

<b>To:</b> President Gamble Business Process Review Oversight Committee	<b>From:</b> BPR Accounting Functions Team LeAnn Anderson, Heather Halverson, Keith Pickering, Kevin Ward, Sheron McIlhattan, Christina Fournier, Chris Wendland, Ed Binkley, Duane Morris
<b>Date:</b> February 09, 2007	<b>Document Number:</b> 4AF

## **Accounting Functions: Journal Entries/Corrections**

### **Executive Summary**

The team reviewed how corrections are entered into the Banner Financial System. The Phase II recommendation is to implement the automated entry process called “XFeeds” across all four campuses thereby reducing touch time, improving accuracy and improving efficiency. Implementing this process will achieve commonality on all 4 campuses.

The XFeed process was designed on the Bozeman campus and has been used for approximately the last six years.

Manual journal enties required the writing up of a journal entry correction form from one or multiple change request forms (source document). This journal entry correction form was then data entered into Banner.

The XFeed process requires the data to be entered from the change request form into an XFeed template (Excel document). This document is fed electronically into Banner

The XFeed process discontinues the need of a manual write up of journal entries and the errors involved in this process.

## Table of Contents

<b>Executive Summary</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>A. Introduction</b> .....	<b>3</b>
1. Business Case Subject .....	3
a. The Action .....	3
b. Business Objectives .....	3
c. Scope of This Case .....	3
2. Business Case Purpose .....	3
3. Background .....	3
a. Problems and/or Opportunities Addressed by xfeed Implementation .....	3
<b>B. Methods and Assumptions</b> .....	<b>4</b>
1. Business Case Scope and Boundaries .....	5
a. The Analysis Period .....	5
b. Geography or Location .....	5
c. Organizations .....	5
d. Functions and Positions .....	5
e. Technology .....	5
2. Scenario Design .....	5
3. The Cost Model .....	5
4. The Benefits Rationale .....	5
5. Data Sources and Methods .....	5
a. Data Sources .....	5
b. Methods for Estimating Costs and Benefits .....	6
6. Assumptions .....	6
<b>C. Business Impacts</b> .....	<b>6</b>
1. Financial Model and Cash Flow Statements .....	6
a. Benefits and Gains .....	6
b. Expenses (or "Operating Expenses") .....	6
<b>D. Sensitivity, Security and Risk Analysis</b> .....	<b>6</b>
<b>E. Conclusions and Recommendations</b> .....	<b>6</b>
<b>Cost Analysis</b> .....	<b>7</b>
<b>Cash Saving - 5 Yr period with 3% increase in Cost of Salaries</b> .....	<b>7</b>

## **A. Introduction**

### **1. Business Case Subject**

The team reviewed how financial corrections are entered into the Banner Financial System. The Phase II recommendation was to consider implementing the automated entry process called “XFeeds” across all four campuses thereby reducing touch time, improving accuracy and improving efficiency.

#### **a. The Action**

Implementation of XFeed process on all 4 campuses

#### **b. Business Objectives**

- Implement the XFeed process.
- Reduce touch time
- Increase accuracy of corrections
- Achieve commonality on all 4 campuses

#### **c. Scope of This Case**

We determined the cost on each campus to do journal entries the manual way and the new cost using the XFeed process and found a potential cumulative \$16,000 savings over the next five year period plus greater accuracy in data entry.

### **2. Business Case Purpose**

This business case describes the Xfeed process, the data the Accounting Team collected to review it, and the recommendation we have developed. The Oversight Committee and President Gamble may use this document to inform their decisions to approve our recommendation.

### **3. Background**

This XFeed process was originally designed on the Bozeman campus to automate journal entries. When Banner was implemented, large feeds of recharge journal entries called auto bills came from a few departments electronically. These auto bills came from areas such as telephone billing and the post office that involve charges to many departments. Prior to Banner these feeds had been automated to charge and pay the correct departments monthly. The XFeed process was developed to avoid data entering these electronic documents.

#### **a. Problems and/or Opportunities Addressed by xfeed Implementation**

The Accounting Team had identified several opportunities identified by BPR including:

- Improved efficiency by reducing time it takes to enter journal entries into Banner.
- Improved accuracy from direct creation of journal entries from source documents.

## B. Methods and Assumptions

Based on analysis of the flowcharts developed for the four campuses it became apparent that significant time savings could be attained by eliminating the need to hand write the journal voucher document and followed by data entering that document into Banner. The existing XFeed process would meet this need. It was already being used on both the Bozeman and Billings campuses time savings result from the XFeed process when one of two situations exists.

- 1) A journal voucher form is written from correction request forms detailing the entries required. The journal voucher is then data entered into Banner.

The Xfeed process eliminates the need for handwriting the journal voucher. The spreadsheet created from the correction request is fed to Banner then printed and serves as documentation for the entry. Correcting entries done individually do not realize time savings from the XFeed process.

- 2) A department sends a correction request or list of inter-departmental recharges in spreadsheet format. If the spreadsheet is in the XFeed format it can be fed directly to Banner. The JV form does not have to be written up or data entered.

The volume of corrections and departmental re-charges on each campus dictates the extent to which the XFeed process can replace manual journal entries. Each campus estimated the percentage of corrections and recharges they could convert to the XFeed process.

**Bozeman** – Already fully utilizes the XFeed process.

**Billings** – Already uses the XFeed process for large recharge entries and many large correcting entries, will now use for departmental and various other correcting entries currently done manually. Estimated percentage of manual journal entries to be entered in Banner using the XFeed process 50%.

**Havre** - Will now use for recharges and large correcting entries currently done manually. Estimated percentage of manual journal entries to be entered in Banner using the XFeed process 85%.

**Great Falls** - Will now use for recharges and large correcting entries currently done manually. Great Falls journal voucher processing is centralized to a greater degree than the other campuses. Most entries are entered directly into Banner as the need is recognized. This results in smaller but more timely posting to Banner but makes the utilization of the Xfeed process impractical for many entries. Estimated percentage of manual journal entries to be entered in Banner using the Xfeed process 15%.

### 1. Business Case Scope and Boundaries

#### a. The Analysis Period

We predicted improved process time involved over one projected year based on estimates of actual time spent on journal entries over the last year.

**b. Geography or Location**

Billings, Bozeman, Great Falls, and Northern are involved in this analysis.

**c. Organizations**

Financial Services or the equivalent office is included on each campus.

**d. Functions and Positions**

The Financial Services accountants are the principal actors in the entering of journal entries in Banner.

**e. Technology**

No technology costs are included in this business case. Our recommendation is to implement the use, or additional use in the case of the Billings campus, of the XFeed process.

**2. Scenario Design**

This business case compares continuing the *status quo* on the Billings, Havre, and Great Falls campuses to the maximum effective use of the XFeed process. Time savings and increase accuracy should result.

**3. The Cost Model**

The financial considerations we have included are employee costs of creating and entering journal entries into Banner. Training in year one for the Havre and Great Falls campuses is included.

**4. The Benefits Rationale**

- Reduce touch time for corrections
- Speed entry into the Banner system
- Reduce errors

**5. Data Sources and Methods**

**a. Data Sources**

- Workload Distribution Charts
- Flowcharts
- Cost benefit analysis

**b. Methods for Estimating Costs and Benefits**

Estimates of time spent based on Bozeman activities are used to predict other campuses' future time expenditures. Prior time spent on all campuses is self-reported.

## **6. Assumptions**

For time and salary analysis, we assume that time spent at Bozeman is indicative of the time it will take to run similar processes at the other campuses, once the program is fully implemented and everyone is fully trained. We further assume that unchanged steps will continue to take the same amount of time by the same people.

## **C. Business Impacts**

### **1. Financial Model and Cash Flow Statements**

#### **a. Benefits and Gains**

The financial benefits attained from the use of XFeeds will be increased efficiency in the time it takes to enter journal entries into Banner as well as increase accuracy.

#### **b. Expenses (or “Operating Expenses”)**

Minimal training of staff in the first year on the Billings, Havre and Great Falls campuses will be required.

## **D. Sensitivity, Security and Risk Analysis**

Xfeed runs on the SAIS server, there are no added security issues or risks involved.

## **E. Conclusions and Recommendations**

Recommend implementation of the use of the xfeed process on all four campuses.

## **Cost Analysis**

(Touch) Time to Complete (mins)									
Resource Cost	Description	BAU Avg Minutes	New Avg Minutes	BAU Annual Time Hours	New Annual Time Hours	BAU Annual Cost	New Annual Cost	BAU Wght AVG	New Wght AVG
19.8275	Obtain Signatures on received requests for corrections	0.5	0.5			3635.96	3635.96		
19.8275	Analyze/Research Input Document	1	1			7271.92	7271.92		
19.8275	Create JE document and attach backup	0.4	0			2908.77	0.00		
19.8275	Enter Xfeed	0	0.4			0.00	2908.77		
39.263	Get approval from controller	0.15	0.15			2160.01	2160.01		
19.8275	Enter into Banner	0.4	0			2908.77	0.00		
19.8275	Correct validation errors & complete document	0.1	0.1			727.19	727.19		
15.61	File	0.1	0.1			572.51	572.51		
	Total	2.65	2.25	971.91	825.20	20185.12	17276.36	20.768	20.935
	Total 2 line entries		22005.6			Savings	2908.77		

### Cash Saving - 5 Yr period with 3% increase in Cost of Salaries

\$ in 1000s

#### INCREMENTAL CASH FLOW STATEMENT

For the year ending

Year 1	Year 2	Year 3	Year 4	Year 5	
Feb 2008	Feb 2009	Feb 2010	Feb 2011	Feb 2012	TOTAL

#### OPERATING EXPENSE ITEMS

Cash inflows (outflows)

#### Expense group A

Central Process Costs	2.91	3.01	3.12	3.23	3.34	15.60
Dept Process Costs	0.00	0.00	0.00	0.00	0.00	0.00
Error Correction	0.19	0.19	0.19	0.19	0.19	0.97

#### Expense group B

Paper & Storage Costs	0.00	0.00	0.00	0.00	0.00	0.00
Training	(0.13)	0.00	0.00	0.00	0.00	(0.13)

Total Impact: Op Exp Items	2.97	3.21	3.31	3.42	3.53	16.44
----------------------------	------	------	------	------	------	-------