|  |  |
| --- | --- |
| **Requirement** | **System Function** |
| Track depository bank information | Maintain a Bank master file with the following fields:   * Bank name * Location * Account code to link this bank to * Ending balance (statement) * Ending balance (MIFOS) * Date last reconciled |
| Currently one depository bank per branch (though this may change in the future) | Link this bank directly to the account code (To support multiple banks, see note 1) |
| Maintains a ledger for the depository bank | Ledger will contain:   * Account code * Posting date * Transaction date * Reference ID (OR, cheque, JV) * Debit amount * Credit amount * Tag (reconciled or not) |
| Ledger is updated when payment is made (check is issued) | Update ledger, take cheque number as reference ID |
| Ledger is updated when deposit is accepted as form of payment/collection or if cash deposit is made by cashier. In case of cash deposit, one deposit slip for each OR should be made.  (To support MFIs that deposit their collections lump sum or staggered during the day such as in India, see Note 2.) | Update ledger, take the OR number as reference ID. |
| Ledger is updated by any JV entries made with the corresponding bank account code. These  JV entries are made to record interest, penalties, other bank charges, transfers | Update ledger, take JV number as reference ID. |
| When official bank statement is received, reconciliation by tagging is done against the bank ledger | Enter statement balance  Display bank ledger items (without tags only) in chronological order (latest first) and exclude any post-dated checks  Tag ledger items for entries that are the same as the statement (reconciled items)  Compute for bank ledger balance  Compute for variance/difference between statement balance and bank ledger balance  Ask user to confirm tagged items  Update bank masterfile with ledger balance, statement balance and date updated |
| Reconciled and unreconciled items are reported | 1. Report should list outstanding checks and unreconciled transactions transactions |

**Note (1) To support multiple banks:**

1. An account code must be set up for each depository bank.
2. Add a new bank in the bank master file and link this bank with the account code.
3. MIFOS Financial action mapping should be changed so that all collections are not directly logged into a generic “Cash-in-Bank” account. A new account “Deposits-in-Transit” should be created. Model accounting entries will be:
4. For all collections

Deposits in Transit (debit)

Fees/Principal,Savings,etc. (credit)

1. Upon deposit (or for each deposit), JV entry must be made to record the deposit

Cash in Bank – Depository Bank (debit)

Deposits in Transit (credit)

1. The problem is that MIFOS does not allow any change to the financial action mapping once it is configured. If we are able to support accounting periods and period closing, can the financial action mapping be changed after a period is closed?

**Note (2) To support lump sum or staggered deposits:**

1. See number 3 above.