BISAN SYSTEMS

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Public Financial Management – Ministry of Finance

FMIS

5.1 Adding Journal Vouchers & Processing Loan Receipts and Payments

VERSION 1.0 OCTOBER 2022

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1. Objective

The objective of this module is to explain how Journal Vouchers (JV) are recorded and controlled by the GRMI.

JVs are an integral part of any accounting and reporting system and proper procedures and control over the use of them is very important. It is specific to the GRMI's financial accounting/financial management policies and procedures.

As with all other modules in this policy and procedures manual, it starts with a schematic overview of the process then discusses each step in detail, highlighting the screens and approvals required at each step

2. Scope

This procedure is of interest to:

- Accounting Department
- Donor funding revenue recording by Revenue Dept
- Loan processing

3. Workflow/Process Flowchart

Workflow Summary	**Responsible Section**
Determination that Journal Entry Required to Be Processed	Requesting Line Ministry Accounting Department
Journal Entry Added to Bisan	Accounting Department
Journal Voucher Approved and Posted	Accounting Department

Review Ledger Report in Bisan to Ensure Entry Processed Properly	Accounting Department

4. Detailed Process Procedures

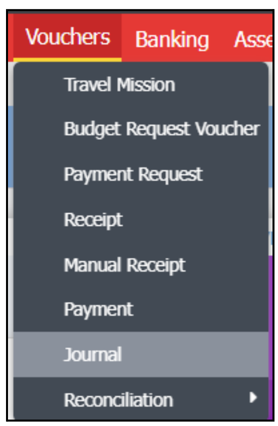
4.1 Overview of Use of Journal Vouchers

The use of Journal Vouchers (JV) should be limited to specific transactions, correcting posting errors, cancelling vouchers (Vouchers posting to GL), loans transactions, bank charges, and asset depreciation. The use of JVs is limited to the Accounting Department, specific divisions in Revenue Department, and Loan Management Unit. Correction of errors can be brought to the attention of the Accounting Department, during reporting or the reconciliation process or review, or other departments may discover posting errors and bring it to the attention of the Accounting Department. All JVs, whether initiated by the Accounting Department or other departments must be supported by the completion of a JV form. See **Appendix A** for JV Form that is recommended to be used in phase 1 of the rollout process. In phase 2 the Journal Voucher will be saved by line ministry and approved/posted by accounting department.

4.2 Entering Journal Vouchers

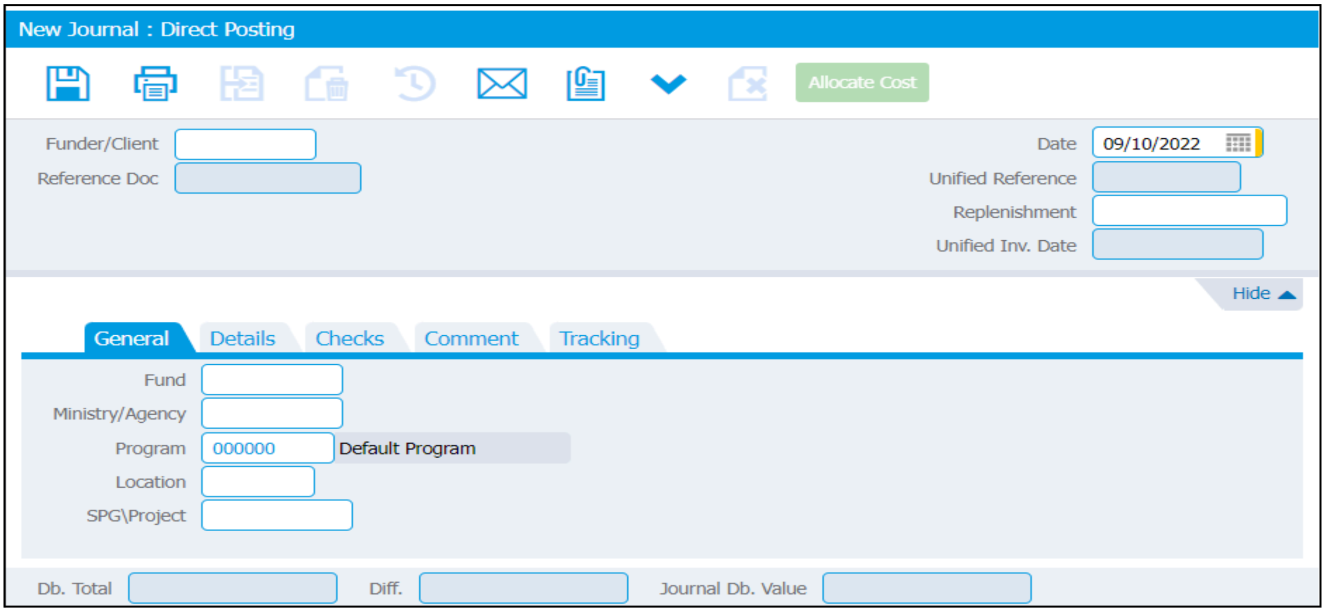
4.2.1 Journal voucher Manual Entry

Navigate to the JV entry window as follows:



After clicking on Journal, a table summarizing all JVs that have been entered will be displayed.

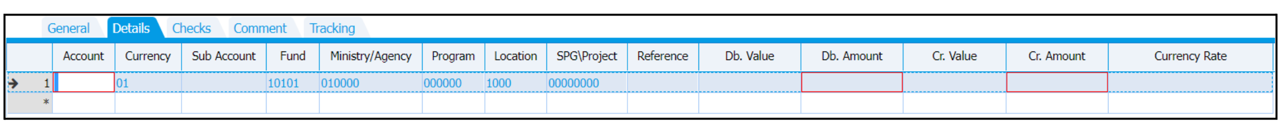
Click on the Add button  and a blank JV window will appear, ready to be populated:



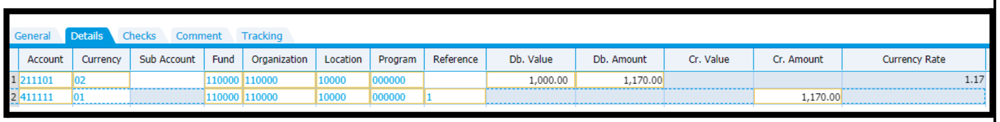
Completing the Top of JV and General Tab

Field Name	Discussion
Funder/Client	If the JV is going to be linked a vendor balance (balance in a sub-ledger), double click on this or press F2 and choose the correct Vendor. If it is not affecting a specific Vendor, you can leave this field blank as it is not mandatory.
Reference Doc	Document type and Serial number when JV is cancelling a document, no data can be entered. Reason for it being a different color too as it is inactivated for data entry
Fund	Press F2 and select the fund source that is being affected
Ministry/ Agency	To which division does the JV relate? Press F2 and select.
Location	Choose the location of the expenditure.
Program	Press F2 and select the program that is being affected (default is 0000) at this stage
SPG/Project	To which SPG/Project does the JV relate? Press F2 and select.

Details Tab

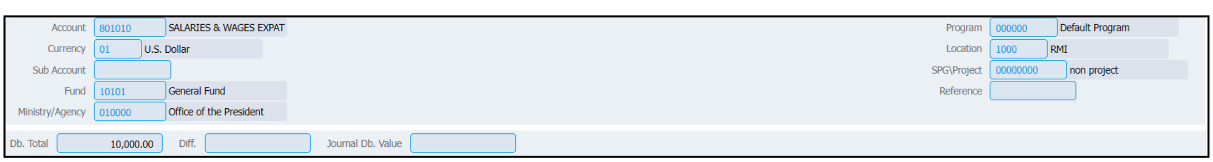


Field Name	Discussion
Account	What account do you want changed? Remember, accounting convention says that the first entries in any JV record the Debit side of the entries. Record all unique accounts line by line for the debit side of the entry and

Field Name	Discussion
	then follow with the credit entries. Before starting any JV, you need to have a clear understanding of the accounts and amounts to be debited and credited.
Currency	IF Multiple Currencies to be used: In what base currency was the original currency entered? Note, the default posting currency is USD and this is automatically activated when bringing up a new JV entry screen. If it is another currency, press F2 on the currency field and choose the correct currency. In the screenshot below, see how the Db. Value & Amount fields change.  With the default currency (USD), **01**, the Db. Value and Cr. Value fields remain inactivated while for all other currencies, the Db. and Cr. Value fields become activated. Why is this? This is because the base currency is 01 and once a currency other than 01 is chosen, the other fields must be activated in order to enter the value of the non-base currency. In GRMI Implementation there is only one currency defined 01 US Dollars.
Sub Account	Click F2 and choose the correct sub account. This ONLY applies when making entries to the bank account or other accounts that has a subaccount.
Fund	If completed on the General Tab of JV, it will be auto completed
Organization	If completed on the General Tab of JV, it will be auto completed
Location	If completed on the General Tab of JV, it will be auto completed
Program	If completed on the General Tab of JV, it will be auto completed
Reference	If Contact completed on the General Tab of JV, it will be auto completed
Db. Value vs. Db Amount	Refer above to Currency section for discussion of this field
Cr. Value vs. Cr Amount	Refer above to Currency section for discussion of this field
	NOTE: All fields with a **RED** border are mandatory fields that must be completed

__Bottom Part of Details Tab__

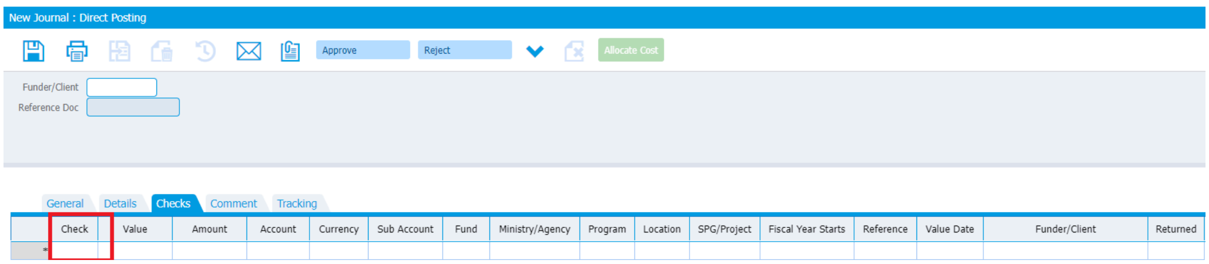
The bottom part is for reference only and cannot be changed and is used to summarize the transaction.



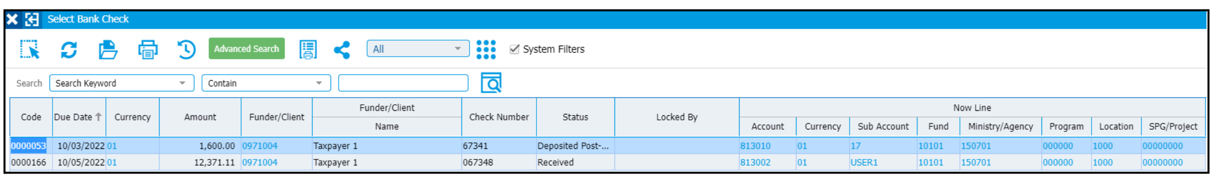
Checks Tab - Returned Checks

This tab is used for managing collected checks that were deposited in bank and then rejected by bank for any reason. If a collected check bounces back from the bank (returned as rejected), this transaction should be recorded in GRMI books to reflect the transaction in the system:

Navigate to the Journal Voucher Select the Customer (Funder/Client) who was given the check that was returned, then go to the **checks** tab

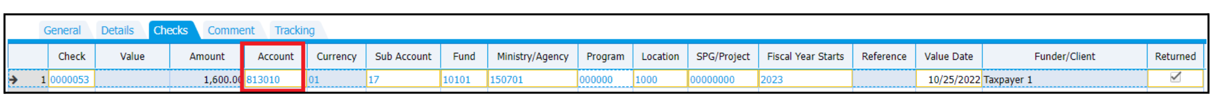


In the Check field double click and the system will display a list with all the checks that were received by the selected customer/taxpayer and search for the returned check.



Select the check and double click, the system will load all the check information, including the Account (GL) where the check is coded now (replicates the coding for when the check was deposited).

In this example the check is on Account 813010 – GF bank account and Sub account 17 – GF BOG Majuro.

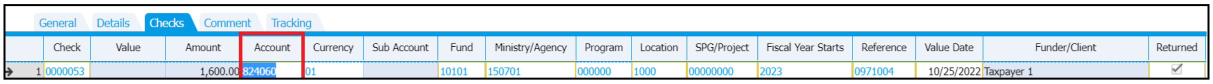


The transaction of a bounced (returned) check will credit the bank and the check amount should be recorded on the vendor (taxpayer) Accounts Receivable as the entry shown below, however, there is an additional step required as explained below example entry:

Dr. A/R

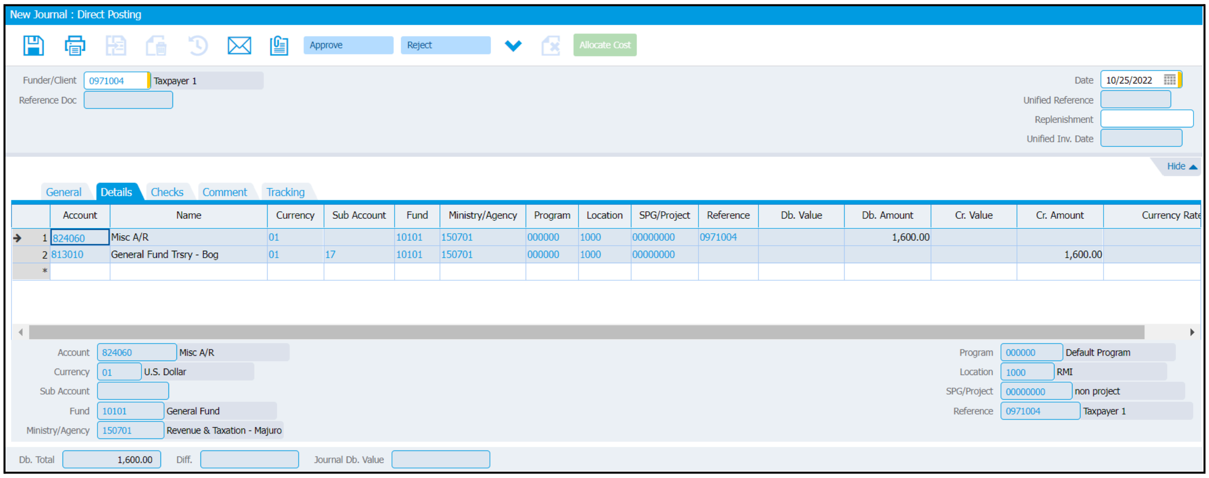
Cr. Bank

To complete this transaction, the account field must be amended. Double click and replace the bank account with the Accounts receivables (A/R) account as shown in the following image



	Check	Value	Amount	Account	Currency	Sub Account	Fund	Ministry/Agency	Program	Location	SPG/Project	Fiscal Year Starts	Reference	Value Date	Funder/Client	Returned
1	0000053		1,600.00	824060	01		10101	150701	000000	1000	00000000	2023	0971004	10/25/2022	Taxpayer 1	✓

Once the account is changed the system will automatically create the accounting transaction on the details tab, as shown in the image below



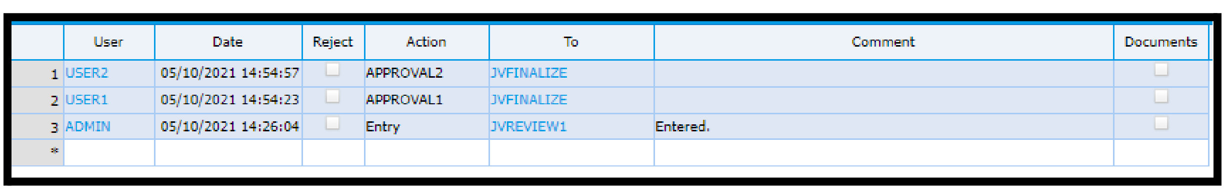
At this stage the transaction is complete and now save and the journal is ready for the next approval stage defined in the workflow.

Comment Tab

Provide detailed discussion for the reason for the entry in this tab. The more detailed and accurate the description will help significantly in the future should questions arise from internal or external auditors or you must revisit the entry for other reasons.

Tracking Tab & Approvals

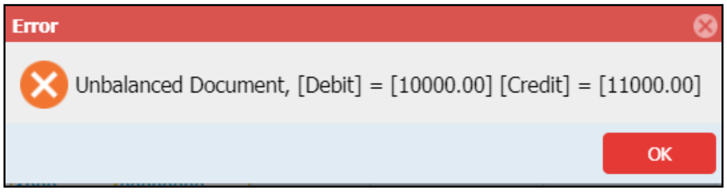
Used to show the approvals workflow on who entered and who approved the transaction, as shown below:



	User	Date	Reject	Action	To	Comment	Documents
1	USER2	05/10/2021 14:54:57	☐	APPROVAL2	JVFINALIZE		☐
2	USER1	05/10/2021 14:54:23	☐	APPROVAL1	JVFINALIZE		☐
3	ADMIN	05/10/2021 14:26:04	☐	Entry	JVREVIEW1	Entered.	☐
*							

Balancing Debits and Credits

The JV cannot be saved unless it is balanced. If the JV is not balanced an error message will appear similar to the following:



1.1 Approvals

The approval of the JV follows the same logic as other voucher entries (Budget, Allotment, Payment) in that there is a data entry person who enters, saves, then the JV is approved and posted by another person who reviews the JV for correctness. The process is the same as described in the other modules as noted above. Click the Save first (this is done by the data entry person), then the reviewer will click Approve button in the header and then APPROVAL1. Then post click Print . After the voucher is printed, it is signed and filed by voucher number. **NOTE**: all JV entries are subject to the same budget validation controls as any other voucher, therefore, one cannot process a JV that will create a situation where actual expenditures, after a JV has processed, will exceed free allotment budget.

1.1.1 Macros for Loan Processing

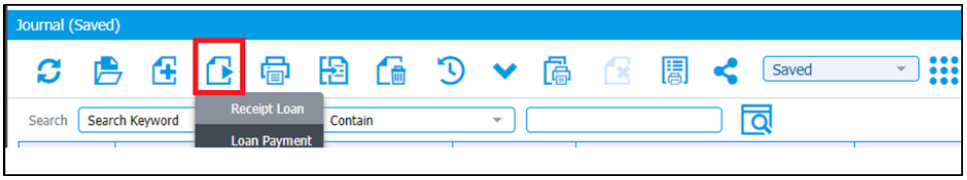
The main purpose of this section is to describe the process for recording loans received and scheduled loans repayment transactions in the system, including the transactions between the different fund groups since the government funds uses the modified accrual accounting for fund statement reporting and does not carry long term assets or long term liabilities. , Long-term assets and liabilities are recorded in special Fund groups to report for the government-wide statement under full accrual basis.

Processing loan receipts and the loan payments in the system is built as actions (Macros) within the Journal Voucher functionality, which records all the related ledger transactions, including funds, for each loan received and scheduled loan repayment. This is why loan processing is covered as a sub-topic of Journal Vouchers.

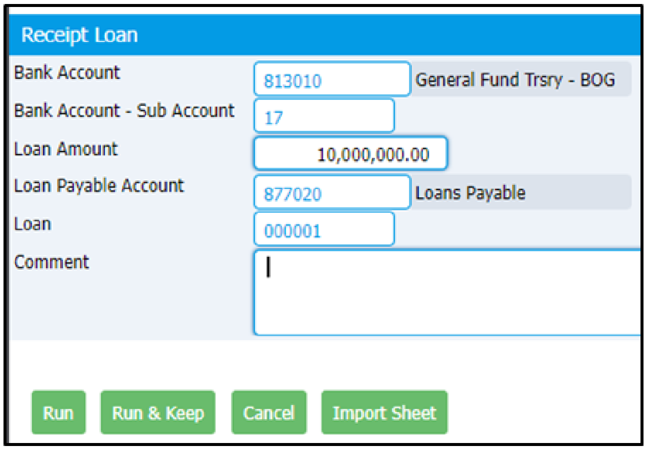
1.1.1.1 Loans Received

When a loan agreement is signed and the loan proceeds are received, follow the next steps to record the transactions in the system.

Navigate to the journal voucher, on the Journal Voucher summary list you will see the Macro Icon . Click and you will have the “Receipt Loan” and the “Loan Payment” options to select from as shown in the image below.



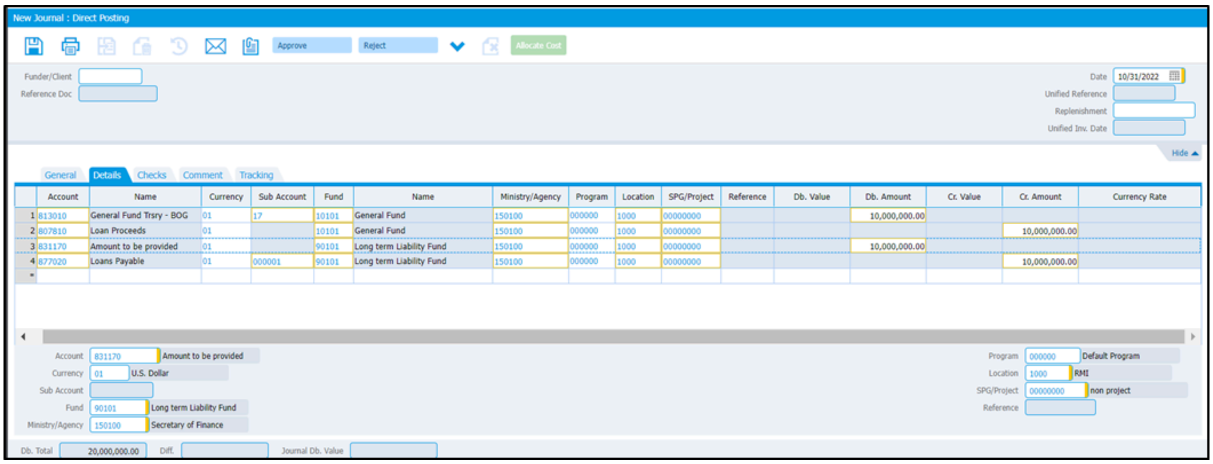
For recording the received loan amount, select Receipt Loan and a dialog box will pop up that requires completion as shown below:



Field Name	Description	Comments
Bank Account	Is the bank account defined in the General Ledger and is the bank used for receiving the Loan proceeds.	
Bank Account – Sub Account	Is the specific bank account number receiving the Loan	This is a sub account of the Bank Account selected
Loan Amount	The amount of the loan received	
Loan Payable Account	The long-term liability account that is used with the long-term liability Fund Group	This account type is Long-Term Liability
Loan	Loan Code from the Loan table. (A list with a code and name as a reference for a specific loan)	Sub account for the Loans payable, to follow transactions and reporting for each individual loan. This is effectively the loan sub-ledger

Comment	Text field to add any comments as required	
Actions	Run, Run & Keep, Cancel, Import from Sheet	These are the actions for macros in the system. For this type of transaction, always use RUN to create the JV and save it for review.

Click “Run”, and the following Journal voucher is created,


New Journal : Direct Posting

Approve Reject Allocate Cost

Funder/Client
Reference Doc

Date 10/31/2022
Unified Reference
Replenishment
Unified Inv. Date

Hide

General Details Checks Comment Tracking

	Account	Name	Currency	Sub Account	Fund	Name	Ministry/Agency	Program	Location	SPG/Project	Reference	Db. Value	Db. Amount	Cr. Value	Cr. Amount	Currency Rate
1	813010	General Fund Trsry - BOG	01	17	10101	General Fund	150100	000000	1000	00000000			10,000,000.00			
2	807810	Loan Proceeds	01		10101	General Fund	150100	000000	1000	00000000					10,000,000.00	
3	831170	Amount to be provided	01		90101	Long term Liability Fund	150100	000000	1000	00000000			10,000,000.00			
4	877020	Loans Payable	01	000001	90101	Long term Liability Fund	150100	000000	1000	00000000					10,000,000.00	

Account 831170 Amount to be provided
Currency 01 U.S. Dollar
Sub Account
Fund 90101 Long term Liability Fund
Ministry/Agency 150100 Secretary of Finance

Program 000000 Default Program
Location 1000 RMI
SPG/Project 00000000 non project
Reference

Db. Total 20,000,000.00 Diff. Journal Db. Value

The Macro will automatically create the General ledger transactions to record the loan amount as the follows:

The General fund will carry the “Cash” received and the “Loan proceeds” that will be reported under the fund statement, while the long-term liability group will carry the long term “loans payable”, and the “amount to be provided” for the government-wide statement reporting, under full accrual basis.

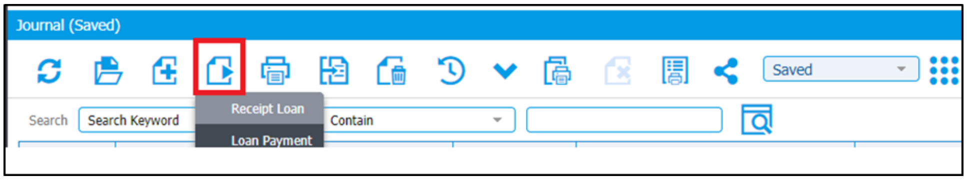
To complete the transaction, follow the approvals workflow to Review, approve, and post.

1.1.1.2 Loans Repayment

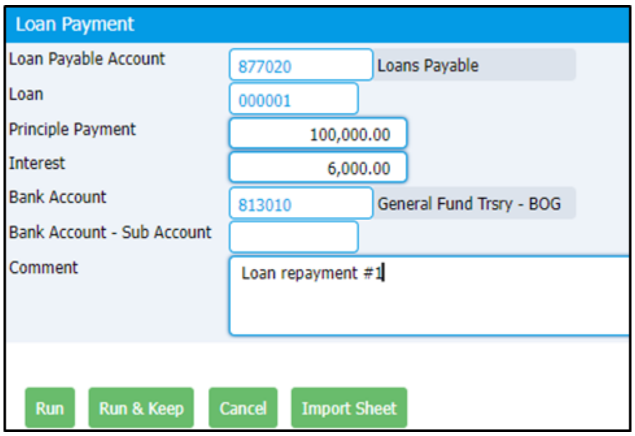
When loans are received, the repayment schedule including the principal and interest is provided with the loan agreement. The following process describes recording the accounting transaction when a loan repayment is made.

Please Note: this Process assumes the overall process including the bank payment is entered in the system using a direct Journal Voucher entry, To Process the loan payment amount through a Payment voucher, this process will be carried out in 2 steps, Step1 the Macro will replace the Bank account in this process with a “Short term liability” account. Step 2 follow the payment process workflow to close the “Short term liability account.

Open the Journal Voucher and you will see the Macro Icon . Click and you will have the Receipt Loan and the Loan Payment options to select from as seen in the image below.



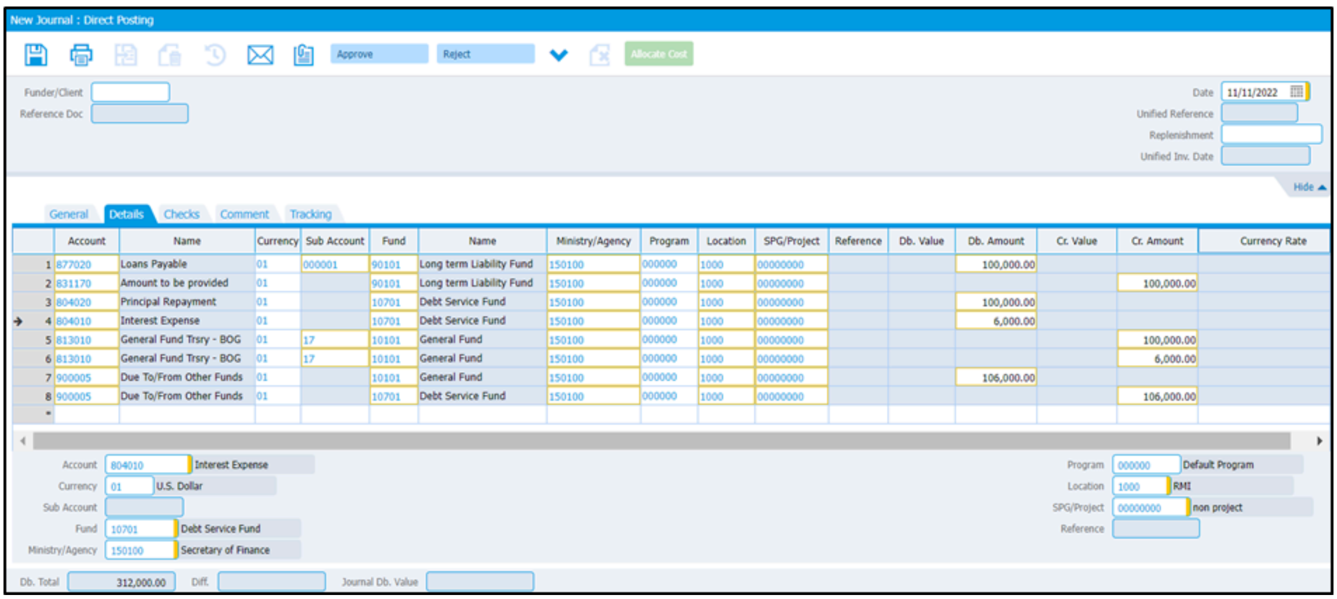
For recording the loan repayment, select Loan Payment and a dialog box will pop up. Complete the fields as the follows{



Field Name	**Description**	**Comments**
Loan Payable Account	The long-term liability account code that are used with the long-term liability Fund Group	This account type is Long-Term Liability
Loan	Loan Code from the Loan table. (A list with a code and name as a reference for a specific loan)	Sub account related to the Loans payable to follow transactions and reporting for each individual loan. This is effectively the loan sub-ledger.
Principal Payment	The amount of Principal to be paid	From the Loan Repayment schedule. The loan repayment schedule is maintained outside the Bisan FMIS.
Interest	The amount of interest to be paid	From the Loan Repayment schedule

Bank Account	Is the bank account defined in the General Ledger and from which the payment is made.	
Bank Account – Sub Account	Is the specific bank account number from which payments are made.	This is a sub account of the Bank Account selected
Comment	Text field to add any comments as required	
Actions	Run Run & Keep Cancel Import from Sheet	This are the actions for macros in the system. For this type of transaction always use RUN.

Click Run, and the following Journal voucher is created


New Journal : Direct Posting

Approve | Reject | Allocate Cost

Funder/Client

Reference Doc

Date 11/11/2022

Unified Reference

Replenishment

Unified Inv. Date

Hide

General | Details | Checks | Comment | Tracking

	Account	Name	Currency	Sub Account	Fund	Name	Ministry/Agency	Program	Location	SPG/Project	Reference	Db. Value	Db. Amount	Cr. Value	Cr. Amount	Currency Rate
1	877020	Loans Payable	01	000001	90101	Long term Liability Fund	150100	000000	1000	00000000			100,000.00			
2	831170	Amount to be provided	01		90101	Long term Liability Fund	150100	000000	1000	00000000					100,000.00	
3	804020	Principal Repayment	01		10701	Debt Service Fund	150100	000000	1000	00000000			100,000.00			
4	804010	Interest Expense	01		10701	Debt Service Fund	150100	000000	1000	00000000			6,000.00			
5	813010	General Fund Trsry - BOG	01	17	10101	General Fund	150100	000000	1000	00000000					100,000.00	
6	813010	General Fund Trsry - BOG	01	17	10101	General Fund	150100	000000	1000	00000000					6,000.00	
7	900005	Due To/From Other Funds	01		10101	General Fund	150100	000000	1000	00000000			106,000.00			
8	900005	Due To/From Other Funds	01		10701	Debt Service Fund	150100	000000	1000	00000000					106,000.00	

Account 804010 Interest Expense

Currency 01 U.S. Dollar

Sub Account

Fund 10701 Debt Service Fund

Ministry/Agency 150100 Secretary of Finance

Program 000000 Default Program

Location 1000 RMI

SPG/Project 00000000 non project

Reference

Db. Total 312,000.00 Diff. Journal Db. Value

The Macro will automatically create the General ledger transactions to record the loan repayment amount as follows:

The long-term Loan Payable fund group will carry the principal repayment amount by decreasing the "Loans Payable" (Dr.) and the "Amount to be Provided" (Cr.) account.

The Debt Service Fund will carry the "Principal Repayment & the Interest Expenses (Dr.) amount with a "Due to/From Other funds" account (Cr.) General Fund to balance the transaction on the Fund level.

The General Fund will carry the cash payment for the principal and interest values Bank Account (Cr.) with a Due to/from account (Dr.) the Debt Service Fund with the same value to balance the transaction on the fund level.

Follow the approvals workflow to Review, Approve, and Post

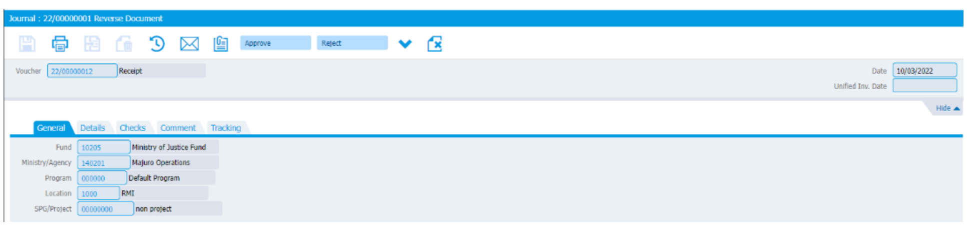
1.1.2 Cancel Vouchers

Posted voucher with transactions that has an effect on the General Ledger such as Purchase Invoices, Payment Vouchers, Receipts, Bank deposits. When any of those vouchers is cancelled by clicking the system creates a Journal Voucher of type reverse document, reversing the transactions values on the General Ledger. And referencing the source document that was cancelled.

The Journal type for cancelling transaction is “Reverse Document”

Serial #	Date	Status	Type
22/00000001	10/03/2022	Posted	Reverse Document

And the details of the JV will show the cancelled voucher, in the following example this Journal voucher is for reversing a Receipt



1.1.3 Asset Depreciation

Automatic calculation of assets at the end of the year for full accrual reporting.

Please Note: This action is initiated from the fixed assets module and will generate a journal voucher ready for review and posting.

2. Accounting Entries in BISAN

Using the JV voucher creates a direct posting to the GL and the postings depend directly on how the JV is completed.

Appendix A – Journal Voucher Form

Form_5-Manual_Journal_Voucher_v2.docx