Project Description

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Proposal number: 6528799

Triple Play has expressed their interest in eliminating some tasks via automation to help shore up controls to help improve efficiency, internal controls, and reduce the risk of fraud. AIS Solutions has well known expertise in the area of designing and implementing accounting information systems that are completely new or updating existing accounting information systems.

Table of Contents

Proposal number: 6528799

AIS Solutions Inc.

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December 1st, 2010

Mr. Randy Cleaver
 Mr. Jim Johnson
Mr. Willie Lloyd
1321 Line Drive Rd.
New York, NY 24589

Dear Gentlemen:

At AIS, we take great pride in our ability to reengineering systems for our customers. We aim to deliver to our customers the ultimate goal in achieving improved operating efficiency and growth in the company's net profits. Additionally, we are the best amongst our key competitors in delivering top-notch services here at AIS Solutions Inc.

From our conversations, we understand your organizational challenges. Triple Play's recent growth has enabled and spurred several weaknesses and challenges in your current system. We believe you are taking the appropriate steps in seizing the perfect timing of the implementation of new systems with the goal of utilizing automated technology to help improve the efficiency of operations.

 While the ownership has also expressed the desire to improve controls, we also understand and value your desire to mitigate the risk of fraud. Currently all processes within the company are manual with the exception of a few procedures.

The following proposal is in response to your request on November 1st, 2010. For your consideration, we have provided you with an analysis and update of your current accounting information system based on the input you have provided during our visits to your facilities. The following proposal includes:

- The analysis of the current accounting information system
- The revision of the current accounting information system
- The recommendation and analysis of new accounting information system

Our ability to stand on our promise of deliver customer oriented services within budget and on schedule originates from knowing we have a team of industry experts within our ranks. We believe that we are the best at what we do at AIS Solutions Inc. We deliver value for your

investment and are at the cutting edge of information system development. Please take your time with reviewing the following proposal and we look forward to hearing from you soon.

Warm regards,

Timur Aydin

Tyrone Houston

Maranda Jones Anderson

Arnaud Kalameu

Jeffrey Semon

Executive Summary

Objective:

To deliver a solution aimed at increasing efficiency by lowering Triple Play's lead time range to meet Triple Plays goals and provide cost savings in operations as a result of the elimination of some manual processes.

Summary:

Triple Play currently operates with various manual systems and some computerized procedures such as accounts receivable. Management is predicting continued growth and the current manual system will not be able to keep up with the growth in demand from customers. Management of Triple Play has expressed interest in implementing technology to increase efficiency in operations. Management has also expressed their desire to take advantage of the internal controls that can be implemented along with the implementation of new technology. There has also been discussion with management about the ability to capitalize on technology to reduce fraud risk when implementing new technology to eliminate some manual procedures. After these discussions with management and the appropriate personnel within Triple Play we have

Goals:

We plan to implement an update of the accounting information system at Triple Play that will deliver the efficiencies in the desired areas as well as improve controls and reduce the risk of fraud. This will occur by doing the following:

- The update of certain procedures within the current accounting information system to increase efficiency in expenditure cycle targeting the purchasing system.
- An increase in efficiency in the revenue cycle targeting the sales order processing system.
- An increase in efficiency, internal controls, and fraud mitigation in the revenue cycle targeting the cash receipts system.

Solution:

To achieve these goals it has been determined that automation of the inventory system be implemented with its suppliers for the expenditure cycle. This automation will also include the accounts payable database. Automation of the tracking of inventory will occur by scanning of inventory as it moves out of the warehouse in the revenue cycle. Automation of payment with the wholesaler will also be implemented in the revenue cycle.

Systems Analysis

Sales Order Processing System

After examining Triple's Play's Sales Order Processing System, AIS Solutions Inc. has noticed several weaknesses and areas for improvement. The customer sales orders are being processed manually in too many areas. This is the issue that results in Triple Play having difficulty keeping up with their customer orders received from retailers, lead times being 14 days for infielder gloves and 30 days for softball gloves while retailers are demanding 12 and 26 days respectively.

AIS Solutions Inc. has prepared a data flow diagram (DFD) to show Triple Play the issues within their current Sales Order Processing System (Exhibit 1).
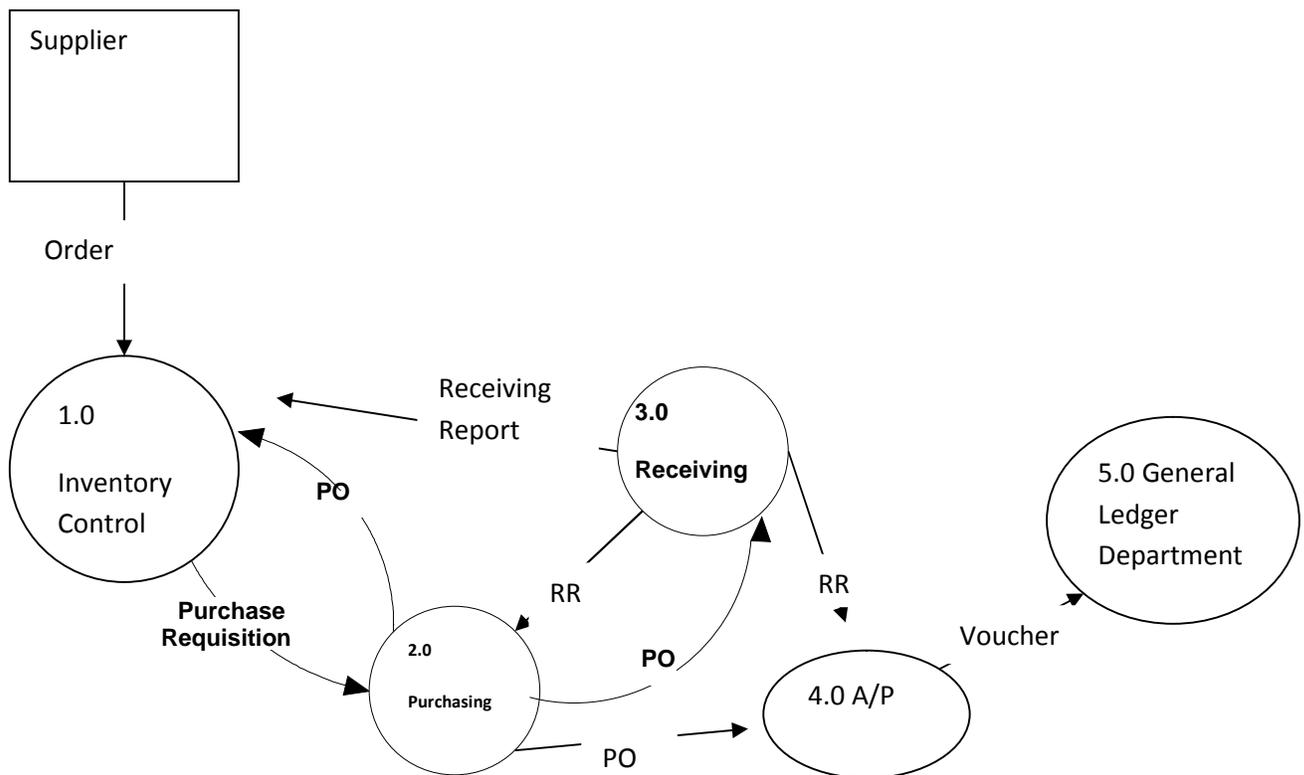
After conducting a thorough analysis, AIS recommendation for the updated Sales Order
Processing System is shown below (Exhibit 2).

Supplier
3.0 A/P
Voucher
General Ledger
Electronic Order
Payable Information
Inventory
Scan
1.0
Computer
2.0
Receiving
Inventory Master
A/P Master
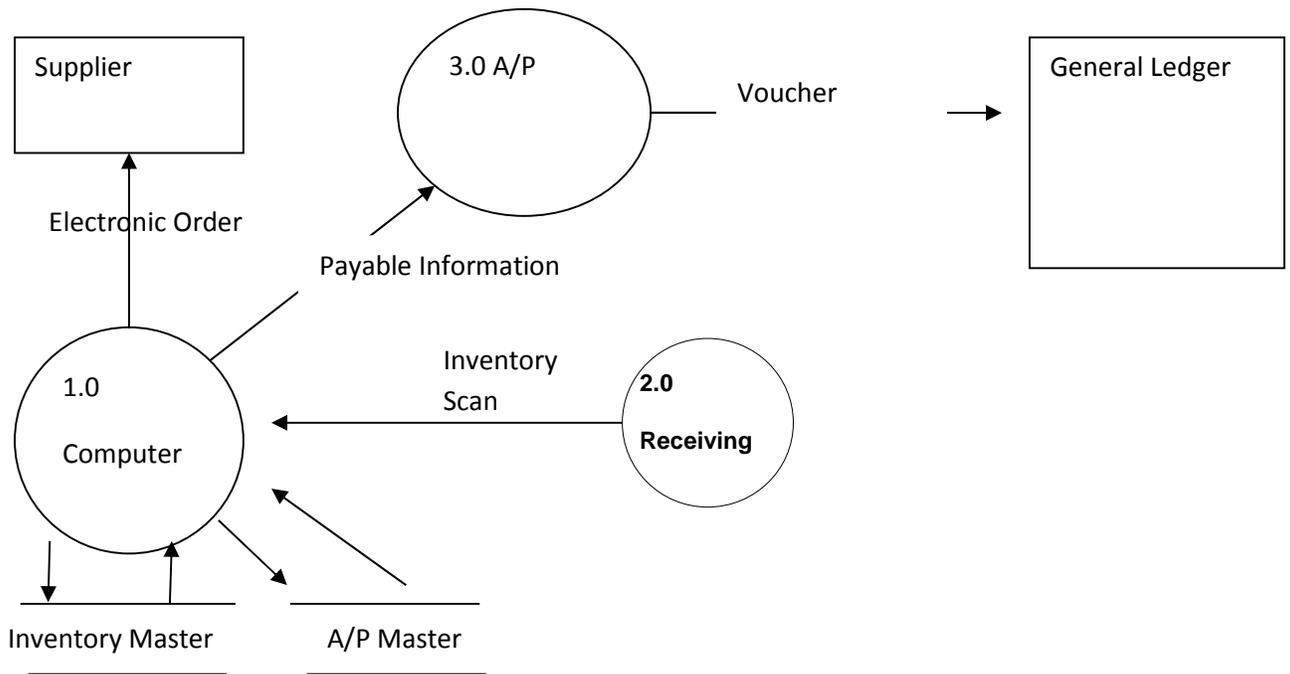
The solution to Triple Play's Sales Order Processing System is quite simple. Triple Play needs to

receive orders via automation. In the updated DFD the inventory system is an automated system

that is networked with the supplier to maintain a predetermined level. When the inventory is

below a predetermined level the supplier automatically ships the needed inventory. The

automated system adjusts inventory as receiving scans in the inventory. The accounts payable

master is updated automatically by computer system. The A/P department generates a printout

of the payables and files it. From the printout the A/P department generates a voucher and sends

it to the general ledger department. The implementation of this system reduces the risk of data

entry errors in inventory and A/P. The risk of fraud is reduced because the theft of assets in the

form of inventory will be more difficult as a result of automated data entry to the inventory

account through scanning. This will prevent doctoring of the receiving report and theft of assets.

Sales Order Processing System Updated

The next DFD represents the next area of update, the sales order processing system. The DFD of

the original system is shown in Exhibit 3.

Exhibit 3
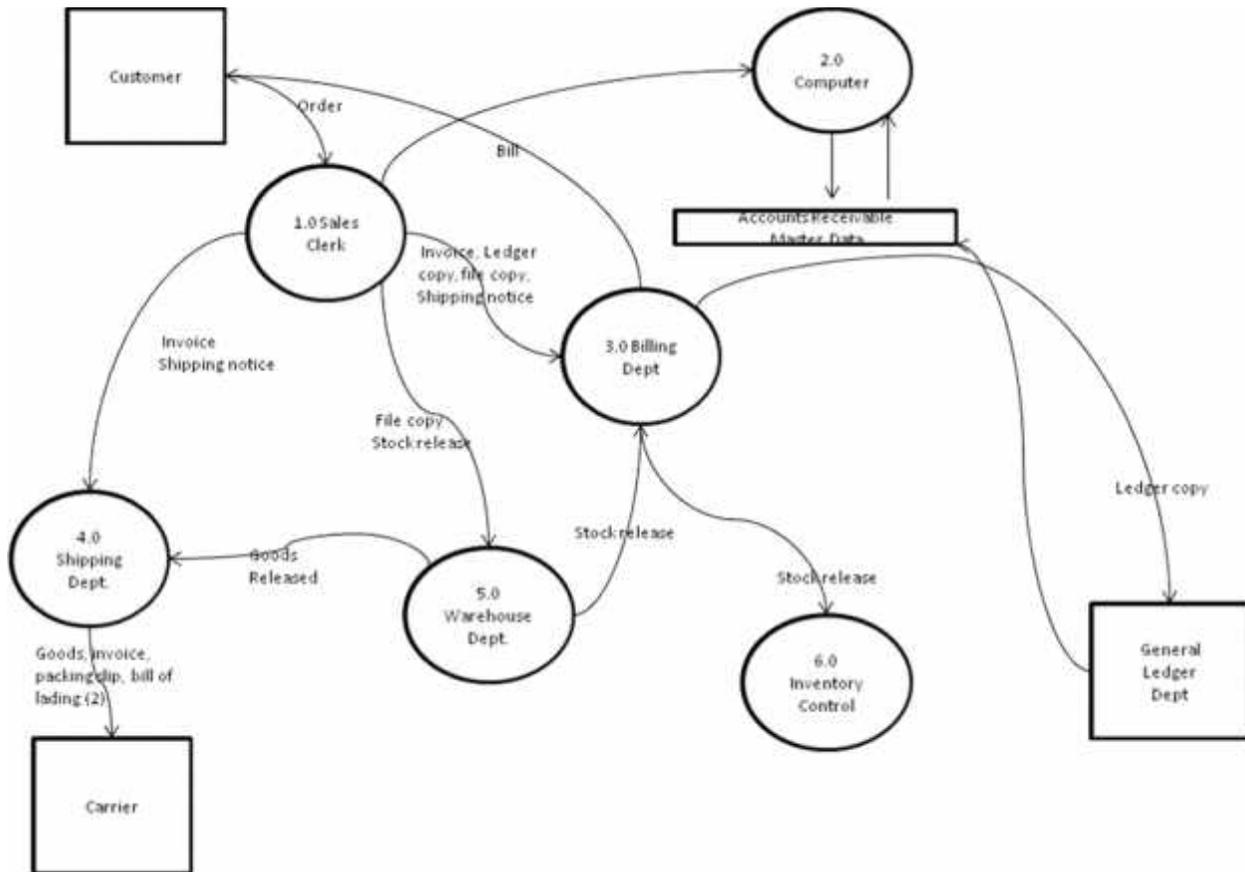
On the following page we will present the updated DFD of this system in exhibit 4. Before we

do, we will explain exactly what changes are going to be made. When Phil Denuto, the stocker,

checks the gloves to pick them for the order there will be a change in the tracking of the

inventory. At this point outbound inventory is scanned into the computer to ensure accuracy and

inventory is updated. Inventory control is eliminated as a result of the automated inventory

tracking system because Bobby Higgins will no longer need to update the inventory system

manually. This eliminates the risk of data entry error since inventory control is eliminated.

Exhibit 4
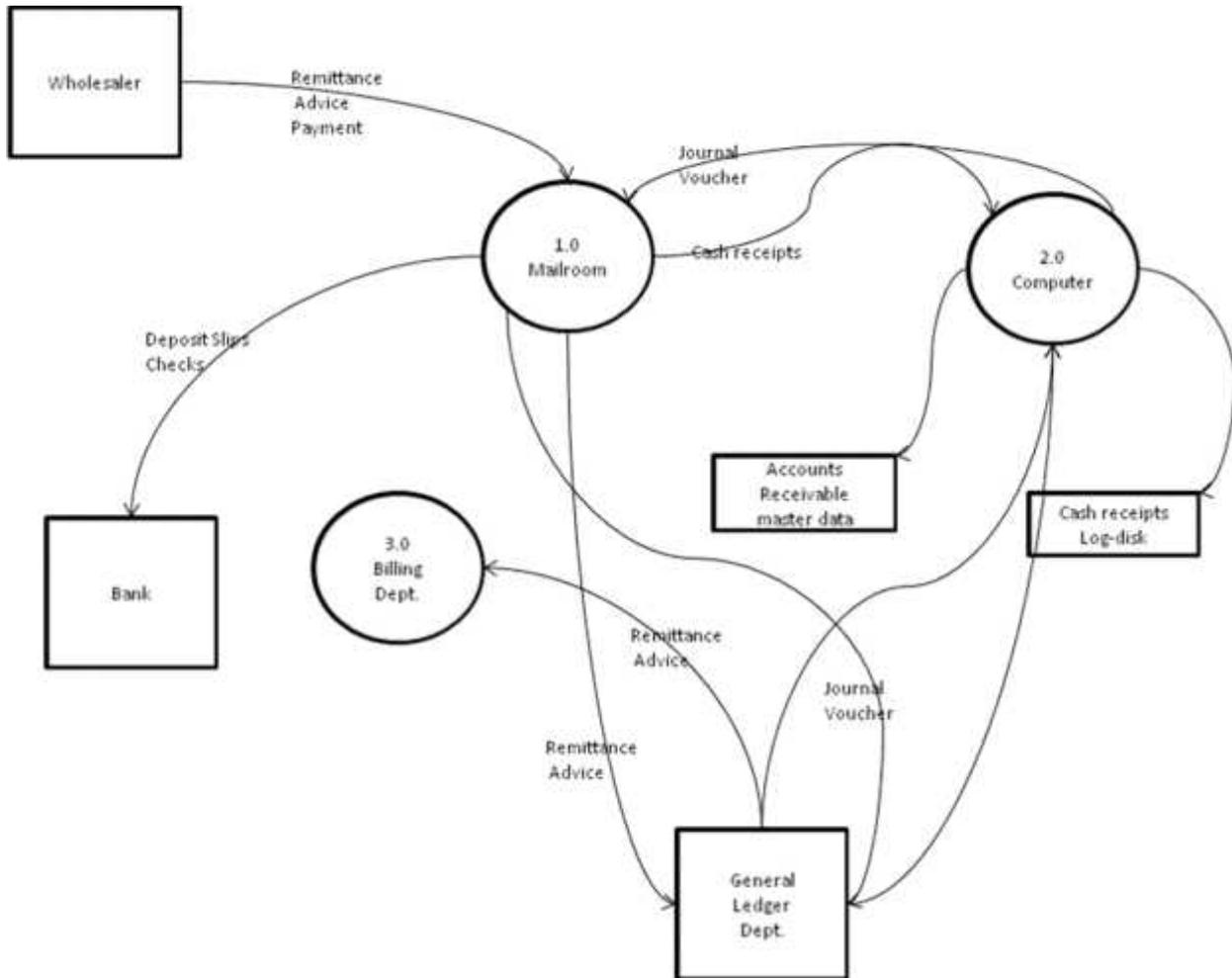
Cash Disbursements system

On the following page we will present the DFD for the cash disbursements system. It will be

followed by the updated DFD. The updates that are occurring in this system include the

following: Payment is now received electronically via EDI (electronic data interchange) from the

customer through the bank. The remittance advice is used as a turnaround document from the

customer, which is now scanned into the computer to make the appropriate updates to the

system. This eliminates humans handling the payment in the form of checks as well as data entry errors. This will result in customers not needing to call in about the order status, rush orders being identified and expedited quickly. Triple Plays goal of decreasing lead time to 12 and 26 will be accomplished, because automation will decrease the number of day's infielder and software gloves are process. Also, as a result of the implementation of the system, the risk of fraud occurring is reduced (the checks could be altered to be payable to the person handling them) and the risk of data entry is also eliminated by the use of a turnaround document that can be scanned in. Exhibit 5
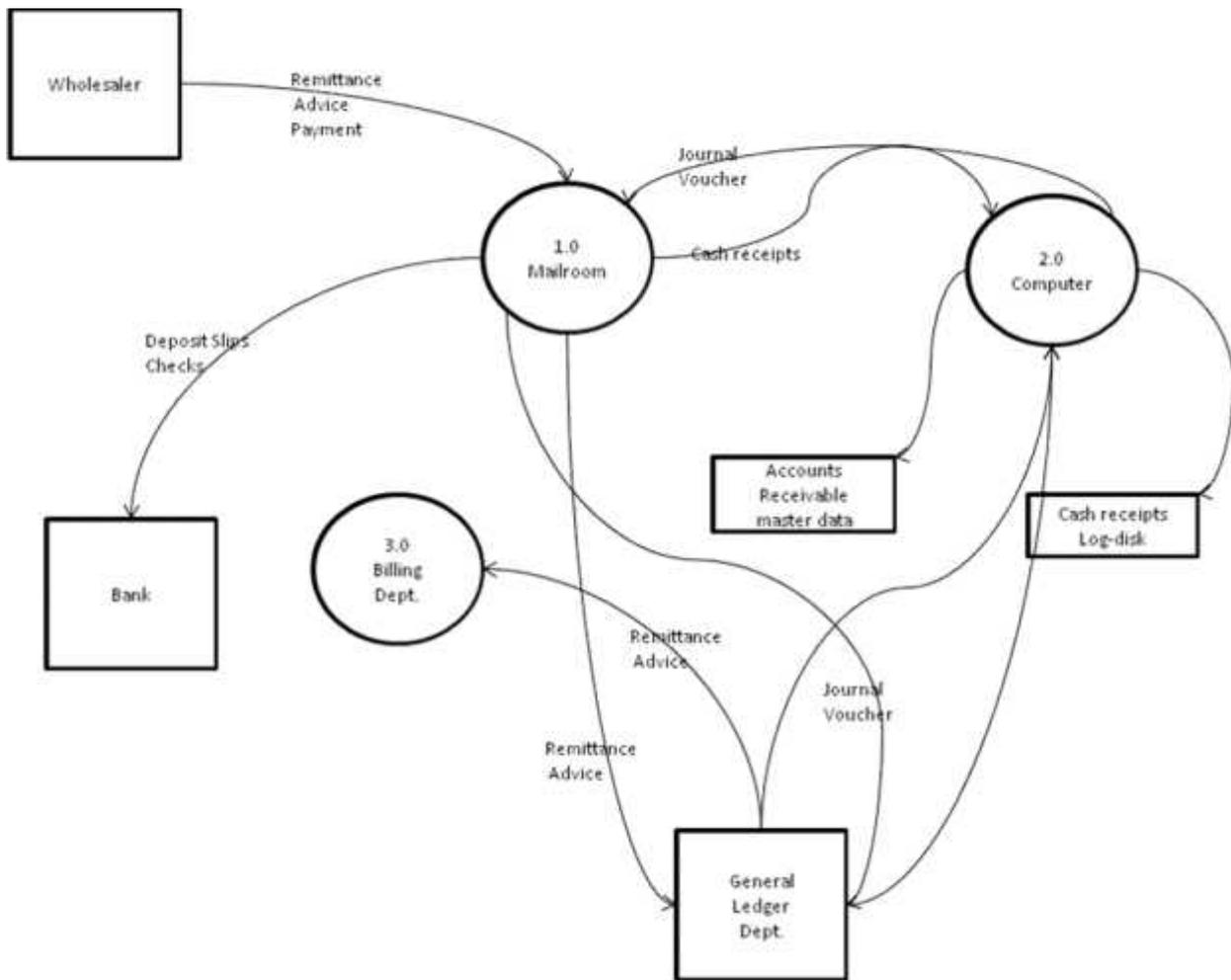
Exhibit 6
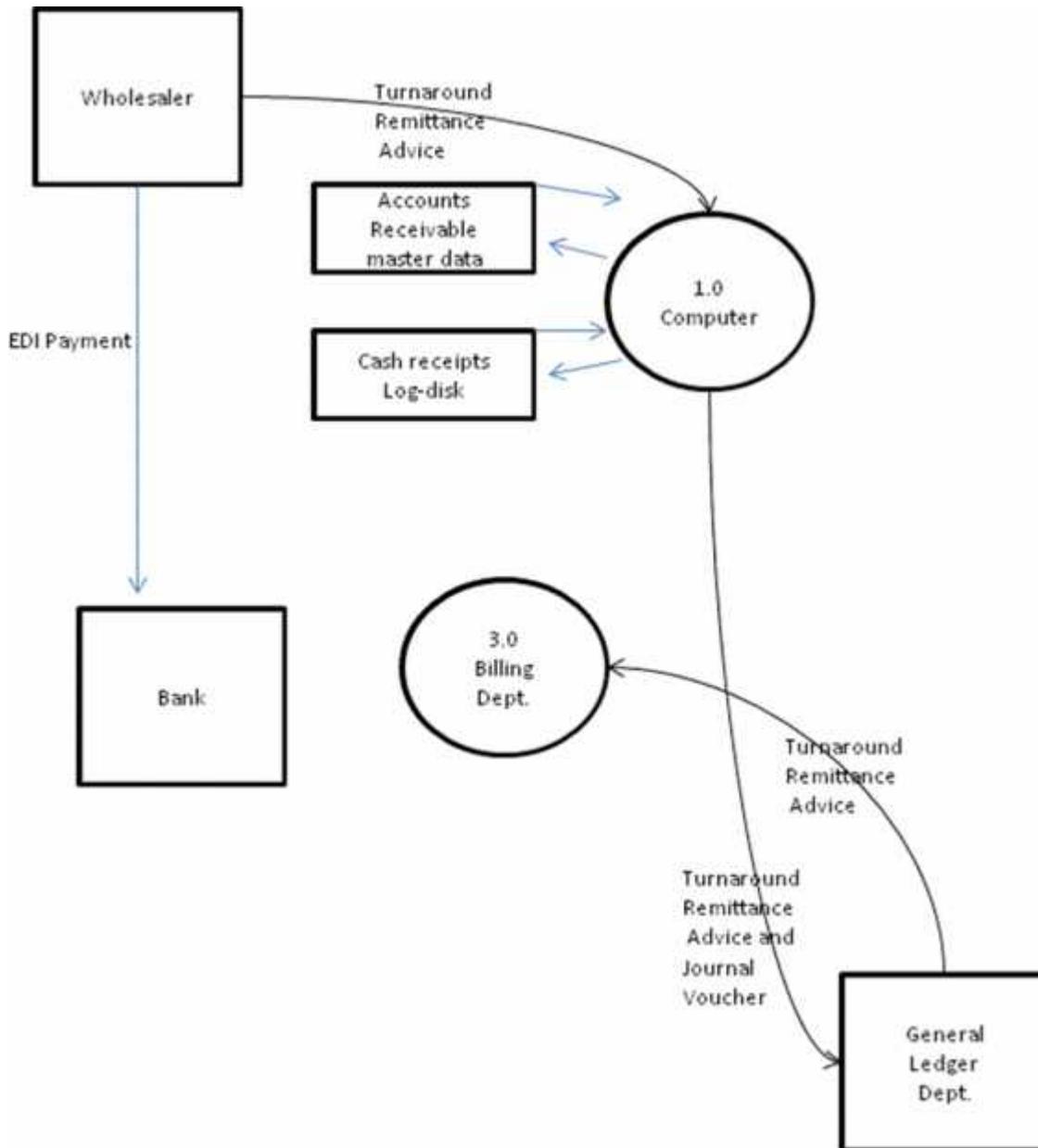
Payroll Processing System

On the following page, we will present an updated DFD of the Payroll Processing System.

Updates to the system will include an electronic time card system, in which upon the employee

swiping his/her time card, the information is automatically sent to a computer in the payroll

department. When the employee swipes out at the end of the day, that information will be sent as

well. This will eliminate the need for the payroll clerk, Todd Takinen, to wait for manual

delivery of the time cards at the end of the week. Instead, the payroll department's computer will continuously update employees' hours for the week each time the time cards are swiped. This will allow a quicker turnaround time between receiving the time card information, preparing the payroll register, and preparing paychecks. Furthermore, this will speed up the time in which the cash disbursements department receives the employee's paychecks to sign and give back to the floor supervisor, Thurber, who then delivers the paychecks to the employees. (Exhibit 7)
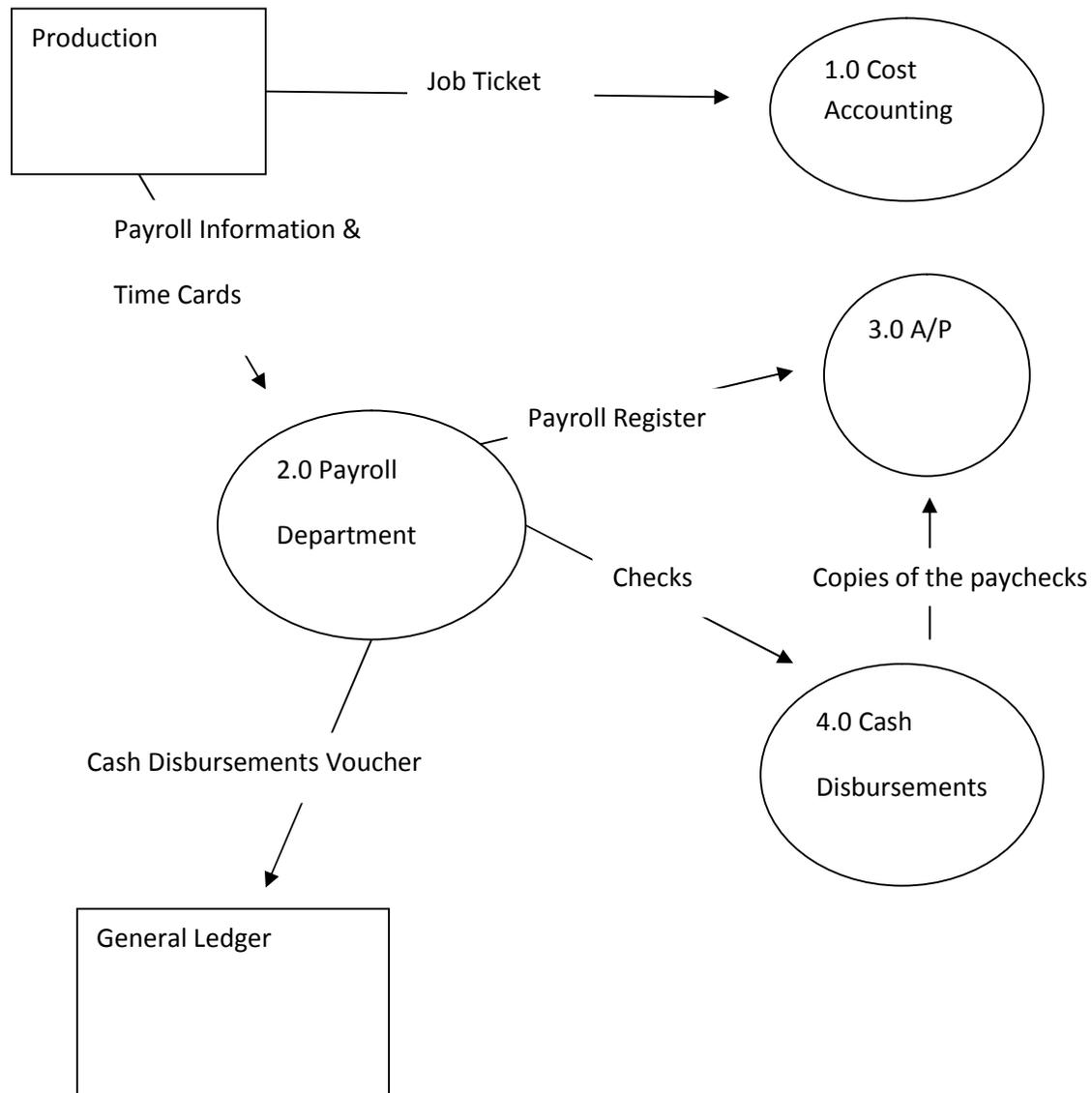
The computer also automatically updates all the work in process files and prints a report of the updated information. This eliminates some manual work done in the cost accounting department. These improvements eliminate data entry error, errors that can be made in calculation in cost accounting, and risk of fraud is reduced because it will be more difficult to manage ghost employees in the payroll department through a computerized system. (Exhibit 8)
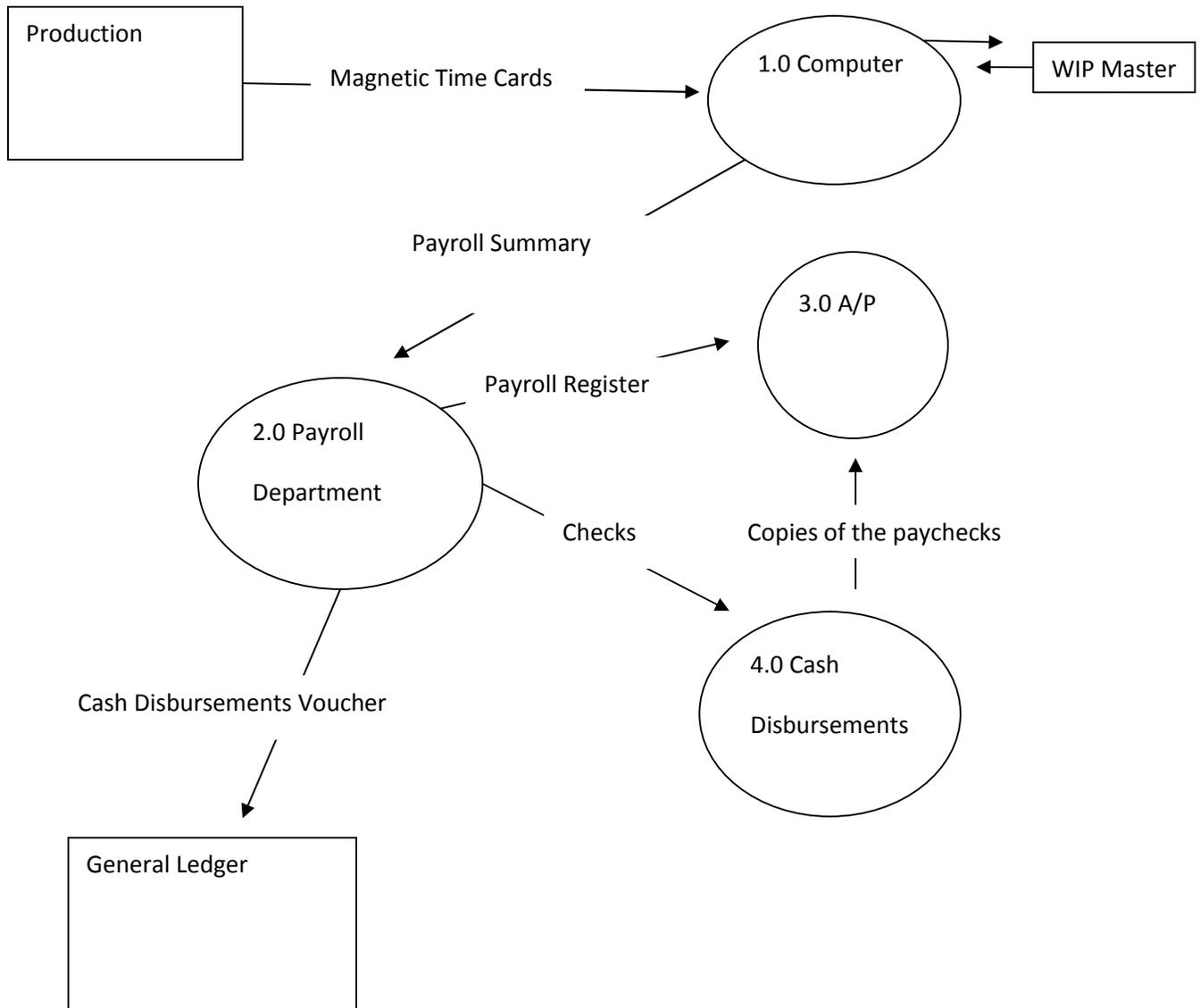
Current System Flowcharts

The following are flowcharts representing the current system.

(Exhibit 9)

Mailroom	A/R	Warehouse Department	Billing department

Mailroom

Sales order shipped

A/R

Sales order received

Check record

Prepares sales order

Stock release and file copy

Shipping notice

Customer copy

Shipping department

Invoice copy files and ledger copies

Warehouse Department

Check shelves

Check the shelves

Pick gloves for sales

Billing department

Clerk checks invoice, ledger copy, and stock release

Little, bills the customer for the goods released

Journal voucher sent to the general ledger department

Ledger filed

Ledger copy sent to general ledger department

The following are flowcharts representing our recommendation to the current system in Exhibit 10.

Inventory Control	Purchasing	Receiving Department	A/P

Receive list of items

Totals are calculated by PICS and scanned.

Receives purchase order

Run forms filed by purchase requisition no.

RR compared to PO and PR

3 forms posted in ledger

Summary report sent to G.L.

RR, PO, PR filed in closed account by PR.

Receive PR

Sort PR and prepare purchase code

Chooses a supplier

PO mail to supplie

Filed with PRR

Wait for report

Invoice by supplier kept in PO file.

RR report received

PO and suppliers invoice compared to RR filed in PO

Message sent and received

Invoice is filed

Received goods

Clerk checks PO

Prepare receiving report

Receiving report

Reconciles with PO and AR.

Filed AP pending file

Sent to retailers

Invoices are received.

File POR AND RR

Clerk records liability

Reconciles info. with PO AND RR.

PO, & RR, sent to open account file.

Enters. Info.

Prepares journal voucher

Sent to general ledger dept.

Receive and file voucher packet

General ledger dept. receives journal voucher from AP

Receives accounting summary

Post and reconcile journal voucher and account summary.

Information posted in general ledger

Summary of general voucher is filed.

Updated System Flowcharts

This following is an updated flowchart of the system.

(Exhibit 11)

Inventory	Purchasing	Receiving Dept	A/P	Payroll

Supplier Receives order

Sends electronic order

Receives goods

A/P Master

Scan magnetic time cards

Ships to receiving dept

WIP Master

Generates Print Out

Inventory Scan

Payroll sends checks to Cash Disbursements and General Ledger

Generates voucher to send to General Ledger

Sends voucher to Cash Disbursements

Cash Disbursements sends copies of paychecks to A/P

Record dollar amount, check #, voucher #, etc.

Overview of Key Recommendations

- The improved Sales Order Processing System will receive orders via automation and the inventory system is an automated system that is networked with the supplier to maintain.

- The improved Cash Disbursements system will address the concern of fraud by reducing risk because it streamlines the handling of checks. In the old process, risk of fraud was increased because the checks could be altered to be payable to the person handling them.

- The improved Cash Disbursements system also eliminates the risk of data entry by the use of a turnaround document that can be scanned in.

- The improved Payroll System will provide a faster, more efficient turnaround time between receiving the time cards and preparing paychecks.

- The improved Cash Disbursements system will speed up the time in which the cash disbursements department receives the employee's paychecks.

Narrative of Recommendations

After a complete review of your current systems and processes, we are confident we have identified the targeted strengths, weaknesses and threats to your organization. The proposed changes to the systems flowcharts for the Revenue Cycle include a Computer that automatically sends out Sales orders upon request by the Accounts Receivable department. The Accounts Receivable master file is then updated automatically upon receiving the sales order electronically. The Warehouse department is now in sync in with the supplier via inventory scans, which it gathers from the Inventory master file. The billing department's automated system also sends a bill to the customer upon the sales order being received and sends a ledger copy to the general ledger department. This updated systems flowchart allows for a smoother Revenue Cycle that makes sure suppliers are never under-stocked on items and that the Accounts Receivable data remains up to date.

The updated Expenditures flow chart is where automated systems truly begin to make a difference, as most of the manual actions are now replaced by automated ones. The supplier now receives electronic orders from the purchasing department. This automatically updates the Accounts Payable system which generates a print out and vouchers which are then sent to the General Ledger and Cash Disbursements. This eliminates the paperwork with comparing RR, PO, and PR, since they are all filed electronically. Furthermore, the payroll system's use of magnetic time cards which are stored in a master file on a computer allows for a much more efficient and quicker method of getting paychecks sent out to Cash Disbursements, the General Ledger, and Accounts Payable departments.

We are stand behind our recommendations. We are certain that implementation of our recommendations will allow Triple Play will receive immediate benefit. This will increase employee morale and output of goods. This translates to greater gains in net income. Furthermore, studies have proven that employees will appreciate the seamless, behind the scene transactions as it equates to simplified job descriptions and work automation