Functional Requirements Document- Expense Management

Prepared for

Technica International

Version: **3.0**

Prepared by:

Nicolas Majdalani

Contributors:

Antonio Saleh

Abdo Khoury

Table of Content

Contents

Introduction 4

1.1 Purpose 4

1.2 Acronyms 4

Business Processes List 5

1.3 Processes List 5

Business Processes 6

1.3.1 Integration With CRM 6

1.3.2 Process Diagram 6

1.3.3 Setup Overview 6

1.3.4 To-Be Process Overview 13

1.3.5 Requirements 23

DOCUMENT APPROVALS 24

Introduction

1.1 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 including current business/environment issues.

The FRD is the starting point of the 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 Accounts Payable requirements.

1.2 Acronyms

Abbreviation	Explanation
FRD	Functional Requirement Document
EM	Expense Management
System	Dynamics 365
TI	Technica International

Business Processes List

1.3 Processes List

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

Process ID	Name	Description
EM001	Expense Management	Travel Requisition, Cash Advance & Expense Report process

Business Processes

1.3.1 Integration With CRM

On CRM, Technica team will pass a travel & trip request once it is approved it will be pushed to D365 FO and transformed to a travel requisition request by filling some of the fields:

- A customized field for values to be done on the header.
- A validation to check the header value equal to the detailed filled by the end user.
- Fields that will be brought automatically are Business purpose, Destination, Travel description, Amount in header.
- Sequence number in D365 will be taken as well from CRM as reference number. And we will always leave the out of the box number sequence in D365 in case someone wanted to pass directly the request from D365.

1.3.2 Process Diagram

Figure 1 – Process Diagram

1.3.3 Setup Overview

A. Go to Expense management → Setup → General:

1. **Expense management parameter:**
   a. Ledger daily journal name: This the journal name that will be used to pass in the cash advance and it is changeable during passing the transaction.
   b. Post cash advance immediately: This is optional and if enabled, once the accounting entry of the cash advance is issued this will be auto posted.

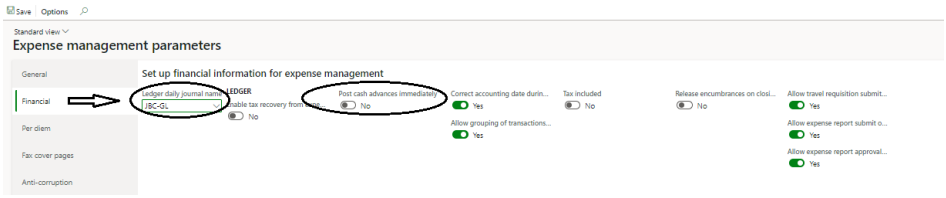


Figure 2 – Expense Management Parameter

2. **Expense management workflow (Suggested Workflow):**
   a. Travel requisition/Cash Advance Initiated by the employee always.
   b. Cash Advance Initiated by the employee always.

c. Expense Report Initiated by the employee always.

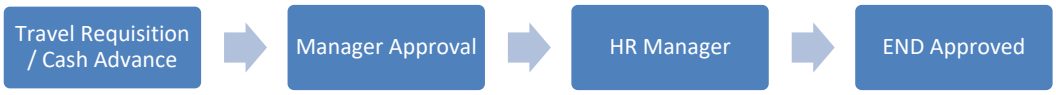


Figure 3 – Suggested Workflow for expense management

N.B:

This is a suggested workflow. Technica needs to provide us with the updated workflow as promised during the workshop session.

3. Shared categories:

This is a must to be defined. User should define all kind of expense that he might use in the expense management requests.

Figure 4 – Shared Categories

- Need to define category ID, Category name.
- Enable the "Can be used in Expense" → so that it can be used in passing expense requests.
- Fill the expense type with the convenient type. Note that every type represents a unique field that will be available to be filled in expense report:

i. For example, for **per diem** expenses: if type was filled with per diem, the expense report will enable the field of per diem location, per diem from and to and the default per diem amount that is defined previously by country will show as well depends on the number of days traveling and in which location.

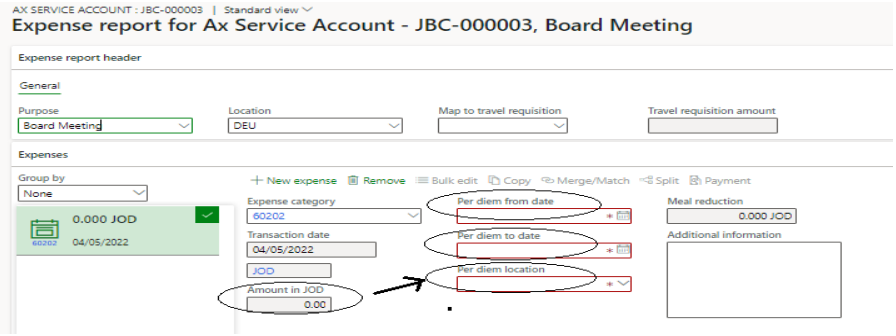


Figure 5 – Expense Report

ii. For example, for **hotel accommodation**: if type was filled with hotel, the expense report will enable the itemizations details as show below. Beside every category in the itemization, you can choose how much amount you spend beside each one of it. And many more types that are available depends on the business needs.

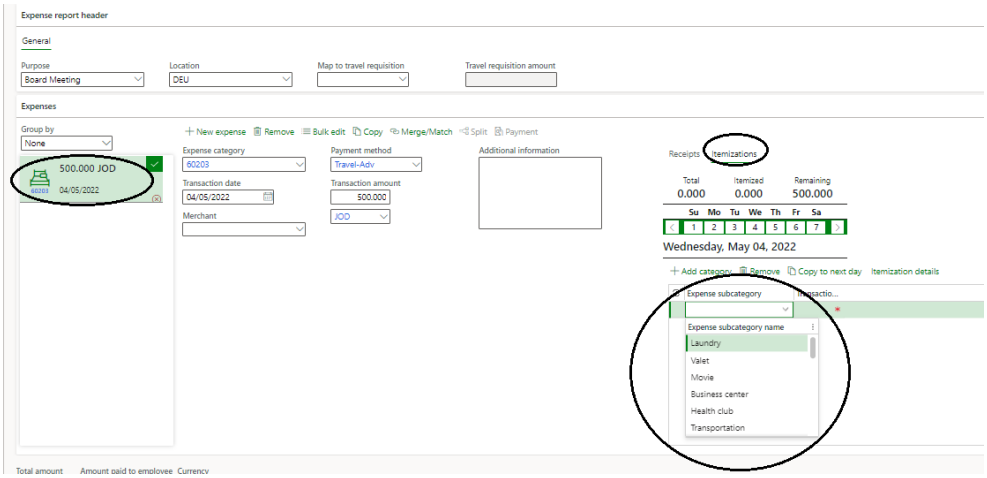


Figure 6 – Expense Report

4. Expense categories:

Whatever defined in the shared category (point#3 above), it will be available in this section to define his category details, method of payment, main account where this expense will be debited or credited.

- The mentioned sub-categories are defaulted from the expense type "Hotel".
- Same if the user chose an expense with a type "Airline". It will enable the itemization and will show the related sub-category.

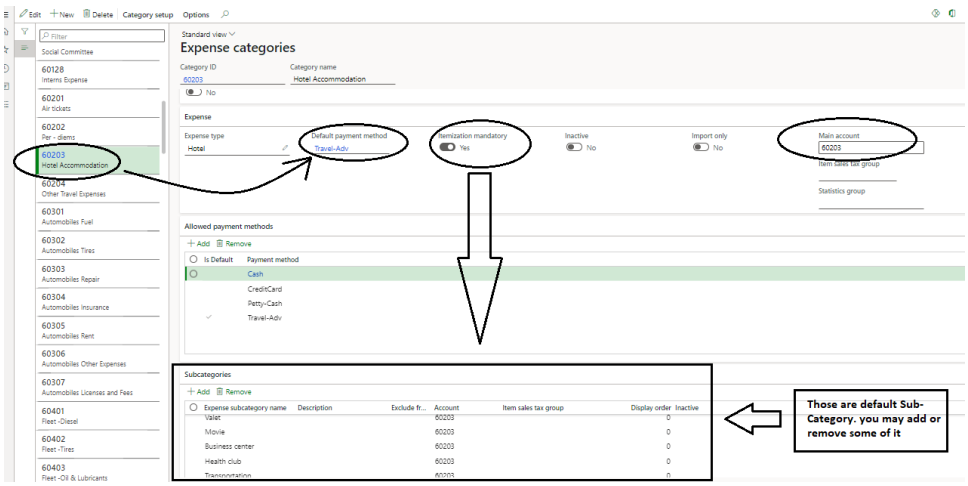
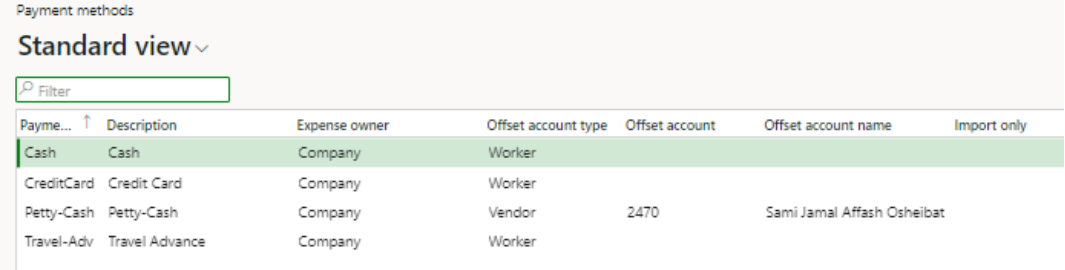


Figure 7 – Expense Categories

5. Payment method:

This payment method will be shown in the above point#4 (Expense categories) once it is defined. Every payment method will be employee's responsibility as it will define the destination of the automatic entry with the related expense account (defined in the above point#4)



Payme...	Description	Expense owner	Offset account type	Offset account	Offset account name	Import only
Cash	Cash	Company	Worker			
CreditCard	Credit Card	Company	Worker			
Petty-Cash	Petty-Cash	Company	Vendor	2470	Sami Jamal Affash Osheibat	
Travel-Adv	Travel Advance	Company	Worker			

Figure 8 – Payment Method

6. Cash advance accounts:

Every cash advance request has a certain amount requested and an automatic entry that will be issued later once the HOD approves. This setup ensure that the amount selected in a specific currency will be debit/credit the correct account (every currency will have a unique account). In case of Technica, knowing that they are using many currencies, we will need to create different account unique by currency created with financial dimension "Employee" → which mandatory.

~~**(Need Technica finance team confirmation if they will use this financial dimension to track cost by employee or not necessary?)**~~

Technica team confirmed the need of "Employee" financial dimension. And it is currently added to the GL FRD (Section 1.10.2)

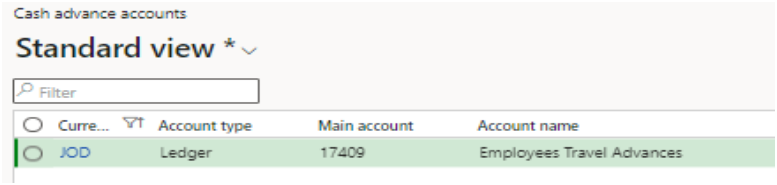


Figure 9 – Cash Advance Accounts

i. **<u>The "Employee" financial dimension values</u>** that will be added to the above account, will be taken from the workers financial dimension "Employee". So, it will be a must to fill for every employee that is using the cash advance request to fill the below data (see below):
   - Go to Human resources → Workers → Workers.
   - Select the workers, click on "Employment" tab.
   - Fill the financial dimension employee with the related employee/worker number.

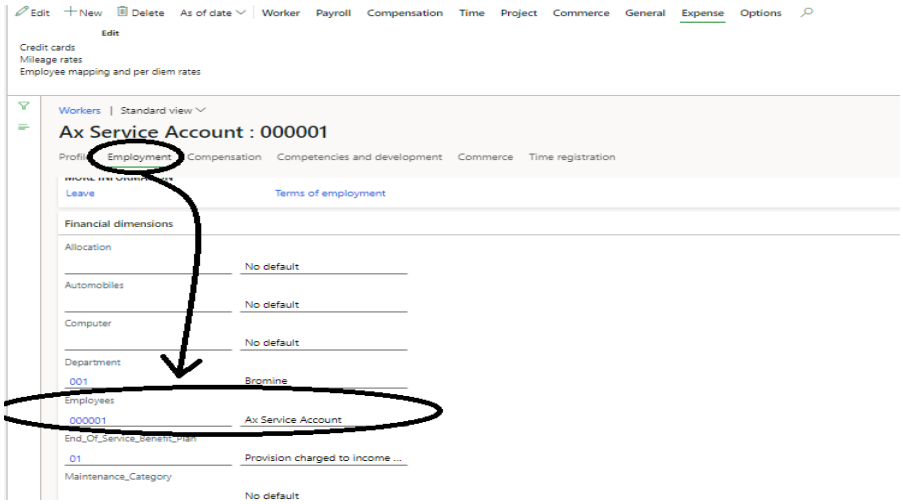


Figure 10 – Worker's page

ii. **<u>Define workers as vendor:</u>** To credit vendor (acting as employee) and debit cash advance account, the user must define all the employees as vendor (Only employees that have access to request a cash advance). Follow the below steps to define workers as vendor:
   - Go to Human resources → Workers → Workers.
   - Select the workers → Click on Expense pane → Employee mapping and per diem rates.

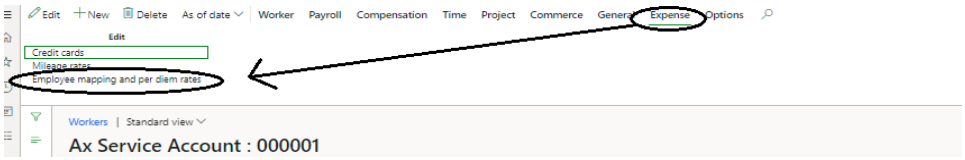


Figure 11 – Worker's page mapping and per diem rates

- Select the account type as vendor and select the vendor account number that is related to this employee (This means that the user should create first a vendor to select it here)

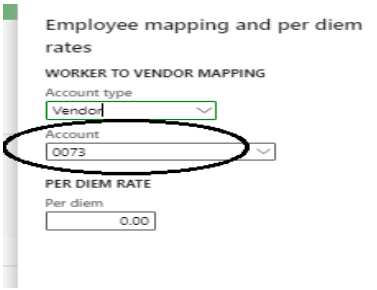


Figure 12 – Worker's page mapping and per diem rates

B. Go to Expense management → Setup → Calculations and codes:

1. **Per diem location:**

   Setup should be done by country. In the future if the business been updated by country, the setup then will be ready for such scenarios. The user may add any missing location.

Per diem locations

Standard view

Filter

Country/region	Country/region name	State/Province	State/Province name	Location
ARE	United Arab Emirates			UAE
BEL	Belgium			Belgium
BHR	Bahrain			Bahrain
CHE	Switzerland			Switzerland
CHN	China			China
DEU	Germany			Germany
EGY	Egypt			Egypt
FRA	France			France
IRQ	Iraq			Iraq
JOR	Jordan			Jordan
LBN	Lebanon			Lebanon

Figure 13 – Per diem location

2. **Per diems:**

   Will be defined as follows. In the current business, Technica will use the condition for per diem on hotel, meal, others. But this is waiting Technica's internal policies to do the setup.

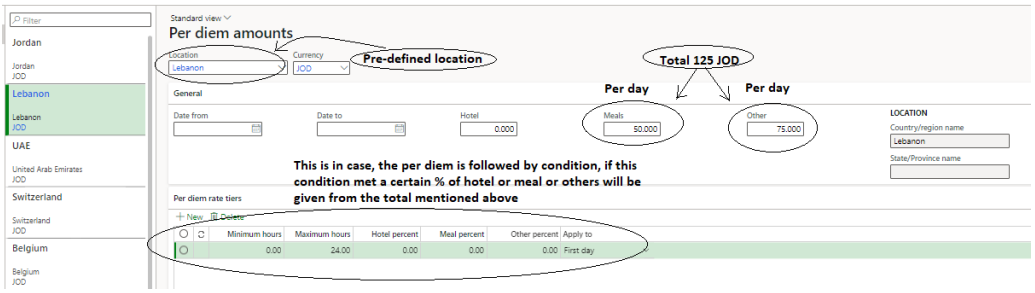


Figure 14 – Per diem Amounts screen setup

C. Go to Expense management → Setup → Optional setup:

1. **Purpose of expense report:**

   This will be used in travel requisition, expense report and cash advance request,

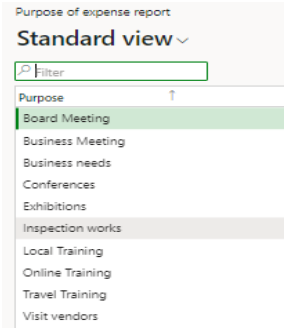


Figure 15 – Expense report purpose

2. **Travel locations:**

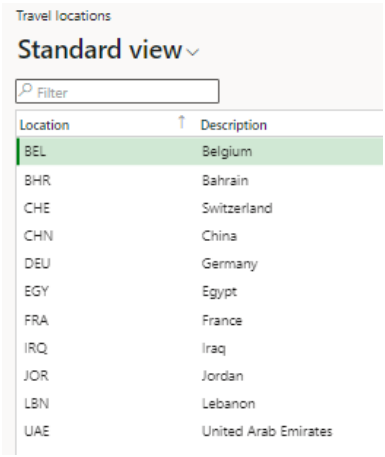


Figure 16 – Travel Locations

1.3.4 To-Be Process Overview

The below process will be the suggested process for Technica's business that includes all the below 3 topics:

1. Travel Requisition
2. Cash Advance
3. Expense Report

Travel requisition → Cash Advancve → Expense Report

1.3.4.1 Travel Requisition Suggested Process

Employees will prepare a Travel Requisition Form to detail all the expenses that might be incurred during his trip and submit it to Manager for Approval → HR manager approval.

Go to Expense management → My expenses → Travel requisition.

1. Click new travel requisition.

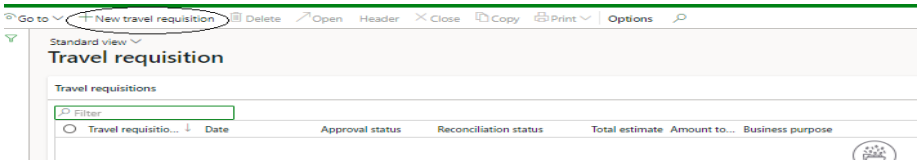


Figure 17 – Travel Requisition screen

2. Fill business purpose, destination (location), travel description.
3. Financial dimension will be filled automatically as previously explained in other section (the system will bring the value from the workers financial dimension)
4. Click ok.

Figure 18 – Travel Requisition / financial dimension

5. Fill expense category (Air tickets, hotel accommodation….), estimated data, amount, currency → then click on Save.

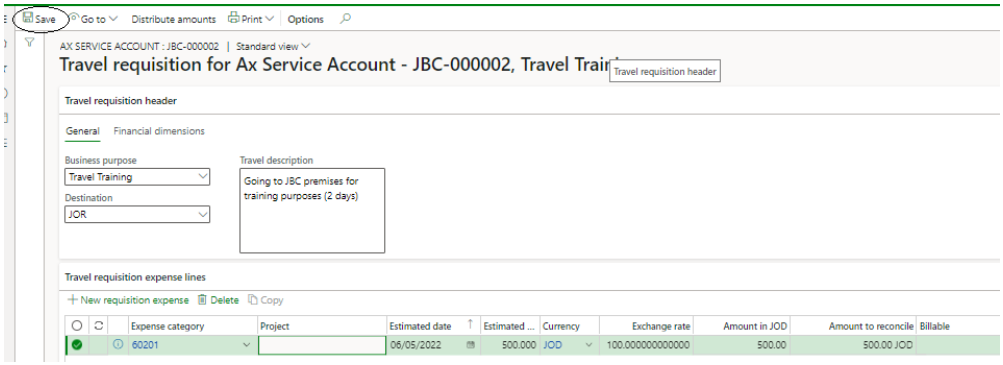


Figure 19 – Travel Requisition

6. Once saved, a workflow will be initiated → click submit.

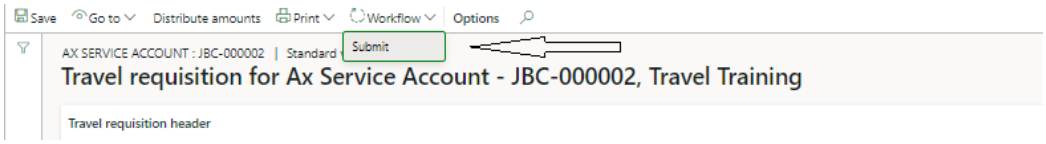


Figure 20 – Travel Requisition Header

7. Once submitted → will reach Employee manager/supervisor approval, he will review then approve or reject it → finally it will reach HR Manager for approval.
8. His Manager / HR manager will have access on the same screen to approve.

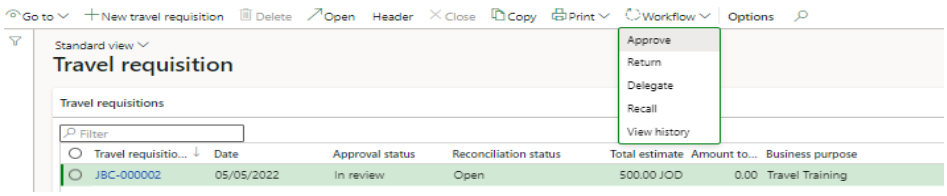


Figure 21 – Travel Requisition workflow approval

9. Once approved finally, the status will be changed to "Approved" & done.

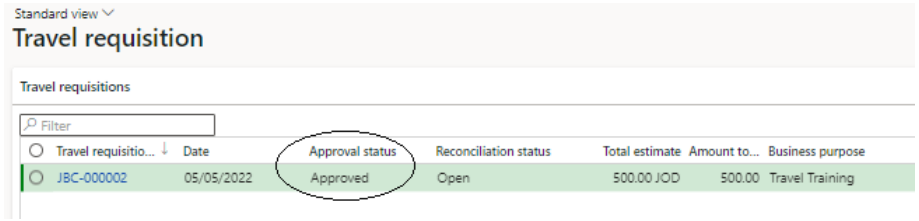


Figure 22 – Travel Requisition Approval status

1.3.4.2 Cash Advances Suggested Process

Employees submit a request for cash in advance to get paid by finance for pocket money prior traveling and submit it to Manager for Approval → HR manager approval:

Go to Expense management → My expenses → Cash advances.

1. Click new.

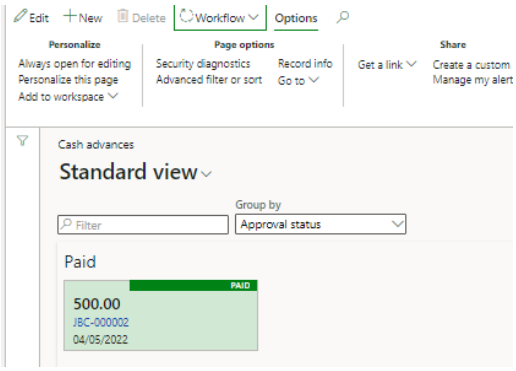


Figure 23 – Cash Advance

2. Fill the requested date, amount, currency, location and note. As for the financial dimension it will be added automatically from workers default financial dimension (Employee who's passing the request).

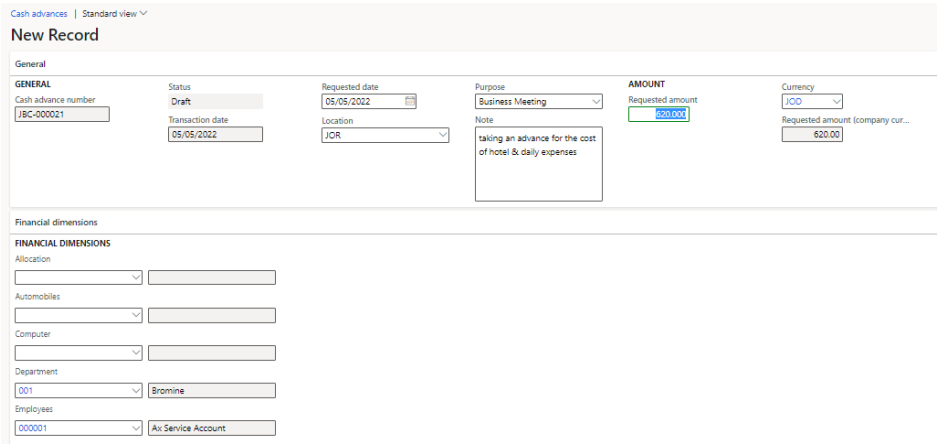


Figure 24 – Cash Advance details

3. Click save → A workflow approval will be initiated → Workflow → click submit.
4. Every approver will have access to the same screen for approval.
5. As you can see, the status is still in "Review" → then it will be moved to "Approved" → then will be moved to "Paid".

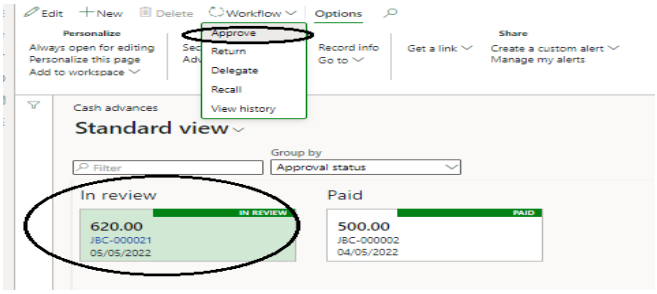


Figure 25 – Cash Advance grid

6. Once it is still finally approved by the CFO or the general manager, now it should be paid to the employee. An accountant will be granting access to this path:

Go to Modules → Expense management → Process cash advances → Approved and paid cash advances.

i. Select the line → click pay and transfer.

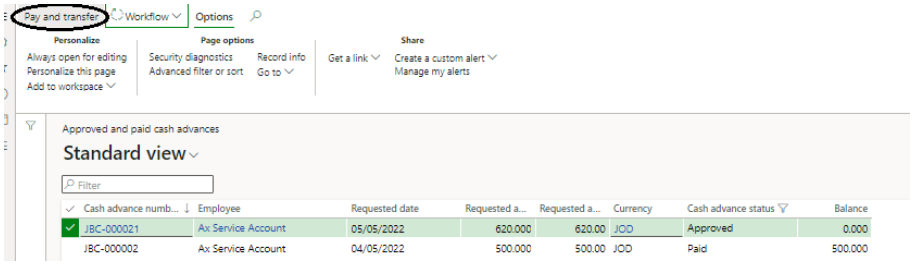


Figure 26 – Cash Advance Approved and paid screen

ii. Select the desired journal name to be in the automatic entry → click ok.

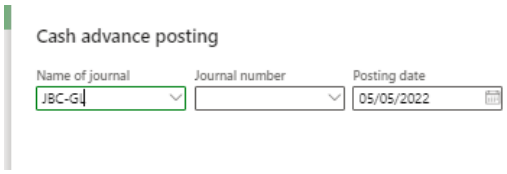


Figure 27 – Cash Advance Posting

iii. Journal will be created but not posted because as per the previous communicated setup, this feature wasn't enabled.

iv. Now, the cash advance request status is "Paid".

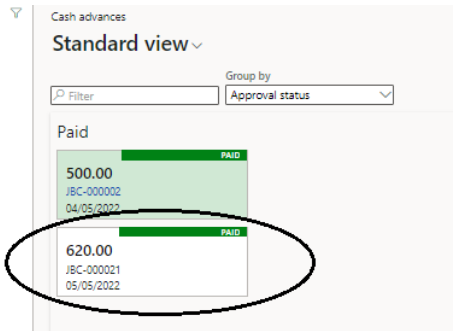


Figure 28 – Cash Advance view

v. Cash advance entry was issued, now the accountant will have to post the entry.

Go to General ledger → Journal entries → General journals.

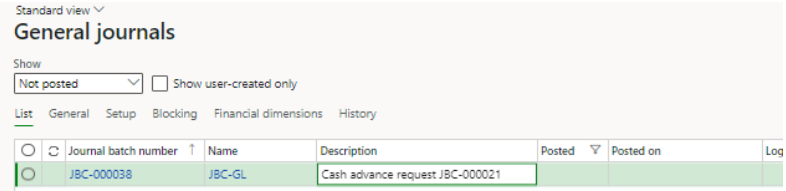


Figure 29 – General Journals

vi. Below is the detailed entry that contains the predefined account, employee financial dimension, vendor that is mapped to employee and the amount added into the cash advance request.

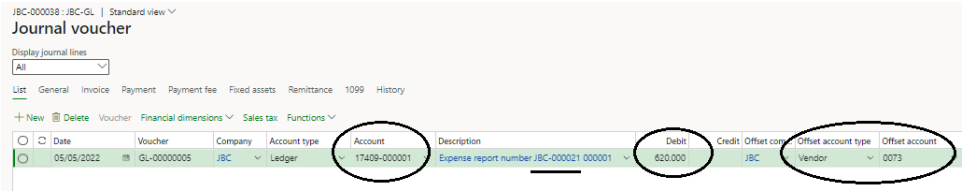


Figure 30 – Journal voucher

vii. Post the transaction.

viii. Go to vendors → select the vendor → click on invoice pane → check settle transactions → now it's ready to be paid.

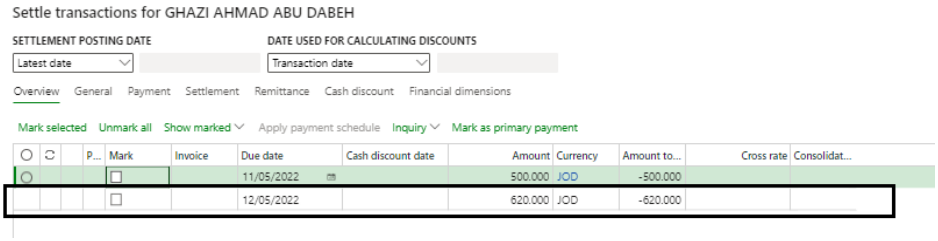


Figure 31 – Settle transactions

1.3.4.3 Expense Report Suggested Process

Employees must submit an expense report detailing all the expenses incurred during his trip with the related receipts attached to it. Once submitted, a workflow approval will be initiated.

Go to Expense management → My expenses → Expense reports.

1. Click "new expense report".
2. Fill the below data purpose of the visit, location and if this expense report is linked to a previous approved travel requisition (not mandatory)

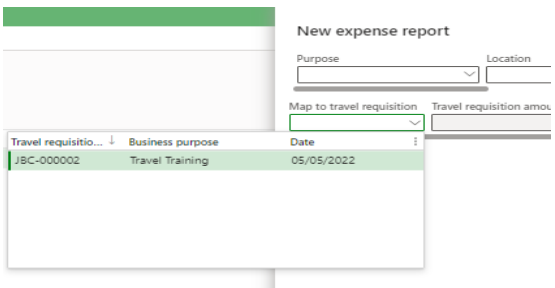


Figure 32 – New expense report

i. **<u>If the expense report is linked to travel requisition:</u>**

- Once the expense category is chosen, the system will show you the available travel requisition to be reconciled.

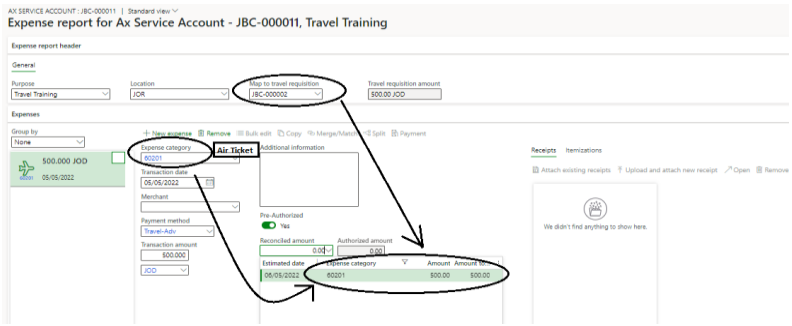


Figure 33 – Expense report header and detail

- Then click on submit → workflow will be initiated to reach certain approver.
- Once the final approver approved it, the status will move to "Approved".
- Now, if we went back to travel requisition request, we would see it under reconciliation status "Closed" and if the amount wasn't not fully reconciled, then the column "Amount to reconcile" will be filled with the remaining amount. And in the new expenses report once this request is used again, it will show the remaining amount and not the full amount.

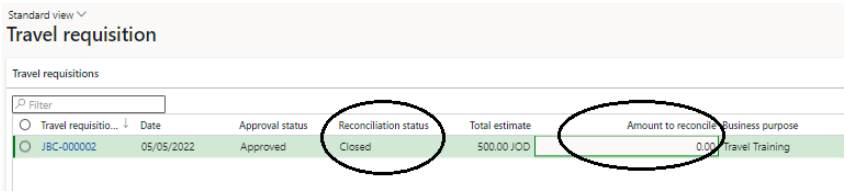


Figure 34 – Travel Requisition screen

- Then, Payable officer will receive the expense report approved and he must:

Go to Modules → My expenses → Process expense reports → Approved expense reports.

- Then, select the expense reports desired and click on post.

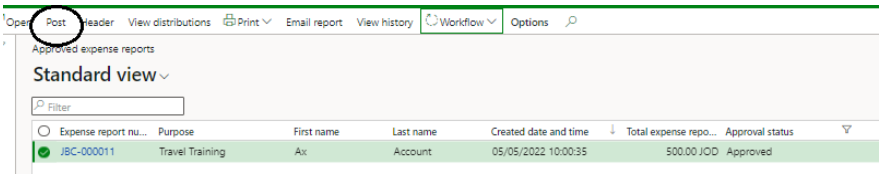


Figure 35 – Approve Expense Report

- System will generate the journal and posted (see below)

- Debiting expense (pre-defined per expense category)
- Crediting vendor that is already mapped with employee.

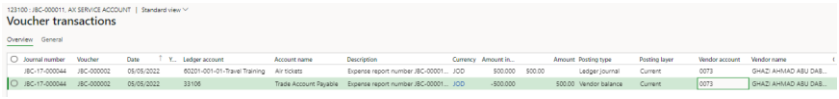


Figure 36 – Voucher Transactions

- Once it is posted, the Approval status of this expense report will be "Processed for payment".

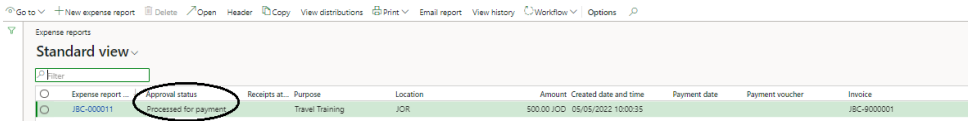


Figure 37 – Expense Report

ii. <u>If the expense report is related to returning full/partial a cash advance</u>

- There is an expense category called "C.A. Returns" related to expense type cash advance return.
- Once the employee chooses this category, the system will show the below fields:
  - Pick which cashes advance request you need to return.
  - Transaction amount to be returned (fully or partially)
  - Transaction dates and additional information
- If the employee chose to return partial amount, the system would close the difference returned (will see it in the next point)

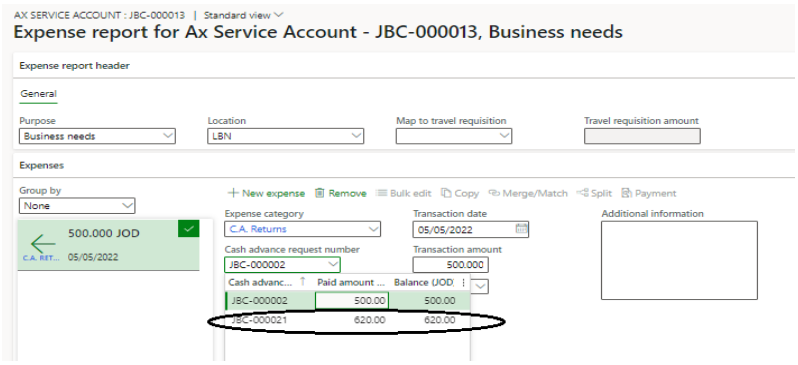


Figure 38 – Expense Report details

- A partial amount of 420 USD was chosen again the original amount 620 USD. The amount on expense report screen will reflect – sign.

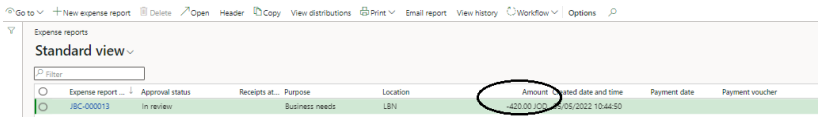


Figure 39 – Expense Report View

- Then, Payable officer will receive the expense report approved and he must:

Go to Modules → My expenses → Process expense reports → Approved expense reports

- Then, select the expense reports desired and click on post.

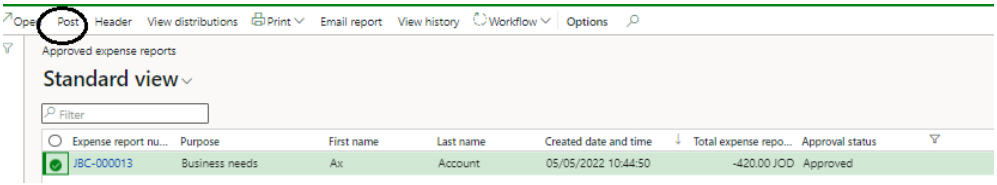


Figure 40 – Approved Expense Reports

- System will generate the journal and posted (see below)
  - Crediting employee travel advance (taking the account from cash advance request) -420 USD.
  - Debiting vendor that is already mapped with employee +420 USD.

Figure 41 – Voucher Transactions

- Once it is posted, the Approval status of this expense report will be "Processed for payment".

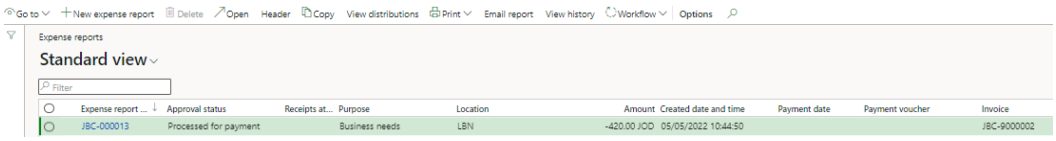


Figure 42 – Expense Reports

- Go back to cash advance request → open the chosen request in the expense report → Balance is reduced from 620 to 200 USD.

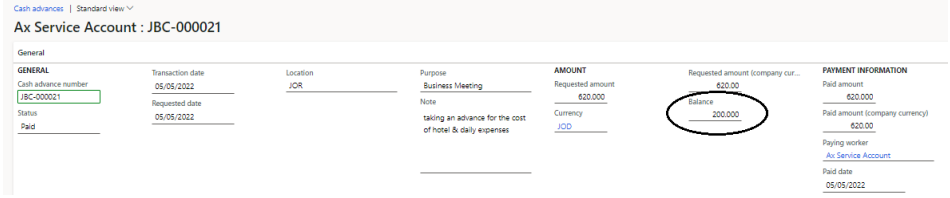


Figure 43 – Cash Advance Header

- Go to AP → All vendors → invoice → settle transactions. Now the system will show the original cash advance and the returned cash advance with net of 200 USD → Now, the accountant can deduct from employee expenses the 200 USD via the payment process.

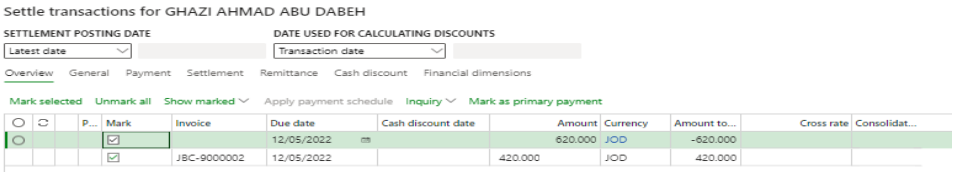
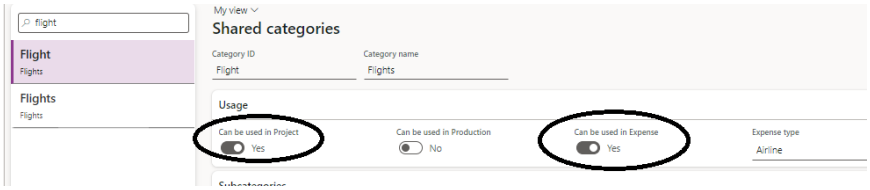


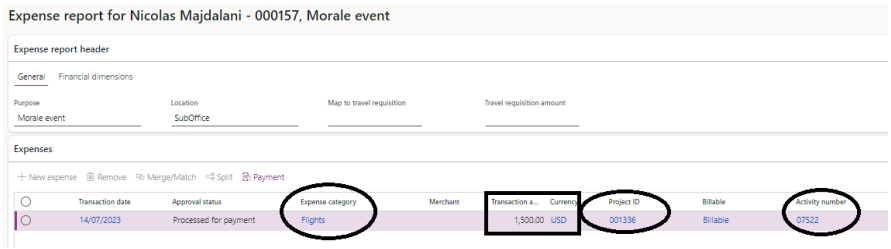
Figure 44 – Settle Transactions

iii. <u>If the expense report is related to a project category expense:</u>

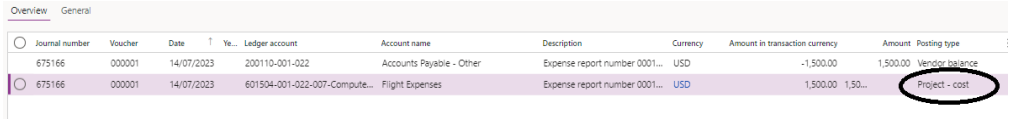
1. 1st of all the expense category should be enabled to be used in project & expense.

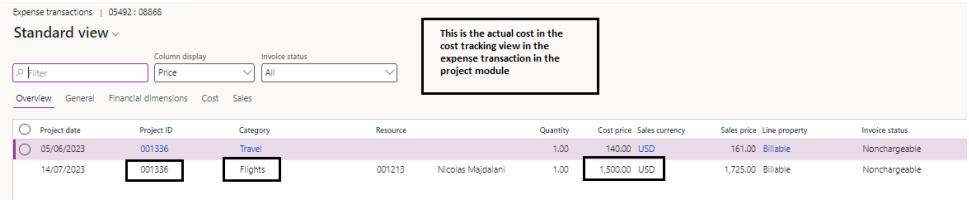


2. 2nd step is to insert the expense category into the expense report and link it to the project number. Once the project number is added, a drop-down list of available activity number will show. Then submit the workflow for approval.



3. Once workflow is approved, it will reach cashier for payment as mentioned in previous section and once he post the transactions, the transactions will get integrated into the project module as showing below and will show in the project P&L:





Exceptional Case in expense report needed by Technica and it is considered as GAP:

1. Technica needs to put in the expense report, that this expense to be charged on customer or not so that they know later this request who will bare it.
    a. Technica are debiting this kind of invoice that to be borne by customer on expenses.
    b. Later, they issue debit note to customer crediting these expenses account.

Data missing from Technica:

1. Workflow for travel requisition, cash advance and expense reports
2. Technica already have their own internal policies. We will be waiting from them these policies so that we adopt it in the related modules.
3. Shared categories with the related main accounts.
4. Perdiem setup by country.
5. Cash advance account per currency
6. Payment Method setup and per expense category.
7. Expense report travel purpose & Travel Locations.
8. List of employees that should have access to pass Travel requisition to expense report.

1.3.5 Requirements

ID	Description	FIT/GAP
EM001-001	Integration with CRM. Travel & Trip in CRM will be transformed to travel requisition into D365	GAP
EM001-002	System should allow to setup Perdiem for Travel Requisition Process	FIT
EM001-003	Expense Management can be available through Mobile App that allows Employee to submit directly all his expenses by just scanning the receipt and add all the related information	FIT
EM001-004	Expense Report modification (check box expense charged to customer) a tool to identify who will borne the cost	GAP
EM001-005	Attachment in all Expense management available for all requests	FIT
EM001-006	Working with Travel Requisition Cycle	FIT
EM001-007	Working with Cash advance cycle	FIT
EM001-008	Working with expense report cycle	FIT
EM001-009	Within expense report, integration with project module for project expense category enabled	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: _____