

Functional Requirements Document

Document Control

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Introduction

This Functional Requirements Document (FRD) defines the functional requirements for the Financial Management System (FMS). It builds upon the business requirements outlined in the Business Requirements Document (BRD) and provides detailed specifications for system functionality, user interfaces, and system behaviors.

Purpose

The purpose of this document is to:

- Define the detailed functional requirements for the Financial Management System
- Provide a basis for system design and development
- Establish acceptance criteria for system testing
- Serve as a reference for stakeholders throughout the project lifecycle

Scope

This document covers the functional requirements for all modules of the Financial Management System, including:

- Budget Management
- Expense Management
- Financial Reporting
- Financial Dashboards
- Financial Close Management
- System Administration

References

This document references the following:

- Business Requirements Document (BRD) v1.0
- Project Charter v1.0
- Stakeholder Register v1.0
- Assumptions and Constraints Log v1.0

System Overview

The Financial Management System (FMS) is a comprehensive solution designed to streamline financial operations, including budgeting, expense management, financial reporting, and compliance. The system will replace current manual and semi-automated processes with an integrated platform that enhances efficiency, accuracy, and visibility across all financial functions.

System Context

The FMS will operate within the following context:

- It will be used by finance staff, department managers, executives, and employees across the organization
- It will integrate with the existing Oracle ERP system for accounting data
- It will provide data for external reporting and compliance purposes
- It will be accessible via web browsers and mobile devices

User Roles

The system will support the following user roles:

- **System Administrator:** Manages system configuration, user accounts, and permissions
- **Finance Administrator:** Configures financial settings, chart of accounts, and approval workflows
- **Finance Manager:** Manages budgets, financial close, and reporting
- **Department Manager:** Manages department budgets and approves expenses
- **Executive:** Views financial dashboards and reports
- **Employee:** Submits expense reports

Functional Requirements

Budget Management Module

ID	Requirement	Description	Priority
FR001	Budget Creation	The system shall allow Finance Managers to create annual budgets with monthly breakdowns by department and expense category.	High
FR002	Budget Templates	The system shall provide budget templates that can be used as starting points for new budget creation.	Medium
FR003	Budget Import/Export	The system shall allow import and export of budget data in Excel format.	Medium
FR004	Budget Approval Workflow	The system shall provide a configurable approval workflow for budget submissions with notification and tracking capabilities.	High
FR005	Budget Scenarios	The system shall support creation of multiple budget scenarios (at least 3) for comparison and analysis.	Medium
FR006	Budget vs. Actual		High

		The system shall provide budget vs. actual comparison reports with variance analysis and drill-down capabilities.	
FR007	Budget Adjustments	The system shall allow budget adjustments with appropriate approval workflow and tracking of adjustment history.	Medium
FR008	Budget Forecasting	The system shall provide budget forecasting capabilities based on historical data, trends, and user inputs.	Medium
FR009	Budget Alerts	The system shall provide configurable alerts when actual expenses approach or exceed budgeted amounts.	High
FR010	Budget Reports	The system shall provide standard and custom budget reports with filtering, sorting, and export capabilities.	High

Expense Management Module

ID	Requirement	Description	Priority
FR011	Expense Report Creation	The system shall allow Employees to create expense reports with multiple expense items, categories, and receipt attachments.	High
FR012	Receipt Attachment	The system shall support attachment of receipts in JPG, PNG, and PDF formats, with a maximum file size of 10MB per receipt.	High
FR013	Mobile Expense Submission	The system shall provide a mobile interface for expense report submission, including the ability to capture receipt images using the device camera.	Medium
FR014	Expense Approval Workflow	The system shall provide a configurable approval workflow for expense reports based on amount thresholds, expense types, and organizational hierarchy.	High

FR015	Policy Compliance	The system shall validate expense reports against configurable policy rules and flag violations for review.	High
FR016	Expense Status Tracking	The system shall provide status tracking for expense reports, including submission, approval, rejection, and payment stages.	Medium
FR017	Expense Categorization	The system shall provide configurable expense categories and allow allocation of expenses to departments, projects, and cost centers.	Medium
FR018	Expense Reports	The system shall provide standard and custom expense reports with filtering, sorting, and export capabilities.	High
FR019	Expense Analytics	The system shall provide expense analytics with trends, patterns, and anomaly detection capabilities.	Low
FR020	Expense Policy Management	The system shall allow Finance Administrators to configure expense policies with rules, limits, and approval requirements.	Medium

Financial Reporting Module

ID	Requirement	Description	Priority
FR021	Standard Financial Reports	The system shall generate standard financial reports including P&L, Balance Sheet, and Cash Flow statements with configurable time periods (monthly, quarterly, annual).	High
FR022	Custom Report Builder	The system shall provide a custom report builder with drag-and-drop interface for creating ad-hoc reports.	Medium
FR023	Report Scheduling	The system shall allow scheduling of reports for automatic generation and distribution via email.	Medium

FR024	Report Export	The system shall support export of reports in multiple formats including PDF, Excel, CSV, and HTML.	High
FR025	Drill-Down Capability	The system shall provide drill-down capability from summary reports to transaction details.	High
FR026	Comparative Analysis	The system shall support comparative analysis of financial data across multiple time periods (e.g., year-over-year, quarter-over-quarter).	Medium
FR027	Report Templates	The system shall provide report templates that can be customized and saved for future use.	Medium
FR028	Report Filtering	The system shall provide filtering capabilities for reports based on date range, department, expense category, and other relevant parameters.	High
FR029	Report Sharing	The system shall allow sharing of reports with other users based on permissions.	Low
FR030	Report History	The system shall maintain a history of generated reports with version tracking.	Low

Financial Dashboard Module

ID	Requirement	Description	Priority
FR031	Executive Dashboard	The system shall provide an executive dashboard with key financial metrics, trends, and performance indicators.	High
FR032	Department Dashboard	The system shall provide department-specific dashboards with relevant financial metrics and budget information.	Medium
FR033	KPI Visualization	The system shall provide visual representations of KPIs using charts, graphs, and gauges.	High
FR034			Medium

	Dashboard Customization	The system shall allow users to customize dashboards by adding, removing, and arranging widgets based on their preferences and permissions.	
FR035	Real-Time Updates	The system shall provide real-time or near-real-time updates to dashboard data.	Medium
FR036	Drill-Down Capability	The system shall provide drill-down capability from dashboard widgets to detailed reports and transaction data.	High
FR037	Dashboard Sharing	The system shall allow sharing of dashboards with other users based on permissions.	Low
FR038	Mobile Dashboard	The system shall provide a mobile-optimized version of dashboards for access on smartphones and tablets.	Low
FR039	Dashboard Alerts	The system shall provide configurable alerts on dashboards for key metrics that exceed thresholds.	Medium
FR040	Dashboard Export	The system shall allow export of dashboard views as PDF or image files.	Low

Financial Close Module

ID	Requirement	Description	Priority
FR041	Close Checklist	The system shall provide configurable month-end and year-end close checklists with task assignments and status tracking.	High
FR042	Journal Entry	The system shall support creation, editing, and approval of journal entries with supporting documentation.	High
FR043	Recurring Entries	The system shall support configuration of recurring journal entries with frequency and duration settings.	Medium

FR044	Account Reconciliation	The system shall provide account reconciliation capabilities with matching, exception handling, and approval workflow.	High
FR045	Period Locking	The system shall support locking of accounting periods to prevent unauthorized changes after close.	High
FR046	Close Calendar	The system shall provide a financial close calendar with key dates, deadlines, and status tracking.	Medium
FR047	Close Reports	The system shall generate close status reports and financial statements at the end of each period.	High
FR048	Accruals and Deferrals	The system shall support automated accruals and deferrals based on configurable rules.	Medium
FR049	Close Task Assignment	The system shall allow assignment of close tasks to specific users with due dates and notifications.	Medium
FR050	Close Analytics	The system shall provide analytics on close process efficiency, bottlenecks, and improvement opportunities.	Low

System Administration Module

ID	Requirement	Description	Priority
FR051	User Management	The system shall provide user management capabilities including creation, modification, deactivation, and deletion of user accounts.	High
FR052	Role Management	The system shall support role-based access control with predefined and custom roles.	High
FR053	Permission Management	The system shall allow granular permission configuration for each role, controlling access to specific functions and data.	High
FR054	Audit Logging		High

		The system shall maintain comprehensive audit logs of all system activities, including user actions, data changes, and system events.	
FR055	System Configuration	The system shall provide configuration options for system settings, including fiscal year, currency, and other parameters.	High
FR056	Data Import/Export	The system shall support import and export of data in standard formats (CSV, Excel) for bulk operations.	Medium
FR057	System Integration	The system shall provide integration capabilities with other enterprise systems through APIs and data connectors.	Medium
FR058	Backup and Recovery	The system shall support automated backup and recovery procedures for system data.	High
FR059	System Monitoring	The system shall provide monitoring capabilities for system performance, usage, and errors.	Medium
FR060	Notification Management	The system shall provide configuration options for system notifications and alerts.	Medium

Non-Functional Requirements

Performance Requirements

ID	Requirement	Description
NFR001	Response Time	The system shall respond to user interactions within 2 seconds under normal load conditions.
NFR002	Report Generation	Standard reports shall be generated within 5 seconds for data sets up to 10,000 records.
NFR003	Concurrent Users	The system shall support at least 100 concurrent users without degradation in performance.
NFR004		

	Transaction Processing	The system shall process at least 100 transactions per second under peak load conditions.
NFR005	Data Volume	The system shall handle a data volume of at least 10 million transactions per year without performance degradation.

Security Requirements

ID	Requirement	Description
NFR006	Authentication	The system shall require user authentication with username and password, with support for multi-factor authentication.
NFR007	Authorization	The system shall enforce role-based access control for all functions and data.
NFR008	Data Encryption	The system shall encrypt all sensitive data at rest and in transit using industry-standard encryption algorithms.
NFR009	Password Policy	The system shall enforce password complexity requirements, expiration, and history policies.
NFR010	Audit Logging	The system shall maintain comprehensive audit logs of all security-related events, including login attempts, permission changes, and data access.

Usability Requirements

ID	Requirement	Description
NFR011	User Interface	The system shall provide an intuitive and user-friendly interface that follows modern design principles.
NFR012	Accessibility	The system shall comply with WCAG 2.1 Level AA accessibility standards.
NFR013	Responsiveness	The system shall be responsive and adapt to different screen sizes and devices, including desktops, tablets, and smartphones.

NFR014	Help System	The system shall provide context-sensitive help, tooltips, and a comprehensive user guide.
NFR015	Error Handling	The system shall provide clear and helpful error messages that guide users toward resolution.

Reliability Requirements

ID	Requirement	Description
NFR016	Availability	The system shall be available 99.9% of the time during business hours (8:00 AM to 6:00 PM, Monday through Friday).
NFR017	Backup and Recovery	The system shall perform daily backups with a recovery point objective (RPO) of 24 hours and a recovery time objective (RTO) of 4 hours.
NFR018	Fault Tolerance	The system shall continue to function in the event of component failures through redundancy and failover mechanisms.
NFR019	Data Integrity	The system shall maintain data integrity through transaction management, validation, and consistency checks.
NFR020	Error Recovery	The system shall provide mechanisms for recovering from errors and failures without data loss.

Compliance Requirements

ID	Requirement	Description
NFR021	GDPR Compliance	The system shall comply with GDPR requirements for data protection, privacy, and user rights.
NFR022	SOX Compliance	The system shall comply with Sarbanes-Oxley Act requirements for financial reporting and internal controls.
NFR023	Audit Requirements	The system shall provide audit capabilities that meet regulatory requirements for financial systems.

NFR024	Data Retention	The system shall support data retention policies that comply with legal and regulatory requirements.
NFR025	Industry Standards	The system shall adhere to industry standards and best practices for financial management systems.

Interface Requirements

User Interfaces

The system shall provide the following user interfaces:

- Web-based interface accessible via standard web browsers (Chrome, Firefox, Safari, Edge)
- Mobile-responsive interface for access via smartphones and tablets
- Dashboard interface for executives and managers
- Form-based interfaces for data entry and transaction processing
- Report interfaces for viewing and exporting financial reports

System Interfaces

The system shall interface with the following external systems:

- Oracle ERP system for accounting data integration
- HR system for employee data integration
- Banking systems for payment processing and reconciliation
- Email system for notifications and report distribution
- Directory services (e.g., Active Directory) for user authentication

Hardware Interfaces

The system shall support the following hardware interfaces:

- Desktop and laptop computers running supported operating systems
- Tablets and smartphones running iOS or Android
- Printers for report printing
- Scanners for receipt capture (optional)

Software Interfaces

The system shall provide the following software interfaces:

- RESTful APIs for integration with other systems
- File import/export interfaces for data exchange
- Database interfaces for direct data access (with appropriate security controls)
- Reporting interfaces for external reporting tools

Data Requirements

Data Entities

The system shall manage the following key data entities:

- Chart of Accounts
- Budget
- Expense Report
- Journal Entry
- Financial Period
- Department
- User
- Role
- Permission
- Workflow

Data Retention

The system shall implement the following data retention policies:

- Financial transaction data shall be retained for 7 years
- Audit logs shall be retained for 3 years
- User activity logs shall be retained for 1 year
- System logs shall be retained for 90 days

Data Migration

The system shall support migration of the following data from existing systems:

- Chart of Accounts

- Historical financial transactions (up to 3 years)
- Current budget data
- User accounts and roles

Data Validation

The system shall implement the following data validation rules:

- All financial transactions must balance (debits equal credits)
- All required fields must be completed before submission
- Date values must be valid and within appropriate ranges
- Numeric values must be within appropriate ranges
- Reference data (e.g., account codes, department codes) must be valid

Assumptions and Constraints

Assumptions

The following assumptions have been made in defining these requirements:

- The existing Oracle ERP system provides an API for integration with the new FMS
- Users have access to standard web browsers and internet connectivity
- The organization's IT infrastructure can support the system's performance requirements
- Historical financial data is accurate and can be migrated to the new system
- The organization's financial policies and procedures will not change significantly during implementation

Constraints

The following constraints apply to the system implementation:

- The system must be implemented before the start of the next fiscal year (January 1, 2026)
- The system must integrate with the existing Oracle ERP system
- The system must comply with GDPR, SOX, and industry-specific financial regulations
- The system must use the organization's standard technology stack (Microsoft .NET, SQL Server)
- The system must operate within the organization's existing IT infrastructure

Glossary

Term	Definition
API	Application Programming Interface, a set of functions and procedures allowing the creation of applications that access the features or data of an operating system, application, or other service
ERP	Enterprise Resource Planning, a type of software that organizations use to manage day-to-day business activities
FMS	Financial Management System
GDPR	General Data Protection Regulation, a regulation in EU law on data protection and privacy
KPI	Key Performance Indicator, a measurable value that demonstrates how effectively a company is achieving key business objectives
P&L	Profit and Loss statement, a financial report that shows revenues, costs, and expenses during a specific period
RPO	Recovery Point Objective, the maximum targeted period in which data might be lost from an IT service due to a major incident
RTO	Recovery Time Objective, the targeted duration of time within which a business process must be restored after a disaster
SOX	Sarbanes-Oxley Act, a U.S. law that sets requirements for public company boards, management, and public accounting firms
WCAG	Web Content Accessibility Guidelines, a set of recommendations for making Web content more accessible

Approval

This Functional Requirements Document has been reviewed and approved by the following stakeholders:

Name	Role	Date
Michael Johnson	CFO, Project Sponsor	April 15, 2025
Sarah Williams	Finance Director	April 15, 2025
David Chen	CIO	April 15, 2025
Lisa Thompson	Compliance Officer	April 15, 2025
Jennifer Lopez	Project Manager	April 15, 2025
Sonal Khobragade	Business Analyst	April 15, 2025