Functional Requirements Document (FRD)

Project: Microsoft Dynamics 365 Finance and Operations Implementation

Client: Ministry of Communication and Information Technology (MCT)

Date: October 2025

1. Project Overview

The Ministry of Communication and Information Technology (MCT) aims to implement Microsoft Dynamics 365 Finance and Operations (D365 F&O) to streamline financial operations, enhance efficiency, and ensure compliance with governmental accounting and reporting standards.

This FRD outlines the key functional requirements for the core finance modules to be implemented as part of the D365 F&O rollout. The focus is on ensuring transparency, control, and accuracy across all financial processes.

2. Business Objectives & Scope

Business Objectives

- Automate and streamline core financial processes to reduce manual intervention.

- Enhance real-time visibility into financial performance and reporting.

- Ensure compliance with local accounting standards and internal control frameworks.

- Integrate finance operations with procurement and other departments.

- Improve efficiency in budgeting, reconciliation, and period-end closing.
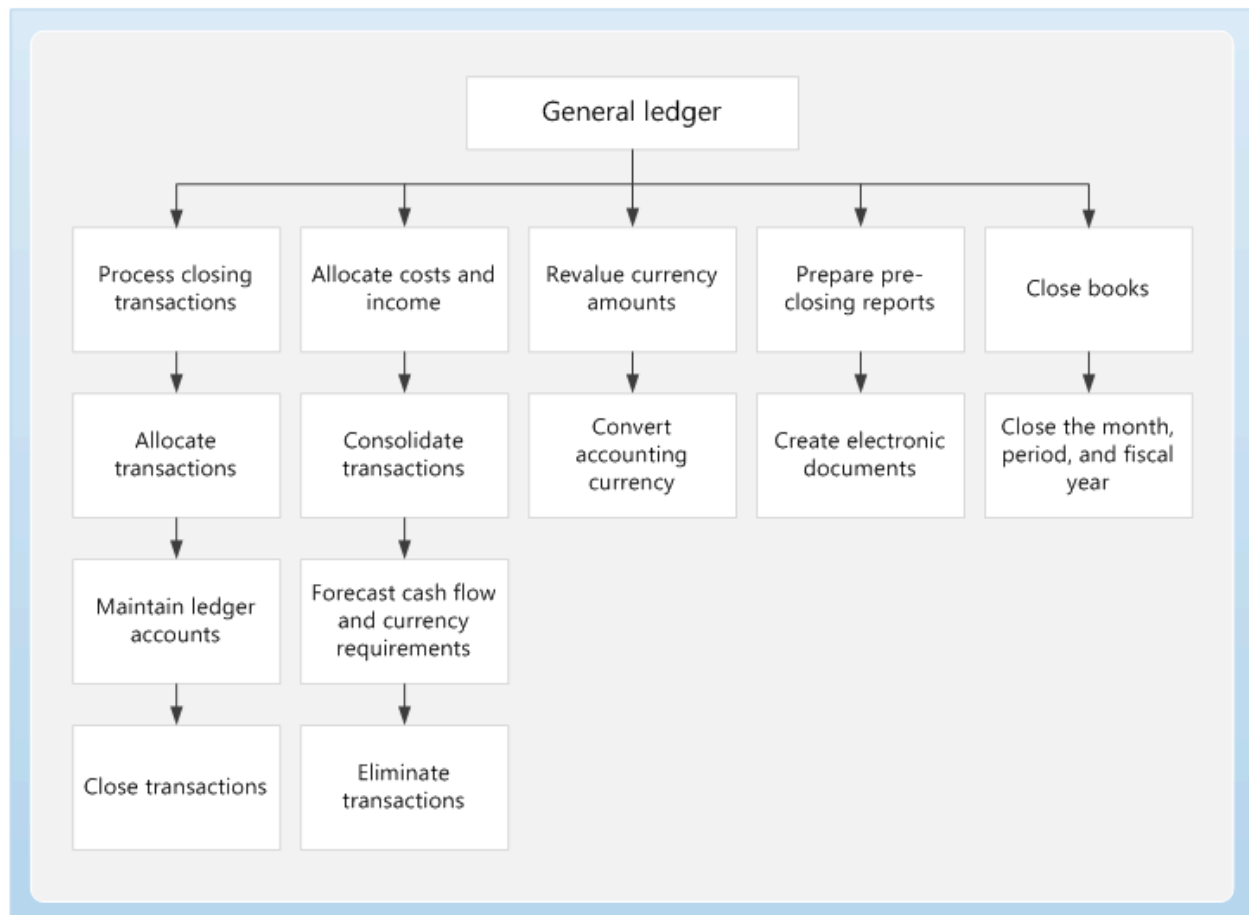
Scope

The scope of this implementation includes the configuration and deployment of the following D365 F&O modules:

1. General Ledger

2. Accounts Payable

3. Accounts Receivable

4. Fixed Assets

5. Tax

6. Cash and Bank Management
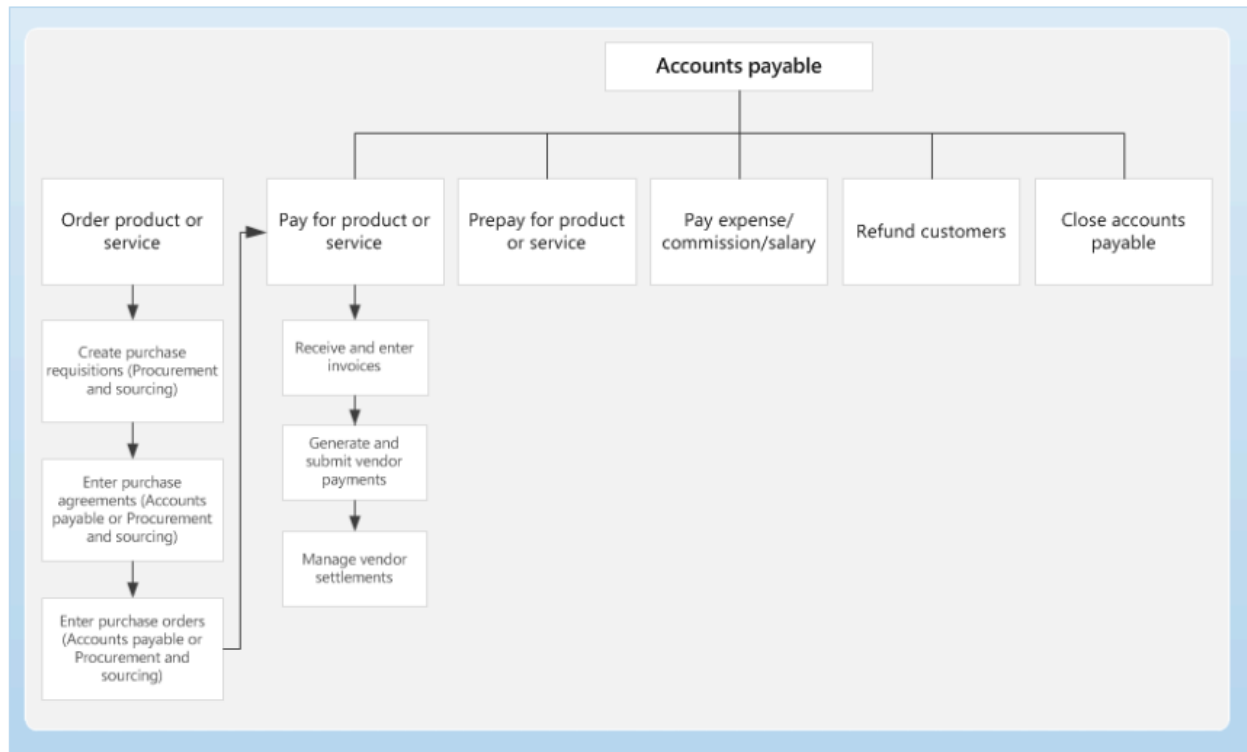
3. Functional Requirements by Module

3.1 General Ledger

- Chart of Accounts (COA) must support MCT's reporting and departmental segmentation.

- Support for financial periods, journal entries, and periodic closing.

- Journal approval workflows with audit trail tracking.

- Integration with sub-ledgers (AP, AR, FA, Tax and Cash & Bank).

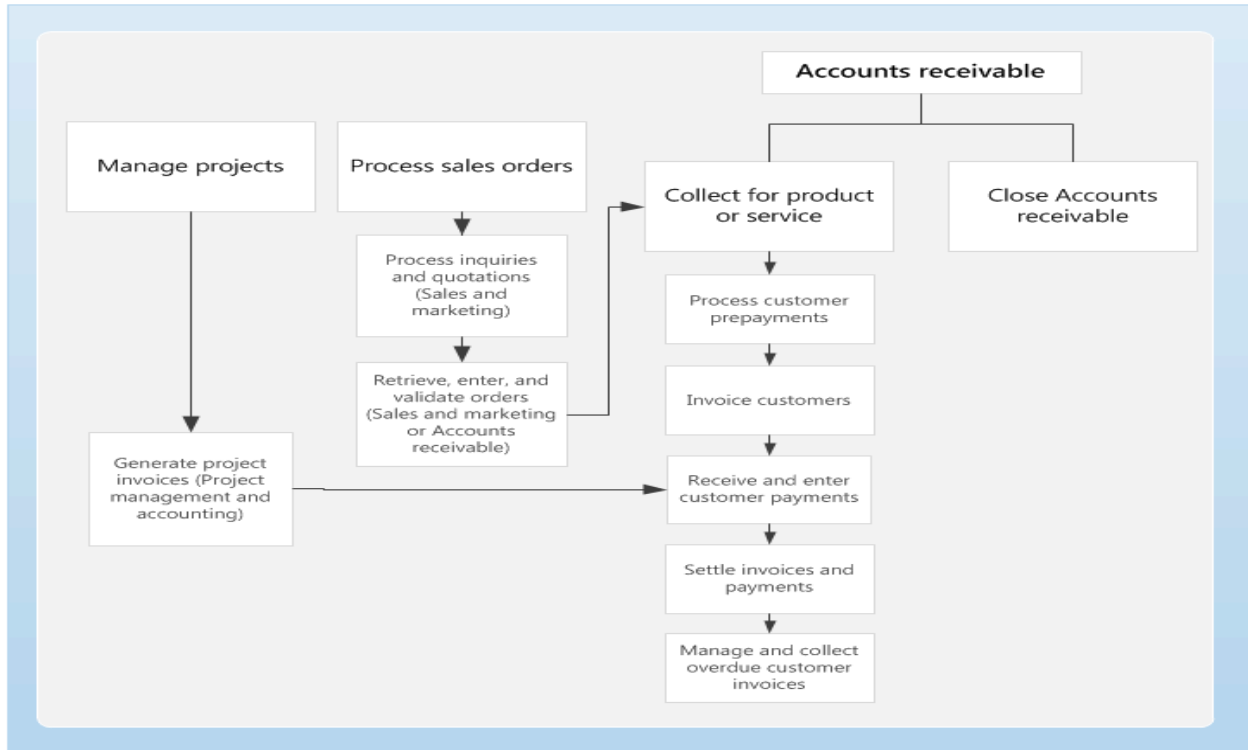- Real-time financial reporting and consolidation for departments.

General ledger

- Process closing transactions
  - Allocate transactions
    - Maintain ledger accounts
      - Close transactions
- Allocate costs and income
  - Consolidate transactions
    - Forecast cash flow and currency requirements
      - Eliminate transactions
- Revalue currency amounts
  - Convert accounting currency
- Prepare pre-closing reports
  - Create electronic documents
- Close books
  - Close the month, period, and fiscal year

3.2 Accounts Payable

- Centralized vendor master data with unique vendor codes and classifications.

- Purchase invoice entry

- Vendor payment processing via electronic bank transfer or cash disbursement.

- Vendor aging analysis and payment forecasting reports.

- Support for tax, withholding, and retention as per MCT policy.

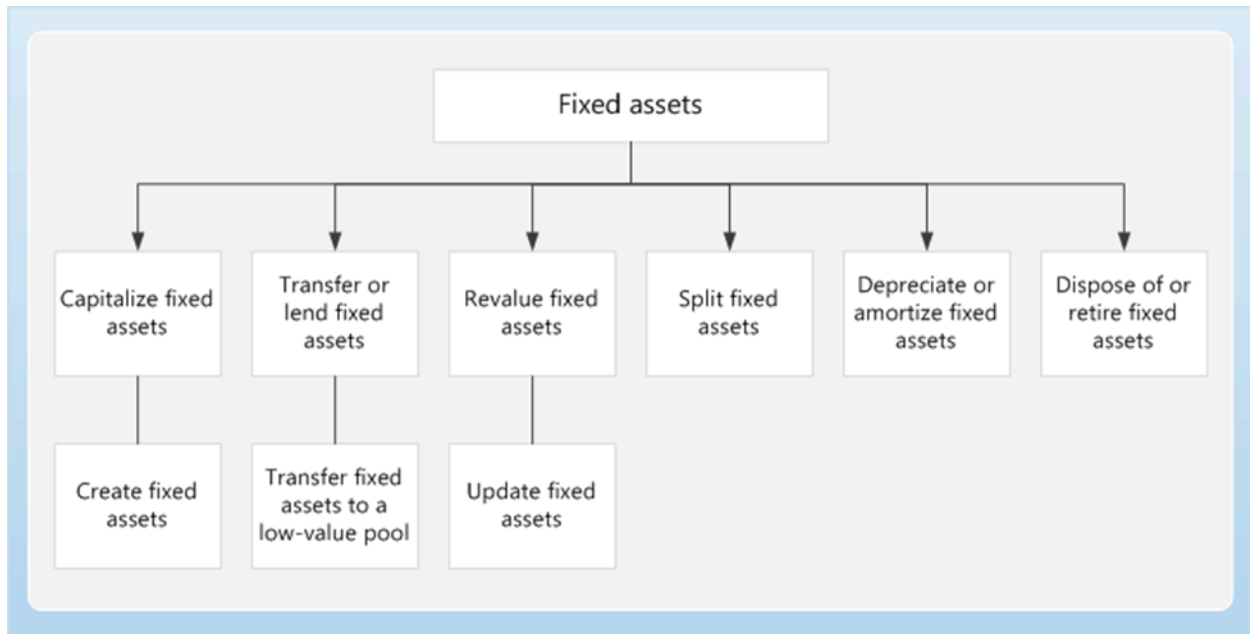- Electronic payment processing for vendor disbursements.

3.3 Accounts Receivable

- Customer master records with contact, credit limit, and payment terms.

- Sales invoice generation, posting, and tracking of outstanding balances.

- Automatic tax computation for each invoice based on defined rules.

- Recording of customer receipts and partial payments.

- Aging reports and collection tracking for overdue accounts.

- Integration with bank reconciliation for automated receipt matching.

- Credit control and customer blocking functionality.

3.4 Fixed Assets

- Asset categories and numbering aligned with MCT's capitalization policy.

- Automated depreciation based on asset category and useful life.

- Support for acquisition, transfer, revaluation, and disposal of assets.

- Integration with General Ledger for depreciation posting and gain/loss tracking.

- Capability for impairment testing and reporting.

- Fixed asset registers with full audit trail and reporting capabilities.

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3.5 Tax Management**

Configure all tax codes (VAT, WHT, Sales Tax) with accurate rates and rules
Automate tax calculation on all transactions (AP, AR, Fixed Assets)
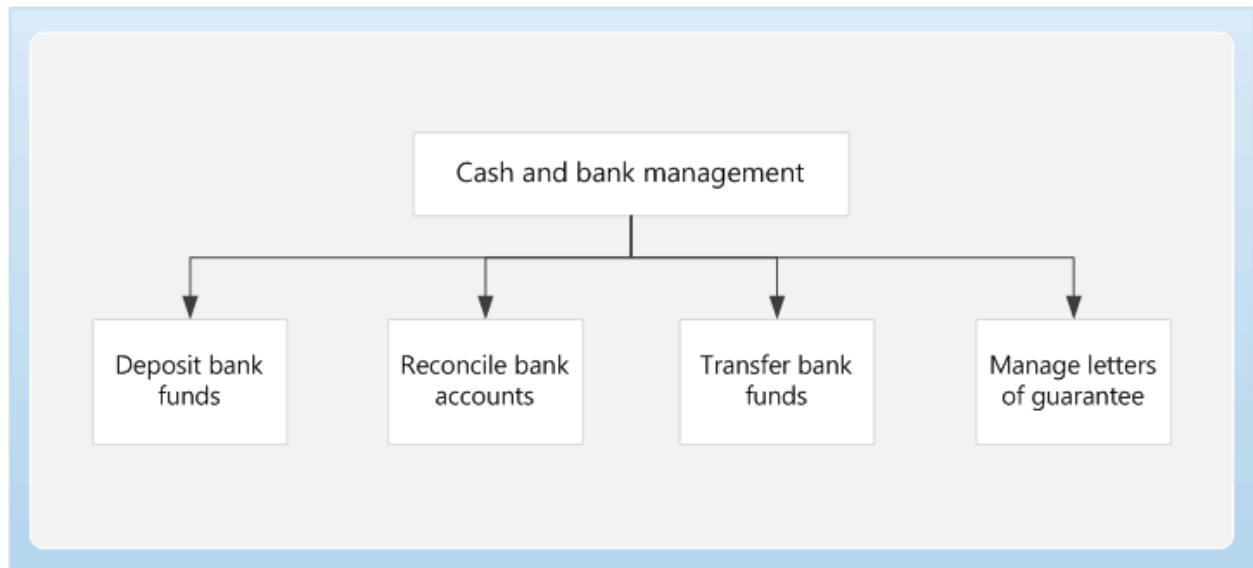Generate pre-formatted tax returns for VAT, WHT, and other statutory taxes
Maintain complete audit trail for all tax transactions
Enable tax settlement and payment processing through banking interface

3.6 Cash and Bank Management

- Management of multiple bank accounts and cash journals.

- Bank reconciliation manual for all accounts.

- Receipt journals for cash and check deposits.

- Real-time cash flow forecasting and liquidity reporting.

- Integration with Accounts Payable and Receivable for seamless processing.

4. Assumptions & Dependencies

- All master data (vendors, customers, COA, etc.) will be validated and cleansed before migration.

- End users will receive adequate training before go-live.

- Integration with legacy or external systems will be handled via standard D365 APIs.

- Functional requirements are subject to MCT approval before configuration begins.

- Change requests after approval will follow the official Change Control Process.

Process

MCT Company has one customer type of sale:

Customer detail which needs into the created customer records:

A. ID (Customer Number).
B. Name.
C. Address.
D. City.