 Fiscal Calendar.....	7
1.9	SY003 Currencies & Currency Exchange Rates	8
1.10	GL001 Create a Ledger Account Number (COA).....	10
1.10.1	Process diagram.....	10
1.10.2	General process overview.....	11
1.10.3	Requirements.....	13
1.11	GL002 Create/update Main account structure.....	13
1.11.1	General process overview.....	14
1.11.2	Requirements.....	14
1.12	GL003 Create GL Journal and Adjustments	14
1.12.1	Process diagram.....	14
1.12.2	Overview	14
1.12.3	Journal Names	15
1.12.4.	Number Sequence	17
1.12.4	Requirements.....	18
1.13	GL004 Create GL Accruals.....	18
1.13.1	Process diagram.....	18
1.13.2	General process overview.....	18
1.13.3	Requirements.....	20
1.14	GL005 Allocation.....	21
1.14.1	Process diagram.....	21
1.14.2	Setup	21

1.14.3	Allocation Process	23
1.14.4	Requirements.....	23
1.15	GL006 TAX.....	23
1.15.1	Process Overview	23
1.15.2	Setup	24
1.15.3	Lebanese Market - VAT Exchange Rate Issue	25
1.15.1	Requirements.....	27
1.16	GL007 Month End Close.....	27
1.16.1	Process diagram.....	27
1.16.2	Process steps	27
1.16.3	Requirements.....	29
1.17	GL008 Year End Close	30
1.17.1	Process diagram.....	30
1.17.2	Process steps	30
1.17.3	Requirements.....	31
1.18	GL009 Financial Statements/Reporting/Inquiries.....	31
1.18.1	Requirements.....	31
1.19	GL010 Accounts for Automatic Transactions.....	32
1.19.1	Process steps	32
1.19.2	Requirements.....	32
1.20	GL011 Foreign Currency Revaluation.....	33
1.20.1	Process steps	33
1.20.2	Requirements.....	34
1.21	GL012 Cash Flow Based on Milestone.....	34
1.21.1	Process steps	34
1.21.2	Requirements.....	35
1.22	GL013 Intercompany Transactions	36
1.22.1	Setup	36
1.22.2	Business Process	37
1.22.3	Requirements.....	38
1.23	GL014 Consolidation & Elimination Process	39
1.23.1	Process diagram.....	39
1.23.2	Setup	39
1.23.3	Business Process	41
1.23.4	Requirements.....	45
1.24	BA001 Bank Management and reconciliation	46

1.24.1	Bank Accounts & Bank groups	46
1.24.2	Setup.....	47
1.24.3	Process diagram.....	48
1.24.4	Process steps For Manual Bank reconciliation	48
1.24.5	Process steps For Automatic Bank reconciliation	50
1.24.6	General process overview.....	57
1.24.7	Bank / Letter Guarantee	60
1.24.8	Requirements.....	61
1.25	BA002 Bank Transfer Printout Process	61
1.25.1	Requirements.....	61
	DOCUMENT APPROVALS.....	62

1.1 Introduction

1.2 Purpose

The Functional Requirements Document (FRD) describes in common terms:

- An overview of the processes comprising each Work stream
- An overview of each sub-process comprising the Work stream
- Major gaps between the business requirements and the functionality supported by the standard Microsoft Dynamics 365 solution.
- The problem summary includes current business/environment issues.

The FRD is the starting point of solution and system development and is a collaborative effort between all business and technology stakeholders. The purpose of the Functional Requirements Document (FRD) is to document requirements for the requested system solution.

The objective of the Functional Requirements Document is to provide enhanced documentation for requirements that are a gap or will require a workaround or process change to fit the system solution of the client. The need for any modifications is clarified through the FRD. The FRD forms the basis of the subsequent task concerning the system design.

This document focuses on GL and Cash & Bank requirements.

1.3 Acronyms

Abbreviation	Explanation
FRD	Functional Requirement Document
GL	General Ledger
C&B	Cash & Bank
AP	Accounts Payable
AR	Account Receivable
COA	Chart of Accounts
ERP	Enterprise Resource Planning
Excel	Microsoft Office Excel
FA	Fixed Assets
TI	Technica International

1.4 Business Processes List

1.5 Processes List

To elaborate and define the functionality, the following business processes have been presented in the subsequent sections:

Process ID	Name	Description
SY001	Legal Entities	Legal entities line of business
SY002	Fiscal Calendar	Fiscal Calendar
SY003	Currencies & Currency Exchange Rates	Currencies & Currency Exchange Rates
GL001	Create a Ledger Account Number	Creation of a new chart of account
GL002	Create/update Main account structure	Main Account Structure
GL003	Create GL Journal and Adjustments	Create GL and Adjustments; Process for making ledger adjustments, month end, year-end adjustments
GL004	Create GL Accruals	Create GL Accruals
GL005	Allocation	Allocation of Expenses
GL006	TAX	Sales TAX and Withholding TAX
GL007	Month End close	All processes required for month end and year end close. Process for yearend including AR, AP, Bank, Inventory, Fixed Assets, Foreign Currency revaluation process
GL008	Year End Close	Year closing activities
GL009	Financial Statements/Reporting/Inquiries	Creation of the financial Statement setup, row & column definition, GL Reporting
GL010	Accounts for Automatic Transactions	Accounts for Automatic Transactions (For penny differences accounts)
GL011	Foreign Currency Revaluation	Foreign Currency Revaluation
GL012	Cash Flow Based on Milestone	Cash Flow Based on Milestone

Process ID	Name	Description
GL013	Intercompany Transactions	Intercompany Transactions
GL014	Consolidation & Elimination Process	Consolidation & Elimination Process
BA001	Bank Management and reconciliation	Creation of the bank account, transaction type and defining the check layout. Daily, weekly, and monthly reconciliation of bank account statements (manual, automated; type etc.)
BA002	Bank Transfer Printout Process	Bank Transfer Printout Process

1.6 Business Processes

1.7 SY001 Legal Entities

Technica will start and currently operating under 2 legal entities which are the active one's Technica International SAL & Technica Offshore SAL

1. The holding company doesn't have any transaction on it (little, but not that active). Mainly accounting transactions only.
2. Technica International is the main company having (Employees and inventories)
3. Technica Offshore is used only for project based and for tax purposes. Invoices are billed to it and has only trading activities with no inventory for the time being.
4. Technica ND is a fictitious company used for non-declared transactions.
5. Other entities, having operations on them with no stock but having on them transactions and amounts.

Name	Company	Country/Region	Main Currency	Reporting Currency
Haddad & Co. SAL (Holding)	HO	Lebanon	LBP	USD
Technica International SAL	TI	Lebanon	LBP	USD
Technica Offshore SAL	TO	Lebanon	LBP	USD
Technica ND	TN	Lebanon	LBP	USD
Technica Europe SA	TE	Poland	PLN	USD
Technica International Equipment Inc. - Canada	TC	Canada	CAD	USD
Technica MENA	TM	MENA	AED	USD

Figure 1 – Legal Entities

1.8 SY002 Fiscal Calendar

The Fiscal calendar provides a framework for the financial activity of an organization. A fiscal calendar (example 2023) reflects the calendar year and is divided into 14 periods (opening, closing and 12 months)

The screenshot shows a software interface for managing financial calendars. On the left, there is a sidebar with a 'Filter' input field and dropdown menus for 'Calendar' (set to 'Fiscal') and 'Fiscal year' (set to '2023'). Below these are lists for 'Period 4' through 'Period 8', each showing a date range from 01/04/2023 to 30/04/2023, 01/05/2023 to 31/05/2023, 01/06/2023 to 30/06/2023, and 01/07/2023 to 31/07/2023 respectively. To the right, there are two main sections: 'Standard view ▾' and 'Ledger calendars'. The 'Standard view' section contains a table with columns for 'CALENDAR', 'FISCAL YEAR', and 'FISCAL PERIOD'. It shows a single row for 'Fiscal' with 'Start date' as '01/01/2023', 'Type' as 'Operating', and 'End date' as '31/12/2023'. The 'Ledger calendars' section is currently empty. Below these sections is a 'Legal entities' section with a table for updating period status and module access. It shows two rows: 'HLD' with 'Status' 'On hold' and 'Tech' with 'Status' 'Open'. Both rows have a 'Comments' column which is empty.

Figure 2 - Fiscal Year and Periods

The Chief Accountant has full control, to “**Open**” or put “**On-Hold**” any period within any fiscal year, minimizing the error margin of wrong data entry.

At the end of a fiscal Year, the Accounting Manager:

1. Creates a new fiscal year.
2. Puts the previous fiscal year periods “**On-Hold**”

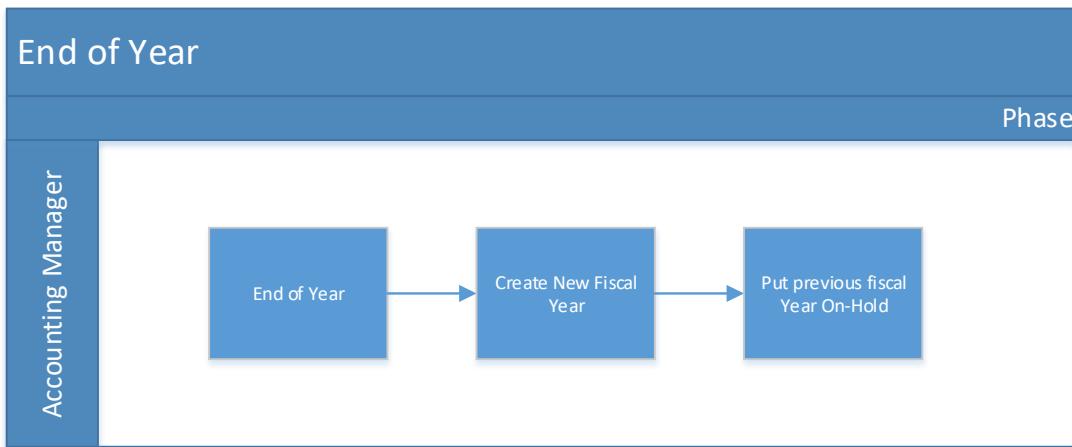


Figure 3 - Closing Previous Year Periods and Opening New Fiscal Year

Important Note*:** If a period is set to “**CLOSED**” by the accounting manager, it cannot be re-opened, hence the best practice suggests putting the previous year “On hold” until the final audit has taken place and no more adjustments might be made. Reporting is always possible in any “**CLOSED**” period, but any adjustment is not.

It is possible for Technica to place a period “on hold” while allowing a user/group of users to maintain access to said period.

Technica will be using one fiscal calendar and will be created with 12 Periods starting Jan 1st until Dec 31st.

Segregation of Duty

The below tasks will be handled by the accounting department:

- Opening and putting a period On-Hold
- Creation of a new fiscal period

1.9 SY003 Currencies & Currency Exchange Rates

During transaction entry, Technica can use any currency, in their transactions, from the international list of currencies found in Dynamics 365; nevertheless, Dynamics 365 defines a **Based** and **Reporting** currency at each legal entity level. For Technica’s Legal entity:

- Base Currency will be LBP with 3 decimal Precision.
- Reporting Currency will be USD with 3 decimal Precision.
- And the acceptable Maximum Penny Difference will be 0.100.

- Below are the currencies that will be used by Technica.

Currency Code	Name	Symbol	Local Currency (Y/N)	Reporting Currency (Y/N)
USD	US Dollar	\$	N	Y
EUR	Euro	€	N	N
LBP	Lebanese Pound	LL	Y	N
PLN	Polish Zloty	PLN	N	N
GBP	British Pound	GBP	N	N
SAR	Saudi Riyal	SAR	N	N
AED	Emirates Dirham	AED	N	N

Figure 4 – Technica's Currencies

On a periodic basis (monthly, daily... etc.) Technica needs to insert the exchange rate in Dynamics 365 of the currencies used in daily transactions against the Base and Reporting Currency. This will be entered by the "Accountant" role.

- Go to modules → General ledger → Currencies → Currencies.

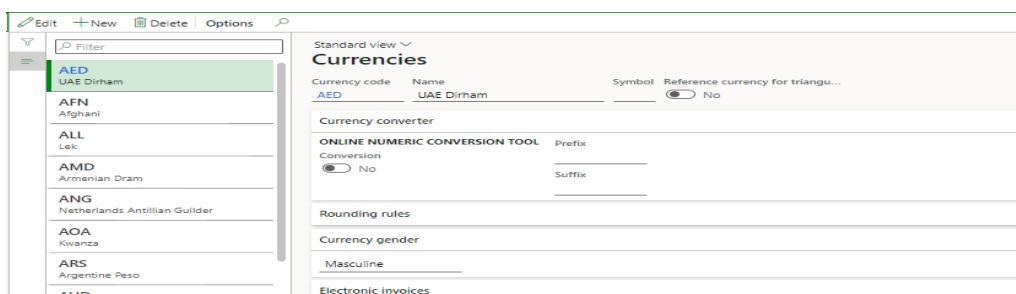


Figure 5 – System usage currencies

Segregation of Duty

This task will be handled by Technica's Accounting Department

- Go to modules → General ledger → Currencies → Currency exchange rates

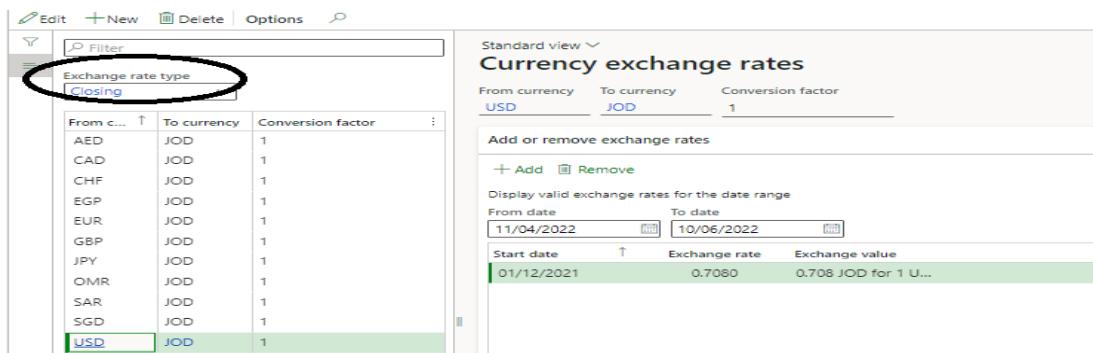


Figure 6 – System Currency Exchange Rates

- For every exchange rate type, there should be an exchange rate definition.
- Exchange rates that are expected to be defined for Technica having new name (Tech)
- The accounting team can adjust the exchange rate daily. Then currency revaluation will be run at the end of the month.

For future enhancement, Technica requested to have a daily Exchange Rate capturing that can be automated by way of linking D365 to International Rate Provider API

1.10 GL001 Create a Ledger Account Number (COA)

1.10.1 Process diagram

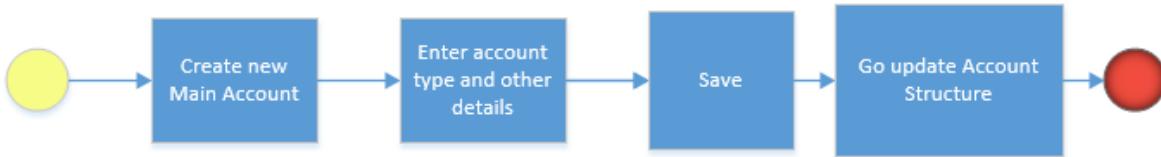


Figure 7 - New Account by ERP Admin To-Be process.

Technica will define its updated chart of account in the following structure:

- Main Account Type
- Account Type
- Reporting type
- Account Category
- Foreign Currency Re-valuation used for GL accounts (will be elaborated in currency re-evaluation section)

Figure 8 – Main accounts setup

Below sample of Technica's COA mapped with the related financial dimensions:

Company/ Entity	Main Account	Account Description	Account Type	Debit/Credit Default	Balance Control	Default Currency	GL Foreign Currency Revaluation	Do not allow manual entry	Financial Dimensions values per account				
									Projects	Department	Business	Countries	Sister company
T1	10120000	Subscribed Capital called and unpaid	Equity	Capital	Credit	LBP	No	No	No	Yes	No		
T1	10130000	Subscribed Capital (Called & Paid Up)	Equity	Capital	Credit	LBP	No	No	No	Yes	No		
T1	11000000	Legal Reserve	Equity	Capital	Credit	LBP	No	No	No	Yes	No		
T1	12000000	Profit Brought Forward / Retained Earnings	Equity	Result	Credit	LBP	No	No	No	Yes	No		
T1	12500000	Loss Brought Forward / Retained Earnings	Equity	Result	Credit	LBP	No	No	No	Yes	No		
T1	13200000	Value Added	Equity	Result	Credit	LBP	No	No	No	Yes	No		
T1	13300000	Gross Trading Operating Margin	Equity	Result	Credit	LBP	No	No	No	Yes	No		
T1	13400000	Operating Result	Equity	Result	Credit	LBP	No	No	No	Yes	No		
T1	13500000	Result Before Taxation	Equity	Result	Credit	LBP	No	No	No	Yes	No		
T1	13600000	Non-Operating Result	Equity	Result	Credit	LBP	No	No	No	Yes	No		
T1	13800000	Result Of The Period, Profits	Equity	Result	Credit	LBP	No	No	No	Yes	No		
T1	13900000	Result Of The Period - Losses	Equity	Result	Credit	LBP	No	No	No	Yes	No		
T1	15520000	Prov for Employee End of Service Indem	Liability	Provisions	Credit	Credit	No	No	No	Yes	No		
T1	15520001	Provision for Risks & Operating charges	Liability	Provisions	Credit	Credit	No	No	No	Yes	No		
T1	16890000	Bemo Bank / Construction Loan 4	Liability	Loans	Credit	Credit	No	No	No	Yes	No		

Figure 9 – Technica's COA sample Vs financial dimensions did u ask for the consolidate account in the templates?

- In the COA, Technica confirmed that will define consolidate account unique per Main account (Not necessary to be the same account) → To be provided by Technica accounting team during migration phase.
- COA that will not be used anymore, we can suspend it (or from to). So, the user will not see it anymore while doing transactions.

1.10.2 General process overview

Financial Dimensions in Dynamics 365 act as cost/revenue centers that allow tracking of financial information relevant to an organization financial reading.

Below are the chosen financial dimensions by Technica accounting team:

Dimension#	Dimension Name	Report Column Name	Values
1	Projects	PRJ	Will be taken automatically from project module
2	Department	DPT	Need list of department
3	Business Unit	BU	Need list of business unit
4	Countries	CTS	Need list of countries
5	Legal Entities	LE	Will be taken automatically from Legal Entities
6	Employee	EMP	Will be taken automatically from HR Worker
7	Customers	CST	Will be taken automatically from Customer module

Figure 10 – Technica's Financial Dimension Illustration

- We have added **Customers** because this will be added as mandatory financial dimension to AR control accounts. This will help Technica team in extracting trial balance by account by project ID by customer number.

A. How to create financial dimensions:

In the financial dimension module, D365 have 2 types of financial dimensions (Auxiliaries in Technica's current system):

1. Create financial dimension from table as shown below (available modules in D365). So, once it is chosen, all the related data of vendors, customers or workers will come automatically and no need for any user to interfere and create manually in the below screen:

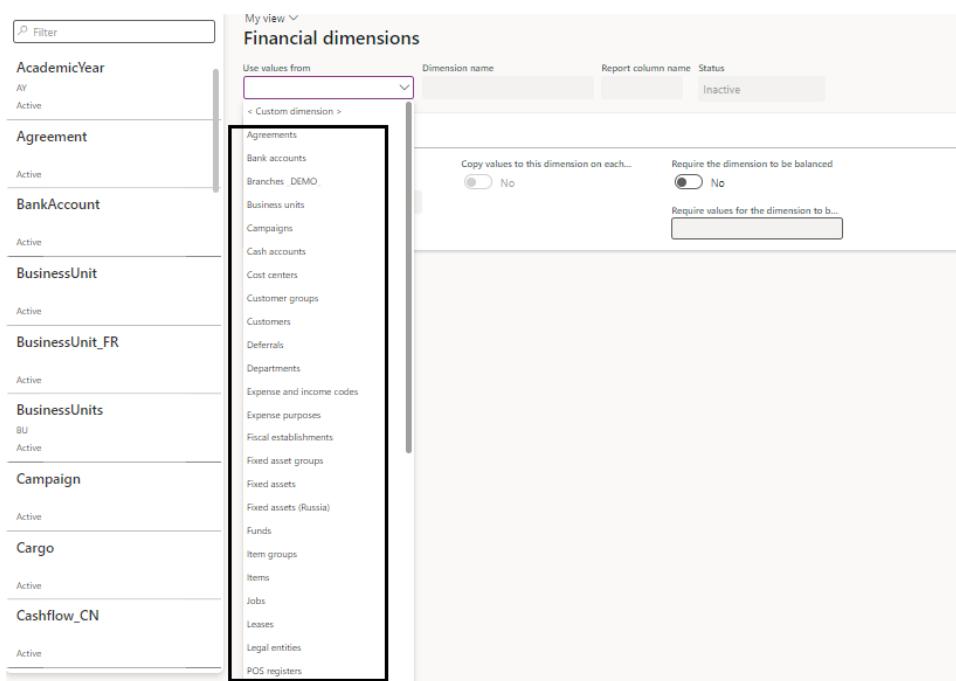


Figure 10.1 – Financial dimension screen for auto creation

2. Create custom dimension (create manually the financial dimension that doesn't have any module in the system like business unit, department). and that every time you want to add new data to this department or business, someone should log in and add it manually. See below:

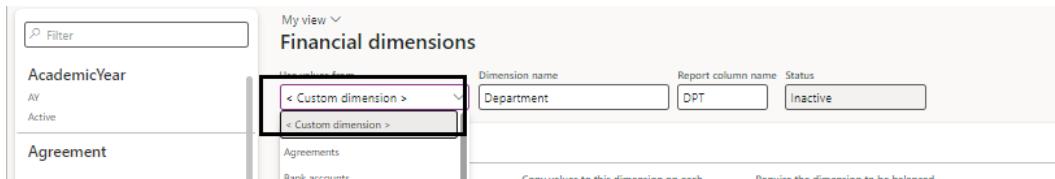


Figure 10.2 – Financial dimension screen for manual creation

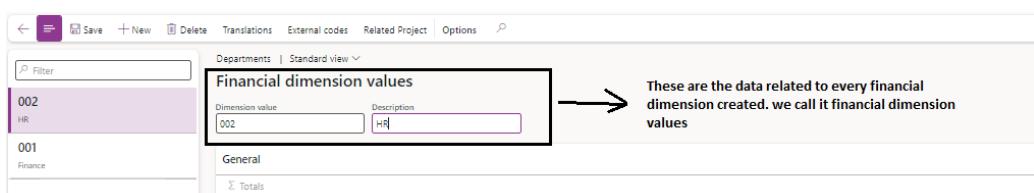


Figure 10.3 – Financial dimension values screen

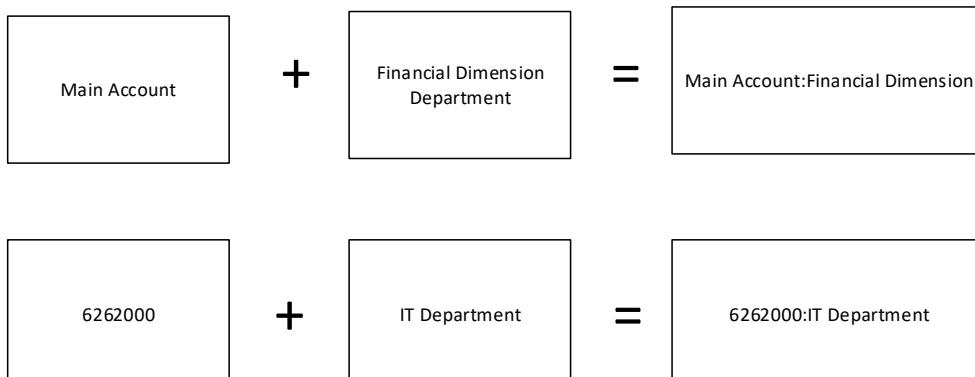


Figure 11 - Main Account and Financial Dimension Illustration

This allows detailed financial reporting which starts at the transaction level.

This brings us to the **Account structure** concept; In Dynamics 365, the **account structure** governs the validation of the ledger entry posting with the **financial dimensions**; in other words which Ledger Account is allowed with which Financial Dimension.

We need to make sure that the created ledger accounts are included in the relevant Account structure.

During workshop meetings for COA, following items were agreed:

- Technica's Account Structures will be:
 - Main Account
 - Main Account + Project
 - Main Account + Project + Department

- Projects
- Advanced Rules will contain number of financial Dimensions which will be on specific Accounts only → This will be used by Technica only if there is an exceptional case. See below case for example:
 - For all accounts that start with 4011*, they will have department & Legal entities (Sister company) only as financial dimension except for Main Account# 40110002 (Foreign Suppliers – Partners) will have additional "Projects" as financial dimension.
- During manual entry of voucher, dimensions values' restrictions would be applied to prevent wrong assignment of dimensions values combinations. But Technica team confirmed that they don't want any of the FD mandatory on account. Instead, it should show in the account and optional only.

1.10.3 Requirements

ID	Description	Fit/Gap
GL001-001	Create Main Account with all different details	FIT
GL001-002	Create Financial Dimensions	FIT

1.11 GL002 Create/update Main account structure.

Technica's account structure will be configured in Dynamics 365 according to the below combinations of main account and financial dimensions:

Below are some of the examples of account structure that need to be created:

- Main accounts that start with 1* will have financial dimension business unit.
- Main accounts that start with 2* will need financial dimension Department & BU
- Main accounts that start with 311* will need financial dimension Business.
- Main accounts that start with 331* will need financial dimension Projects.
- Others are already shared by Technica team.

All the shared COA, Financial dimension and the related mapping of main account and financial dimension reflects the design of the account structure which will be setup for the 1st phase by Info-sys during migration phase and maintained by Technica Accounting team later. Given the delicate nature of this account structure form and its implication of the general processing flow, Finance manager and chief accounting will only have access to the form (or a delegate authorized on their behalf).

1.11.1 General process overview

As agreed during workshops:

- To Generate Financial Reports detailed by dimensions, global financial dimensions would be assigned to the account structure covering all balance sheet and P&L accounts.
- There can be a situation that specific accounts will use specific financial dimensions (that are not shared by the rest of the chart of accounts or the ranges that we just mentioned in the previous section) for its transactions. The proper setting of Main Account Structures and **Advanced Rules** will cover this requirement. **Advanced Rules** work in the same way as the **Account Structure** but for specific accounts only.

1.11.2 Requirements

ID	Description	Fit/Gap
GL002-001	Define Multiple Financial Dimensions	FIT
GL002-002	Create Account Structures	FIT
GL002-003	Create Advanced Rules on top of the account structure for exceptional cases	FIT

1.12 GL003 Create GL Journal and Adjustments

1.12.1 Process diagram

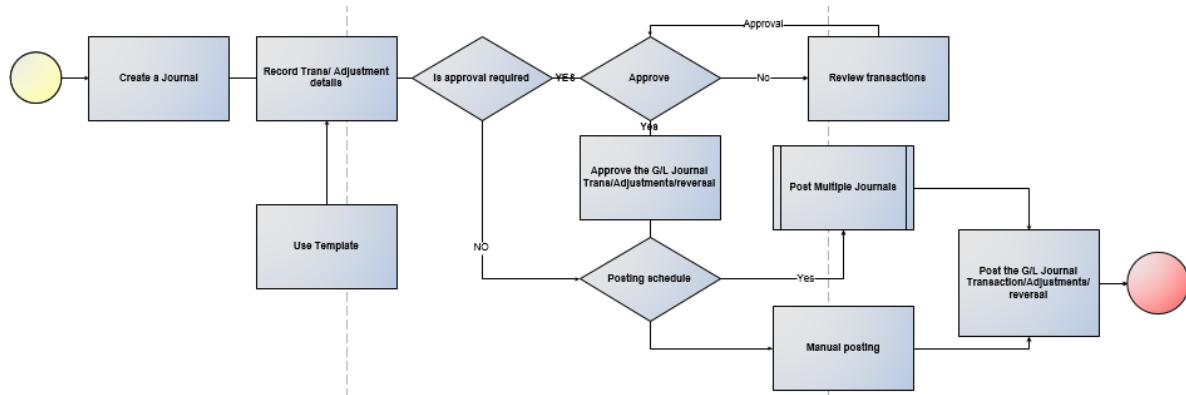


Figure 12 - GL transaction To-Be process.

1.12.2 Overview

The GL process is the combination of multiple processes and covers the cycle from recording transactions in the system to printing reports out of the system. The input for the GL Process

Flow is the raw accounting data and the output is the accounting reports that can be used to provide various levels of financial information.

1.12.3 Journal Names

Technica's Different Journal Names can be defined in the system for different types of Transactions:

Name	Description	Journal Type	Private for user groups	Workflow enabled (Yes/No)	Voucher Series	Workflow
GenJrn	Journal Voucher	Daily	Finance	Yes	JV_01	Accountant --> Chief Acc.
IntJrn	Intercompany Journal	Daily	Finance	Yes	Intcmp_01	Accountant --> Finance Officer
Payroll	Payroll Journal	Payroll disbursement	Finance-HR	No	Pay_01	
PriJrn	AR Invoice	Customer invoice recording	Finance	Yes	AR_01	Accountant --> Finance Officer
TrvExp	Expense Journal	Expense	Finance	Yes	Exp_01	Accountant --> Chief Acc.
VendPay	Vendor Payment	Vendor disbursement	Finance	No	Vpay_01	
CustPay	Customer payment	Customer payment	Finance	No	Cpay_01	
APInvoice	AP Invoice	Vendor invoice recording	Finance	Yes	AP_01	Accountant --> Chief Acc.
FAAqui	Fixed asset	Fixed assets	Finance	Yes	FA_01	Accountant --> Chief Acc.
LGJrn	Letter of guarantee journal	Daily	Finance	No	LG_01	
Closing	Closing Journal	Daily	Finance	No	Clo_01	
DOE	Difference of Exchange	Daily	Finance	No	DOE_01	
WIP	Work in Progress Journa	Daily	Finance	No	WIP_01	
Stktrx	Stock Transactions	Inventory movement	Finance	No	Stk_01	

Figure 13 – Technica's Journal names suggestions.

Below is system screenshot:

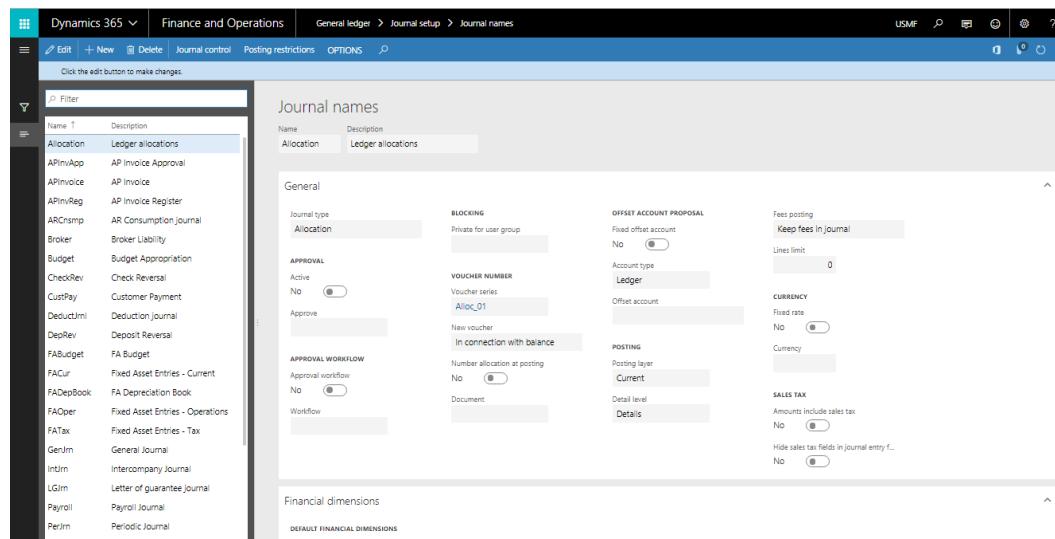


Figure 14 - Journal Name Types

In Dynamics 365 each journal name can be:

- Subject to a separate workflow approval process Once a journal is created, it can't be posted unless it is submitted through the proper approval workflow (Workflow expectations sent within the Journal by Technica and will be applied during migration phase once we create the users)
- Technica requested to have attachment feature which already exist in each journal.
- In all Journal 3 currencies can be seen: Local currencies, reporting currency and transaction currency and the rate can be adjusted manually in case of foreign transactions:

- Anything additional in terms of changing the amount will be solved in the end of the month. Run Foreign currency re-valuation (See related section).
- Technica accounting team confirmed that they will not use posting restrictions nor journal controls. However, the purpose of:
 - Posting restrictions are to allow specific users or user group to post transactions for specific journals.
 - Journal controls: Now, you can control on specific journals which account or financial dimension is allowed to be passed and its by company or by All and its by module or by all. So, for examples for AP journals, customer accounts shouldn't be used so we exclude it from the control list.
 - Also, we have another restriction that might be used in the future by Technica is the feature of "Blocking for user groups" → you can see it on the journal screen shot: This is to allow specific user group to see journals. Example: only AP users' groups are allowed to pass AP journals.
- Technica raised its concern regarding having different vouchers in 1 journal and how it is handled in D365. See below different scenarios:
 - Having 2 lines get balanced same voucher: Journal is validated.

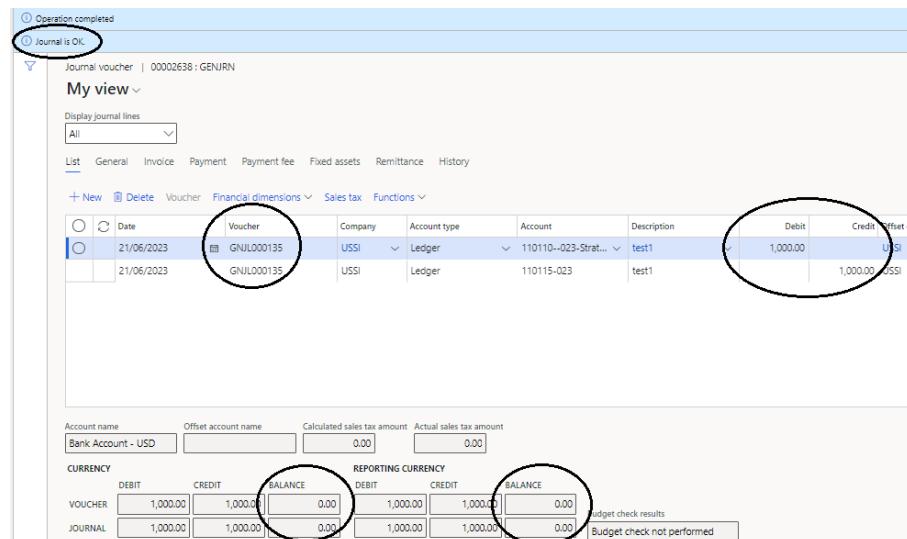


Figure 15 – Daily Journal transactions

- Having 1 lines with Debit and credit amount get balanced same voucher: Journal is validated.

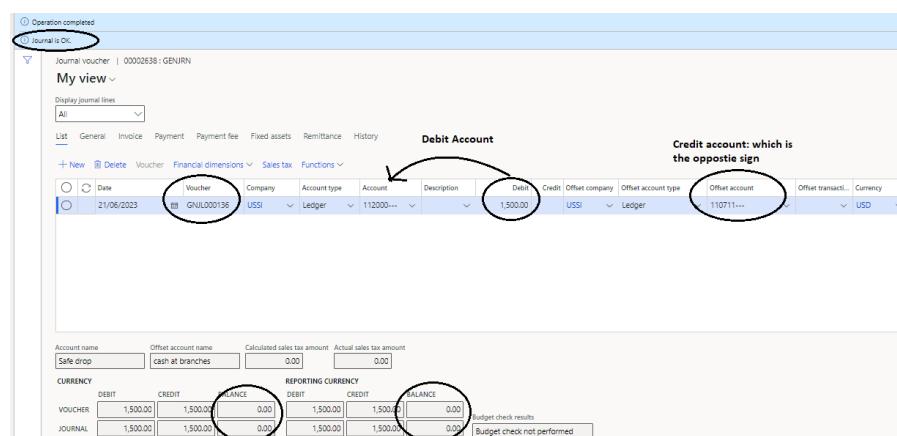


Figure 16 – Daily Journal transactions (2)

- Having 2 lines but every line has its own voucher with its own balance: Journal is validated.

Date	Voucher	Company	Account type	Account	Description	Debit	Credit	Offset company	Offset account type	Offset account	Offset transact...	Currency
21/06/2023	GHUL000136	USSI	Ledger	112000...		1,500.00	0.00	USSI	Ledger	110711...		USD
23/06/2023	GHUL000137	USSI	Ledger	110711-00...		250.00	0.00	USSI	Ledger	161200-001-023-		USD

Account name	Offset account name	Calculated sales tax amount	Actual sales tax amount
cash at branches	WIP - Profit	0.00	0.00

CURRENCY		REPORTING CURRENCY	
DEBIT	CREDIT	DEBIT	CREDIT
VOUCHER	250.00	250.00	0.00
JOURNAL	1,750.00	1,750.00	0.00

Budget check results: Budget check not performed

Figure 17 – Daily Journal transactions (3)

1.12.4. Number Sequence

Technica will be creating some of their own number sequence. Which have unique number different than the system default one's

Number sequences will be provided during the migration phase. And will be updated before going live with the last next number used in Technica's current legacy system.

Below are samples of the out the box number sequence, where you can create whatever format needed for the business for all modules and screen:

Number sequence code	Name	Smallest	Largest	Next	Format
Acco_1	Acco_1	1	999999	1	#####
Acco_10	Acco_10	3000000	3999999	3000000	FIV-#####
Acco_100	Acco_100	1	999999	1771	#####
Acco_1000	Acco_1000	1	999999	1	FRSI-#####
Acco_10000	Acco_10000	1	999999	1	USSI-#####
Acco_10001	Acco_10001	1	999999	1	USSI-#####
Acco_10002	Acco_10002	1	999999	1	USSI-#####
Acco_10003	Acco_10003	1	999999	1	USSI-#####
Acco_10004	Acco_10004	1	999999	1	USSI-#####

Figure 18 – Number Sequence

1.12.4 Requirements

ID	Description	Fit/Gap
GL003-001	Define Specific Journal Name for each type of Transaction	FIT
GL003-002	Restrict which type of account can be entered per Journal Name	FIT
GL003-003	Assign different approval workflow per journal name	FIT

1.13 GL004 Create GL Accruals

1.13.1 Process diagram

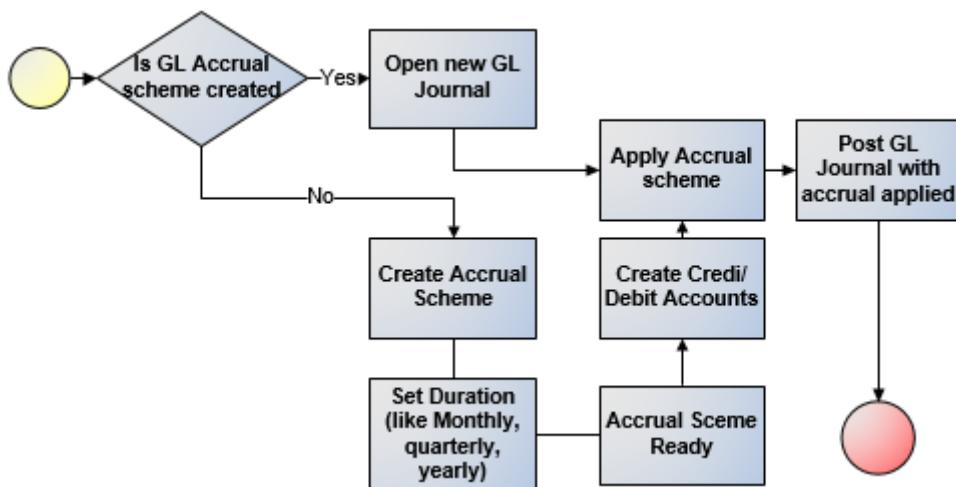


Figure 19 - Accruals To-Be process.

1.13.2 General process overview

Standard accounting policies and rules are to report income and expenses regularly. Standard practice is to record and recognize revenues and expenses in the period they are incurred.

Ledger Accrual/ makes it possible to redistribute the costs or revenues of a journal line to be recognized into the appropriate periods.

Technica adopted this functionality to accrue fees over the next fiscal year by allocating the revenue to a balance sheet account and then allocating it over the year.

Accrual Schemes setup & number sequence for them will be taken from Technica during migration phase:

is this configured?

- As confirmed by Technica 1 unique sequence number format will be used across all.
- Future voucher transactions number will be unique per future transactions.

Segregation of Duties

The accounting department will handle maintaining and using the prepaid and accrual schemes.

❖ Go to modules → General ledger → Journal setup → Accrual schemes

Standard view ▾

Accrual schemes

Insurance	Description of accrual scheme
Insurance	Insurance Medical claim

General

Debit	15201	Number sequence code	Acco_388
Credit	15201	Description	Medical Insurance Ma...
Voucher	New voucher for each accrual...	Period frequency	Monthly
		Number of occurrences by period	6
		Period key	
		Post in week, month or quarter	End
		Spread month and quarter values	Evenly

Figure 20 - Accruals Schemes Setup

- Technica will have unique accrual ID, description
- In the general tab:
 - Debit and credit account should be the same (Balance sheet Prepaid account). Expense account will be mentioned in the journal itself.
 - Voucher: choose “New voucher for each transactions date”.
 - Description: This will show in the monthly transaction entry
 - All other fields are self-explanatory.
- In recap, this accrual schemes were made to issue monthly transaction at the end of the month for 6 period in advance (monthly transaction will show credit prepaid and debit expense)
- There is a relation between the accrual schemes setup and the invoice journals line where Technica team will pass the transaction crediting vendor / debiting expense account.

Figure 21 – Vendor Invoice journal

- After you fill the vendor, amount, description, invoice date, expense account (debit), you click on functions → ledger accruals.
- You identify the accruals schemes.

Ledger accruals

Accrual identification	06-MEDICAL	Accrual account	Account
Base amount	3,000,000	Offset account	60113-001-01
Start date	31/05/2022	Ledger account	Medical Insurance
End date	31/10/2022	Account name	

Figure 22 – Accrual Schemes identification in invoice journal

- Below transactions will be saved in advance as per the monthly schedule.

		Posting date	Voucher	Preferred posting d...	Ledger account	Description	Amount in...
○	○	31/05/2022	0000009	31/05/2022	60113-001-01	Medical Insurance May/Oct22	500,000
		31/05/2022	0000009	31/05/2022	15201	Medical Insurance May/Oct22	-500,000
		30/06/2022	0000009	30/06/2022	60113-001-01	Medical Insurance May/Oct22	500,000
		30/06/2022	0000009	30/06/2022	15201	Medical Insurance May/Oct22	-500,000
		31/07/2022	0000009	31/07/2022	60113-001-01	Medical Insurance May/Oct22	500,000
		31/07/2022	0000009	31/07/2022	15201	Medical Insurance May/Oct22	-500,000
		31/08/2022	0000009	31/08/2022	60113-001-01	Medical Insurance May/Oct22	500,000
		31/08/2022	0000009	31/08/2022	15201	Medical Insurance May/Oct22	-500,000
		30/09/2022	0000009	30/09/2022	60113-001-01	Medical Insurance May/Oct22	500,000
		30/09/2022	0000009	30/09/2022	15201	Medical Insurance May/Oct22	-500,000
		31/10/2022	0000009	31/10/2022	60113-001-01	Medical Insurance May/Oct22	500,000
		31/10/2022	0000009	31/10/2022	15201	Medical Insurance May/Oct22	-500,000

Figure 23 – Accrual Schemes future transactions Not posted.

- Those transactions will be posted automatically. However, If the invoice is not filled in, the system will not allow you to post it.
- Below would be the final transactions results (Go to invoice journal → click on voucher → then click on transaction origin

JBC-17-000091 - 11/05/2022 Standard View ▾								
Transaction origin								
Overview	Financial dimensions							
○ Account type	Voucher	Date	Account	Name	Description	Currency	Amount in...	Amount in...
Ledger	0000009	11/05/2022	33107	Non Trade Account Payable	Medical Insurance.. JOD	-3,000,000	-3,000,000	General journal account e...
Ledger	0000009	11/05/2022	15201	Prepaid Medical Insurance	Medical Insurance.. JOD	3,000,000	3,000,000	General journal account e...
Vendor	0000009	11/05/2022	0003	ABDULLAH HANA MASA...	Medical Insurance.. JOD	-3,000,000	-3,000,000	Vendor transactions
Ledger	0000009	31/05/2022	60113-001-01	Medical Insurance	Medical Insurance.. JOD	500,000	500,000	General journal account e...
Ledger	0000009	31/05/2022	15201	Prepaid Medical Insurance	Medical Insurance.. JOD	-500,000	-500,000	General journal account e...
Ledger	0000009	30/06/2022	60113-001-01	Medical Insurance	Medical Insurance.. JOD	500,000	500,000	General journal account e...
Ledger	0000009	30/06/2022	15201	Prepaid Medical Insurance	Medical Insurance.. JOD	-500,000	-500,000	General journal account e...
Ledger	0000009	31/07/2022	60113-001-01	Medical Insurance	Medical Insurance.. JOD	500,000	500,000	General journal account e...
Ledger	0000009	31/07/2022	15201	Prepaid Medical Insurance	Medical Insurance.. JOD	-500,000	-500,000	General journal account e...
Ledger	0000009	31/08/2022	60113-001-01	Medical Insurance	Medical Insurance.. JOD	500,000	500,000	General journal account e...
Ledger	0000009	31/08/2022	15201	Prepaid Medical Insurance	Medical Insurance.. JOD	-500,000	-500,000	General journal account e...
Ledger	0000009	30/09/2022	60113-001-01	Medical Insurance	Medical Insurance.. JOD	500,000	500,000	General journal account e...
Ledger	0000009	30/09/2022	15201	Prepaid Medical Insurance	Medical Insurance.. JOD	-500,000	-500,000	General journal account e...
Ledger	0000009	31/10/2022	60113-001-01	Medical Insurance	Medical Insurance.. JOD	500,000	500,000	General journal account e...
Ledger	0000009	31/10/2022	15201	Prepaid Medical Insurance	Medical Insurance.. JOD	-500,000	-500,000	General journal account e...

Figure 24 – Accrual Schemes and Accounting transaction origin

1.13.3 Requirements

ID	Description	Fit/Gap
GL004-001	Accrual schemes across a period	FIT

1.14 GL005 Allocation

1.14.1 Process diagram

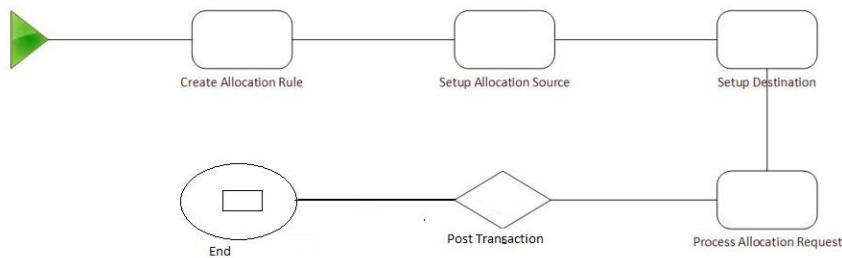


Figure 25 – Allocation journal process diagram

Currently in Technica, the team are using this functionality manually on excel. But they are willing to use D365 functionality with the percentage setup.

Ledger allocation can be used for scenario where user had accounted cost in specific "Main account and Financial Dimension" combination and now want to distribute or allocate to "Other financial dimensions" based on some allocation method (can be fixed quantities or percentages) → **Technica will use percentages.**

1.14.2 Setup

Technica will use the D365 allocation functionality when they allocate cost to a shared department or to a shared legal entity (Sister company) and will distribute this cost onto different departments and Legal entities financial dimensions.

❖ Go to modules → General ledger → Allocations → Ledger allocation rules.

Rule	Description	Effective date	Expiration date	Active
JBC-000022	Allocated - Cleaning Expenses			✓
JBC-000032	Allocation - Leased Lines Expense			✓
JBC-000033	Allocation - All Risk Property Insurance			✓
JBC-000035	Allocation - Cafeteria Supplies			✓
JBC-000036	Allocation - Life Insurance			✓

Figure 26 – Ledger Allocation Rule

- While creating a new allocation, the user will have to fill in the rule number (Sequence number) and the description and Mark the rule as "Active" and save it.

Standard view ▾

Ledger allocation rule

Overview General Offset

IDENTIFICATION	ADMINISTRATION	JOURNAL SETTINGS	SOURCE	DESTINATION
Rule JBC-99999	Effective date Expiration date Active Yes Date last run	Intercompany rule Allocation method Basis Fixed percentage Fixed weight Equally	Journal name Description Fixed value 0.000 Mathematical operation None Amount 0.000 Date interval code	Keep account from User specified Keep dimension from User specified

Figure 27 – Ledger Allocation Rule (General Tab)

- Above screen will oblige the user to fill allocation method either "Fixed percentage" or "Equally" or "Basic" → in Technica case its always fixed percentage.
- The next step will be to fill a specific account/financial dimension source so that the values can be extracted from.

Save + New Delete Destination | Options

Ledger allocation rule source | JBC-99999 : MEDICAL INSURANCE ALLOCATION

Standard view ▾

Filter

Field setting	Name	Source criteria
Financial dimension	Products	01
Financial dimension	Department	001
Main account		60101

Figure 28 – Ledger Allocation Rule Source

- Later, once the source is done. The user will have to fill the destination as illustrated in figure 29.
- In case the amount will be sent and split into 2 different percentage then you must fill 2 percentages with the account to and the related financial dimension if any

Save + New Delete Source Options

JBC-99999 : MEDICAL INSURANCE ALLOCATION | Standard view ▾

Ledger allocation rule destination

Company Fixed percentage Percentage in total
JBC 41.00 100.00

Destination ledger account

TO ACCOUNT To account Ledger account
60101 Basic Salaries

TO FINANCIAL DIMENSIONS Allocation
Automobiles
Computer
Department
003 CaBr2 and NaBr

Figure 29 – Ledger Allocation Rule Destination

- Once the second percentage is filled, the system will notify you that the total percentage used as of now is 100. Which means you cannot create a 3rd percentage and save it.

1.14.3 Allocation Process

- **Go to General ledger → journal entries → Allocation journals.**
 - Click on Process allocation request.
 - Fill the below data (Rule, GL posting date)
 - In case you want to issue this allocation just a proposal without posting you may choose another proposal option like "Proposal only" → click ok.

Process allocation request

Parameters

IDENTIFICATION

Rule: JBC-99999
Description: Medical insurance allocation
Date last run:

POSTING

GL posting date: 31/05/2022
Release date:

REASON

Reason code: 100000
Reason comment: Medical insurance allocation

SELECTION CRITERIA

As of date: 11/05/2022
Zero source: Process
Proposal options: Post only

Figure 30 – Process Allocation Request

- If there is no accounting entry on the source account, the system will not bring any entry.
- But there is any, the system will write the below entry → then POST.

Date	Voucher	Company	Account type	Account	Description	Debit	Credit	Currency	Exchange rate
11/05/2022	JBCA-000051	JBC	Ledger	60101-002-02		1,534,000		JOD	1,0000
11/05/2022	JBCA-000051	JBC	Ledger	60101-003-03		1,066,000		JOD	1,0000
11/05/2022	JBCA-000051	JBC	Ledger	60101-001-01			2,600,000	JOD	1,0000

Figure 31 – Allocation transaction

1.14.4 Requirements

ID	Description	Fit/Gap
GL005-001	Define allocation rules and update them when needed	FIT
GL005-002	Execute allocation rules on monthly basis Manually or automated via batch Job	FIT

1.15 GL006 TAX

1.15.1 Process Overview

VAT = 89,500 LBP

All Technica's companies have different concepts and VAT rates.

- Invoice is coming in Lebanon and paid Full fresh for materials (normal)
- VAT on 15,000 and all items will enter as fresh dollar.
- Technica Lebanon normal rate 11% @ 15,000 LL and no special case

- Above will be confirmed in the migration phase.
- Europe countries have different rates + Withholding tax. Example in Canada they have 2 taxes.
- Real case in Technica's process:
 1. Internet is paid 1,000\$ fresh and the others LBP on rate Sayrafa.
 2. Same for electricity but paid full LBP on Sayrafa.
 3. All the others are paid full fresh (Raw materials invoices)

1.15.2 Setup

All functionality that will be used for Technica is out of the box (tax codes, tax group):

- **Detailed VAT code will be taken during migration phase.**
- However, below you may find suggestion of the Lebanese used market and the related setup over the system:

Sales tax code	Name
P-VAT	PAID VAT FOR INDIRECT EXP
S-NOVAT	No VAT
S-VAT	COLLECTED VAT ON SALES IN

General		INVOICING	
Ledger posting group	P-VAT	Payment sales tax code	Print
Settlement period	Quarterly	Sales tax currency	Print code
		LBP	Print code
CONDITIONAL SALES TAX		PACKING DUTY	
		Sort code	

Calculation		PACKING DUTY	
CALCULATION PARAMETERS Origin: Percentage of net amount Reconcile amount origin: No Marginal base: Net amount of invoice balance		Allow negative sales tax percentage: No Calculation method: Whole amount Sales tax on sales tax	Unit Allow line discount on tax per unit: No Sales tax rounding rule: Rounding precision 0.00
			Classify as packing duty: No Calculate before sales tax: No

Figure 32 – Sales Tax Codes

Ledger posting group	Description
P-VAT	VAT

General			
Sales tax payable	Use tax expense	Settlement account	Customer cash discount
202250		222180	
Sales tax receivable	Use tax payable	Vendor cash discount	

Figure 33 – Ledger Posting Group

Nb:

All the above setup of tax code will be automatically attached to the customer, vendor default tax code.

1.15.3 Lebanese Market - VAT Exchange Rate Issue

Technica is requesting to have a solution for the currency exchange rate when there is an invoice with mixed rate:

- Invoice on fresh USD
- VAT @15,000 LBP

Regarding Lebanon market there is 2 solutions for payable and receivable VAT treatment for invoicing and payment.

1. **Regarding Payable invoicing:**

- We will activate Poland localization into Technica's environment. An out of the box solution that fit Lebanon market that end by calculating VAT on 15,000 LL. But 1st it shows the original black-market values and adjusted value with a result of a net amount of VAT @ 15,000LL.

2. **Regarding Receivable invoicing (Area to be customized):**

- Based on customer, VAT will be defined as either 15,000 LL or on black market rate (Optional) taken from the currency exchange rate. Example: B2B customers subjected to 15,000 VAT rate for now.
- For every customer having this feature enable will take the rate of 15,000 on VAT by default as per the defined parameter (In case in the future the rate has changed we have the option to change it).
- For all LBP invoices and for non B2B USD invoices, no changes will apply, and system will be working as per out of the box functionalities.
- For *B2B USD Sales Order Invoices* generated from D365, customization will be done to have below outcome on related voucher's accounting (LBP) figures:
 - LBP counter value for VAT line will be based on *VAT Rate* (15,000LBP).
 - LBP counter value for Revenue lines will be based on Black-Market Rate.
 - LBP counter value for Receivables lines will be the sum of the above.
 - Inventory, COGS, or any other accounts will be intact.
- The following is a simulation of the system for the above using sales of **100\$** at black market rate of **40,000LBP**.

Customer transactions									
My view * ~									
Filter		Show	Date	Hide currency revaluations					
Voucher	Transaction type	Date	Invoice	Description	Amount in transact...	Balance	Currency	Amount	Balance Amount in reporting c...
10000019	Sales order	2/23/2023	000020		111.00	111.00	USD	4,165,000.00	4,165,000.00

Figure 34 – Customer Transaction

Voucher transactions									
Overview		General							
	Voucher	Account name	Description	Currency	Amount in transaction c...	Amount	Amount in reporting...	Posting type	Posting layer
	10000019	Sales tax		USD	-11.00	165,000.00	-11.00	Sales Tax	Current
	10000019	Product Sales		USD	-100.00	4,000,000.00	-100.00	Sales order revenue	Current
	10000019	Accounts Receivable - Domestic		USD	111.00	4,165,000.00	111.00	Customer balance	Current

Figure 35 – Voucher Related to sales invoice.

- **B2B USD Sales Order Invoices** will be settled as per below:
 - Initial amount will be settled and collected in USD at today's black-market rate, noting that difference of exchange entries will be generated due to differences in LBP counter values between SI and Collection.

The following is a simulation of the system for collection of **100\$** at black market rate of **45,000LBP**.

Customer payments										
List General Payment fee Bank History Payment										
+ New Delete Settle transactions Settle invoice lines Financial dimensions Sales tax Payment status Voucher Deductions View marked transactions										
	Date	Voucher	Company	Account	Account name	Invoice	Description	Debit	Credit	Currency
	2/23/2023	CPV00000005	shd	000001	Nancy	000020		100.00	USD	Bank
										BankUSD

Figure 36 – Customer Payment Entry

Voucher transactions								
Overview General								
	Account name	Description	Currency	Amount in transaction c...	Amount	Amount in reporting...	Posting type	Posting layer
	Gain & Loss - Revaluation		USD	0.00	747,747.75	0.00	Exchange rate gain	Current
	Accounts Receivable - Domestic		USD	0.00	747,747.75	0.00	Customer balance	Current
	Bank Account - USD		USD	100.00	4,500,000.00	100.00	Bank	Current
	Accounts Receivable - Domestic		USD	-100.00	4,500,000.00	-100.00	Customer balance	Current

Figure 37 – Resulting Accounting Entry

- VAT amount will be settled in USD (@ 15,000LBP) and collected in LBP, noting that difference of exchange entries will be generated due to differences in LBP counter values between SI and Collection.

The following is a simulation on the system for collection of **11\$** at **15,000LBP**.

Customer payments										
List General Payment fee Bank History Payment										
+ New Delete Settle transactions Settle invoice lines Financial dimensions Sales tax Payment status Voucher Deductions View marked transactions										
	Date	Voucher	Account	Account name	Invoice	Description	Debit	Credit	Currency	
	2/23/2023	CPV00000006	000001	Nancy	000020			11.00	USD	
	2/23/2023	CPV00000006	BankLBP	BankLBP				165,000.00	LBP	

Figure 38 – Customer Payment Entry

Voucher transactions								
Overview General								
	Account name	Description	Currency	Amount in transaction c...	Amount	Amount in reporting...	Posting type	Posting layer
	Gain & Loss - Revaluation		USD	0.00	247,747.75	0.00	Exchange rate loss	Current
	Accounts Receivable - Domestic		USD	0.00	247,747.75	0.00	Customer balance	Current
	Gain & Loss - Revaluation	Roundin...	LBP	0.00	0.00	6.54	Penny difference in reporting currency	Current
	Accounts Receivable - Domestic		USD	-11.00	165,000.00	-11.00	Customer balance	Current
	Bank Account - LBP		LBP	165,000.00	165,000.00	4.46	Bank	Current

Figure 39 – Resulting Accounting Entry

- Customer Statement of Account report will be updated to show initial amount (100\$) on one column and VAT amount (11\$ > 165,000LBP) on another column with their related totals.

1.15.1 Requirements

ID	Description	Fit/Gap
GL006-001	TAX functionality	FIT
GL006-002	VAT On Purchase, Sales exceptional cases for invoices having black market rate mixed with VAT @ 15,000LL	GAP

1.16 GL007 Month End Close

1.16.1 Process diagram

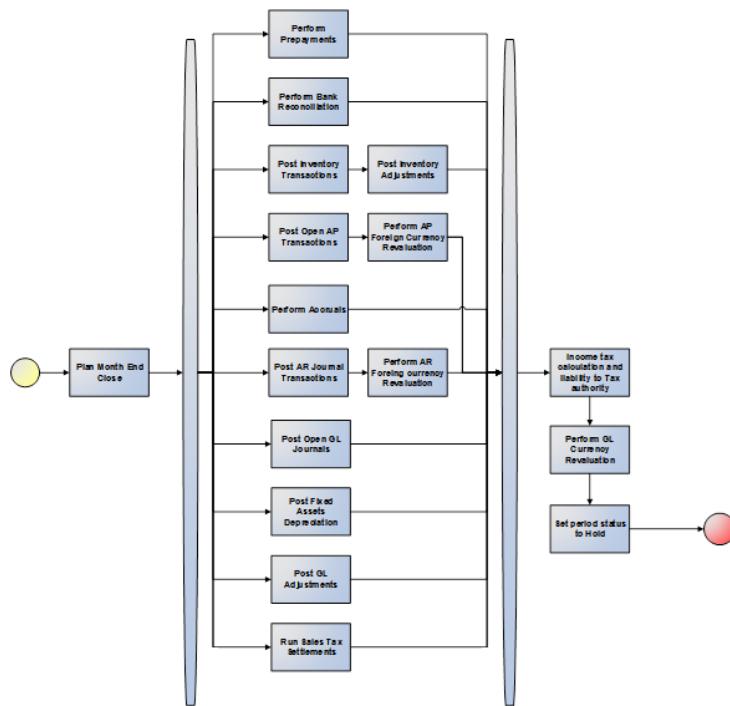


Figure 40 - Standard D365 Month end To-Be Process

1.16.2 Process steps

The above process describes how to complete closing procedures at the end of a period.

Microsoft Dynamics 365 can close one or more modules in a period (e.g., to stop any further sales being posted in that period, while still allowing general journals). It allows us to control all new transactions coming to period being in closing routine.

Month End closing at Technica will be done as follows:

- Post all open journal vouchers for the month in all relevant modules.
- Perform Ledger to subledger reconciliation:
 - Fixed Assets: using *Fixed asset roll forward* report.
 - Accounts Receivables: Using *Customer to Ledger Reconciliation* report.
 - Accounts Payables: Using *Vendor to Ledger Reconciliation* report.
 - Banks: Using *Bank to Ledger Reconciliation* report
 - Inventory: Using *Potential conflicts - inventory and general ledger report*
 - Purchase Orders received not Invoices: Using *Accrued purchases excluding sales tax report*.
- Run Open Prepayment report having accounting currency (LBP)
- Run Difference of Exchange Payable
- Run Difference of Exchange Receivable
- Run Liquidity Difference of Exchange on cash & bank accounts.
- Run Difference of Exchange on other Balance Sheet accounts
- Process payment jobs in Accounts receivable and Accounts payable.
 - Process Customer Reimbursement: Customer reimbursement functionality allows the user to automatically transfer outstanding credit balances from a customer to an associated vendor (Cr. Customer Db. Vendor) for payment through the standard vendor payment functionality.

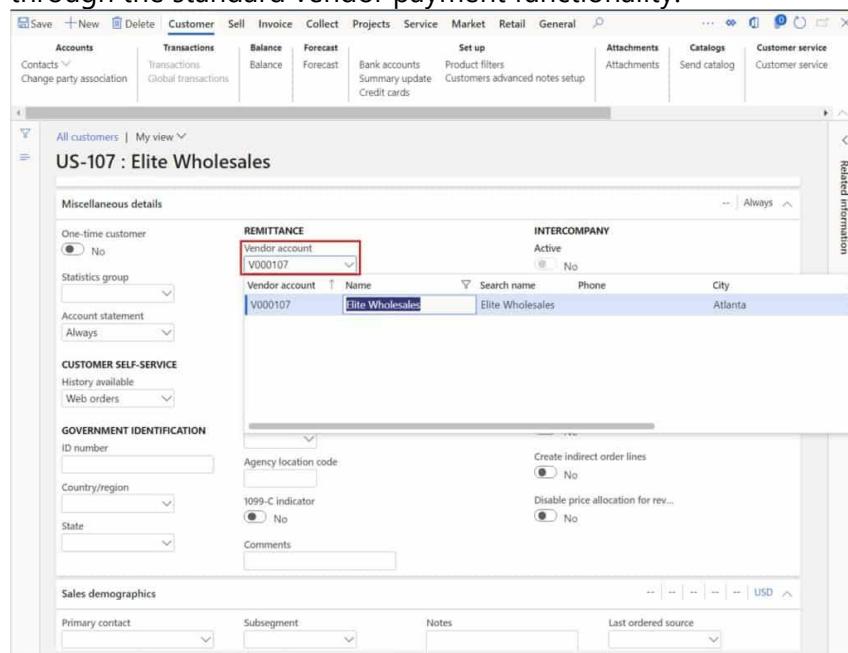


Figure 41 - Link Customer to Vendor Account

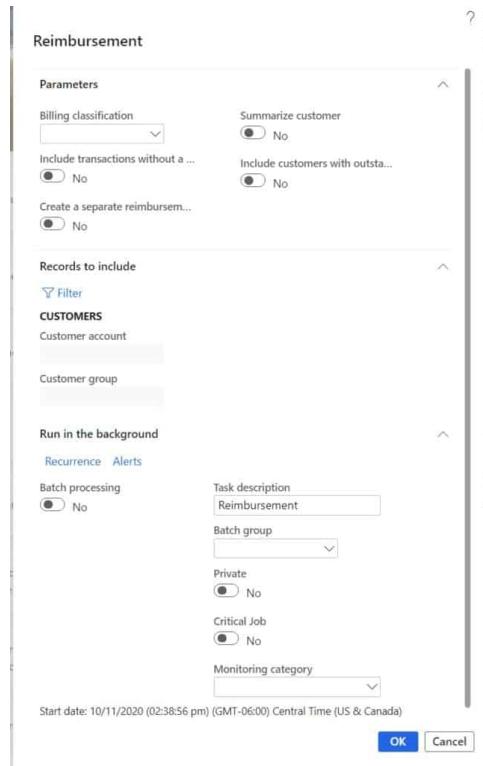


Figure 42 - Process Reimbursement

- Complete Accruals
- Reconcile bank account.
- Post fixed asset depreciation.
- Post Open GL Journals.
- Post-production Batches.
- Run Vendor to Ledger Reconciliation
- Run Customer to ledger Reconciliation.
- Generate Financial Statements
- Set the month in the ledger to "Hold" status.

1.16.3 Requirements

ID	Description	Fit/Gap
GL007-001	Post all open journal vouchers for the month in all relevant modules.	FIT
GL007-002	Run Difference of Exchange Payable	FIT
GL007-003	Run Difference of Exchange Receivable	FIT
GL007-004	Run Liquidity Difference of Exchange on cash & bank accounts	FIT
GL007-005	Process payment jobs in Accounts receivable and Accounts payable.	FIT
GL007-006	Complete Accruals	FIT
GL007-007	Reconcile bank account	FIT
GL007-008	Post fixed asset depreciation.	FIT

GL007-009	Post Open GL Journals.	FIT
GL007-010	Run Vendor to Ledger Reconciliation	FIT
GL007-011	Run Customer to ledger Reconciliation	FIT
GL007-012	Set the month in the ledger to "Hold" status	FIT

1.17 GL008 Year End Close

1.17.1 Process diagram

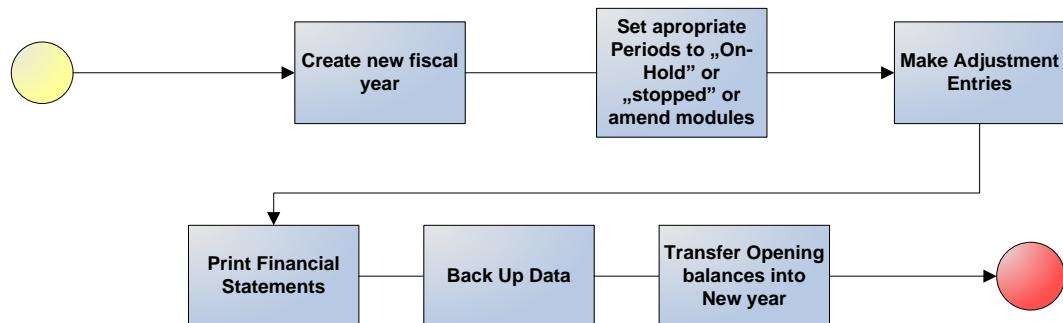


Figure 43 - Standard AX Year end To-Be Process

1.17.2 Process steps

When a company finalizes its accounts for a particular year using Microsoft Dynamics 365 and doesn't want to make any further changes in that year, it can then close that year by using the 'Fiscal Year Close' option. At that point, the records of that year will be available only for viewing. No more changes are possible in that year. The process diagram shows the prerequisites to close the previous fiscal year and prepare for the new one.

Pre-Requisites:

- Complete month-end and other period closings in all modules other than General ledger.
- Reconcile the modules and the ledger.
- Print the Trial balance, Account statement, financial statement, and required Reconciliation reports. Some Financial Statements include Document Number, Item Number, Quantities... which are considered as non-financial information.
- Set appropriate periods to "On Hold" status for the current fiscal year.
- Optional: Revalue the outstanding balances in foreign currencies as per the latest exchange rate - this revaluation can be done through the foreign currency revaluation form.

1.17.3 Requirements

ID	Description	Fit/Gap
GL008-001	Complete month-end and other period closings in all modules other than General ledger	FIT
GL008-002	Reconcile the modules and the ledger.	FIT
GL008-003	Print the Trial balance, Account statement, financial statement, and required Reconciliation reports	FIT
GL008-004	Set appropriate periods to "On Hold" status for the current fiscal year	FIT
GL008-005	Revalue the outstanding balances in foreign currencies as per the latest exchange rate	FIT

1.18 GL009 Financial Statements/Reporting/Inquiries

Management Reporter will be deployed on Technica's Environment to cater for all Financial Statements Requirements. Technica's Business Users will be trained to design and generate any financial statement needed.

Technica will provide the financial statement with mapping to the new chart of account on:

- **Income Statement**
- **Balance Sheet**
- **Cash Flow**

Additional Mapping Details will be provided during the data migration phase.

Trial balance out of the box report, Technica team was asking to see currency code in the header → This is not feasible because one account might have different transaction currency.

See below trial balance grouped by currency by account:

Transactions for 130100										
My view * ~										
Overview General										
○ Group by	Journal number	Voucher	Date	Yea...	Type	Ledger account	Account name	Descri...	Currency	Amount in transaction currency
□ USD (7) [Currency]										
□ 130100-- (3) [Ledger account]										
HLD-000025	HLD-100000...	27/04/2023			Operating	130100--	Accounts Receivable - Domestic	USD	22.20	22.20
HLD-000015	HLD-100000...	27/04/2023			Operating	130100--	Accounts Receivable - Domestic	USD	222.00	222.00
HLD-000003	HLD-100000...	26/04/2023			Operating	130100--	Accounts Receivable - Domestic	USD	88.80	88.80
□ 130100-005-022 (4) [Ledger acc...]										
HLD-000049	HLD-100000...	07/08/2023			Operating	130100-005-022	Accounts Receivable - Domestic	USD	22.20	22.20
HLD-000038	HLD-100000...	27/04/2023			Operating	130100-005-022	Accounts Receivable - Domestic	USD	22.20	22.20
HLD-000027	HLD-100000...	27/04/2023			Operating	130100-005-022	Accounts Receivable - Domestic	USD	22.20	22.20
HLD-000026	HLD-100000...	27/04/2023			Operating	130100-005-022	Accounts Receivable - Domestic	USD	22.20	22.20

- However, we agreed that such a requirement will be managed with the management reporter tool where we will show the 3 currencies (transactions, reporting, accounting).

1.18.1 Requirements

ID	Description	Fit/Gap
----	-------------	---------

1.19 GL010 Accounts for Automatic Transactions

1.19.1 Process steps

When setting up a new legal entity, it is important to configure the accounts for automatic transactions. To do this, you can open the Accounts for automatic transactions page, which will initially be empty. You can add the most common posting types by selecting the Create default types of buttons.

Technica mention the penny differences that can be used to automatically debit/credit some accounts. This can be handled through this feature in D365 in addition to other than the penny account conditions. See below:

- Go to General Ledger → Posting Setup → Accounts for Automatic transactions.

Accounts for automatic transactions		
Standard view		
Posting type	Main account	Name
Penny difference in reporting currency	618160	Rounding Difference
Error account	999999	Transit Account
Penny difference in accounting currency	618160	Rounding Difference
Year-end result	300160	Retained Earnings
Cash discount	403300	Customer Cash Discounts Taken
Balance account for consolidation differences	801200	Gain & Loss - Revaluation
Profit and loss account for consolidation differences	801200	Gain & Loss - Revaluation
Customer cash discount	403300	Customer Cash Discounts Taken
Customer invoice discount	403160	Customer Invoice Discounts
Vendor cash discount	520200	Vendor Cash Discounts Taken
Order invoice rounding	618160	Rounding Difference
Vendor invoice rounding-off	618160	Rounding Difference
Customer payment retention receivable	130444	retention

Figure 44 – Screen of Accounts for automatic transactions

1.19.2 Requirements

ID	Description	Fit/Gap
GL010-001	Fill the accounts of automatic transactions for Penny differences	FIT

1.20 GL011 Foreign Currency Revaluation

As part of a period-end, accounting conventions require general ledger account balances in foreign currencies to be revalued using different exchange rate types.

The General ledger **foreign currency revaluation** can be used to revalue the balance sheet and profit and loss accounts.

When you run the revaluation process, the balance in each main account posted in a foreign currency will be revalued.

The unrealized gain or loss transactions that are created during the revaluation process are system-generated. Two transactions might be created, one for the accounting currency and a second for the reporting currency, if relevant.

Each accounting entry will post to the unrealized gain or loss and the main account being revalued. Realized Gain/Loss would be booked by the system when the actual settlement between invoice and receipt/payment is posted.

1.20.1 Process steps

- Go to General Ledger → Charts of accounts → Accounts → Main accounts.

The screenshot shows the 'Main accounts - chart of accounts: Shared' screen. The 'General' tab is active. In the 'ADMINISTRATION' section, there is a checkbox for 'Do not allow manual entry'. In the 'CURRENCY' section, the 'Default Currency' is set to 'USD'. Below these, there is a dropdown menu labeled 'Validate currency code' with 'Optional' selected. To the right of this dropdown, a radio button labeled 'Foreign currency revaluation' is set to 'Yes'. This entire group of controls is circled in red.

Figure 45 – Main accounts Chart of account

- Technica team should make sure not to enable Bank account foreign currency re-evaluation because they will be already enabled automatically from within the Cash & Banks module. Otherwise, we will face duplication entries.
- This can be run daily or monthly and it will take the related exchange rate updated and the date of run.
 - The process uses a new exchange rate to revalue the open amounts, or not settled amounts, on a specified date.
 - The differences between the original posted amounts and the revalued amounts will cause an unrealized gain or loss for each open transaction.
 - The Accounts payable and Accounts Payable sub-ledgers are then updated to reflect the unrealized gain or loss, and an accounting entry is posted to GL.

1.20.2 Requirements

ID	Description	Fit/Gap
GL011-001	Run Foreign Currency Exchange rate for GL main account that have check box enabled in the COA	FIT

1.21 GL012 Cash Flow Based on Milestone

1.21.1 Process steps

Within the project module, there is a report that extracts cashflow in and out related to all types of transactions including on account transactions (Milestones).

- **Go to project management & Accounting → Projects → All projects.**

- In the Control tab in the header: there is a cash flow statement.

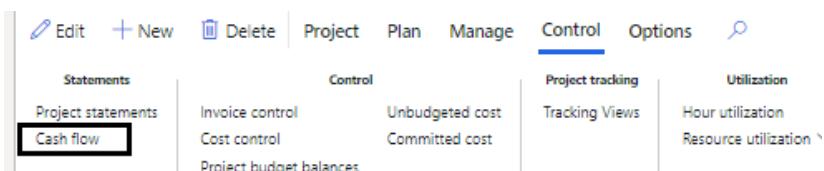


Figure 46 – Project screen / Statement Cash Flow

- This cashflow statement will show all the details that you want depending on the data selection. Either you see all transactions or just milestones in addition

to different parameters that you need to enable you to show expected results. See below parameters used:

The screenshot shows the 'Cash flow' section of a project management application. It includes several parameter groups: 'INCLUDED PROJECT TYPES' (Time and material, Fixed-price, Investment, Internal and cost, Time), 'PROJECT DATE' (From date, To date), 'INCLUDED TRANSACTION TYPES' (Include paid payment, Include expected payment, Item, Fee, On-account), 'EXPECTED SALES PAYMENT DATE' (Add days to due payment, Minimum payment date), and 'EXPECTED COST PAYMENT DATES' (Add days to due payment, Minimum payment date). Some specific parameters like 'Fixed-price Yes' and 'Data Actual vs. Budget' are highlighted with circles.

Figure 47 – Cash Flow statement screen header

- And the second section of the report is issued once the above is enabled as per the given requirement of this project:

The screenshot shows the 'Cash flow' section with detailed financial data. Under 'ACTUAL' cash flows, it lists CASH INFLOWS (30,000.00), CASH OUTFLOWS (26,960.00), and NET CASH FLOWS (3,040.00). Below this, under 'Cash provided from operating activities', it shows INVOICED REVENUE (0.00) and INVOICED - ON ACCOUNT (30,000.00). Annotations point to these fields with the text: 'Check Project FRD in Accrued revenue section' and 'Those are invoiced milestones'. Under 'Cash disbursed for operating activities', it shows CASH PAID FOR - HOUR (1,260.00), CASH PAID FOR - EXPENSE (25,450.00), and CASH PAID FOR - ITEM (250.00). An annotation points to this section with the text: 'Cash outflow (actual cost)'.

Figure 48 – Cash Flow statement screen details

- Also, there is an option to see what the transactions details behind these numbers, it is also available as per the below steps:

The screenshot shows a 'Transactions' view for the 'Cash flow' section. It lists several transaction types: Hour, Expenses, Item, Fee, and On-account. The 'Hour' transaction is currently selected. Other transaction types like 'Expenses' and 'Item' are also visible.

Figure 49 – Cash Flow statement transactions view

N.B: For more reports related to Projects, please check Projects FRD.

1.21.2 Requirements

ID	Description	Fit/Gap
GL012-001	Cash flow project by milestone by item, expense, hour	FIT

1.22 GL013 Intercompany Transactions

During workshop sessions, Technica team confirmed the use the out the box functionality intercompany transactions where they wanted to create a single entry that posts to multiple companies.

- Technica will use all kind of journal such as Daily journals, vendor invoice journal, payment journal.

1.22.1 Setup

The following setup will be used to complete the use of intercompany accounting:

- Create Main accounts with account type balance sheet so that the posting works correctly.

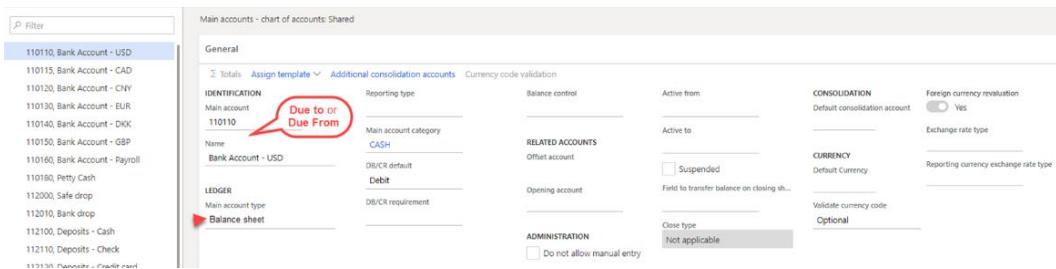


Figure 50 – Main accounts screen

- Set up the journal names:

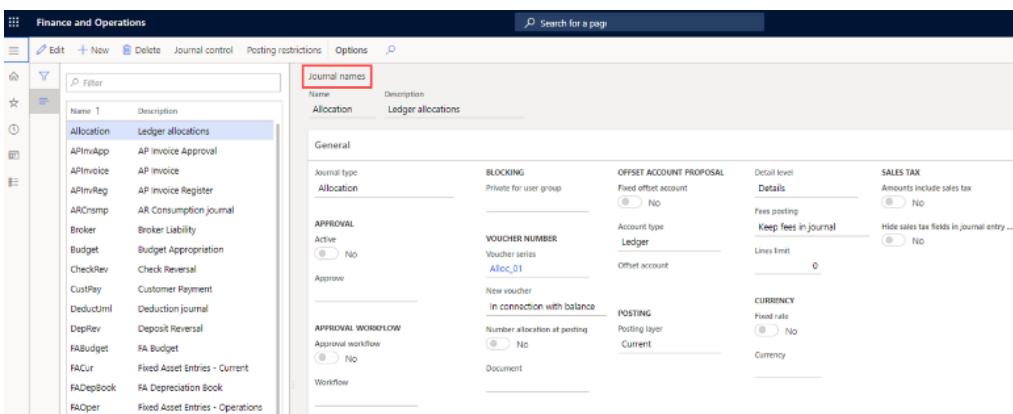


Figure 51 – Journal Names

- Set up the posting relationships between the companies: Regardless of the direction of posting between company accounts, both companies must have intercompany accounts set up for the other company accounts to avoid error in simulating the posting.

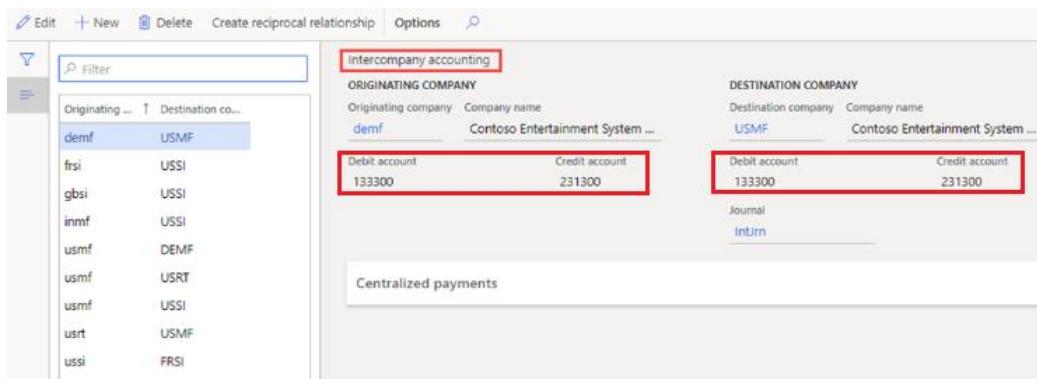


Figure 52 – Intercompany Accounting Setup

1.22.2 Business Process

Pass daily journal with the journal name that you just configured “IntJrn” – Intercompany journal in Company **USMF**

List	General	Invoice	Payment	Payment fee	Fixed assets	Remittance	History						
+ New Delete Voucher Financial dimensions ▾ Sales tax Functions ▾													
	Date	Voucher	Company	Account type	Account	Description	Debit	Credit	Offset company	Offset account type	Offset account	Offset transacti...	Currency
	06/04/2017	ICJL000001	usmf	Ledger	605160----		1,000...		DEMf	Ledger	605160----		USD

Figure 53 – Intercompany Journal in company USMF

See voucher:

Oven/ew	General									
Journal number	Voucher	Date	Y...	Ledger account	Account name	Description	Currency	Amount in transaction currency	Amount	Posting type
013699	ICJL000001	06/04/2017		133300--	Intercompany Receivable - USMF/DEMf		USD	1,000.00	1,000.00	Intercompany accounting
013699	ICJL000001	06/04/2017		605160----	Utilities Expense		USD	-1,000.00	1,000.00	Ledger journal

Figure 54 – Intercompany Journal Voucher in company USMF

Go to company **DEMf**, see journal created the desired accounts:

+ New Delete Voucher Financial dimensions ▾ Sales tax Functions ▾													
	Date	Voucher	Company	Account type	Account	Description	Debit	Credit	Offset company	Offset account type	Offset account	Offset transacti...	Currency
	06/04/2017	ICJL000001	demf	Ledger	605160----		1,000.00		usmf	Ledger			USD
	06/04/2017	ICJL000001	demf	Ledger	231300--		1,000...		usmf	Ledger			USD

Figure 55 – Intercompany Journal in company DEMF

See voucher:

Oven/ew	General										
Journal number	Voucher	Date	Y...	Ledger account	Account name	Description	Currency	Amount in transaction currency	Amount	Amount in reporting cur...	Posting type
000743	ICJL000001	06/04/2017		231300--	Intercompany Payable - USMF/DEMf		USD	-1,000.00	730.00	-1,000.00	Intercompany accounting
000743	ICJL000001	06/04/2017		605160----	Utilities Expense		USD	1,000.00	730...	1,000.00	Ledger journal

Figure 56 – Intercompany Journal Voucher in company DEMF

1.22.3 Requirements

ID	Description	Fit/Gap
GL013-001	Define Main accounts related to intercompany with Balance sheet account type	FIT
GL013-002	Define intercompany accounting setup	FIT
GL013-003	Define Journal names related to Intercompany	FIT
GL013-004	Pass intercompany journal and post transaction	FIT

1.23 GL014 Consolidation & Elimination Process

Technica team are willing to start working with Consolidation & Elimination process in D365 and they have never experienced it in their current system.

For that purpose, an additional company will be created and using the below features:

1. Consolidation Online & Elimination
2. Financial Reporting consolidation via management reporter

N.B:

We can use the consolidation via manual journal entries or via the above point#1

1.23.1 Process diagram

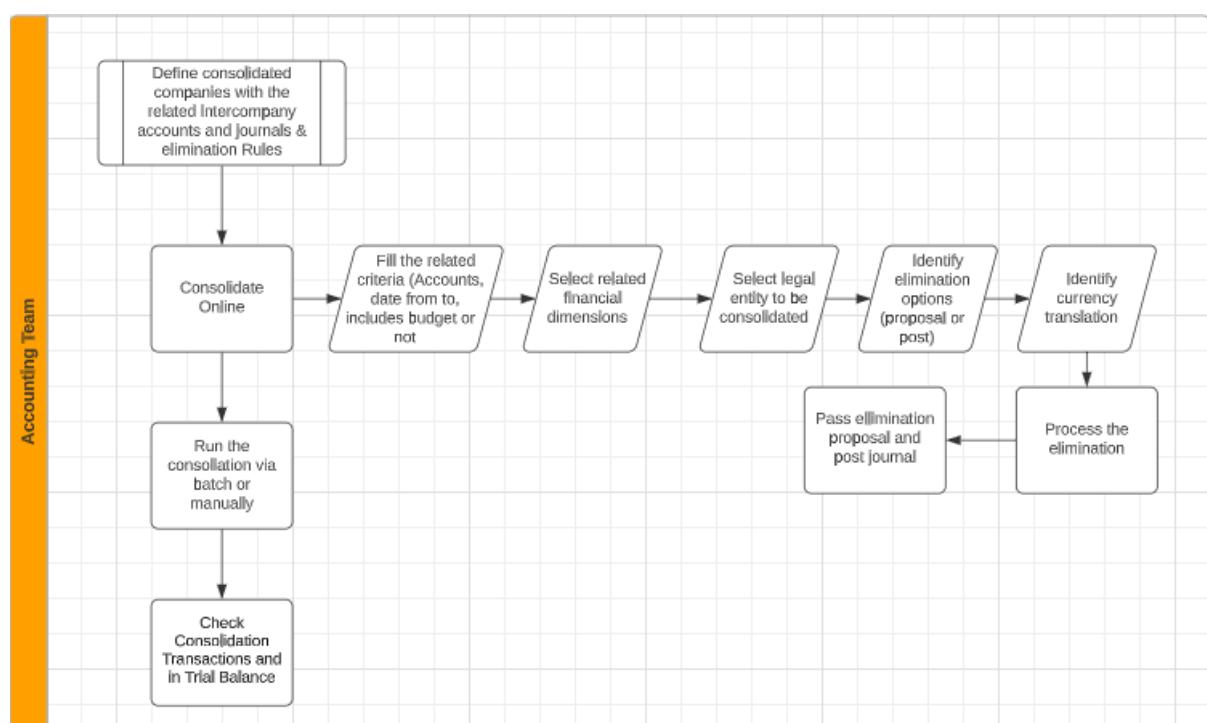


Figure 56.1 – Process diagram for consolidation and elimination

1.23.2 Setup

Considering we have the below scenario to apply:

- 2 companies USMF & US01
- Consolidation company: GLRT → See below needed setup to be done:

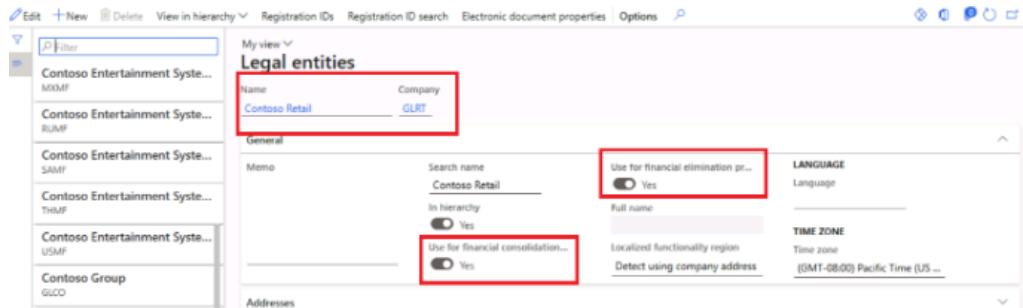


Figure 57 – Legal Entities Setup

- Configure also for the same consolidation company the ledger (Company cannot be active without a COA) and the elimination journal:

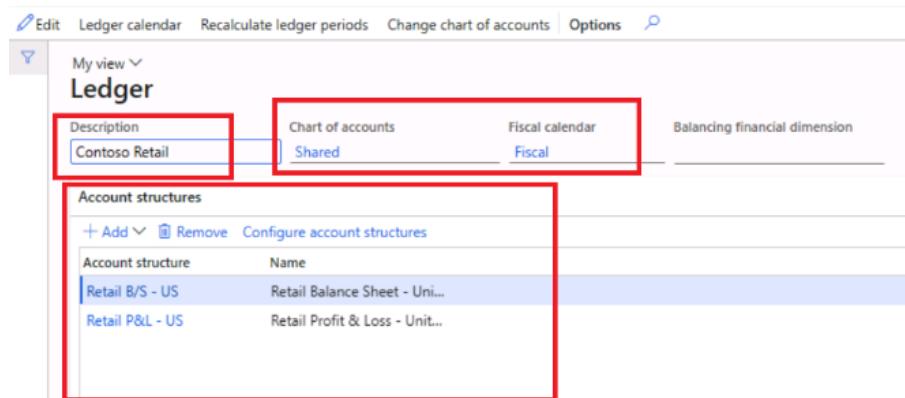


Figure 58 – Ledge Setup

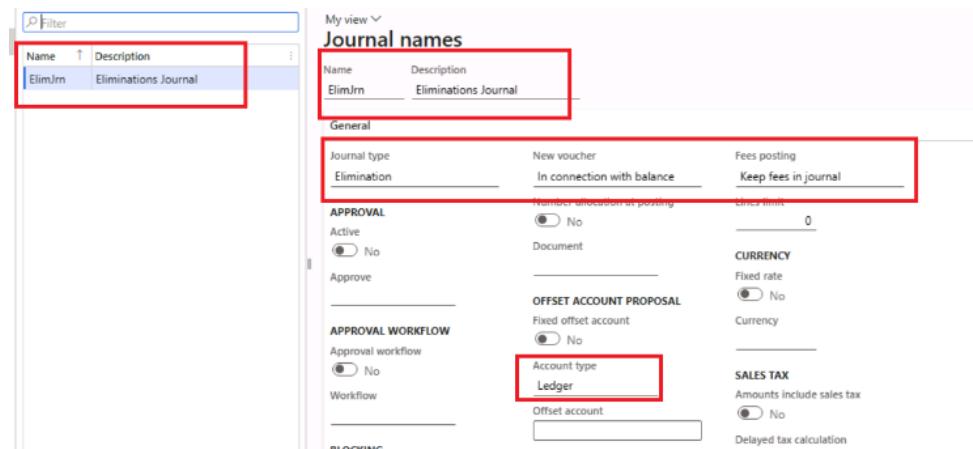


Figure 59 – Journal names

- Setup the **elimination rule** (Go to consolidation → Setup → Elimination rules):



Figure 60 – Ledger Elimination Rule

- Select lines:

The screenshot shows a table titled 'Standard view' under 'Ledger elimination rule line | 00002 : ELIMINATIONS'. The table has columns: Elimination method, Source account, Account specification, Destination account, Dimension specification, Fixed amount, and Currency. There are 8 rows of data, all with 'Source' in the destination account column and '0.00' in the fixed amount column.

Elimination method	Source account	Account specification	Destination account	Dimension specification	Fixed amount	Currency
Net change	133350	Source	Source		0.00	
Net change	231355	Source	Source		0.00	
Net change	402500	Source	Source		0.00	
Net change	402200	Source	Source		0.00	
Net change	500600	Source	Source		0.00	
Net change	500610	Source	Source		0.00	
Net change	609300	Source	Source		0.00	
Net change	133200	Source	Source		0.00	

Figure 61 – Ledger Elimination Rule Lines

- b) Select Net change or Fixed as the elimination method. Therefore, you can enter an asterisk (*) in the Source account field or you can select specific account alone or you can on top of the account a source dimension where you specify financial dimensions values by account. However, depending on Technica configuration, they should specify an actual list of accounts.

1.23.3 Business Process

A. Consolidation online:

- ❖ Go to consolidation → Consolidate online.

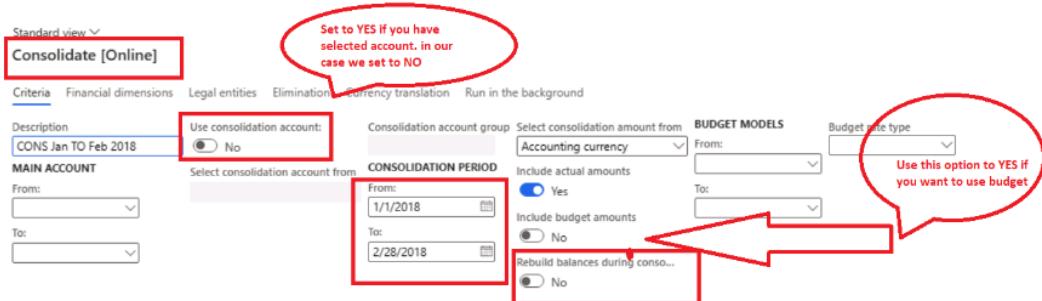


Figure 62 – Consolidation (Online) Setup Screen

1. Description: Period you're running the consolidation for.
2. It is optional to enter a range of accounts → We recommend leaving the range blank so that all accounts are consolidated.
3. Select whether the consolidation account should be used. If you set the Use consolidation account option to Yes, select whether the consolidation account should be selected from the main account or a group. For this example, leave the Use consolidation account option set to No but in case you have a different COA:
 - Then, you can use GL main account setup option to consolidate, but if you have multiple different accounts, then use Group Option via setup.

General

Totals Assign template Additional consolidation accounts Currency code validation

IDENTIFICATION	Balance control	CONSOLIDATION
Main account 110110		Default consolidation account
Name Bank Account - USD	Offset account	CURRENCY
LEDGER	Opening account	Default Currency
Main account type Asset		Validate currency code
Reporting type	Active from	Optional
Main account category CASH	Active to	Foreign currency revaluation
DB/CR default Debit	Suspended	Yes
DB/CR requirement		Exchange rate type
		Reporting currency exchange rat...
		STANDARD GENERAL LEDGER ACCOUNT

Figure 63 – Main Accounts / Chart of account

4. “from” and “to” dates that you’re consolidating for are mandatory field.
5. Set the Include actual amounts option to Yes.
6. Select whether budget amounts should be included. For this example, leave the option set to No.
7. Set the Rebuild balance during the consolidation option to No → We recommend rebuilding the balance as a separate batch job after the consolidation is completed.
8. Select the financial dimensions tab, and select the below options and set the segment order (which represent the display order in of the ledger account in the consolidation legal entity):

Standard view ▾

Consolidate [Online]

Criteria	Financial dimensions	Legal entities	Elimination	Currency translation	Run in the background
<input type="radio"/>	Financial dimension	Specification	Segment o... ↓		
	LegalEntity	Company accounts	3		
	Department	Dimension	2		
	BusinessUnit	Dimension	1		
	Cashflow_CN	None	0		

Figure 64 – Consolidation (Online) / Financial dimensions

9. In the legal entities in the 3rd tab and select the companies that you want to consolidate (USMF & US01):

Standard view ▾

Consolidate [Online]

Criteria	Financial dimensions	Legal entities	Elimination	Currency translation	Run in the background
+ New	Delete				
<input type="radio"/>	Source legal e...	Share	Account type of conversion differenc...		
<input checked="" type="checkbox"/>	us01	100.00	Profit and loss		
	USMF	100.00	Profit and loss		

Figure 65 – Consolidation (Online) / Legal Entities

10. Technica team may choose also to post the elimination only or do just a proposal:



Figure 66 – Consolidation (Online) / Elimination

11. It is recommended for Technica to use the currency translation tab if you use different legal entities with different currencies. So, we must calculate the correct currency rate at the time of consolidation. But if companies are using the same currency, then we can skip it. Example:

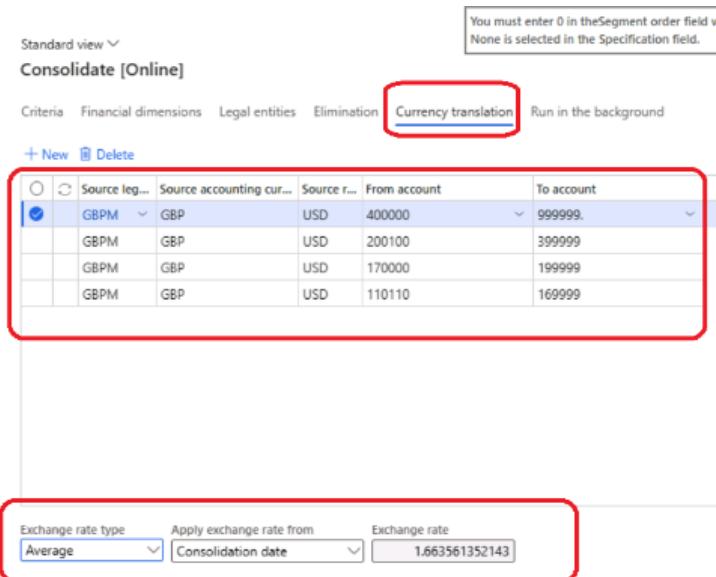


Figure 67 – Consolidation (Online) / Currency Translation

B. Process The Elimination:

- ❖ Go to consolidation → Elimination Journal.

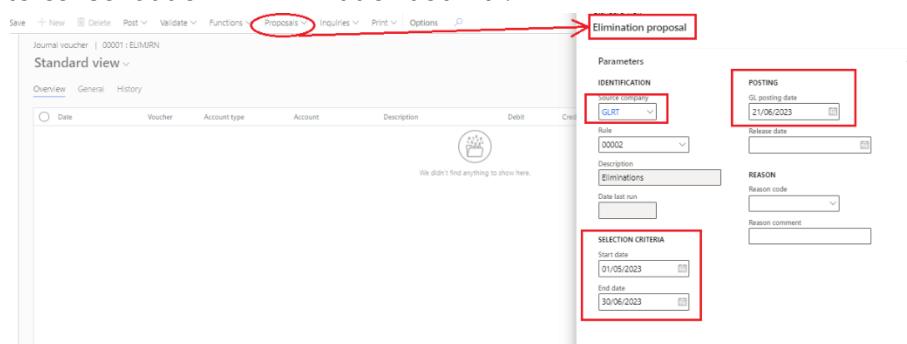


Figure 68 – Elimination Journal

1. Create journal, go to line and pass elimination proposal then fill all the highlighted data in red in the above screen.
2. Once the proposal is completed, check and post transactions.

- If the journal is out of balance because of translation differences, it can't be posted unless you increase the value of the Maximum penny difference field on the General ledger parameters page. If the amount the journal is out of balance exceeds the penny difference threshold, most customers delete the Net change elimination journal and post a Fixed amount journal.

C. Run The Consolidation:

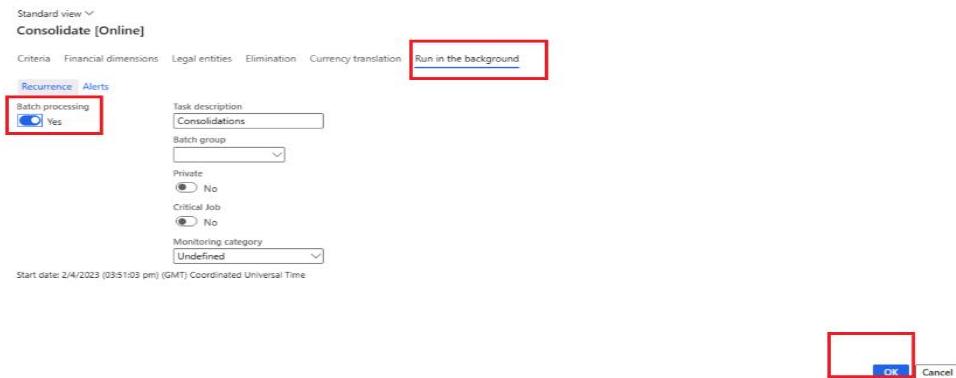


Figure 69 – Run consolidation screen.

D. Check Consolidation Transactions

- Go to consolidation → Consolidations Transactions.

	Created date and time	Company accounts	Description	Created by
	2/4/2023 4:34:41 PM	us01	Cons March to April 2022	Admin
	2/4/2023 4:34:41 PM	USMF	Cons March to April 2022	Admin

Figure 70 – Consolidation transactions view

Date	Ledger account	Currency	Amount in...	Amount	Quantity	Journal number
2/27/2018	112000---USMF	USD	1,000.00	1,000.00	0.00	000732
2/27/2018	110180---USMF	USD	-1,000.00	1,000.00	0.00	000732
1/14/2018	606300-001-022-USMF	USD	1,800.00	1,800.00	0.00	000733
1/14/2018	200190-001-022-USMF	USD	-1,800.00	1,800.00	0.00	000733

Figure 71 – Consolidation transactions voucher

The screenshot shows the Microsoft Dynamics 365 Finance and Operations interface. At the top, there's a navigation bar with links like 'Accounting source explorer', 'All transactions', 'Fiscal year transactions', etc. On the right side of the top bar, there's a search bar labeled 'Search for a page' and a user profile icon labeled 'GLRT'. Below the top bar, there are several tabs: 'Personalize', 'Page options', 'Share', and 'Power Automate'. Under 'Page options', there are links for 'Personalize this page', 'Add to workspace', 'Security diagnostics', 'Advanced filter or sort', 'Record info', 'Get a link', 'Create a custom alert', 'Manage my alerts', 'See your flows', and 'Create a flow'. The main content area is titled 'Operation completed' and shows a 'Trial balance' section. This section has a 'Standard view' dropdown and a 'Parameters' button. Below these are 'Filter' and 'MainAccount' columns. The data table shows the following rows:

MainAccount	Name	Opening b...	Debit	Credit	Closing bal...
110180	Petty Cash	0.00	0.00	1,000.00	-1,000.00
112000	Safe drop	0.00	1,000.00	0.00	1,000.00
200190	Accrued Purchases	0.00	0.00	1,800.00	-1,800.00
606300	Office Supplies Expense	0.00	1,800.00	0.00	1,800.00

Figure 72 – Trial Balance

1.23.4 Requirements

ID	Description	Fit/Gap
GL014-001	Create Consolidation company	FIT
GL014-002	Create Ledger (COA) & Journal name	FIT
GL014-003	Consolidate Online steps (updating the accounts needed for consolidations, Legal entities involved, Elimination posting, currency translation)	FIT
GL014-004	Process the Elimination	FIT
GL014-005	Run the consolidation	FIT
GL014-006	Check Consolidation Transactions and in Trial Balance	FIT

1.24 BA001 Bank Management and reconciliation

1.24.1 Bank Accounts & Bank groups

Technica will use the below 38 bank accounts for their business and 4 bank groups. However, during migration we will get the updates as Technica team started to close some of them:

- Bank USD, Bank LBP, Bank EUR, Bank GBP

Name	Bank Groups	Currency	Main account	Bank account number
Audi USD Current	BankUSD	USD	1122010	68288844400002
Audi LBP Current	BankLBP	LBP
Audi EUR Current	BankEUR	EUR
BLOM Account USD	BankUSD	USD
SGBL EUR Current	BankEUR	EUR	51200100	LB64001900000010147937004978
SGBL LBP Current	BankLBP	LBP	51200101	LB46001900000010147937001422
SGBL USD Current	BankUSD	USD	51200102	LB12001900000010147937001840
Bemo EUR Current	BankEUR	EUR	51200200	LB22 0093 0000 0010 0020 00751EUR
Bemo GBP Current	BankGBP	GBP	51200201	LB62 0093 0000 0010 0020 00751GBP
Bemo LBP Current	BankLBP	LBP	51200202	LB11 0093 0000 0010 0020 00751LBP
Bemo USD Current	BankUSD	USD	51200203	LB69 0093 0000 0010 0020 00751USD
Bemo EUR Fresh	BankEUR	EUR	51200204	LB13 0093 0000 0035 0011 70751EUR
Bemo USD Fresh	BankUSD	USD	51200205	LB60 0093 0000 0035 0011 70751USD
Bemo LBP Prefunded Card	BankLBP	LBP	51200206	...
Bank of Beirut LBP Current	BankLBP	LBP	51200301	LB83 0075 0000 0000 1401 18007200
Bank of Beirut USD Current	BankUSD	USD	51200302	LB24 0075 0000 0001 1362 18007200
Bank Audi USD Current	BankUSD	USD	51200400	FR76 1808 9000 0107 2523 1001096
Bank Audi Euro Current	BankEUR	EUR	51200401	FR76 1808 9000 0107 2523 1000708
BLF LBP Current	BankLBP	LBP	51200500	LB38001000000017716036001422
BLF USD Current	BankUSD	USD	51200501	LB21001000000007716036001840
BLF USD Offshore account	BankUSD	USD	51200502	LB91001000000017716036007840
BLF EUR Offshore account	BankEUR	EUR	51200503	LB51001000000017716036007978

BLF Internet card	BankUSD	USD	5120050 4	LB5800100000001771603608584 0
BLF LBP Fresh	BankLBP	LBP	5120050 5	LB2800100000001771603600742 2
BLOM Euro Blocked account	BankEUR	EUR	5120060 0	LB 48 0014 0000 3404 3171 9821 5018
BLOM EUR current	BankEUR	EUR	5120060 1	LB 08 0014 0000 3404 3041 9821 5016
BLOM USD O/D Account	BankUSD	USD	5120060 2	LB24 0014 0000 3402 2101 9821 5017
Banorient France EUR current	BankEUR	EUR	5120070 0	FR76 1759 9000 0126 0040 6711 588
Banorient France USD current	BankUSD	USD	5120070 1	FR10 1759 9000 0126 0040 6711 U91
Banorient France USDNanti	BankUSD	USD	5120070 3	'1000040671840265012
Banorient France EUR Nanti	BankEUR	EUR	5120070 2	FR76 1759 9000 0126 5040 6711 537
Banorient France EUR Nanti 2	BankEUR	EUR	5120070 4	1.00004E+18
Banorient France USD Nanti Amazon	BankUSD	USD	5120070 3	1.00004E+18
Byblos LBP current	BankLBP	LBP	5120080 0	LB73 0039 0000 0003 4032 6833 2001
Byblos USD current	BankUSD	USD	5120080 1	LB46 0039 0000 0003 4032 6833 2002
Byblos EUR current	BankEUR	EUR	5120080 2	LB19 0039 0000 0003 4032 6833 2003
ABS EUR current	BankEUR	EUR	5120090 0	CH5108719107213870002
ABS USD current	BankUSD	USD	5120090 1	CH7808719107213870001

1.24.2 Setup

❖ Go to cash & banks → Bank accounts → Bank accounts

The screenshot shows the 'ABC-01 : ABC Bank - JOD Current Account' bank account setup screen. The 'General' tab is selected. Key fields include:

- Bank account number:** 1126100901010012
- Destination name:** [redacted]
- CURRENCY:** JOD
- Active to:** Active for all transactions
- POSITIVE PAY FORMAT:** Format
- INTERNAL INFORMATION:**
 - Name:** ABC Bank - JOD Current Acc...
 - Bank groups:** ABC_Bank
- ROUTING NUMBER:** Main account 18203
- ACCOUNT ACTIVE STATUS:** Active from

Figure 73 – Bank accounts

- Bank account numbers are essential to be filled in to map it with the bank account number coming from the bank statement in case of automatic bank reconciliation.
- Bank groups are a mandatory field.

- Currency is mandatory, which defines the nature of the bank and can re-evaluate later the difference in exchange if any for foreign currencies.

1.24.3 Process diagram

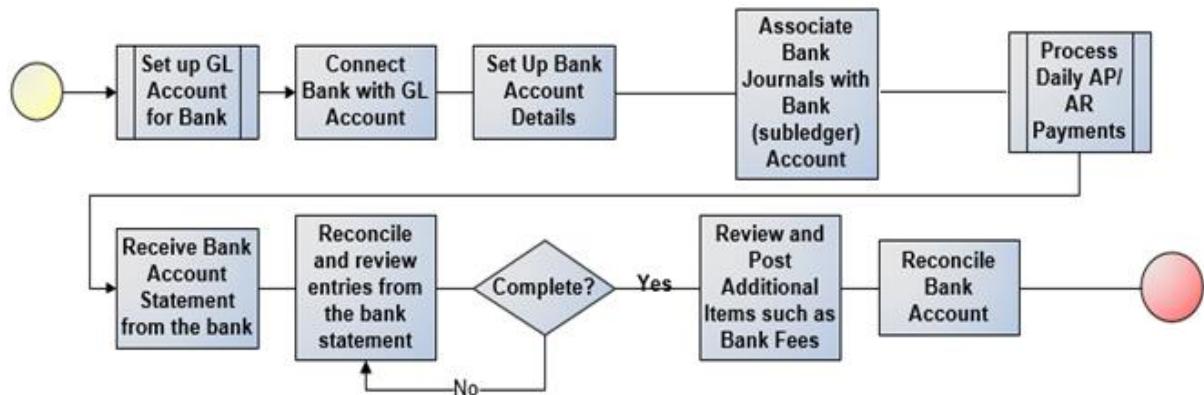


Figure 74 – Bank Reconciliation To-Be-Process

1.24.4 Process steps For Manual Bank reconciliation

- 1) Set Up General Ledger Account
- 2) Create and Connect Bank Account (including Petty Cash Account) with GL Account
- 3) Set up Bank Account Details
- 4) Associate Bank Payment Journals with sub ledger Account (Bank)
- 5) Process daily AP/AR Payments.
- 6) Receive Bank Account Statement from the Bank.
- 7) Review and Reconcile entries from the bank statement.
- 8) Review and Post Additional items, like Bank Fees.
- 9) Reconciliation Complete.

For each bank account, the authorized user can at any time access the previously (posted reconciliation) and current (Un-posted reconciliation), as per below:

Dynamics 365 Finance and Operations

USMF OPER : OPERATING ACCOUNT - USD

Bank statement

View: Reconciled

	Bank statement date	Bank statement	Currency	Ending balance	Reconciled
	1/31/2015	BSO-00111	USD	15,457,123.69	11/30/2016
	2/28/2015	BSO-00192	USD	15,829,616.85	11/30/2016
	3/31/2015	BSO-00215	USD	20,228,165.61	11/30/2016
	4/30/2015	BSO-00277	USD	23,196,403.91	11/30/2016
	6/30/2015	BSO-10022	USD	26,205,504.58	11/30/2016
	7/31/2015	BSO-22110	USD	31,809,979.90	11/30/2016
	8/31/2015	BSO-22442	USD	36,532,152.34	11/30/2016
	9/30/2015	BSO-21111	USD	38,312,315.29	11/30/2016
	10/31/2015	BSO-21112	USD	41,648,982.38	11/30/2016
	11/30/2015	BSP-21114	USD	45,468,408.15	11/30/2016
	12/31/2015	BSO-21118	USD	46,670,028.42	11/30/2016
	1/31/2016	BOS-22343	USD	6,024,330.06	11/30/2016
	2/28/2016	BOS-22344	USD	7,171,979.23	11/30/2016

Figure 75 - Inquiry form

Where he can generate hard and soft reports on the details related to each reconciliation activity, as per below:

Dynamics 365 Finance and Operations

USMF OPER : 1/31/2015

Account reconciliation

Show transactions: All

Overview General Financial dimensions

+ New Delete

Cleared	Bank transaction type	Date	Check number	Deposit slip	Amount in trans...	Bank amount	Correction amo...	Main account
<input checked="" type="checkbox"/>		1/1/2015			8,310,000.00	8,310,000.00	0.00	
<input checked="" type="checkbox"/>		1/1/2015			5,540,000.00	5,540,000.00	0.00	
<input checked="" type="checkbox"/>		1/15/2015			-542.32	-542.32	0.00	
<input checked="" type="checkbox"/>		1/15/2015			-542.32	-542.32	0.00	
<input checked="" type="checkbox"/>		1/15/2015			-180.77	-180.77	0.00	
<input checked="" type="checkbox"/>		1/15/2015			-361.54	-361.54	0.00	
<input checked="" type="checkbox"/>		1/15/2015			-90.39	-90.39	0.00	
<input checked="" type="checkbox"/>		1/15/2015			-90.39	-90.39	0.00	

OPENING BALANCE ENDING BALANCE UNRECONCILED
0.00 15,457,123.69 0.00

Figure 76 - Soft copy of Bank reconciliation details

Bank reconciliation
Contoso Entertainment System USA

Bank account: USMF OPER
Name: Operating account - USD
Currency: USD
Bank statement date: 1/31/2015
Bank statement: BSO-00111
Reconciled: 11/30/2016

Date	Voucher	Name	Payment reference	Deposit slip	Amount
		Bank statement ending balance			15,457,123.69
		Unreconciled bank transactions by ending date			0.00
		Closing			15,457,123.69
		Balance			0.00
1/1/2015	GNJL000035				8,310,000.00
1/1/2015	GNJL000040				5,540,000.00
1/15/2015	GNJL000067				-542.32
1/15/2015	GNJL000067				-542.32
1/15/2015	GNJL000067				-180.77
1/15/2015	GNJL000067				-361.54
1/15/2015	GNJL000067				-90.39
1/15/2015	GNJL000067				-90.39
1/15/2015	GNJL000067				-361.54
1/15/2015	GNJL000067				-361.55

Figure 771 - Hard copy of Bank Reconciliation details

Bank charges and interest will be marked and entered during the bank reconciliation phase.

The above-mentioned process is the regular bank reconciliation process; Technica will use the Manual bank reconciliation for banks not having MT940 file format but will use the advanced bank reconciliation for the banks having MT940 file format.

1.24.5 Process steps For Automatic Bank reconciliation

Technica want to use the Automatic Bank Reconciliation, this will allow Technica to import bank statements automatically from the Bank; the bank must provide the bank statement in a MT940 template. On a related note, Technica will set up a set of Matching Rules, that will be run automatically to match the imported bank statement with the bank account in D365.

Meantime, Technica team should collaborate with their banks to get from them the MT940 format to work with automatic bank reconciliation. Otherwise, we will fail to activate the module.

1. Go to bank accounts → select the bank to be automatic reconciled → Arab-02
2. In the action pane click on Reconcile → bank statement

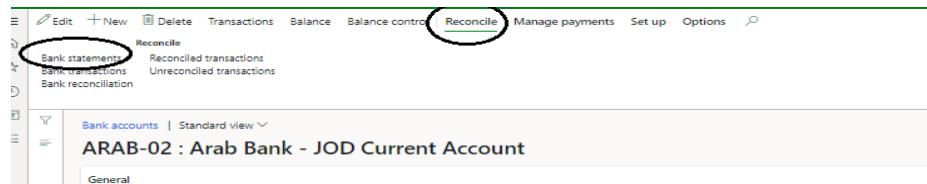


Figure 782 – Bank Accounts

3. Click on import statement.

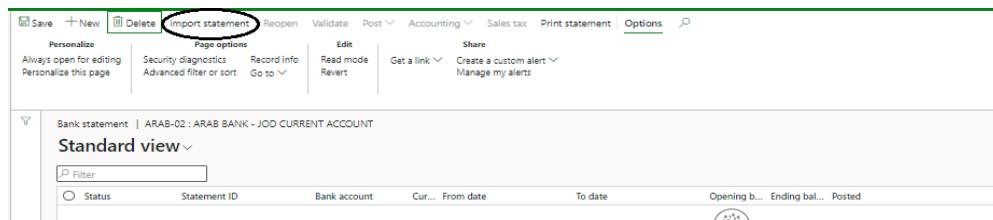


Figure 793 – Bank Statement

4. Below screen will appear. Data mandatory to be filled.

The dialog box is titled 'Import bank statements'. It has two main sections: 'Parameters' and 'AUTOMATION OPTIONS'. In the 'Parameters' section, under 'IMPORT', there is a radio button for 'No' (selected) and a dropdown for 'Bank account' set to 'ARAB-02'. Under 'Statement format', a dropdown is set to 'MT940'. Below these are 'Bank statement file import' (a file path 'D202111040605285...' with a 'Browse' button) and 'Upload' and 'Cancel' buttons. In the 'AUTOMATION OPTIONS' section, there is a radio button for 'Reconcile after import' (selected) and a radio button for 'No'.

Figure 804 – Import Bank Statement

- Fill bank account: only bank account that are subjected to auto bank reconciliation will show.
- Statement format: choose the MT940 so that it gets attached and recognized by the system.
- Bank statement file format should be imported → click upload. The system will validate the format of the file if its correct or not. If not, the system rejects it. Below is a sample of MT940.

```
D20211104060528511601_1 - Notepad
File Edit Format View Help
[{1:F01INMASARIAXXX2130903101}{2:I940INMASAR0XXXXN}{3:{108:213090310143861}}{4:
:20:20211106-151
:25:/68288844400333
:28C:151/
:60F:C2111055AR18192,22
:61:2111051105DR18000,00NTRFNONREF//1604FT21308TSL
AC Transfer
:61:2111051105DR0,17NLDPNONREF//ATMTOT20211105
Tax Amount Due
:61:2111051105DR1,16NCHGNONREF//ATMTOT20211105
Debit Transaction
:61:2111051105CR3322,82NCHGNONREF//ATMTOT20211105
Credit Transaction
:61:2111051105CR3322,82NCHGNONREF//ATMTOT20211105}
```

Figure 815 – MT940 Format

5. Then click ok and wait for the system to process the statement.
6. Once it's validated by the system, the below screen will translate the data from MT940 to dynamics.

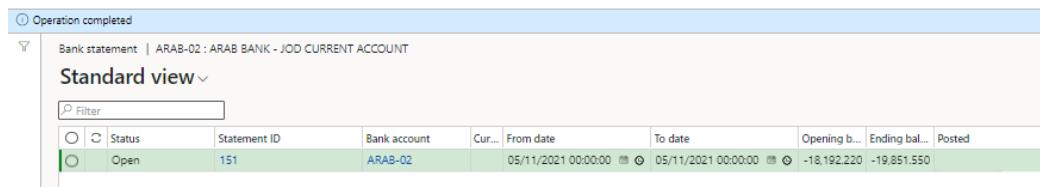


Figure 826 – Bank Statement

7. Log in to the transaction and check the related data (FYI only)

Bank statement										
Bank account	Bank name	PERIOD	BALANCES		NET	Total lines				
Status		From date	Opening balance		Net amount	Currency				
Open		05/11/2021 00:00:00	-18,192.220		0.000					
Bank statement lines										
<input type="radio"/> New	<input type="checkbox"/> Balancing document	<input type="checkbox"/> Reconciliation relations	<input type="checkbox"/> Distribute amounts	<input type="checkbox"/> Sales tax	<input type="checkbox"/> Bank statement transaction...	<input type="checkbox"/> Trading party	Amount	Document number	Reference No.	Reversal
<input checked="" type="radio"/>	<input type="checkbox"/> Booked				NMB		18,000.000	1745UFT2021105	NONREF	
	<input type="checkbox"/> Booked				NLDP		0,170	ATMFTOT2021105	NONREF	
	<input type="checkbox"/> Booked				NCHS		1,160	ATMFTOT2021105	NONREF	
	<input type="checkbox"/> Booked				NCHS		-3,322,820	ATMFTOT2021105	NONREF	
	<input type="checkbox"/> Booked				NCHS		-5,165,640	ATMFTOT2021105	NONREF	
	<input type="checkbox"/> Booked				NLDP		4,770	ATMFTOT2021105	NONREF	
	<input type="checkbox"/> Booked				NCHS		31,830	ATMFTOT2021105	NONREF	
	<input type="checkbox"/> Booked				NCHS		-7,958,020	ATMFTOT2021105	NONREF	
	<input type="checkbox"/> Booked				NLDP		0,310	ATMFTOT2021105	NONREF	
	<input type="checkbox"/> Booked				NCHS		2,050	ATMFTOT2021105	NONREF	
	<input type="checkbox"/> Booked				NLDP		1,800	ATMFTOT2021105	NONREF	

Figure 837 – Bank Statement details

- Document numbers are one of the keys for reconciliation as we saw above in previous section.
- Same for Reference No
- Same for bank statement transaction code
- Same for dates and amount
- ➔ If the above criteria meet and match with what we have in the system in the bank transactions, then we will have a win reconciliation. If it is not matching or if there is missing data not recorded, the system can keep it and reconcile the next day or month.
- 8. Within the same statement in point#7, click on **Validate**.
- 9. The status will be changed from **Open** to **Validated**.
- 10. Once done with the above, go back to bank account ARAB-02 open it → in action pane click on Reconcile → click on bank reconciliation.

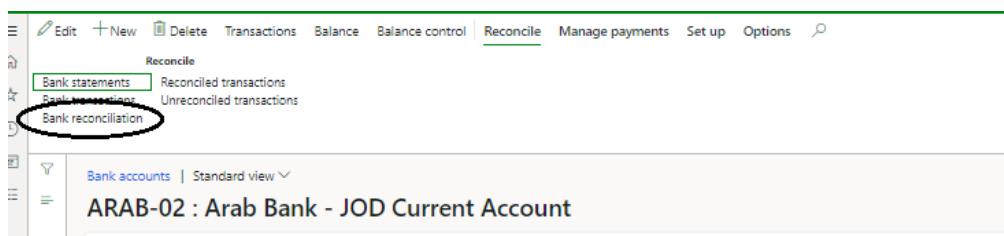


Figure 848 – Bank accounts going to bank reconciliation.

11. Click New → the system will automatically be recognized that there is an open statement for this bank that are not yet reconciliated so he will add it automatically as shown below:

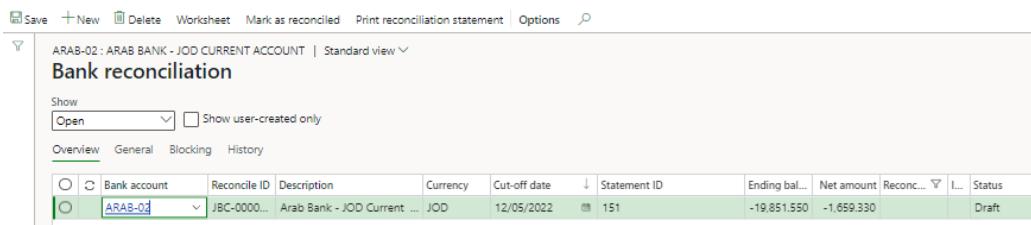


Figure 859 – Bank Reconciliation

- Now the status is **draft**.

12. Select the line and click on **Worksheet** → below screen will appear having bank statement transaction details and dynamics bank transactions details:

The screenshot shows the 'Bank reconciliation worksheet' for account 'JBC-000001 : ARAB-02'. It displays unmatched transactions and bank statements side-by-side.

Booking date	Debit	Credit	Bank transaction code	Document number
05/11/2021	2,000	NLDP	ATV/TOT20211105	
05/11/2021	13,300	NCHG	ATV/TOT20211105	
05/11/2021	117,810	NCHG	ATV/TOT20211105	
05/11/2021	3,097,100	NCHG	ATV/TOT20211105	
05/11/2021	91,900	NCHG	ATV/TOT20211105	
05/11/2021	0,260	NLDP	ATV/TOT20211105	

Figure 8610 – Bank Reconciliation Worksheet

13. If you wish to run matching rule so that you leave the system to validate if there is any matching based on the configuration made in section 2.1 for A, B, C & D setup → then click on **run matching rules** from the action pane → then select matching rule set → click ok.

The screenshot shows the 'Bank reconciliation worksheet' for account 'JBC-000001 : ARAB-02'. The 'Run matching rules' button in the action pane is highlighted.

Figure 8711 – Bank Reconciliation Worksheet

The screenshot shows the 'Select a match rule set or...' dialog box. It includes sections for Parameters, Matching RULE, Run in the background, Recurrence, Alerts, Task description, and Batch group.

Figure 8812 – Run Matching rule in bank reconciliation worksheet.

14. Now, the system is checking and will give us the results.

15. Knowing that there was no matching the transaction was not moved to section **Matched transactions**.

BANK STATEMENT TRANSACTIONS					BANK TRANSACTIONS										
	Booking date	Debit	Credit	Bank transaction code	Document number		Date	Debit	Credit	Bank trans...	Document type	Document ...	Company	Related party type	R
<input type="radio"/>	05/11/2021	18.000.000		NTRF	1604FT21308TSL	<input type="radio"/>	12/05/2022	3.000.000	04	Others		JBC			
<input type="radio"/>	05/11/2021	0.170	NLDP		ATMTOT20211105	<input type="radio"/>									
<input type="radio"/>	05/11/2021	1.160	NCHG		ATMTOT20211105	<input type="radio"/>									
<input type="radio"/>	05/11/2021	3.322.820	NCHG		ATMTOT20211105	<input type="radio"/>									
<input type="radio"/>	05/11/2021	5.165.540	NCHG		ATMTOT20211105	<input type="radio"/>									
<input type="radio"/>	05/11/2021	4.770	NLDP		ATMTOT20211105	<input type="radio"/>									

Matched transactions																
User can click here to change view of matched transactions																
BANK STATEMENT TRANSACTIONS					BANK TRANSACTIONS											
	New	Booking date	Debit	Credit	Bank transaction code	Document number		Date	Debit	Credit	Bank trans...	Document type	Document ...	Company	Correction...	Related part...
<input type="radio"/>							<input type="radio"/>									

Bank statement transaction details

Figure 8913 – bank reconciliation matching transactions

16. Also, another option is available if you wish to match them manual → select the transaction that you wish to match and click on **match**. If there is no matching the system will give you the related **error**

JBC-000001 : ARAB-02 Standard view ▾									
Bank reconciliation worksheet									
JBC-000001: Cut off date: 12/05/2022 Bank: Arab Bank - JOD Current Account 68288844400333 Currency: JOD									
<input type="radio"/>	Booking date	Debit	Credit	Bank transaction code	Document number				
<input type="radio"/>	05/11/2021	18.000.000		NTRF	1604FT21308TSL	<input type="radio"/>			
<input type="radio"/>	05/11/2021	0.170	NLDP		ATMTOT20211105	<input type="radio"/>			
<input type="radio"/>	05/11/2021	1.160	NCHG		ATMTOT20211105	<input type="radio"/>			
<input type="radio"/>	05/11/2021	3.322.820	NCHG		ATMTOT20211105	<input type="radio"/>			

Figure 9014 – bank reconciliation Worksheet

- But if there is any matching, the system will move the matched transactions to Section matched transactions.

17. For the exceptional cases where there was a bank transaction coming from the bank statement, but someone forgot to pass it in the system from the accounting team or maybe if it is a bank charge. There is an option where the user can select the transaction and click on **Mark as new**.

JBC-000001 : ARAB-02 Standard view ▾									
Bank reconciliation worksheet									
JBC-000001: Cut off date: 12/05/2022 Bank: Arab Bank - JOD Current Account 68288844400333 C									
<input type="radio"/>	Booking date	Debit	Credit	Bank transaction code	Document number				
<input checked="" type="radio"/>	05/11/2021	18.000.000		NTRF	1604FT21308TSL	<input type="radio"/>			
<input checked="" type="radio"/>	05/11/2021	0.170	NLDP		ATMTOT20211105	<input type="radio"/>			
<input checked="" type="radio"/>	05/11/2021	1.160	NCHG		ATMTOT20211105	<input type="radio"/>			
<input checked="" type="radio"/>	05/11/2021	3.322.820	NCHG		ATMTOT20211105	<input type="radio"/>			

Figure 9115 – bank reconciliation Worksheet

- The system will automatically move it to the matched transactions.

Matched transactions						
Unmatch Unmatch all Change view of matched transactions						
BANK STATEMENT TRANSACTIONS						
		New	Booking date	Debit	Credit	Bank transaction code
		Yes	05/11/2021	1.160	NCHG	ATMTOT202

Figure 9216 – bank reconciliation Transactions

- 18.** Before clicking on reconciliation there is an active workflow that will go through the below:

- Accounting supervisor → Finance manager → CFO
- Once approved the statement will be able to be reconciled.
- Status once submitted will be moved to "In review" → then "Approved".

Worksheet Mark as reconciled Print reconciliation statement																													
ARAB-02 : ARAB BANK - JOD CURRENT ACCOUNT Standard view ▾																													
Bank reconciliation																													
Open <input checked="" type="checkbox"/> Show user-created only																													
Overview General Blocking History																													
<table border="1"> <thead> <tr> <th>Bank account</th><th>Reconcile ID</th><th>Description</th><th>Currency</th><th>Cut-off date</th><th>Statement ID</th><th>Ending balance</th><th>Net amount</th><th>Reconc...</th><th>Status</th></tr> </thead> <tbody> <tr> <td>ARAB-02</td><td>JBC-0000...</td><td>Arab Bank - JOD Current ...</td><td>JOD</td><td>12/05/2022</td><td>151</td><td>-19,851.550</td><td>-1,659.330</td><td></td><td>Draft</td></tr> </tbody> </table>										Bank account	Reconcile ID	Description	Currency	Cut-off date	Statement ID	Ending balance	Net amount	Reconc...	Status	ARAB-02	JBC-0000...	Arab Bank - JOD Current ...	JOD	12/05/2022	151	-19,851.550	-1,659.330		Draft
Bank account	Reconcile ID	Description	Currency	Cut-off date	Statement ID	Ending balance	Net amount	Reconc...	Status																				
ARAB-02	JBC-0000...	Arab Bank - JOD Current ...	JOD	12/05/2022	151	-19,851.550	-1,659.330		Draft																				

Figure 9317 – bank reconciliation Statement

- 19.** Then click on Mark as reconciled.

- Even if not all the transactions were reconciled, they will be reconciled the next day with the next bank statement.
- The ending balance of today's statement is the opening balance of the next day statement so no worries about that.

- 20.** Once it is marked as reconciled, the system will this statement as reconciliated (not open anymore)

Reconciliation Completed																			
ARAB-02 : ARAB BANK - JOD CURRENT ACCOUNT Standard view ▾																			
Bank reconciliation																			
Open <input checked="" type="checkbox"/> Show user-created only																			
Overview General Blocking History																			
<table border="1"> <thead> <tr> <th>Bank account</th><th>Reconcile ID</th><th>Description</th><th>Currency</th><th>Cut-off date</th><th>Statement ID</th><th>Ending balance</th><th>Net amount</th><th>Reconc...</th><th>Status</th></tr> </thead> </table>										Bank account	Reconcile ID	Description	Currency	Cut-off date	Statement ID	Ending balance	Net amount	Reconc...	Status
Bank account	Reconcile ID	Description	Currency	Cut-off date	Statement ID	Ending balance	Net amount	Reconc...	Status										

Figure 9418 – bank reconciliation Statement

- 21.** Go back to Bank statement → now you can see that status is matched. It was **open** then **validated** and now it is **matched**.

Bank statement							
Standard view ▾							
Status	Statement ID	Bank account	Curr...	From date	To date	Opening b...	Ending bal...
Matched	151	ARAB-02	JOD	05/11/2021 00:00:00	05/11/2021 00:00:00	-18,192.220	-19,851.550

Figure 9519 – bank Statement

- 22.** Open the statement, you will see that the transaction that we previously marked as "New" is showing here as new and it is ready to be issued automatically via journal entry.

Bank statement lines										
	Booking date	Status	Entry reference	Bank statement transaction...	Trading party	Amount	Document number	Reference No.	Reversal	Reconciled
O	New	Booking date	Status	Entry reference	Bank statement transaction...	Trading party	Amount	Document number	Reference No.	Reversal
O	05/11/2021 00:00:00	Booked		NTRF		18.000.000	1604FT213087SL	NONREF		
	05/11/2021 00:00:00	Booked		NLDP		0.170	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NCHG		1.160	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NCHG		-3.322.820	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NCHG		-5.165.540	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NLDP		4.770	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NCHG		31.830	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NCHG		-7.958.020	ATMTOT20211105	NONREF		

Figure 9620 – bank statement line

- Also, the system is showing only now the transaction that was reconciled and marked as new.

- 23.** Last step, to issue the automatic entry, click post.

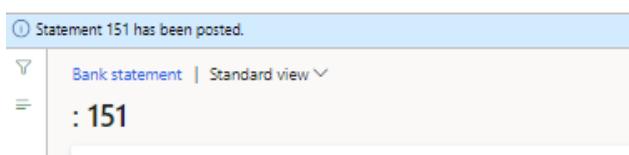


Figure 9721 – bank statement number

- 24.** How did the system recognize that this entry should be debited or credited to a specific account?

- If we get back to section 2.1. A, we will see that there was a setup to add the main account to the related transactions.
- And knowing in the bank statement the transaction code was already mapped (see setup section 2.1. B), so the system recognized that this transaction code NCHG is the same 05 in dynamics which equal to account# 73101.

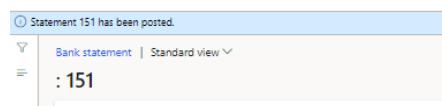


Figure 9822 – bank statement Posted

Bank statement lines										
	Booking date	Status	Entry reference	Bank statement transaction...	Trading party	Amount	Document number	Reference No.	Reversal	Reconciled
O	05/11/2021 00:00:00	Booked		NTRF		18.000.000	1604FT213087SL	NONREF		
	05/11/2021 00:00:00	Booked		NLDP		0.170	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NCHG		1.160	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NCHG		-3.322.820	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NCHG		-5.165.540	ATMTOT20211105	NONREF		
	05/11/2021 00:00:00	Booked		NLDP		4.770	ATMTOT20211105	NONREF		

Line details										
General	Financial	Financial dimensions line	Instructed amount	Instructed currency	Instructed amount	Instructed currency	Description	Related bank		
COUNTER			Counter amount	0.000	Instructed amount	0.000	Bank transaction type			
Counter currency			Counter exchange rate		Instructed exchange rate		Related bank account			
							Creditor reference informati			

Figure 9923 – bank statement Transactions

- Below is final transaction that was issued automatically and posted and flagged posted in the bank statement screen related to Arab-02 bank.

Voucher transactions											
Overview		General									
Journal number	Voucher	Date	T...	Ledger account	Account name	Description	Currency	Amount in...	Amount	Posting type	Posting layer
IBC-17-000134	JBC-6000	12/05/2022		73101	Bank Charges	Bank statement	JOD	-1.160	1.16	Bank statement	Current
IBC-17-000134	JBC-6000	12/05/2022		18201	Arab Bank - JOD Current Account	Bank statement	JOD	1.160	1.16	Bank	Current

Figure 10024 – Voucher Transactions

1.24.6 General process overview

Cash and Bank Management module maintains the legal entity's bank accounts and the financial instruments that are associated with those bank accounts. These instruments include deposit slips and checks. Dynamics 365 allows us to reconcile bank statements and print bank data on standard reports.

Technica will create all bank accounts in the Cash and Bank module and will consolidate them at the GL level into group control accounts by bank and currency.

Technica will use the below Standard functionality along with Cash Payments and Bank Transfer:

- 1) Check Collection:

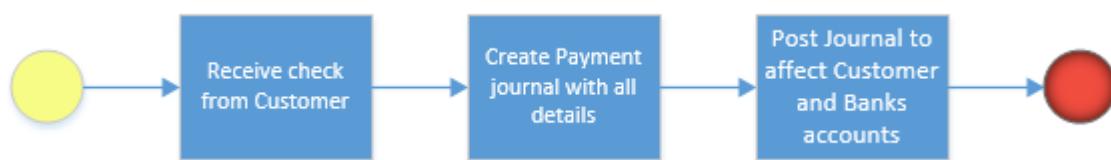


Figure 101 - Check Collection Process

- 2) Check Payment:



Figure 102 - Check Payment Process

- In Dynamics 365, every bank account can be set to accept one of the two methods of check numbering:
 - o *Fixed*: Use this method when you have pre-printed checks. Before you can use checks for payment, the user must generate the available check numbers

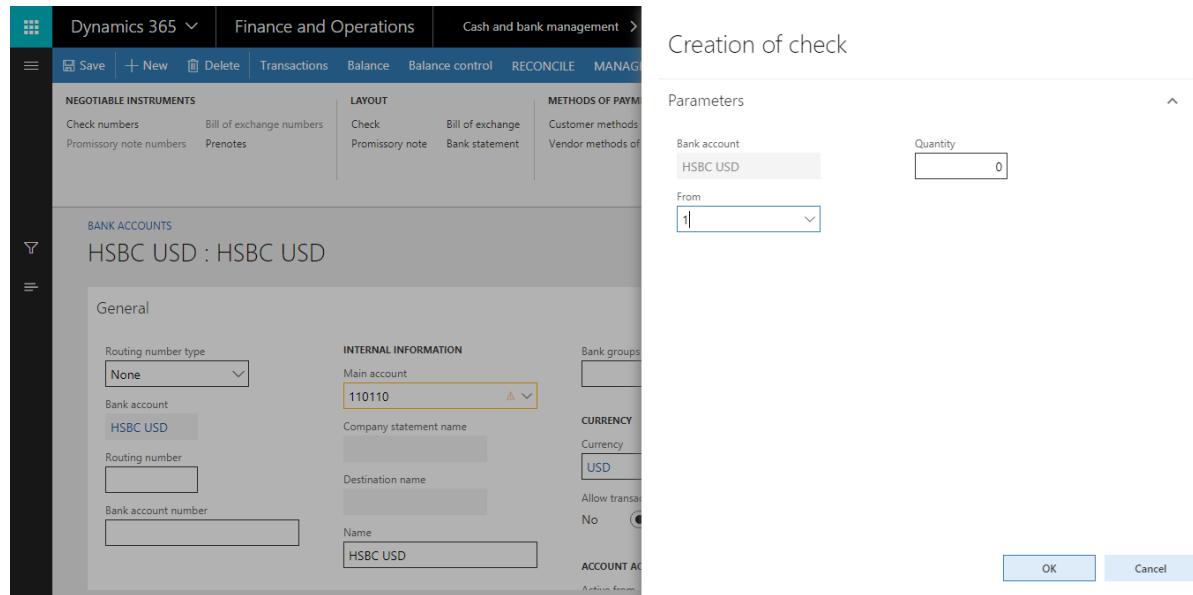


Figure 10325 - Auto creation of predefined Check numbers

- **Free:** Use this method when you do not have pre-printed checks. Microsoft Dynamics 365 automatically proposes check numbers when you use checks for payment.
- When using *Fixed* as check numbering method and while issuing a check payment, the system automatically takes the next check number related to the selected bank account. A payment with a printed check cannot be deleted but reversed instead.
- At any time, the authorized person can inquire the list of generated check numbers to check their related statuses, as per below:

Checks						
Overview General Remittance						
Bank account	Date	Check number ↑	Status	Recipient	Currency	Amount
HSBC USD	3/22/2018	1	Blank		USD	0.00
HSBC USD	3/22/2018	2	Paid	1001	USD	500.00
HSBC USD	3/22/2018	3	Blank		USD	0.00
HSBC USD	3/22/2018	4	Paid	1001	USD	400.00
HSBC USD		5	Created			0.00
HSBC USD		6	Created			0.00
HSBC USD		7	Created			0.00
HSBC USD		8	Created			0.00
HSBC USD		9	Created			0.00
HSBC USD		10	Created			0.00
HSBC USD		11	Created			0.00
HSBC USD		12	Created			0.00
HSBC USD		13	Created			0.00
HSBC USD		14	Created			0.00
HSBC USD		15	Created			0.00
HSBC USD		16	Created			0.00
HSBC USD		17	Created			0.00
HSBC USD		18	Created			0.00
HSBC USD		19	Created			0.00
HSBC USD		20	Created			0.00
HSBC USD		21	Created			0.00

Figure 10426 - Checks inquiry form

- In case a check needs to be cancelled, the authorized person would access the Checks form (previously showed), select the check to cancel and press *Payment reversal*, as per below:

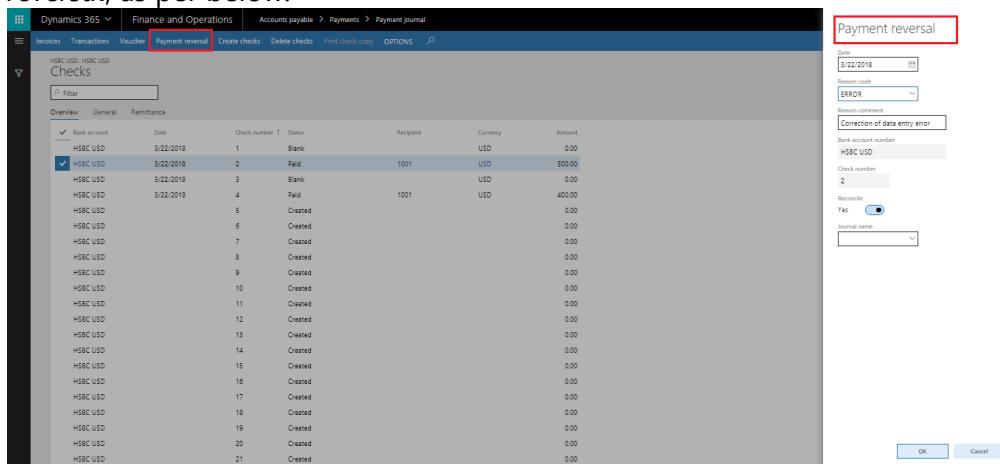


Figure 105 - Check Payment reversal

- Check reversals are traced as transactions inside Dynamics 365 for auditing purposes, as per below:

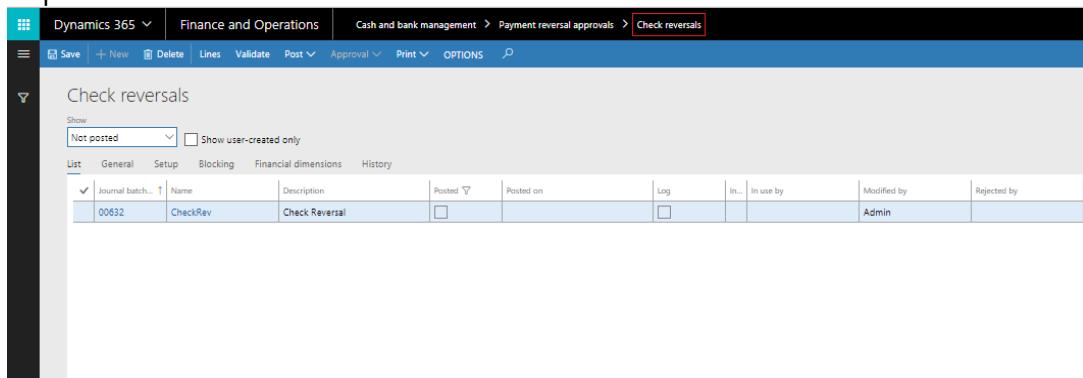


Figure 106 - Check Payment reversal (2)

Unreconciled bank transactions reports

Unreconciled bank transactions

Contosolint System USA

Page 1 of 128
21/06/2023
21:26

Bank account	Name	Routing number	Bank account number	Ledger account
599	BankLBP	123456780	59999	
Bank transaction type	Date	Method of payment	Check number	Deposit slip
	23/05/2021			Currency
				Amount In transaction currency
				USD -1,000.00
				Amount In accounting currency
				-1,000.00
	Total			-1,000.00 -1,000.00
AUDI USD	AUDI USD Current		110170	
Bank transaction type	Date	Method of payment	Check number	Deposit slip
	20/02/2020			Currency
	15/04/2020			USD -260.00
	06/11/2022			USD -480.00
	06/11/2022			USD -3,000.00
	08/11/2022			USD -3,000.00
	08/11/2022			USD 1,000.00
				USD 1,000.00
	Total			-4,690.00 -4,690.00
AUDI-CC-US	Bank Audi Current Account	68288844400002	110170	
Bank transaction type	Date	Method of payment	Check number	Deposit slip
	06/08/2019			Currency
	06/08/2019			USD 22,454.46
	06/08/2019			USD -18,030.60
				USD 20,695.50
	Total			25,119.36 25,119.36

Figure 107 – Unreconciled bank transactions

1.24.7 Bank / Letter Guarantee

Once Technica receive any new project, they ask for a bank guarantee. They issue it, once approved by the bank, they issue the advanced payment.

The amount is dependent on the project. So, every project has its own amount.

Technica need to send the related template so that we amend it to D365. Below is D365 Sample:

General					
Number	Requester type				
000001	Customer				
Bank number	Value				
1263889	10.00				
Origin	Bank account				
Sales order	USMF OPER				
Origin document number					
001279					
Requester					
US-007					
Financial dimensions					
Actions					
<input checked="" type="checkbox"/> Remove					
Delete	Transaction number				
	Request				
	Request date				
	Execution				
	Execution date				
	Expiration date				
000001	Request	16/03/2021 00:01:21	Receive from bank	16/03/2021 00:09:41	
000002	Give to beneficiary	16/03/2021 00:11:01	Give to beneficiary	16/03/2021 00:11:53	
000003	Liquidate	16/03/2021 00:13:24	Liquidate	16/03/2021 00:13:52	

Figure 108 – Letter of guarantee

1.24.8 Requirements

ID	Description	Fit/Gap
BA001-001	Create Bank account and Bank groups	FIT
BA001-002	Manual Bank Reconciliation	FIT
BA001-003	Advanced Bank Reconciliation	FIT
BA001-004	Unreconciled bank transactions Reports	FIT
BA001-005	Letter Guarantee Format to be send by Technica	FIT

1.25 BA002 Bank Transfer Printout Process

Technica want to be able to print a bank transfer format and then print out the report.

Technica will provide the report template to compare and check its feasibility Vs the out of the box report.

1.25.1 Requirements

ID	Description	Fit/Gap
BA002-001	Print Out Bank Transfer	FIT

DOCUMENT APPROVALS

I have reviewed the information contained in this document and approved it through by sign off below:

Name	Department	Date	Signature

Comments:

The specifications and conditions are hereby accepted. Info-Sys is authorized to execute the project as outlined in this document. This document is not valid until signed by the customer representative and returned to Info-Sys.

Signature: _____ Date: _____