**Functional Document for Business Requirements:
MS Business Central for JRS**

Contents

1. **Jesuit Refugee Service**

the Jesuit Refugee Service (JRS) is a faith-based organization with a mission to accompany, serve, and advocate on behalf of refugees and other forcibly displaced persons, that they may heal, learn, and determine their own future.

JRS programmes are currently found in 57 countries, serving refugees and other forcibly displaced persons in conflict zones and detention centres, on remote borders and in busy cities. We run pastoral care and psychosocial support programmes in detention centres and refugee camps and provide humanitarian relief in emergency displacement situations. Education and livelihoods programmes provide skill development and opportunities for integration into host communities.

We never cease to advocate for the rights of refugees, and to articulate the obligation to protect the most vulnerable among us. A world where refugees and other forcibly displaced people attain protection, opportunity, and participation is our vision.

Our Way: JRS believes that our journeying with refugees is the most important way for us to express our solidarity with them and our concern for their wellbeing. In a world where refugees are more than ever in need of welcome, protection, and justice, and yet are increasingly rejected, demonized, and denied their fundamental human rights, JRS offers accompaniment to refugees as a sign of hope and a way towards healing. In even the most desperate of situations, we remain with refugees to assure them that the world has not forgotten them, and that they are not alone.

For more information refer to our website: www.jrs.net

2. **Introduction**

The purpose of this document is to define the key business processes and system requirements for Jesuit Refugee Service (JRS) as it transitions from Microsoft Dynamics NAV 2018 to Dynamics 365 Business Central.

This document serves as a guide to ensure JRS's operations are properly mapped to the new system, meeting all business needs during the transition.

3. **Overall Setup**

This section outlines the foundational configurations required to enable JRS to operate efficiently.

3.1. Companies

Companies Setup: JRS Offices structure.

JRS as a global organisation is composed by different Country offices (CO), each one with an independent legal entity. Country offices are organised in 8 Regions, coordinated by a Regional Office (RO). The International Office plays a leadership and support role across the global organisation.

In the accounting system, each company corresponds to a **JRS Office**, be it a Country office, Regional office, or International office. Each office produces its own financial statements and independent ledgers. Additionally JRS has a:

- **Master Company:** that allows for centralized management of shared data, such as chart of accounts, customers, dimensions etc. which can then be used across multiple companies within the system and propagated from the Master company to subsidiary companies (or "subsidiaries).

- **Consolidation Company:** that is used to aggregate balances from the charts of accounts of individual companies. In this company, it will be possible to display the information both in the consolidation currency and in the functional currency of the consolidated company.

  Consolidation might be needed both at Regional (all COs of a Region + the RO) and Global levels (all offices).

3.2. Master and Slave Management

JRS requires a "Master-Slave" management tool that allows the Master company to create, propagate, edit, and delete shared information across specified companies.

This tool should be capable to:

- Define and setup which information (tables and fields) should be propagated.
- Propagate, edit, or delete information exclusively from the Master company.
- Define under which company the information should be propagated, edited, or deleted.

3.3. User Setup

User Roles & Permissions: Users are assigned specific roles based on their job title, which determines their level of access and the functionalities they can interact with. Additionally, users:

- are limited to viewing the ledgers linked to their assigned project code (Global Dimension 1).
- can display the user interface (UI) in different languages (English, French, Spanish).

3.3.1. **User Configuration**

3.3.2. **Roles based on the Job Title**

control access to modules and functionalities

3.3.3. Restriction on viewing ledgers for specific projects

Security NAV PBI ·

Show results:
× Where   User ID   ▾ is   Enter a value.
✚ Add Filter

User ID	Company Name	Display Name	Project Code
NAV.USER	AFG	Afghanistan	AFG02
NAV.USER	AFG	Afghanistan	AFG02A
NAV.USER	AFG	Afghanistan	AFG02B
NAV.USER	AFG	Afghanistan	AFG02E
NAV.USER	AFG	Afghanistan	AFG02Q
NAV.USER	AFG	Afghanistan	AFG08
NAV.USER	AFG	Afghanistan	AFG08A
NAV.USER	AFG	Afghanistan	AFG08B
NAV.USER	AFG	Afghanistan	AFG08E
NAV.USER	AFG	Afghanistan	AFG12

control access to Project Information

3.3.4. Language ID for Users (Specifies the ID of the language)

User ID	Profile ID	Language ID
▓▓▓▓▓▓▓▓▓▓		1034
		1036
		2057

3.4. Currencies & Revaluation of Balance Sheet Accounts

JRS offices work with multiple currencies. Most offices incur a majority of expenses in the currency of the country where they are based, but receive most of the income in hard currencies (EUR, USD, CAD, AUD…). Apart from few exceptions, due to currency instability, the office functional currency is the spending currency. However, JRS offices have donor contracts in foreign currencies, in which they need to produce financial reports and monitor budgets regularly. Bank accounts in foreign currency are held by most offices. It is also possible that some expenses are incurred in a foreign currency.

3.4.1. Multi-currency

The system should support the entry of data and posting of transactions in foreign currencies.

During the transaction posting process, the foreign currency amount will be converted into the functional currency based on the exchange rate defined in the system's currency exchange rate service.

After posting, the original foreign currency amount and its corresponding currency code should be displayed in the main ledgers.

If the exchange rate is entered manually in the currency sheet, the system should ensure that no transactions have been already posted for that currency and date in the main ledgers.

Once a transaction is entered in a foreign currency, the system will:

- Display the amount in functional currency based on the document date.
- Allow manual changes to the functional currency amount only for specific G/L accounts and cards.

3.4.2. Revaluation of Balance Sheet Accounts

The system should allow the revaluation of foreign currency balances in balance sheet accounts at the period end defined by the user. It should allow for grouping of revaluation transactions by dimension.

4. General Accounting

This section addresses key accounting functionalities required for day-to-day financial operations. The general accounting is the backbone of the system, with the purpose of recording all financial transactions and represents the central repository of all financial data used for reporting, including the production of financial statements.

The general ledger should at a minimum:

- assign automated progressive number to transactions based on their nature (ledger entry, invoice, payroll, adjustment, …);
- display all dimensions used to code the single transaction posted;
- display the user who posted the transaction.

4.1. General Setup

In the system, specific controls should be implemented to manage transaction posting and ensure adherence to organizational policies, on top of the normal opening and closure of accounting periods

- **Posting Transactions After Today's Date:** The system may not allow the posting of transactions dated after the current day. The "Today's date" is automatically updated by the queuing processes, ensuring that only transactions within the current date or

earlier can be posted. This prevents users from posting transactions in future periods, which helps maintain accurate financial records.

- **Posting on the First Day of the Accounting Period:** Users will not be able to post transactions on the first day of the accounting period. This restriction ensures that all necessary period-end processes and adjustments are completed before any transactions are posted. However, this functionality can be adjusted and enabled through specific system setup if posting on the first day of the accounting period is required.

4.2. Chart of Accounts

The Chart of accounts (COA) is a systematic list of all accounts used to record financial transactions. It plays a crucial role in the accounting system by enabling JRS to track, classify, and report financial data, while ensuring accurate and organized accounting records.

The COA is the same for all companies, but accounts could be hidden if not needed based on local requirements.

When setting up a new account, several key details are required to ensure accurate financial tracking and reporting:

- **Account Number:** A unique identifier for the account.

- **Account Name**: A descriptive name for the account (e.g., Cash, Accounts Receivable).

- **Posting type:** Defines if the account is a posting account (used for transactions) or non-posting (begin- total & End-total)

- **Account Category**: Categorizes the account for financial reporting (Balance Sheet or Profit & Loss).

- **Account Type:** Specifies whether the account is an asset, liability, equity, revenue, or expense.

- **Account Subcategory**: A more detailed level of classification within the account type

- **Direct posting:** Allows transactions to be posted directly to the account without going through cards (ex: banks, suppliers, customers, intercompany partners).

- **Dimensions**:

  - Specifies which dimensions are mandatory for the account.

  - Allows dimensions to automatically match the dimension code set up for the account.

  - Specifies which dimension codes are not required or not to be filled.

- **VAT/Tax Setup:** Specifies VAT or tax-related settings for the account.

- **Blocked Account:** Option to block the account from posting if needed.

- **Allow posting on Grant (Job)**: allow posting on the grant (job) module

- **Grant (Job) Mandatory**: requires the grant (job) to be mandatory at the time of posting

- **Edit Amount (LCY)**: Indicates if it is possible to edit the amount in local currency across different journals for this account.

- **Intercompany Account**: specifies if the account is mapped on the intercompany g/l account. This field is used to accept intercompany transactions on accounts where direct posting is not allowed.

- **Budget G/L Account**: Indicates if the budget can be entered for this account.

Field	Example
Account Number	111201
Account Name	Cash
Account Type	Asset
Account Subcategory:	Cash/Bank
Posting Type	Posting Account
Account Category	Balance Sheet
Direct Posting	No (Transactions cannot be posted directly)
Dimensions	*Mandatory*: Project Code
VAT/Tax Setup	None (No tax setup required for cash account)
Blocked Account	No
Allow posting on Grant (Job)	No
Grant (Job) Mandatory	No
Edit Amount (LCY)	No
Intercompany Account	Yes

4.3. Fixed Assets

JRS recognizes as fixed assets goods with a purchase value above a certain threshold setup in each company (in general, above 1,000 EUR or USD) for the single item. Recording of each asset with relevant details in the system is needed.

Each JRS fixed asset should be managed with a specific asset card containing essential information for proper tracking and maintenance.

The fixed asset card should include at least:

- **Asset ID**: A unique identifier for the asset.

- **Asset Description**: A detailed name or description of the asset.

- **Asset Class:** The general category of the asset (i.e.: vehicle)

- **Asset Subclass:** the more specific type of asset within a class (i.e. cars, trunks, under the vehicles class).

- **Acquisition Date**: The date the asset was acquired.

- **Acquisition Cost**: The cost associated with acquiring the asset.

- **Depreciation Method:** The method used to calculate depreciation (e.g., straight-line, declining balance).

- **Depreciation Start Date**: The date when depreciation calculations begin.

- **No. of Depreciation Years (useful life):** The expected operational lifespan of the asset.

- **Depreciation Ending Date**: The date when depreciation is expected to stop, typically when the asset's useful life or residual value is reached

- **Book Value**: The current value of the asset after accounting for depreciation.

- **Asset Status**: The current status of the asset (e.g., active, disposed).

- **Responsible Employee:** Specifies which employee is responsible for the fixed asset.

- **Dimensions**:
  - Specifies which dimensions are mandatory for the asset.
  - Allows dimensions to automatically match the dimension code set up for the asset.
  - No dimension code is required.

Each **fixed asset subclass** should be associated with:

- A **Posting Group field**, which determines the relevant G/L accounts for fixed asset transactions, such as acquisition cost, depreciation, and other related entries.

- A **default number of depreciation years** (useful life), which the system automatically proposes when a user assigns the subclass to a new fixed asset.

4.4. Customers (Donors)

JRS revenue is composed by grants and donations received from donors, mostly through contracts signed between the two parties. At the time of contract signature, a **donor budget** is open in the system and a related **receivable** position is open in the system under the relevant donor. The open receivable is closed once the funds are received. In case a contract with the donor is not signed, but funds are received in the bank, a receivable is open and closed contextually so to link the inflow to the relevant donor.

The **list of donors** is the same globally, coding and naming is common to all JRS Companies.

Each JRS Customer (Donor), created from the Master company, should be assigned to a specific card that contains all relevant details and information on the Donor for proper management and tracking.

The customer/donor card should include at least:

- **Customer ID**: A unique identifier assigned to the donor.

- **Name:** The full name of the donor.

- **Contact Information**: Phone numbers, email addresses, and fax details for communication.

- **Payment Method**: The donor's preferred payment method (e.g., bank transfer, credit card, cash).

- **Currency**: The default currency used for transactions with the donor.

- **Credit Limit**: The maximum credit amount extended to the donor.

- **Customer Status:** The current status of the donor (e.g., active, blocked). Transactions can be posted on Active donors only. Blocked donor cards cannot be used to book transactions.

- **VAT Registration Number or Fiscal Code:** The donor's VAT number (if applicable) or Donor's fiscal code (if applicable)

- **Customer Code:** The internal (JRS) identification number for the donor within the system.

- **Customer Category:** A classification used to categorize the donor within the system. Available options include Educational, Foundation, Government, Multilateral, Jesuit, Non-Profit, Private Company, Religious and Households.

- **Posting Group:** Defines how the donor's transactions are posted to the general ledger by linking the donor to specific G/L accounts.

- **Balance**: The current outstanding balance, which is updated as transactions are posted..

- **Dimensions**:
  - Specifies which dimensions are mandatory for the donor.
  - Allows dimensions to automatically match the dimension code set up for the donor.
  - No dimension code is required.

Aged A/R Reporting: Provides detailed aging reports of outstanding customer receivables, in foreign and functional currency, categorized by their due dates or posting date. The report can be printed including specific dimensions for more detailed analysis.

4.5. Vendors

JRS works with various Suppliers in the different countries where it operates. As soon as a supplier is selected for a specific purchase, the related Vendor card can be open in the system. The Vendor card will be used to track all payments due and processed to the same supplier.

Since different offices use different suppliers, JRS vendor cards are created from the subsidiaries. Each supplier should be assigned a specific Vendor card that contains all relevant details and information for proper management and tracking. Posting on the Vendor corresponds to posting on the "payable to suppliers" GL account.

The vendor card should include:

- **Vendor Name**: The full legal name of the vendor, as it appears on official documents.

- **Vendor ID**: A unique identifier assigned to each vendor.

- **Contact Information**: The vendor's address, phone number, email, and website details.

- **Payment Terms**: The specified payment terms (e.g., Net 30, Net 60) to ensure invoices are processed on time.

- **Currency**: The default currency used for transactions with the vendor.

- **Vendor Status**: The current status of the Vendor (e.g., active, blocked). Transactions can be posted on Active vendors only. Blocked vendor cards cannot be used to book transactions.

- **Tax Information**: The vendor's tax ID, VAT registration number, and any other relevant tax information for compliance purposes.

- **Bank Details**: The vendor's bank account information required for payment processing.

- **Posting Group**: Specifies how the vendor's transactions are posted to the general ledger by linking the vendor to appropriate G/L accounts.

- **Withholding Tax Code:** The withholding tax code that applies to transactions with the vendor, used for tax calculation and compliance with local tax regulations.

- **Balance**: The current outstanding balance, updated as transactions are processed.

- **Dimensions**:
    - Specifies which dimensions are mandatory for the vendor.
    - Allows dimensions to automatically match the dimension code set up for the vendor.
    - No dimension code is required.

Aged A/P Reporting: Provides detailed aging reports of outstanding vendor payables, in both foreign and functional currency, categorized by their due dates or posting date. The report can be printed including specific dimensions for more detailed analysis.

4.6. Bank and Cash

JRS Offices maintain different bank and cash accounts in local and foreign currencies. Each office is authorised to open bank and cash accounts independently.

Each bank and cash account, created from the subsidiaries, should be assigned to a specific card that contains all relevant details and information for proper management and tracking.

The bank and cash card should include at least:

- **Bank Account Number**: The unique identifier for the bank account.

- **Bank Name**: The name of the bank where the account is held.

- **Currency**: The currency in which the bank account operates.

- **IBAN/BIC**: International Bank Account Number and Bank Identifier Code

- **Bank Account Type**: **Description**: Defines the type of account (bank, cash)

- **Posting Group**: is used to link a bank account to the appropriate general ledger accounts for proper financial integration

- **Blocked:** Option to block the donor from posting if needed.

- **Dimensions**:

  o Specifies which dimensions are mandatory for the account.
  o Allows dimensions to automatically match the dimension code set up for the account.
  o No dimension code is required.

- **Edit Amount (LCY):** Indicates if it is possible to edit the amount in local currency across different journals for this bank/cash account.

Field	Example
Bank Account Number	VAT_BANK_XXX
Bank Name	ABC Bank
Currency	USD (U.S. Dollar)
IBAN	GB29NWBK60161331926819 (IBAN)
BIC	NWBKGB2L (BIC)
Bank Account Type	Bank
Posting Group	**Bank** (a predefined group for bank transactions)
Blocked	No
Dimensions	Project Code
Edit Amount (LCY)	No

JRS needs to **export the SEPA Credit Transfer in XML** format to facilitate efficient and standardized electronic payments within the SEPA zone.

4.7. Intercompany Transactions

Intercompany Accounting: Supports transactions between related entities within the same group of companies, such as allocation and transfer of grants, allocation and reimbursement of costs.

Companies, configured as IC Partner, can start a transaction with another company, who gets notified for the transaction received and is obliged to accept and post it.

A list of pending Intercompany transactions received should be available, displaying relevant information for review and follow up (source company, date, description, original currency, amount).

Once the Intercompany transaction is accepted by the receiving company, the system will:
- Propose a journal entry to be posted, showing the same information initially entered by the partner, which cannot be edited. The accountant will then add the balancing line with relevant details to complete the transaction before posting.
- Allow editing only certain information on the IC partner line (such as posting date and document number).
- Use the IC partner's original document number as external document number.

The system should:
- allow exporting and displaying transactions filtered by IC Partner for a specific time period.
- allow receiving IC partner to view supporting documents related to each Intercompany transaction.
- automatically send the reversal transaction to the partner when reversing an intercompany transaction.
- Prevent posting on partners where the accounting period has been closed.
- Display the details of the intercompany transactions received from the inbox box.

4.8. VAT (Value Added Tax)

In most JRS countries, VAT (Value Added Tax) is non-deductible.

The system should be able to:

- **Configure VAT Codes:** Set up VAT codes for different transaction types, including both deductible and non-deductible VAT, with the appropriate rates and rules.
- **Handle Non-Deductible VAT:** Properly account for non-deductible VAT, ensuring it is identified and correctly posted to the relevant accounts.
- **Define Deductibility:** Specify whether VAT is deductible or non-deductible for each transaction, ensuring accurate classification and posting.
- **Map VAT to G/L Accounts:** Enable the mapping of both deductible and non-deductible VAT to the correct General Ledger (G/L) accounts for proper financial reporting.
- **Generate VAT Reports:** Provide the ability to generate detailed VAT reports, including both deductible and non-deductible VAT

4.9. Withholding tax & Contribution

Some JRS Offices should pay the withholding tax to the government for third-party services and vendor purchases. Withholding tax is calculated during invoice payment rather than during invoice posting.

The system should be able to:

- **Configure Withholding Tax Codes**: Support the setup of tax codes for different payment types, ensuring the correct tax rates and calculation methods are applied.

- **Define Deductibility Rules**: Allow users to specify whether withholding tax is deductible for each transaction type, ensuring compliance with tax regulations.

- **Map G/L Accounts for Withholding Tax:** Enable the mapping of withholding tax to the correct General Ledger account for accurate financial reporting and posting.

- **Automatically Calculate and Deduct Tax:** Calculate withholding tax automatically based on the configured codes and post the amounts to the appropriate G/L account.

- **Generate Reports:** Provide detailed reports on withholding tax transactions both in PDF and XML.

4.10.   Closing Fiscal Year

The system should be capable of performing the Fiscal Year-End Closing by consolidating all financial transactions for the current year and finalizing the accounting period.

During this process, it should bypass the controls configured on the G/L accounts, such as those related to dimensions, to ensure the closing is completed without any interference. Additionally, the system should automatically generate the necessary closing and opening entries (close Income Statement and close/open Balance Sheet), to ensure accurate year-end and opening balances for the new fiscal year.

5. Ledgers

JRS is using different ledgers to record and track financial transactions in the accounting system.

- **General Ledger (GL):** Tracks all financial transactions in functional and original currency categorized as per the Chart of Accounts and showing all analytical information (dimensions).

- **Bank Ledger:** The Bank Ledger is used to track all bank-related transactions, monitor the balance of bank accounts, and ensure reconciliation between the bank records and the G/L.

- **Customer Ledger (A/R):** The Customer Ledger tracks amounts owed by donors. It records customer transactions, such as invoices (donations), payments, and credit memos, and is used to manage outstanding receivables, that should include also the analytical information.

- **Vendor Ledger (A/P):** the Vendor Leger tracks amounts owed to vendors and suppliers for goods and services purchased. It records vendor transactions, such as purchase invoices, payments, and credit memos, and is used to manage outstanding payables.

- **Fixed Asset Ledger** is used to track the JRS's fixed assets, It records asset acquisitions, depreciation, and disposals.

- **Inventory Ledger:** The Inventory Ledger tracks transactions related to inventory, such as purchases, disposal, stock adjustments, and valuations. It helps ensure that inventory balances are accurate and reflect the correct costs and quantities on hand.

- **VAT Ledger**: The VAT Ledger is used to track and record VAT-related transactions, which, for most of JRS's country offices, are non-deductible.

- **Grant Ledger (Job Ledger):** The grant (Job) ledger is used to track and record all financial transactions related to grants (expenses and any adjustments).

- **Withholding Ledger:** The Withholding Ledger tracks and records amounts withheld from payments, like taxes or other deductions. It helps manage and report withheld amounts in compliance with the local tax regulations.

- **Intercompany Ledger:** The Intercompany Ledger tracks transactions between different legal entities or subsidiaries within the same organization. It ensures proper management of intercompany balances and simplifies the reconciliation of transactions between entities.

It will always be possible to view financial transactions not only in the functional currency and amount of the company (subsidiaries) but also in the original currency and amount of the transaction.

It will also be possible to select an additional currency, and once set, the system will display amounts in the different ledgers for that currency.

6. Analytical Accounting

This section defines processes related to tracking and reporting financial data by dimensions and specific project or grant-related activities.

6.1. Dimensions

Dimensions:. Dimensions help track and analyse financial data in different categories, like departments, projects etc.

They provide more context to financial transactions, making it easier to create detailed reports and understand different areas of the business.

Dimensions setup: The system administrator in the Master company is responsible for configuring the dimensions and their associated values, which are subsequently utilized by users across various journals. Dimensions can be assigned to G/L accounts and other cards, such as banks, customers, and vendors, either as mandatory or optional. When designated as mandatory, a dimension should be provided for each transaction involving the respective account or card.

For some dimension values, system administrators are required to define additional information, including:

- **Project Location**: The location of a **project dimension**, which is used for reporting purposes (e.g. using Power Bi).

- **Donor Category**: A classification used to further categorize the **grant agreement dimension** value within the system. Available options include Educational, Foundation, Government, Multilateral, Jesuit, Non-Profit, Private Company, Religious, and Households.

Dimensions selection: It is essential that users can always view the dimension values entered or posted from journals and ledgers, ensuring complete transparency, analysis and easy traceability of the data in the system.

Dimensions blocked: When a dimension is blocked, users are either prevented from selecting it, or it may be automatically excluded from the available coding options.

Dimensions combination: To prevent the posting of entries with conflicting or irrelevant dimension combinations, it is possible to block or limit certain pairings of dimensions.

Dimension reporting: Provides financial reporting based on specific dimensions both in Local and original currency.

The system should include a tool or a package configuration that allows authorized users to modify and update the dimension values and their corresponding set IDs within the posted ledger.

6.1. Grant Database

The system should include a dedicated grant database that will store all relevant grant information. In the future, this database will be integrated with the JRS software grant database to ensure efficient data management and improved reporting.

6.2. Grant Management Functionalities

The system should include a dedicated **Grant Management Module** to effectively handle grants awarded by donors, related income, expenses and reporting. The module should include the following functionalities:

6.2.1 Grant Budget Setup and Planning:

- Enable the creation and management of grant budget linked to a specific donor. It is critical to establish a centralized/unified Donor Database available for all the companies to avoid duplication, conflicting data.
- Integrate grant budgets with the overall accounting system to ensure alignment between grant-specific budget lines and to the overall budgeting system for consistency in reporting and analysis.
- Ensure that planning lines retain consistent dimension coding with the master budget to enable proper reporting.

- Implement functionalities to record and track both the amount awarded by the donor and the cash received, ensuring proper allocation to the corresponding grant and budget lines.
- Allow creation of budget headings and budget lines based on the budget structure approved by the donor, to facilitate monitoring of balances.
- The system should include the Grant Start Date and End Date for each grant, with the ability to post transactions only within the implementation period. Additionally, an additional field, "Latest Reporting Date," should be included to prevent transactions from being posted in periods that have already been reported to the donor. The ability to edit and adjust these dates should be restricted to users with the appropriate permissions.
- When a donor contribution is formally committed, JRS recognizes it as estimated revenue (deferred contribution), which is then recognized as actual revenue once earned and the related expenses are incurred. The system should **offer a revenue recognition tool** that enables the creation of transactions to move estimated revenue to actual revenue at the user-defined period end for one or more grants, taking into account both the previously recognized revenue and the outstanding balance of the deferred contribution.

6.2.2 Multicurrency:

- Enable the creation of grant budgets in multiple currencies, reflecting donor requirements.
- Ensure that planning lines are converted using the specific exchange rate defined by the user.
- Provide real-time conversion to the organization's functional currency for consistent financial tracking and reporting.
- Provide tools to monitor the grant's budget in real time, comparing **budget vs. actual** and allowing reporting in both the **donor's original currency** and the organization's functional currency. Additionally, the system should display the remaining balance to spend in the functional currency, calculated at the current/daily exchange rate.
- Allow the recording and categorization through dimensions of all expenses against a specific grant budget.
- Automatically allocate expenses to the correct budget lines, ensuring accurate and real-time tracking.
- Enable the allocation or splitting of a **single expense transaction across multiple grants**, ensuring constant alignment of analytical records with the general accounting.
- Provide the option to specify allocation percentages for each expense, allowing precise distribution across different grants. Optionally, allow the system to **automatically calculate these percentages** based on the available funding for each expense, streamlining the expense allocation process.

6.2.3 Carryover of unused donor funds

JRS would like to automate the carryover of unused donor funds from one year to the following, based on the available donor funds at the end of the period. This would allow the eligibility period of donor funds to be updated and align with the annual budget period.

After the function is executed, the system should compare the budget vs. actual for each donor budget task within the specified date period to determine if there are any unused funds to carry over.

if **the budget is greater than the actual** (for the date period and for each donor budget task), the system should:

- Replace the previous donor budget planning lines with actual lines in the job planning lines, marking them as actual.

- The system will then delete the previous donor budget planning lines and will save those lines as historical data lines.

If **the budget is lower than the actual** (for the date period and for each donor budget task), the system will **not update** the donor budget lines, ensuring no modifications are made.

Once the donor budget planning lines are replaced with actuals, the system should calculate and move the precise amount of unused funds to the next period.

7. Procurement

7.1. Description of JRS procurement process

The JRS procurement process starts with the creation of the purchase quote/purchase request and ends with the posting of the purchase invoice and subsequent payment.

- Purchase request (PR): is a form initiated in the system by an applicant in the purchasing department, with the aim of defining the details of goods or services needed, the expected cost of the purchase, and indicating the budget line where the related cost is going to be charged. The PR is approved by Finance and by a Budget Holder, approval means that budget is available for the purchase, however it does not authorize the applicant to commit funds with a supplier until a Purchase Order is approved.
- Quotation: Once the PR is approved, the applicant can collect quotations from suppliers. A quotation is a document provided by a potential supplier in response

to an inquiry. The quotation outlines the price, terms, and conditions for the requested goods or services.

- Purchase order (PO): is a form in the system to record the details of the selected quotation on which a commitment with the supplier will be signed. The PO in the system reports the final details of the purchase to be agreed with the selected supplier. Approval of the PO by Finance and by the Budget holder allows the applicant to proceed with the purchase, sending to the donor a biding document, like a signed contract or a signed purchase order. Multiple PO can be issued from a single PR.

- Goods received note (GRN): is a record confirming that the ordered goods or services have been delivered as expected. Confirmation of goods received triggers for Finance the start of the payment process. The GRN can relate only to a part of the order, not necessarily to the full order.

- Purchase Invoice (PI): with the delivery, the supplier provides the invoice. In the system a PI is posted, linked to the PO, to recognize that the cost of the purchase is incurred and to open a payable towards to the supplier. Multiple PI can be issued from a single PO.

- Payment: is the final step of settling the invoice by transferring funds. In the system the payment transaction closes the outstanding payable and records an outflow from the bank or cash account.

7.2. **Procurement workflow in the Procurement module**

The Procurement module should provide tools to manage the entire procurement lifecycle, from requisition to payment, ensuring transparency, accountability, and compliance with organizational policies, donor requirements, and applicable regulations. The process, including requests, filing documents and recording approvals can be managed directly within the system or through a separate module integrated with the accounting.

7.2.1   Integration with the Budgeting Module

- The procurement process must integrate seamlessly with the budgeting module to:
    - Ensure consistency with approved financial plans.
    - Prevent overspending on allocated budgets, triggering automated alerts for overspending at different stages of the procurement process.

7.2.2   Vendor Management

- **Decentralized Vendor Database**: Each company should maintain a separate vendor database to account for local specificities.

- **Vendor Categorization**: Vendors should be categorized based on:
    - **Type** (goods, services, works). Selecting multiple types for the same vendor should be possible.

o **Vendor status** (approved, prospective, blocked). "Prospective" vendors should be managed as a different database before they are moved to the "Approved" vendors category.

- **Verification**: The system must support vendor verification processes and approval workflow, including the collection of supporting documents.

7.2.3 Procurement Policies and Workflow

The system must include functionalities to manage procurement processes in alignment with internal policies and transparency requirements. The workflow is defined based on procurement amounts, as presented in the following example:

Category	Amount	Procedure	Details
Goods, Services, Works	Up to 3,999 USD	*Direct Procurement*	Selection of 1 supplier at the office's discretion.
	4,000 – 40,000 USD	*Request for Quotation (RFQ)*	At least 3 written quotations from chosen suppliers. Quotations must be submitted on company letterhead with itemized prices.
	40,001 – 100,000 USD	*Negotiated Tender*	Formal solicitation process using *Invitation to Bid* with a standardized tender format.
	100,001 – 300,000 USD	*Open Tender (Local)*	Formal solicitation process through local media. Recommended minimum: 8 participating vendors.
	Above 300,001 USD	*Open Tender (International)*	Formal solicitation process through international media. Recommended minimum: 25 participating vendors.

Different companies might need different thresholds based on local requirements, so the set up should be independent for each company.

7.2.4 Approval Workflow Automation

- The procurement module should automate the approval process for purchase requisitions ensuring compliance with internal policies.

- **Approval Matrix**: Configurable approval hierarchies tailored to local, regional, and global levels of responsibility

- **Delegation Rules:** In addition to the approval matrix, the system should allow for delegation of purchase requisitions based on specific dimension values (e.g.,

project code). Delegation can be executed automatically through the system's process queue or set up by the approver who wants to delegate another user.

- **Traceability**: Each approval must be logged in the system with timestamps and approver identification.

7.2.5 Document Generation and Retention

- **Standardized Templates: The system should include predefined templates for:**
  - o Request for Quotations (RFQs).
  - o Bid evaluation reports.
  - o Procurement Bid Summaries.

- **Document Uploads: The system must support uploading and retention of all supporting documents with options for:**
  - o Attaching contracts, quotations, and tender documentation.
  - o Assigning tags and categories for easy retrieval.

7.3. Contract and Order Management

From Contract Formalization to Invoicing

The process should include:

- **Purchase Order Management:**
  - o The system must allow the generation of multiple purchase orders from a single PR.
  - o POs should be automatically linked to the corresponding contract, ensuring seamless tracking and compliance with approved budgets.

- **Goods received note:**
  - o The system should allow approval of a good received note by the applicant once delivery is done.
  - o The GRN should be printed
  - o GRN could relate to part of the order or to the full order

- **Invoice Processing:**
  - o The system should support the management of multiple invoices generated from a single PO, reflecting partial deliveries or payments in installments.
  - o Invoice approval workflows must align with procurement and financial policies, ensuring traceability and proper authorization before payment.

7.4. Process Visualization and Navigation

The system must present the entire procurement lifecycle as a navigable workflow. This includes:

7.4.1 Interactive Flow Overview:

- The procurement process should be displayed as an interactive flowchart, illustrating key stages such as requisition, approvals, contract formalization, PO issuance, delivery, and invoicing.

- Each step should include clickable links to relevant details, such as supporting documents, approval logs, and transaction history.

- Users must be able to determine the current status of any procurement process at a glance, including pending approvals, documents awaiting submission, or outstanding invoices.

7.4.2 Document and Approval Retrieval:

- The system must allow quick access to all related documents (e.g., contracts, POs, invoices) and a detailed log of approval actions for audit purposes.

7.4.3 Notifications and Alerts:

- Automated notifications should inform users of pending tasks, such as contract sign-offs, PO approvals, or overdue invoices. These notifications should be sent through email, include a direct link to the form to be approved, and should include detailed information about the pending document or task, including the specific action required

7.5. Travel Management Module/Process

The Travel Management Module/process into the system must automate the approval process for staff travel requests, ensuring:

- Travel requests are checked against available budgets to prevent overspending.

- The module should support multi-level approval hierarchies, tailored to approval matrices.

To enhance accessibility, the module may allow for integration with an external travel management application to:

- accommodate a large number of users submitting travel requests.

- User-friendly interface

Travel request forms must be customizable to collect relevant information, including:

- Purpose of travel.

- Destination and itinerary.

- Cost estimates per cost typology (travel costs, accommodation, insurance, per diem, additional costs)

- Grant-funded projects

- Automated calculation of per diem allowances based on destination country and adjusted for daily rates, meal/incidental coverage percentages,

The module must provide a navigable workflow similar to the procurement process:

- The entire travel request lifecycle, from submission and approvals to expense reporting, should be displayed in an interactive flowchart.

- Each step should include links to relevant details, such as supporting documents and approval logs.

- Users should be able to check the status of their travel requests, including pending approvals and reimbursement completed.

Notifications and Alerts: Automated notifications must inform staff and approvers of pending actions, upcoming travel dates, or incomplete submissions.

Compliance and Audit Support: The module must maintain a complete audit trail of all travel requests and approvals, ensuring compliance with organizational policies and donor requirements.

The Procurement and Travel processes could be managed in an independent Application integrated with the main system, to facilitate more a user-friendly interface and to reduce the number of direct users in the system.

8. <u>Budget Module</u>

This section focuses on the institutional budgeting processes and integration with other key modules.

The module should allow the user to create budgets for one or multiple fiscal years. The budget structure should be based on the Chart of Accounts and allow coding with Dimensions (Project, Departments, Category, Position code, Activity codes, Funding source).

8.1. <u>Data Entry and Forecast Updates</u>

Budget Data Entry: Allows input of budget data based on a specific budget lines coding. Each budget line has a combination of dimensions that should be replicated on all transactions posted on the same budget line, on the forecast lines for the same budget line and on the related funding sources. Dimensions should identify the Department, the Project, the Activity, the staff Position, the source of funding.

Each budget line is built by multiplying a number of units * a timing unit * a unit cost, to obtain the total cost.

Forecasting: The fiscal year budget can be copied into a forecast at the beginning of the year.

The forecast should be arranged by month, based on when expenses are expected to be incurred. The system should provide tools for updating forecasts based on actual expenditures to date and changing conditions for the remaining period. The full year forecast should be built adding up the actual spending to date + the forecast to year end. Ideally the system could provide an automated version of the forecast after each accounting closure. When preparing this draft forecast the system should consider expenses planned but not materialised to be postponed to the following period and expenses planned that are not going to be incurred and to be removed from the next period forecast. The forecast provided by the system should be manually adjusted to reflect the updated plans.

8.2. Link Budget Module and Funding sources (grants)

Annual Budget and Grants: Integration between the Budget Module and Grants Module should lead to the creation of a cost allocation plan to ensure that expenses as outlined in the annual budget are matched by available funds from Grant budgets. This allows JRS offices to maximise the use of restricted funds to cover planned activities and to guide their allocation.

The Annual Budget and Grant Budgets should use a coherent coding structure so that budget lines in the Annual Budget relate directly with grant budget lines through dimensions like project code, activity code, department, position code. The purpose of such alignment is to clarify which expenses are covered by which grant and to highlight possible gaps in funding.

JRS would like to automate the carry over of unused donor funds from one year to the following, based on the available donor funds at the end of the period. This would allow the eligibility period of donor funds to be updated and align with the annual budget period.

9. Import tools & Offline Plugin

9.1. Payroll

The payroll tool is used to import payroll data from an Excel file.

The payroll data is re-encoded in NAV through a defined mapping performed by the users and then imported by NAV into a dedicated batch where the users can proceed with the posting once all checks have been performed.

9.2. Excel

This feature allows users to import transactions into NAV in a dedicated batch from a specific Excel file. The use of Excel is necessary in certain locations where the internet connection is unstable and prevents users from working directly on the system.

JRS would consider the use of a front-end mask or other external tool to collect transactions offline that are the easily posted when connection is available.

9.3. Offline Plugin

In locations where internet connections are occasionally unavailable, an Offline Plugin would be needed. This plugin would allow users to work offline and sync their data with the system once a stable connection is restored.

9.4. Salesforce

Allows JRS International Finance users, to import transactions into NAV in a dedicated batch from a specific Salesforce Excel file (Salesforce is the JRS International Office CRM software)

10. Job Queue

The Job Queue is a tool within the system that manages and monitors the execution of background processes, such as reports, data updates, or other automated tasks.

The system should be able to send notifications to specific users when a job in the queue encounters an error. Additionally, the system should have the capability to restart the entire Job Queue across all companies, enabling the resumption of tasks that may have been interrupted or failed.

11. Reporting

JRS offices need to improve their capacity to extract financial information in a format useful for project and financial management, as well as for internal control. Donors also requires financial reporting based on contract requirements and approved budgets, usually in foreign currency.

This section outlines the key reports needed for financial management and compliance with donor or grant requirements.

11.1. Accounting Schedules

Accounting schedules provide details on outstanding balances in asset and liability accounts, to allow reconciliation and follow up. In an accounting schedule information could be combined for a specific dimension and displayed by period so to show the age ing of balances. Ex. Deferred income transactions could be combined by grant (the specific dimension) and displayed in different columns representing months or quarters, based on the posting date. This would show the progressive consumption of donor funds over time.

Financial Statements: JRS offices should start the production of Financial Statements from a common template, that could be adapted based on local regulations. The following templates should be made available in the system and filled with information from the selected period:

Balance Sheet: Provides detailed reports of balance sheet accounts, including assets, liabilities, and equity.

Statement of Financial Position: Provides a good basis to draft Statement of Financial Position aggregating income and expenses accounts.

Statement of Cash Flow.

Statement of movement in Funds.

11.2. Donor Category Reporting

Dimension Reporting: Reports by donor category using dimensions.

11.3. Budget vs Actual, Budget vs Forecast, Budget Lines vs Donor budget Lines

JRS would consider the use of an external reporting tool like PBI directly linked to the system and providing information in real time based on the accounting data, organized per dimensions (cost centers), cost categories, budget lines.

The tool should:

- Enable live data integration with accounting for up to date information.
- Provide a comprehensive financial overview displaying for the selected period budget, actual expenses to date, forecast to year end, available donor funds, funding gaps and commitments.
- Allow users to see both aggregated and detailed data (ex. Consolidated cost category vs. Detailed budget line or Total available donor funds vs. Detailed grants).
- Ensure intuitive interface for non-finance staff.
- Allow access to data mirroring the user set up of the accounting system.

11.4. Donor Financial Report

The system is expected to generate a donor financial report within a defined period, displaying either donor or functional currency, depending on how the user runs the report. Given that some donors may require the financial report to be presented with a specific exchange rate, the system should allow the option to generate the report using a specified exchange rate, which may vary across different periods. The report should include the following key components:

- **Budget vs. Actual Spending**: A comparison of the budgeted versus actual expenditures for each donor budget line, clearly showing any variances.

The comparison should be available not only between the budgeted and actual expenditures for the defined period but also between the budgeted amount and the accumulated actual spending, taking into account the previous period.

- **Cash Received**: A summary of the cash received from the donor during both the previous and selected period.
- **Expenditure Details:** A comprehensive list of all accumulated expenditures, including transaction date, description, amount, corresponding budget line, etc.

If the same grant is shared between different entities (companies), the system should allow the generation of a consolidated global donor financial report.

The report should be exportable in both Excel and PDF formats

11.5. **Co-funding Report**

The Co-funding Report tracks and monitors financial contributions from multiple parties/donors involved in a project.

During the reporting phase, donors may request not only the expenses related to their own contributions but also a detailed breakdown of the expenditures covered by other donors supporting the same project.

Although the budget lines may differ between donors, it is crucial to generate a Cofounding Report that provides an overview of the total project budget, compares the expenses allocated to each donor, and aggregates the contributions made by all donors involved.

11.6.**Ledgers Report**

The system is expected to export in PDF and excel the financial transactions (posted) from the different ledgers.

12.**Supporting documents**

12.1.**Attachment of Supporting Documents**

The system should allow users to attach supporting documents to any records in the system.

The attached documents can be any type of file (e.g., PDFs, images, spreadsheets, etc.), and these documents should be stored in the system's document management library for easy retrieval and organization.

12.2.   **Metadata for Each Document**

Metadata for each document should be defined through system setup by authorized users or administrators. This will allow JRS to customize which metadata fields are required or optional for each document

12.3. File Renaming

The system should allow for the renaming of attached documents to ensure consistent and standardized naming conventions.

File renaming should be configured through system setup by authorized users or administrators.

The setup should define naming conventions, such as incorporating the Document Type, Document No., Date, or other predefined metadata fields into the file name.

Renaming rules should be applied automatically when documents are attached or modified, ensuring that the file names follow the configured naming conventions without requiring manual input from users.

12.4. Cross-Ledger Document Linkage

When a document is attached to a record within one ledger, the system should automatically create a link to the same document in other relevant ledgers based on the document's unique identifier (Document No.)

For example, if a document is attached to an invoice record in the "Purchase Posted Invoice," it should be automatically associated with related records in the "General Ledger" or "Grant Ledger," allowing the document to be accessed from any linked ledger.

12.5. Document Deletion

The system should allow users to delete documents that have been attached to records, provided they have the necessary permissions to perform such an action.

When a document is deleted from a record, it will also be automatically removed from the document library to ensure consistency. Deletion of documents should be trackable in the system.