CIS 233: *Evaluation Criteria:*
Preliminary Investigation Report/Feasibility Study

Team Members: _Lucas Whittall, Brandon Phoenix, Mark Coyle Arnulfo Julio,_____

Category	Evaluation Criteria	**Points**	**Score**	**Comments**
Content:	❑ Covers all the requested points. ❑ Includes all required components/parts. ❑ Addresses proper audience. ❑ Has appropriate level of detail. ❑ Follows guidelines in text. ❑ Body of report contains all sections specified in the assignment document. ❑ Demonstrates that critical thinking skills were used to determine the true nature of the problem and scope of the project.	**60**	51	See my various comments – appendix is incomplete.
Format:	❑ Follows suggested format.	**10**	10	
Style:	❑ Uses a professional, easy to read, style with proper English grammar & NO spelling errors.	**10**	10	
Clarity:	❑ Makes all the points clearly from the reader's point of view.	**10**	10	
Layout & Neatness:	❑ Uses proper margins & spacing: **one inch** on left, right, top, & bottom. ❑ Uses consistent fonts with *no less than a **12 point font** minimum* (headings may be larger size if desired) **VERDANA OR ARIAL FONT ONLY PLEASE.** ❑ Includes a header or footer with document title and page numbers. ❑ Uses bullets and white space to good effect.	**10**	9	Inconsistent line spacing throughout the entire document.
Total Points		**100**	90	

Overall Comments:

Edmonds Community College

Computer Information Systems

Research Project 1

PRELIMINARY INVESTIGATION REPORT

Authors:

Team B.L.A.M
Brandon Phoenix
Lucas Whittall
Arnulfo Julio
Mark Coyle

Supervisor:

Peter Farrar

February 5, 2015

Date: February 5, 2015
To: Patrick Jay, Vice President/Manager
From: Team BLAM
Subject: Preliminary Investigation Report

Enclosed please find our Preliminary Investigation of Bank of Xanadu's need for a new automated system to streamline the processing of contract invoices. We found that a new that new system is worth pursuing. Based on our findings, the bank will benefit with a new system. The system will save time in processing, save money in the long run, create fewer steps and procedures in processing of invoices, and will result in accurate financial reporting.

We have scheduled to meet again at your Bellevue branch on February 5, 2015. We would appreciate your review of this Preliminary investigation. Please if you have any questions or concern, please contact the BLAM Team at Edmonds Community College. We look forward for your comments and approval.

XANADU BANK
PRELIMINARY INVESTIGATION REPORT

Team B.L.A.M

Brandon Phoenix
Lucas Whittall
Arnulfo Julio
Mark Coyle

February 5, 2015

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INTRODUCTION:

This is a preliminary investigation conducted by our BLAM TEAM. ~~BLAM is derived from our first initials, where B stand for Brandon, L for Lucas, A for Arnulfo, and M for Mark~~. We initiated investigation concerning the situation of Bank of Xanadu, and their accounting department, specifically their Accounts Payable system. The goal of our investigation is to satisfy Mr. Patrick Jay's request for a new accounting system to automate the procedures of their accounts payable department.

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SYSTEMS REQUEST SUMMARY:

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The Bank of Xanadu is under-going a transition from in-house programming to outsourced contractors, in an effort to remain profitable, bring their business focus back to core competencies, and save money. In doing so, the bank needs a new method or system to handle processing of outsourced contracts.

Currently, the Accounting department handles processing of these contracts and invoices. They process the invoices through manual entries in a Microsoft Excel spreadsheet. This process takes them numerous hours and extra days to complete, and is prone to creating report errors, numerous re-verifications of data entries, many reversal transactions, and erroneous financial reports.

Mr. Jay requests an automated system to track down these invoices or expenses, so that they are accountable based on the programing contract. He wants the system to correctly verify all information and data entered into the system. Specifically, he wants the new system to process invoices based on contract date range, and to verify the hourly rate billed in the invoices matches the hourly rate stipulated within the contract. The system needs to consolidate all contract expenses, so that Accounting will be able to tell whether there is enough funding left for the contract to pay for the invoices.

BACKGROUND:

Bank of Xanadu is a large global enterprise that offers a variety of products and services to a customer base of over 10 million people worldwide. They have over 100,000 employees worldwide. The bank originally started in Bellevue, Washington, and is now has headquarters in George Town, Cayman Islands. With 22 major banking centers worldwide, there are currently over 2000 additional branch offices located in both the United States and 15 countries across the globe.

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Major banking centers located in the U.S. include Bellevue, Los Angeles, Dallas, Atlanta, and New York. Overseas banking centers are located in The Netherlands, Germany, Australia, South Africa, Singapore, China, Great Britain, India, France, Canada, Chile, Brazil, Switzerland, Japan, and New Zealand. The corporate headquarters employs about 500 people and each of the major banking centers has between 500 and 1000 employees apiece. In addition to the major banking centers, smaller satellite branches employ anywhere from 25 to 50 employees each.

Three young entrepreneurs, who previously worked for large banking conglomerates, founded the original company in 1978. They believed that by combining their successes and their expertise in the banking industry, they could eventually grow their little thrift into an internationally recognized banking enterprise. Originally, there were just three small branches in the Puget Sound area of Washington State. It was one of the first to implement a policy of putting the customer first, no matter what. The company slogan, "No Boundaries", truly describes the personality of the company and its founders.

Currently, the bank is shifting its focus to improving its core competencies. This move entails outsourcing its programming needs, which will save the bank millions each year.

PRELIMINARY INVESTIGATION FINDINGS:

The Problem

Currently, the bank does not have an automated system to handle contractual payments to outsourced programmers, and has delegated the task of managing such payments to the accounting group at each major U.S. banking center.

The main focus of the problem, according to Mr. Patrick Jay, the vice president and manager of the accounting group, is the processing of invoices for the outsourced programmers. The accounting department has set up a stop-gap to fix the issue with invoices that uses a Microsoft Excel spreadsheet to record the invoices and other data related to the contractual expenses.

This process is time consuming, prone to errors, and affects vendor inquires and financial reports. Senior management has decided that the bank needs a new system to handle these invoices.

Project Stakeholders:

This system change affects the following stakeholders:

- Patrick Jay – project sponsor and the person who initiated the project
- Dave spencer – the chief accountant
- Rob Watt – issues contracts
- Accounting Group – processes invoices and timesheets
- Contractors – Provide invoices & time sheets for contractual services.
- Accounts Payable Group – pays out invoices
- IT department – maintains the system

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Commented [P6]: Don't use actual names – just titles.

Commented [P7]: Learn how to insert a page break instead of hard paragraph returns.

Project Scope:

In Scope: Design a system that will help the bank be cost efficient, handle contract payments faster and save time. It will be a trial system, set up in the Bellevue office only at this time. The system will handle all contracts, tracking hours, payments, and balances.

Commented [P8]: WAY too brief. You need to be far more specific in a scope statement. State exactly which activities will be included, what deliverables will be submitted, the data the system will encompass, how success will be measured, etc. I posted the SOW document that explains what a good scope statement should include.

Out of Scope:

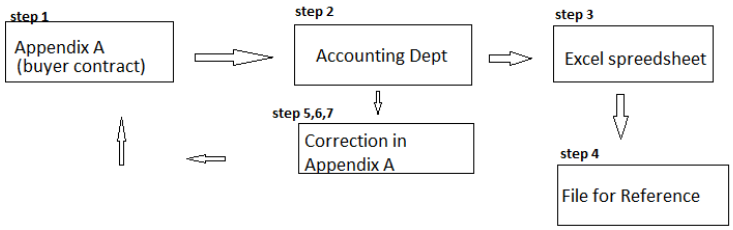
- Updating computer systems.
- Designing this company wide.
- Handling any other accounting issues.

Current Procedures:

~~Appendix A is a contract form between Dan Van Ritz and the Bank of Xanadu, and it details the work needed and the amount to pay to Dan Van Ritz, Inc.~~ Invoice processing is as follows:

Commented [P9]: This is only one example – sounds like there is only one appendix A. Just write "Contract and invoice processing…"

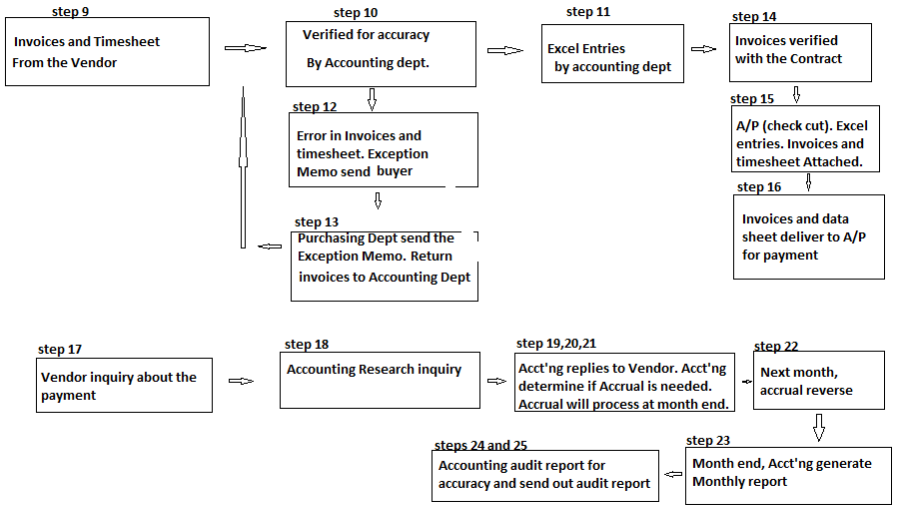
1. Delivery of Appendix A to the accounting department.
2. Accounting verifies Appendix A to make sure it is complete with all needed information
3. Enter Appendix A into the Excel spreadsheet.
4. File copies of Appendix A for future reference.
5. Create exception memo if Appendix A is incomplete and return to buyer.
6. Accounting receives corrected Appendix A from buyer
7. Verify revision to Appendix A, and enter into the Excel spreadsheet.
8. File Appendix A. (see the below diagram how this is process)



9. Invoice and timesheet is received from vendors
10. Verify invoice for completed information.
11. Enter invoice into Excel spreadsheet if it is complete.
12. If invoice is not complete, create exception memo. Return Invoices and timesheet to buyer.
13. Buyer resolves issue and returns payable invoice to Accounting
14. Verify payable, valid invoice manually against contract to ensure pay ability.
15. When invoice is determined to be payable (Check Cut), a data entry sheet is generated and attach to original with the timesheet.
16. Deliver invoice and data entry sheet to accounts payable.
17. If vender did not receive payment in reasonable time frame, they call the accounting to find out why?
18. Accounting researches vendor inquiry.
19. Accounting replies to vendors.
20. Accounting determines if accrual needed for invoice at month end.
21. If so, accrual process begins.
22. Next month, accrual reverses.
23. At months end, accounting generates 5 monthly reports for accounting and bank management.
24. Accounting audits report for accuracy.
25. Accounting sends out audited report. (See the below diagram how is this process.)

Commented [P10]: Nice touch. You will be doing some activity modeling in lab 9.

Commented [P11]: 5 monthly reports



Current Strengths and Weaknesses:

The current strengths are minimal, with the main positive is that Excel is not an expensive program, and it does the job.

Most of the current processes are time consuming, and take many steps in the process to accomplish the job. Another weakness is wasted expenses because of the man hours needed. Since the process does not integrate with current systems, there is a delay and breakdown in communication between departments, and corrections take time to get back and forth between departments. There are accuracy issues due to manually entering data in by hand. This, coupled with extensive hours, create mistakes at times. The system has no way of catching accounting, accounts payable, and contract issues, so finding a mistake can be a painstaking endeavor.

Commented [P12]: More spacing issues here – now it is 1.5

Commented [P13]: What about employee familiarity with Excel and relative ease of use?

System Requested Features:

The most important functions the new system must perform are to determine whether each billable invoice falls within the contract time limitations, and that the start and end dates of the work performed and billed on the invoice falls within the valid contract date range. Secondly, the system must also verify the hourly rate billed on the invoice matches the hourly rate set on the contract. Finally, it must calculate whether there is enough funding left on the contract to pay the invoice.

Other features requested include the ability to run on existing PC-based, UNIX hardware, be scalable, adhere to standard Accounting - GAAP regulations, keep data secure, and reject contracts if there is no funding. The system should also be able to generate and deliver five reports used by the bank: an expense report, an accruals report, a monthly report for each bank division listing expenses for contract programming for each unit, a unit report detailing the expenses, and a report for each project manager detailing costs, fees, and remaining balance for contractors.

Constraints:

- Automated Database System.
- Completion date of June 18nd of 2015.
- Pilot program to start at Bellevue location.
- A training plan for the accounting department.
- Must use current systems to design project.
- Transfer all current information over to new system.

Commented [P14]: Wording is too brief here – what do you mean by "automated"? Do you mean the new system must be an automated database system? If so, say that.

Project Feasibility:

Operational: The new system will cut costs, take less time and be more accurate, which will save the bank money, use less man hours and give faster turnaround time. This benefits the accounting, accounts payable and the IT department by making it easier to use, fewer returned contracts and less maintenance. The risks to the bank are minimal, if not non-existent.

Commented [P15]: What about employee acceptance of the new system? Will they? Does the bank have the appropriate caliber of employees to operate the new system – are they trainable?

Technical: The bank's current system is more than capable of handling this new system. The only issue is training the accounting and IT departments.

Commented [P16]: Well, do they have the appropriate infrastructure to support the new system? Is the network suitable? What about hardware/software, etc. Is their IT staff sufficient to support the new system?

Financial: The bank looks to profit from a new system in place, with a high ROI and decent NPV. According to our calculations, the system should pay for itself in the third year of operation.

Commented [P17]: Does the bank have adequate financial resources to afford the new system? Do they have the funds to maintain/support it through its entire life span? Your ROI/NPV is correct.

Here are the Return on Investment and Net Present Value reports for the project.

Bank of Xanadu

Project Feasibility Report - ROI

Team BLAM

Year	Costs	Cumulative Costs	Benefits	Cumulative Benefits
0	$ 2,000,000.00	$ 2,000,000.00	$ 1,500,000.00	$ 1,500,000.00
1	$ 400,000.00	$ 2,400,000.00	$ 1,425,000.00	$ 2,925,000.00
2	$ 420,000.00	$ 2,820,000.00	$ 1,353,750.00	$ 4,278,750.00
3	$ 441,000.00	$ 3,261,000.00	$ 1,286,062.50	$ 5,564,812.50
4	$ 463,050.00	$ 3,724,050.00	$ 1,221,759.38	$ 6,786,571.88
5	$ 486,202.50	$ 4,210,252.50	$ 1,160,671.41	$ 7,947,243.28
6	$ 510,512.63	$ 4,720,765.13	$ 1,102,637.84	$ 9,049,881.12
7	$ 536,038.26	$ 5,256,803.38	$ 1,047,505.94	$ 10,097,387.06
		Return on Investment:		92%

Bank of Xanadu

Project Feasibility Report - NPV

Team BLAM

	Benefits	Factor	PV of Benefits	Costs	Factor	PV of Costs
Year 0	$ 1,500,000.00	1.000	$ 1,500,000.00	$ 2,000,000.00	1.000	$ 2,000,000.00
Year 1	$ 1,425,000.00	0.926	$ 1,319,550.00	$ 400,000.00	0.926	$ 370,400.00
Year 2	$ 1,353,750.00	0.857	$ 1,160,163.75	$ 420,000.00	0.857	$ 359,940.00
Year 3	$ 1,286,062.50	0.794	$ 1,021,133.63	$ 441,000.00	0.794	$ 350,154.00
Year 4	$ 1,221,759.38	0.735	$ 897,993.14	$ 463,050.00	0.735	$ 340,341.75
Year 5	$ 1,160,671.41	0.681	$ 790,417.23	$ 486,202.50	0.681	$ 331,103.90
Year 6	$ 1,102,637.84	0.630	$ 694,661.84	$ 510,512.63	0.630	$ 321,622.95
Year 7	$ 1,047,505.94	0.583	$ 610,695.97	$ 536,038.26	0.583	$ 312,510.30
Total	$ 10,097,387.06		$ 7,994,615.55	$ 5,256,803.38		$ 4,386,072.91
		Net Present Value:	$ 3,608,542.64			

Expected Benefits:

Tangible:

- Save time on processing.
- Save money in the long run.
- Uses fewer resources.
- Will be more accurate.
- Improved Employee satisfaction.
- Improved Vendor relations due to faster and accurate payments.

Intangible:

- Easier process.
- Easy to learn through training.
- Profitable future, once implemented company wide.

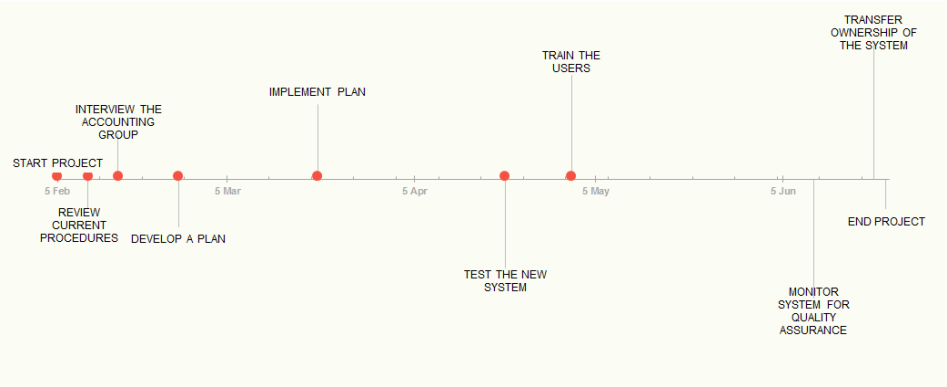
Commented [P18]: Tangible. What about better employee satisfaction – what about better vendor relations through faster/more reliable payments?

Time and Cost Estimates:

Name	Hourly Rate	Monthly Hours	Total Monthly
Brandon	40	160	6,400
Lucas	30	160	4,800
Arnulfo	25	160	4,000
Mark	40	160	6,400
		Total:	21,600

Miscellaneous Expenses		Travel	1,000
		Computer	4,000
		Supplies	1,000
		Per Diem	4,000
		Monthly Total	31,600

Project Timeline:



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Date	Milestone
February 2, 2015	Start Project
February 10, 2015	Review Current Procedures
February 15, 2015	Interview the accountant
February 25, 2015	Develop a Plan
March 20, 2015	Implement Plan
May 1, 2015	Train the users
June 10, 2015	Monitor system
June 20, 2015	Transfer ownership of system
June 22, 2015	End project

Recommendations for Action:

Based on the findings of this investigation, our team believes this project will be a worthwhile endeavor for the Bank of Xanadu, and we recommend moving forward with the project. The feasibility of the project is positive, with operational and technical feasibility painting a nice picture for the project.

Financial feasibility is profitable as well, with a Return on Investment of 92%, well above the standard minimum used on most markets. The Net Present Value is also positive, putting the project at $3,608,542.64- above the cost of the project. This project will save time and money for the Bank of Xanadu, and give the bank a better opportunity to focus on its core competencies.

The next step will shift our team into the systems analysis phase, and we will begin gathering and processing system requirements. This starts with the requirements modeling stage, and will lead into data and process modeling, then object modeling, and finally strategy development. Through

these stages, we will be collecting data, processing how to perform current tasks, and assess how the new system could solve current problems. We believe in using an agile method in our analysis so that we can tailor our steps to the current project, and come up with a best-fit scenario for the bank. This will then take us into the design phase of the project, which we will later discuss with a System Proposal.

APPENDIX:

Interview Questions:

This interview is for Patrick Jay, the VP and manager of the accounting Group and Dave Spencer, the chief accounting officer. Mr. Jay is the person who sponsor project and he is responsible for the creation of the project. Mr. Spencer is the person who knows the details of the project and he knows the requirement for a new system?

- How much is your budget for this new project?
- What kind of documentation are you looking for in terms of milestones?
- Will you be needing us to give informational seminars and training?
- What are the missing information or data in the financial reports that can be corrected with the new system?
- Is there any reports that the system needs to generate? (Monthly expenses, client expenses? Overall?)
- What are some of the information or data needed to enter into the new system?
- What are some of the system limitations?
- How do you monitor the contract programing expenses if they are being disbursed according to the stipulated contract?
- How long, in terms of months and years, are contracts typically?

Commented [P20]: You are missing MOST of the documents that should appear here. What about the memo of understanding (lab 5)? You are also missing all the source documents you were given – contract, contract extension, invoice/timesheet, exception memo, data entry sheet and the entire Excel workbook. These are VERY important document to be included in your appendix. Appendix is incomplete.

Commented [P21]: This should be on a separate page with a TOC since there are so many different document in it.

- What will be the user privileges be? Will there be different access levels for management? (Any passwords?)
- Does the system need to be accessibility in every location or just the main branch hub centers?
- Is there any system "safety" parameters that need to be implemented? (Preventing a user from submitting a contract without filling out all the required fields)
- What system do you have in place besides spreadsheet to track down or monitor the programming expenses or invoices?
- What risks do you foresee and are you comfortable taking them?
- What are some of the features that you would like to see in the new system that will help and make the processing of invoices easy to use.
- What system are in place to help, direct, or to resolve vendor inquiries and issues concerning their transaction with company?
- What is the timeframe for the project?
- How does the programmer/business analyst report their actual expenses to the corporate center?
- What type of information will be required to enter in the system for contract and payment details?
- If there is no funding left on a contract to pay an invoice, what needs to happen to that contract?

MEETING NOTES ON JANUARY 29TH, 2015

Q: What is the business doing to alleviate problems? Keep up and manage this?

A: Dave spencer- Created workbook with various sheets to record contracts and the invoices that come in. Rarely gets out of the office at 9pm, sometimes working on Saturdays. Has to report to all the project managers and departments that are getting expenses charges for these invoices in the contract program. Currently manual input.

Q: What type of system?

A: Standalone system, start with pilot program in the Bellevue Office

Q: When an invoice has an error?
A: Fills out an exception memo and returns the invoice to the buyer Rob Watt. It his responsibility to fix the problem. Has to correct it and send the new revised one. Each invoice takes about 20-30 minutes.

Q: All the entry fields and spreadsheet method, new fields?
A: Don't necessarily know what fields are needed and if we need to replicate the ones in place. Not putting anything in the workbook that he doesn't have to. Look at the information and see how it will work

Q: Will you provide input and output forms?
A: Don't really have any forms. We get a contract, enter the information, get invoice, enter the information's on the invoice.

Q: What are the differences between the available contact funding for contract and the invoice?
A: The contract will have a cap and the invoice may come in at the full amount. Maybe some come in a couple weeks at time.

Q: Are there company policies that would affect the system?
A: The system would have to adhere to GAAP rules. There are ways for accounting to be handled.

Q: What are the expectations for hiring?
A: Expect to be hiring contract programmers because we bought another bank. Will take some programming to merge system together. Could be several hundred employees

Q: What tangible benefits and intangible that we need to take effect?
A: Wants an automated system that reduces the time it takes to reduce to process invoices. Easily trainable to others. Not something that I wanted, just something that my boss gave me. I want a system that can be done for an accountable. Funding will cover training.

Q: Will we be provided with figures for NPV and ROI?
A: eventually

"10 day period at the beginning of every month where the system will be open or limbo where we get expenses and things we receive. We can actually do a paper transaction and charge it to the general ledger account, charging unit. On the 10th of the month, we would reverse the figure, going to pay the invoice, the minus figure and the + figure wash."

Q: Any weakness or time consuming?
A: Manually entering everything gets to be pain. Might "double-finger" and some things could end up in a mistake and Excel doesn't catch that thing. A system that would minimize errors.

Q. Risk to the projects?
A: I don't see any risks, can't think of any, besides the information on the contracts and the invoices is proprietary bank information. We would want this information to remain secure. Possible data breach?

Q: Is there a deadline?
A: June 18 is the absolute last day. Boss says it has to be done, otherwise Patrick J says I will be in "trouble"

Q: What kind of validation rules to apply for invoice coming in?
A: When he gets an invoice, he has to find the contract that it pertains to. The invoice has hours work and rate. Has to manually calculate it. Most automated systems will do this and eliminate errors. Currently have WORD template. Should do math by itself.

Q: What is the strength of the spreadsheet?
A: No strengths, and doesn't want to have it carry over.

Q: What System reports should it need?
A: Expense report- general accounting department. General ledger expense contract programming
Accruals report- need a report to see how much it is.
Send out report to each division in the bank of every month. It lists, the expenses the contract programming for each of the units located within that department. There is a report that we send out to each unit that gives the detail for what the expense is for. Last report send out to each project manager, detailing the cost associated with the fee with the contractor. This is how they will know how much is left on the contract.

Q. What are the fee limitations?
A: the fee is on the contract, already stipulated. That is where its tracked

Q: Hardware and Software constraints:
A: Nothing that he knows of, Uses UNIX mainframe, has network in the bank. Servers are capable to handle this.

Q. What type of OS will be needed?
A: System must run on existing hardware. Windows

Q: Do you require an NDA?
A: Yes we do.

Q. Who enters the information in the system?
A: Some vendors are large, they have the ability to submit invoices electronically. Some programmers are sole proprietors. They will attach an invoice to an email or use the snail mail. Allow extranet for partners to enter their own.

Q. Same contractors?
A: Each contractor has its own rate. Use some people/clients over and over again. A lot of these people use to work at the bank.

Q. Who is the end user, and what support will they have?
A: The end user of the system is the accounting department. We still have IT in house to manage the network. Need a system that will eventually be maintained by them

Q. Who is not allowed to use?
A: The contract people should not have access to this system. I have had many mistakes.

Q. How do you measure success?
A: Completed by the date of June 18, 2015. Must follow three things as discussed.

Q. If it gets over the amount?
A: The system must reject it. Any problem, returned to the contractor and must be resolved by them. Back to the buyer Rob. Responsible contacting Vendor and the program manager outside of the accounting department..

Q. How does the department benefit?
A: Should relieve problems and just overall minimizes errors.

Q. List of people affected?
A: write the list that we talked about last class 01-26-15

Q: Is the project team including training as scope?
A: Come up with training plan, train people, design, implement, as part of the scope. Turn-key system

Q. Is this system expected to run independently, or centralized for the company
A: As of right now, he has 5 different accounting centers. They process regional invoices. Down the road, consolidate them more. We like the idea of having them regional processing their own. Bellevue process all corporate. IF it deploys all regional center, it will be single enterprise accessible all over

Q. Any terminologies that are being used inconsistently?
A: There is no confusion, they have different terms,
Dave- Reports that I print out manually, get put in a cheese envelope and goes into the mail system, and goes where it needs to be. Sometimes I will print screen and email it to a manager if he needs it right away. That's how the reports get sent out. Ideally, it will be cool if the system could

automatically send from the system through email to whoever. Allow certain management people limited access and request copy

Q How do you see the department benefiting from the system- Lyle Newhart
A: Dave brings out a packet, with the original invoice that he paid for it. Has a data entry sheet. Gives it to data entry people.

Q: If needed, how would you access it the files- contracts?
A: Not sure if Analysts would need access it to. HR and payables group. Payables group has to have 1099 setup contractual life events. Issue the checks to them. Its expense and reported to IRS, that check is considered income.

Q: Is there any colors or specialization:
A: You can design the system and choose any colors that you would want.

Q: Is there any ID code to track the payments
A: The appendix A of the contract, lengthy contract. It is what gives you the specific details of each contract. It's where you specify, rates, people, projects.

Q. Job-shadowing the end user
A: Next week, and probably want Dave

Q. How long do contracts last?
A: Generally not more than 12 months

Q: Do you have current system documentation that we could currently use?

A: Copies of reports that was said earlier
vendor invoice, copy of contracts, appendix A, data entry sheet, excel workbook, and exception memo , timesheets.

Q: Is there any approval for the amount

A: Signed by the project manager, and its attached to the time sheet.

Q: How many people will be associated to the contract?

A: One contractor per contract

Q Current process on timesheet

A: not getting paid until a signature is on the time sheet. Dave knows almost all of the project managers.

Q: Does the system need to be scalable?

A: Yes, please factor that in and it's also audited every 3 three years.

Source Documents:

Bank of Xanadu

Corporate Headquarters: **George Town, Cayman Islands**
Major Banking Centers: **Amsterdam • Atlanta • Auckland • Bellevue • Berlin • Dallas • Hong Kong • Johannesburg • Kuala Lumpur • London • Los Angeles • Mumbai • New York • Paris • Toronto • Santiago • Sao Paulo • Shanghai • Singapore • Sydney •Tokyo • Zurich**

Date: Friday, 11/30/14
To: Bank of Xanadu Bellevue Employees
From: Anne Casey, Sr. Vice President
Subject: MAJOR ANNOUNCEMENT

This will give you advance notice of a story that will be reported in tomorrow's newspapers. At a press conference today, the Bank of Xanadu board of directors announced that the company would immediately acquire Utopia National Bank, including their corporate headquarters and all 550 of their branch offices, for a sum of $20.1 billion dollars. This acquisition will greatly increase our global influence in Europe, Africa, and the Asian marketplace. This opportunity will expand our operations into eight new international cities, including Madrid, Copenhagen, Rome, Cairo, Bangkok, Taipei, Manila, and Seoul, and add over 400 domestic branches – primarily in America's heartland. We are excited about this acquisition, and welcome Utopia into the Xanadu fold.

During our recent strategic planning meetings, we examined external opportunities and internal constraints of our business. We identified several fast-growing areas of banking that might represent new opportunities for Xanadu. We found that bringing Utopia into our business model would present the best opportunity for us to expand not only our global exposure, but also to expand our customer base and increase the available services that we can offer our customers. While Utopia will provide us a wider array of banking opportunities, we will need to streamline both business process models into one seamless operation in order to maintain economic profitability.

As a result, we decided to consolidate operating and networking systems into one global system. We have successfully recovered from the sub-prime mortgage fiasco that resulted in damaging losses for Xanadu, and particularly disastrous losses for Utopia. With losses in the billions of dollars, Utopia has continued to struggle unsuccessfully to operate as a financially profitable organization. This has allowed Xanadu to execute a quick-and-dirty hostile takeover of their organization. With this said, we must now focus on our core competencies in order to maintain financial profitability. After much strategic planning, we have decided to outsource all computer system programming and consulting duties that we once held in-house to outside contractors. We project that this will result in substantial annual cost savings in employee administrative and benefit expenses.

To address this constraint, we have decided to temporarily reorganize our IT resources and assign higher priority to internal projects that will streamline our procedures. As Xanadu employees, you know that our company always has looked ahead to the challenges and opportunities of the future. Our long-term mission is to grow ourselves into the largest and most profitable banking organization in the world – one that is essentially "too-big-to-fail". Our corporate values and the high-quality services we provide are the cornerstone of our success. In a market where many banks and thrifts have failed, we have been able to stave off serious financial distress and with the acquisition of Utopia, believe we have positioned ourselves to sustain our recovery, and continue to grow our product and services worldwide. Our financial analysts and advisors have much work to do to complete the acquisition of Utopia. We will scrutinize all internal procedures and external market opportunities. If all goes as planned, we expect to see increased profits within the next two to three operating quarters. Thank you all for your hard work and dedication.

Bank of Xanadu

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Information Systems Work Request

Date	**1/25/15**	**Department**	**Accounting**
Contact	**Patrick Jay**	**Location**	**Bellevue, WA**
Title	**Vice President, & Manager**	**Email**	**pjammer@box.bank**

Project Description (in brief):

The strategic direction and growth of the bank has put new emphasis on streamlining our internal procedures. Xanadu Bank is in the business of banking, and to remain profitable and competitive, focus has shifted toward concentration on our core competencies, outsourcing any functions and processes that are not part of these core business operations. Since this process began late last year, we have redeployed all in-house programming positions, resulting in the need to use outside contractors to provide the necessary programming services. This move will save our company over one 1 million dollars annually in employee administrative and benefit costs.

The major problem we face now is finding a suitable way to track these new programming expenses to the scope of service stipulated in their official contracts. While the accounting department has hastily thrown together a stop-gap solution using a spreadsheet application, it is taking an incredibly large amount of time to manually enter all the contractual information, receive and process the incoming programming invoices, prepare accurate accruals, respond to vendor inquiries, and generate accurate monthly financial reports.

The THREE most important functions the new system must perform are to determine whether each billable invoice falls within the contract time limitations (start & end dates), specifically if the work performed and billed on the invoice falls within the valid contract date range. It must also verify the hourly rate billed on the invoice matches the hourly rate stipulated on the contract. Finally, it must calculate whether there is enough funding left on the contract to pay the invoice.

In recent strategic planning sessions, the senior management has determined that there is a desperate need for a new, more automated process for managing contract payables. The *objective* of this project is to investigate and recommend a solution to control payments in accordance to contractual time and fee limitations throughout the company. Once approved, the winning team will design and implement the chosen solution for use within the Bank's various accounting departments.

Submitted by: _____ **Date** _____

Approved by: _____ **Date** _____

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George Town, Grand Cayman

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Patrick Dollarene
Chief Financial Officer (CFO)
Sanjay Rupeedaal
Chief Information Officer (CIO)
Isabella Realney
Chief Operations Officer (COO)
Hyacinth Randall

Executive Vice President (EVP)
Carmelita Pesolera
Senior Vice President (SVP)
Richard Poundstone
Vice President (VP)
Dieter Markstein
Assistant Vice President (AVP)
Keiko Yennokai

(Sample)
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Payables Group
Manager: Astrid Dorftier
Gunther Merckel
Hans Meistersohn
Rudi Schertz
Walter Lehmann
Martin Edelmann
Gert Fromme

Assumptions:

None at this time.

Issues:

None at this time.