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Project background:

**Project duration:** 33 days

**Project sponsor:** Channel manager

**Product users:** operations department agents (R & C fulfilment)

The project will involve the creation of a web application that catalogues processes called, ‘the Process Log’, it will visually convey department processes and allow for easy and quick customization of the process. The Process Log will be accessed by all employees and will be accessed through their working computer via a link that will be provided. It will have an elaborate search function, that allows agents to search for their departments within the organization and have access to all that department’s processes. Processes can be bookmarked and referred to easily. Process log can be customized by a team leader using its easy interface and any changes will be forwarded automatically to the manager immediately above them.

Please refer to annexure A. for the project’s WBS, the project will start 2nd Mar 2020 – 17th Apr 2020 and will be created for the R&C fulfilment business unit headed (and sponsored) by the channel manager (Ethan Shirto). This project will not be adding profits to the business unit. It will merely reduce mistakes and increase productivity.

1. Task 1

* 1. Factors that will affect project costs:

|  |  |  |  |
| --- | --- | --- | --- |
| **Resource** | **Cost** | **Est. duration** | **Cost to project** |
| UI & UX developer | R 260 p/hr | 17 days | R35 360.00 |
| Server developer (Java developer) |  |  |  |
| * Senior developer | R 290 p/hr | 25 days | R58 000.00 |
| * Junior developer | R 140 p/hr | 25 days | R28 000.00 |
| Database developer | R 230 p/hr | 5 days | R9 200.00 |
| Business analyst | R 270 p/hr | 3 days | R6 505.68 |
| Content developer/ Graphic designer | R 60 p/hr | 4 days | R1 920.00 |
| Software testers | R120 p/hr | 1 day | R960.00 |
| Security libraries and plugins | R 1500 |  | R 1500 |
| Internal server hosting (main application) | R 400 p/m | Initial payment | R 400 |
| Content delivery network (CDN) hosting | R 250 p/m | Initial payment | R 250 |
| cloud storage | R 540 p/m | Initial payment | R 540 |

* 1. General constraints
* **Absenteeism**: This will result in a delay in the project, Absenteeism can happen in many was same justified and same unjustified:
  + **Sick or Annul leave:** All the developers on the project are employees of the organisation and as such legally obliged to leave.
    - **Effect:** Same developers are dependent on other developers work to complete their own work e.g. the server developer cannot connect the database to the application if it is not done. Meaning the server developer will idle while waiting, but still must be paid. This will increase the project’s duration; an increased project time means an increased cost as developers must be paid over a longer period.
    - **Mitigation:** Developerswillbe given the opportunity to work from home and will be requested to not take annual leave for during the project. The senior java developer is an integral part of the project so a 6-day reserve (R 13 920) will be for their cost will be placed on the budget, this will be in case of the project losing them. I estimate 6 days will be enough for another developer to study the code and documentation and restructure the code if necessary, before continuing the development process. These 6 days will also come in where there are any delays in the development process. A 2-day reserve will be placed for the database developer (R 3680) and the UI/UX developer (R 4160), I don’t foresee these 2 developers delaying the completion date due to them doing the work during the same time as the server development which takes a longer time. But the 2 days will come in where there are delivery delays for their work
  + **Resignation:** As with leave employees are entitled to resign from their work.
    - **Effect:** This will be the same as the effect of leave but can potentially be worse due to the developer cutting all tires with the organisation and in turn the project. This will extend the project time and will call for more resources.
    - **Mitigation**: Developers that are selected must have a notice period in case of resignation. This will give use the opportunity to get a replacement developer and get them up to speed with what and how they will be developing. The above-mentioned reserves will come in if the notice period is avoided

* **System crashes:** Very few systems in the world are without the vulnerability to crashing or corruption. Big projects are no acceptation, even though the bank invests time and resources to maintaining the system, crashing or corruption of files is still a possibility:
  + **Effect:** A system crashwould either result in a recovery exercise the duration of which I cannot predict, or can also result in the entire or part of the project having to be redone
  + **Mitigation:** We will incorporate the regular use a version control tool e.g. Git, Mercurial, Azure Devops where on each milestone of the development timeline a copy of the app (all the files making up the app so far) is saved on the cloud and in the case of any crashes or corruption of files we can go back to the latest working version**.**
* **Incompatible technologies:** The development space is a house of cards and one misalignment can bring the whole thing down. This coupled with constant ‘improvements’ and ‘deprecation’ (discouragement of use) of same tools and coding convention makes this issue a real possibility to any development project.
  + - **Effect:**  This can bring in bugs to the development that can take time out of the process to figure out and sort. Which will extend the development time.
    - **Mitigation:** The development process will stick to tried and tested best practices. In case of any serious misalignments a reserve of R 5604.32 is added to the budget for tools, plugins, advise portals and incidentals.

* **Incapable developers:** Given that the IT department works on apps regularly. The possibility of the IT team leader not wanting to offer me his best people is there.
  + **Effect:** the speed of development can be slow which will slow down development and increase the project time and this will lead to needing more resources (developer’s time).
  + **Mitigation:** We will keep constant communication with the IT team leader for them to vat the quality and speed of work. Those developers who are proving to be incapable and/or slow we will monitor closely and at take action regularly including but not limited to removing them from the project. The 6 days for the java developer and 2 days for the database and UI/UX developer reserves mentioned above will act as a cushion if we had to replace a developer. This will give them time to get up to speed

|  |  |  |
| --- | --- | --- |
| * 1. Payment Schedule for Project 'Process Log | | |
|  |  |  |
| **DATE** | **Description** | **Amount** |
| 04-Mar-20 | Appoint business analyst | R6 505.68 |
| 13-Mar-20 | Content developer/ Graphic designer | R1 920.00 |
| 15-Mar-20 | Security libraries and plugins | R1 500.00 |
| 17-Mar-20 | Server developer (Java developer) |  |
|  | ·         Senior developer | R58 000.00 |
|  | ·         Junior developer | R28 000.00 |
| 17-Mar-20 | Database developer | R9 200.00 |
| 17-Mar-20 | Internal server hosting (main application) | R400.00 |
| 17-Mar-20 | cloud storage | R540.00 |
| 20-Mar-20 | Content delivery network (CDN) hosting | R250.00 |
| 15-Apr-20 | Software testers | R960.00 |
| 25-Apr-20 | UI & UX developer | R35 360.00 |
|  |  |  |
|  | Total payments schedule | R142 635.68 |

|  |  |
| --- | --- |
| * 1. Cash flow statement for project 'Process Log' | |
|  |  |
| **Investing Activities** |  |
| Payment from project sponsor | R170 000.00 |
|  |  |
| **Operating activities** |  |
| Appoint business analyst | R6 505.68 |
| UI & UX developer | R35 360.00 |
| Server developer (Java developer) |  |
|          Senior developer | R58 000.00 |
|          Junior developer | R28 000.00 |
| Database developer | R9 200.00 |
| Content developer/ Graphic designer | R1 920.00 |
| Software testers | R960.00 |
| **Operating activities total** | **R139 945.68** |
|  |  |
| **Financing Activities** |  |
| Content delivery network (CDN) hosting | R250.00 |
| Cloud storage | R540.00 |
| Security libraries and plugins | R1 500.00 |
| Internal server hosting (main application) | R400.00 |
|  | **R2 690.00** |
|  |  |
| Net increase in cash | R27 364.32 |
| Cash at beginning of project | R170 000.00 |
| Cash at end of project | R27 364.32 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1.5 Income and Expenditure statement for Project 'Process Log' | | | | | |
| **Expenditure** |  |  |  |  | **Income** |
| **DATE** | **Description** | **Amount** | **DATE** | **Description** | **Amount** |
| 04-Mar-20 | Appoint business analyst | R6 505.68 | 17-Feb-20 | Project sponsor secures funds from business | R170 000.00 |
| 13-Mar-20 | Content developer/ Graphic designer | R1 920.00 |  |  |  |
| 15-Mar-20 | Security libraries and plugins | R1 500.00 |  |  |  |
| 17-Mar-20 | Server developer (Java developer) |  |  |  |  |
|  | ·         Senior developer | R58 000.00 |  |  |  |
|  | ·         Junior developer | R28 000.00 |  |  |  |
| 17-Mar-20 | Database developer | R9 200.00 |  |  |  |
| 17-Mar-20 | Internal server hosting (main application) | R400.00 |  |  |  |
| 17-Mar-20 | cloud storage | R540.00 |  |  |  |
| 20-Mar-20 | Content delivery network (CDN) hosting | R250.00 |  |  |  |
| 15-Apr-20 | Software testers | R960.00 |  |  |  |
| 25-Apr-20 | UI & UX developer | R35 360.00 |  |  |  |
|  |  | R142 635.68 |  |  |  |
|  |  |  |  |  |  |
|  | Surplus/ excess of income | R27 364.32 |  |  |  |
|  |  | R170 000.00 |  |  | R170 000.00 |

1. Task 2
   1. Cost model analysis

This project is an internal project within FNB and will result in an efficiency in process as opposed to profit. It will take place over 2 cost centre and office furniture, equipment and working systems are all part of FNB’s operational costs and will not feature in the cost model, with an exception of a few project specific systems that require initiating and an initial fee, these will be paid during development. I used a consistent methodology of looking at industry standard costs, we get these costs from a source that easily updates them if a change in the industry happens so we will constantly check any changes for future projects. The costs I featured are as follows:

**Note:** I didn’t have access to FNB IT cost centre amount for the various developers, so I used industry standards. All salary averages come from [www.indeed.co.za](http://www.indeed.co.za)

1. **Business analyst:** Business analyst: according to [www.indeed.co.za](http://www.indeed.co.za) the average Business analyst salary in South Africa is R 519 670 per year this translates into an hourly rate of R270.
2. **UI & UX developer:** An average UI/UX developer earns R 499 200 per year which translates to R 260 per hour
3. **Java developer:** The average salary for a Junior Java developer is R 269 610 while for a senior it is R 559 939 per year.
4. Database developer: A certified Oracle developer’s yearly salary is R 445 214 and the developer will be working on the project for 5 days.
5. **Content developer/ Graphic designer**: The average salary of a graphic designer is R 114 768 per year meaning it is R 60 per hour.
6. Software testers: The average salary for a certified software tester is R 218 400.
7. **Security libraries and plugins:** This cost is a estimate made in consultation with same web developers within the organization. Since the plugins and libraries that will be used are project specific the developers decide which libraries or plugins they will employ as they plan the site. This amount I expected a big variance. I took a cautious approach and over estimated the cost
8. **Internal server hosting (main application):** FNB has a specific technology they prefer, and it is a standard cost for the various cost centres R 400 per month
9. **Content delivery network (CDN) hosting:** Microsoft cloud services which is 250 per month

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| * 1. Budget for project 'Process log' | | | | |
|  |  |  |  |  |
| **Date** | **Description** | **budgeted** | **Actual** | **variance** |
| 04-Mar-20 | Appoint business analyst | R6 505.68 | R6 505.68 | R0.00 |
| 13-Mar-20 | Content developer/ Graphic designer | R1 920.00 | R3 792.00 | -R1 872.00 |
| 15-Mar-20 | Security libraries and plugins | R1 500.00 | R1 200.00 | R300.00 |
| 17-Mar-20 | Server developer (Java developer) |  |  |  |
|  | ·         Senior developer | R58 000.00 | R23 200.00 | R34 800.00 |
|  | ·         Junior developer | R28 000.00 | R11 200.00 | R16 800.00 |
| 17-Mar-20 | Database developer | R9 200.00 | R5 520.00 | R3 680.00 |
| 17-Mar-20 | Internal server hosting (main application) | R400.00 | R400.00 | R0.00 |
| 17-Mar-20 | cloud storage | R540.00 | R400.00 | R140.00 |
| 20-Mar-20 | Content delivery network (CDN) hosting | R250.00 | R250.00 | R0.00 |
| 15-Apr-20 | Software testers | R960.00 | R1 920.00 | -R960.00 |
| 25-Apr-20 | UI & UX developer | R35 360.00 | R35 360.00 | R0.00 |
|  |  |  |  |  |

* 1. Accuracy and correctness of costs

The cost information is based on industry standards for the various professionals and tools used in the project.

* **Business analyst**: Due to there having been a Gantt chart drawn up I know that the BA will only do 3 days of work, this informs the budgeted amount of R 6505.68, I expect to pay the BA for 3, 8-hour days. the BA as set out only took 3 days
* **UI & UX developer:** The Gantt chart informed by the work breakdown structure (WBS) tells me that the developer will work 17 8-hour days to produce a web ready site. This translates to a budgeted amount of R35 360.00 and no variance took place
* **Java developer:** FNB’s preferred server language is Java so therefore I looked at the industry salary for both a senior and a junior java developer. I used the same technic to reduce the salary to an hourly rate and I know that the server (Java) developers will be working for 25 days. The developers maximised their time and reduced the time down to 10 days
* **Database developer:** FNB’s preferreddatabasetool is Oracle database, and The IT department however has recently upgraded Oracle developer IDE which contributed to the database being completed in 3 days this translated in a saving of R3 680.00
* **Content developer/ Graphic designer:** Initial estimates where that the content would be designed (simplified graphically) over 4 days but it ended up taking 8 days. The designer hired was slow to deliver.
* **Software testers:** However, I estimate the tester will only work for 1 day. Initial estimates where that the site will be tested over 1 day however it took 2 days due to a fatal error being found and attended to. Testing had to continue the next day.
* **Security libraries and plugins:** the developers managed to find libraries that are R 300 cheaper than our budgeted amount
* **Internal server hosting (main application)**: This cost is an internal cost as FNB hosts the site in its internal database. This is a monthly cost to R & C fulfilment cost centre. However, the project will only pay the initial subscription and the department will pay the others as an operating cost
* **Content delivery network (CDN) hosting:** This cost was taken from the Microsoft Azure CDN service which FNB uses.
* **cloud storage:** This cost was taken from Microsoft cloud services which FNB users

1. Task 3.1
   * 1. Reports and statements

The financial statements that are submitted at year end are the Statement of financial position (Balance sheet), Statement of profit and loss and other comprehensive income (Income statement) and Notes thereto and Statement of cash flow as well as the Statement of changes in equity. These statements benefit the department in the following way:

* **Statement of financial position (Balance sheet)**: This statement shows the financial position of a Project at that time. The statement looks at the financial value of the project’s resources/assets and liabilities. It also looks at items like cash, inventory, trade and other receivables, as well as the trade and other payables. This report would go to our channel manager through our operations manager, from the channel manager it is consolidated into a report to the COO. Due to project not operating as a going concern this statement is compiled once at the end of the project
* **Statement of Cash flow:** This statement looks at the flows of actual cash within the project to see that the project is not running at a loss in cash operating activities. This statement should also indicate to the manager if there are any leaks of money in any part of the project.
* **Statement of profit and loss and other comprehensive income (Income statement:** This statement normally looks at the income of an entity vs its expenses (amounts used in creating the income). It shows the performance of an entity, whether it has made a profit or a loss. In the case of a project it shows the performance of the project. The cost of the project vs the value derived.
  + 1. Accounting conventions

The R & C Fulfilment department reports through its operations manager to its channel manager to the COO on the success or failure of the various projects that are within the department. So, what is of utmost importance is the convention of full disclosure. This speaks to integrity and honesty; the channel manager expects **full and honest disclosure** from our operations manager and the COO expects the same from the channel manager. This is not only a principle within the department but across the whole organisation and is the cornerstone of commerce worldwide. In order to measure the successful from the less successful project there must exist a **consistency** which will measure all the project (past, present and future) against the same financial standards (although the project outcomes might vary). Due to the number of projects that come and go in my department a **conservative approach** has been developed when projecting success, an example of this is the standard target within the department of 70 items even though agents can easily exceed this, when projecting they plan on an agent daily target of 50 meaning the 20 is a buffer in case of unforeseen issues. The department always has decisions to make as to whether they take on a project or reject it, Material information (**Materiality**) is very important for our channel manager to effectively do this. So unimportant information which will not influence his decision rests with the operations manager, and the Ops manager

Task 3.2

Please note, financial statements in my organisation are confidential and I cannot access them, so I decided to compile the statements using fictitious figures:

The analysis of financial statements mentioned above is done for the purposes of establishing whether a project will be profitable, have enough resources such as cash and people in order to add value to the project or organisation. The statements determine whether the project is feasible in some form and will transform the organisation by enabling business to explore new revenue channels or streams and / or reduce costs.

The financial statements form the basis upon which the analysis is done. The statements below were analysed using techniques such as ratio analysis, horizontal and vertical analysis.

The statements below were used as a basis to analyse the financial data:

|  |  |  |
| --- | --- | --- |
| **Statement of financial position** | **R** | **R** |
| **Assets** |  |  |
| *Non-current assets* |  | R650 000.00 |
| Property, plant and equipment | R600 000.00 |  |
| Fixed deposits | R50 000.00 |  |
|  |  |  |
| *Current assets* |  | R132 930.00 |
| Inventory | R70 000.00 |  |
| Trade and other receivables | R47 730.00 |  |
| Cash and other equivalents | R15 200.00 |  |
|  |  |  |
| ***Total assets*** |  | R782 930.00 |
|  |  |  |
| **Equity and liabilities** |  |  |
| *Owner's equity* |  | R197 364.32 |
| Capital (R170 000.00) | R170 000.00 |  |
| Profit | R27 364.32 |  |
|  |  |  |
| *Non-current liabilities* |  | R518 465.68 |
| long term loan (R 482 400 + R 36065,68) | R518 465.68 |  |
|  |  |  |
| *Current liabilities* |  | R67 100.00 |
| Trade and other payables | R67 100.00 |  |
|  |  |  |
| ***Total equity and liabilities*** |  | R782 930.00 |

|  |  |
| --- | --- |
| **Cash flow statement for project 'Process Log'** | |
|  |  |
| **Investing Activities** |  |
| Payment from project sponsor | R170 000.00 |
|  |  |
| **Operating activities** |  |
| Appoint business analyst | R6 505.68 |
| UI & UX developer | R35 360.00 |
| Server developer (Java developer) |  |
|          Senior developer | R58 000.00 |
|          Junior developer | R28 000.00 |
| Database developer | R9 200.00 |
| Content developer/ Graphic designer | R1 920.00 |
| Software testers | R960.00 |
| **Operating activities total** | **R139 945.68** |
|  |  |
| **Financing Activities** |  |
| Content delivery network (CDN) hosting | R250.00 |
| Cloud storage | R540.00 |
| Security libraries and plugins | R1 500.00 |
| Internal server hosting (main application) | R400.00 |
|  | **R2 690.00** |
|  |  |
| Net increase in cash | R27 364.32 |
| Cash at beginning of project | R170 000.00 |
| Cash at end of project | R27 364.32 |

The data sources for financial statements are the elements that make up the statements mentioned above. These include:

Balance sheet items include the below: This statement looks at the financial health of the organization/ department/ project to understand this position the following is looked at:

1. **Assets**

* **Non-current assets:** assets which would be buildings, machinery, vehicle etc. a total of these gives use a figure of how much was initially paid for these non-current assets, from that we minus depreciation and the result of this gives use the non-current assets value at that time. In our case non-current assets are R650 000.00
* **Current Assets:** are cash, accounts receivables, prepaid expenses, inventory (if it applies). The total of these and the non-current assets gives use the total assets in that entity. In our case the current assets of R132 930.00

1. **Liabilities**

* **Non-current liabilities:** non-current liabilities which include long term loans (due at a term longer than a year). These in our case are R518 465.68
* **Current liabilities:** current liabilities that are made up of creditors, accounts payables etc. these amount to R67 100.00

1. **Equity**

* This looks at the capital invested by the owners and shareholders of the company. It also looks at the profit made which reflect from the income statement. In our case this amounts to R197 364.32

Income Statement items include the below:

1. Revenue
2. Expenditure

Cash Flow items include items from these activities:

1. Investing
2. Financing
3. Operations

* + 1. Analysis of financial statements

Activities performed to establish the authenticity of the financial statements:

In order to establish authenticity for internal reporting you would check that the financials are prepared and signed by a financial accountant and reviews and signed by the chief financial officer of the entity or department. You would also check the date and period the financial statements where prepared in.

For external reporting the statements would be checked that they are signed by the chief executive officer. A statement within the financial statements mentioning that they were prepared in accordance with the international financial reporting standards

In order to check accuracy you would check that the total assets of the organization presented in the balance sheet are equal to the liabilities and equity of that organisation. You would check that the income reflected in the income and expenditure less expenditure is equal to the profit reflected in this statement

I will analyse how one can conduct an authenticity check on the above-mentioned statements:

* **Statement of financial position:**
  + **Ratios:** This ratio’s look at returns on assets, inventory etc. they give an amount which determines whether assets are being used in a profitable way. If they are excess resource, they can be used somewhere else. If inventory is producing the output it meant to.
* **Income statement**: This statement looks at whether a profit or a loss was made by the entity. It looks at what has come in (income) and minuses what was spent in making what came in (cost of daily operating Expenses) and what is left over (the profit) at the end of the financial year end. This statement follows the same pattern, it looks at all items that fall within the category of income:
  + Profit

After this it deducts all the items that fall under the category of expense:

* Operating expenses

What is left from this exercise and after deducting Tax will either give us a positive or a negative amount, this is our nett profit and this reflects how much profit or loss the project made.

* **Cashflow statement:**

The cashflow statement breaks down the flow of cash in the entity which is reflected in balance sheet element and income which are cash and cash equivalents. Its breaks this analysis down to operating, investing and financing activities. The cashflow looks at the entities ability to pay its bills in the short term.

You look at the changes within the statement, the increase and decrease in revenue and how the budget affected this. Changes meaning you check expenditures verse budget and variance. You look at money coming in which would include financing activities (monies given for the project) verses money going

# 3.2.2. Organization’s Managing

**Managing debts**: 1st I will deal with the scenario where you are the entity is owed (Trade receivables). You would calculate the days it takes a debtor to pay verses the organization’s debtor’s credit terms this will indicate how long debtors take to pay back on credit. You will look at the percentage of your debtors over the sales made in order to determine the effectiveness of extending, managing and collect of credit (accounts receivables turnover ratio). This helps show whether the entity’s lending policy is adding positively or negatively to the company. The organization must assess its take on of new debtors with the current economic times in order to avoid huge bad debt losses arising from debtors. In our scenario the debt as reflected on the balance under Trade and other receivables is R 47 730.00

2ndly I will deal with the scenario where the entity is owing (trade payables). You would look at how the organisation payment terms with suppliers are structured. Did they take advantage of early payment discounts if offered. Did they maximise the credit terms by paying on the last date the payment is due. did they ensure payments to suppliers are done timelessly. Is there a credit policy in the entity. In our scenario the debt as reflected on the balance under Trade and other paybles is R 67 100.00

**Income and Expenditure:** for this we would examine the income and expenditue to see what the entity has spent on operational costs. This statement also looks at how much and where income is received. This analysis will carried out on the Process log income and expenditure on page 8. The project recieved R 170 000.00 from the project sponsor which is the only income the project recieved (this amount can also be classified as capital). The projects expenditure starts on the 4th of March 2020 up to the 25th of April and various expenditures carried out (most of which are various developes) leaving are surplus amount of R 27 364.32.

**Revenue**: Due to this not being a going concern there is no revenue(gross profit) for this project

# 3.2.3

# Due to the structure of my answer of task 3.2 given that I could not get access to my company's financial data I would

# 3.3

1. Task 4
2. I would rather not give the incentive immediately I would have to search for alternative ways to reach the goal. However, if I still cannot get through I would than most probably give the incentive

1. Ethical values that exist are:

* Abuse of power
* Integrity
* Greed
* Corruption
* Undue advantage

1. Giving the incentive would set a precedence of behaviour which would require me to continuously offer incentives in all my dealings with the community leaders. This would also place me at risk, if and when the community leadership scrutinize for illicit behaviours such requiring incentives at the expense of the community, my reputation would be affected if such happens.