



OSCAR

The OSC Activity Report

Office of the State Controller

Robert L. Powell, State Controller

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OSC adapting as it prepares for BEACON launch

As the Office of the State Controller ramps up for the switch to a new payroll/personnel system, members of the organization are taking their talents on the road _ literally.

In preparing for the BEACON payroll/HR system that goes live on January 1, 2008, OSC is remodeling its facilities to accommodate both a training center and a shared services center. The training center will teach agency business office employees how to use the new centralized system, while the shared services center will provide basic payroll and human resource services along with a help desk for agencies.

The renovations in both buildings leased by OSC have led to some staff shuffling to keep employees out of the construction zone.



State Controller Robert Powell meets with OSC staff to discuss impact of Beacon on regular operations

"While many OSC personnel have relocated to accommodate the renovations, all of the Financial Systems Division personnel have moved since renovation is occurring in areas they once occupied," said Assistant State Controller Julie Batchelor. "And there will be another move when they get back to their new permanent spot."

The moves have filled break rooms, conference rooms and even OSC's downtown training area in the Education Building .

Development of the BEACON project has put other pressures on the OSC staff. The OSC's IT support team for instance, established and maintained an agency computer network that served 89 employees. But the BEACON effort has required expansion of that network and its accompanying hardware and software to meet the needs of more people as staff levels have tripled and continues to grow.

Five of the six people on the Model Team, which involves accounting and computer system skills, are in new jobs with new responsibilities, Batchelor said.

The old payroll system will have to be supported through the end of 2008, even after the last wave of state agencies move to the new BEACON system in April 2008.

"We are not putting all of our resources into BEACON," Batchelor said. "We are making sure that the legacy support is there. Our goal is to be as much business-as-usual as we can while we make the transition.

"We realize, however, that there will be new demands and external forces that will affect us," she said. "Agencies may not get the same timeliness that we have traditionally provided; they may get our voicemail more than they have in the past; our NCAS training schedule will probably be modified some. But we trust our customers will understand the pressures we are under during this transition."

Also, several OSC personnel are splitting their time between regular job responsibilities and special assignments to help

with Beacon.

In meetings with OSC staff, State Controller Robert Powell emphasized that while the transition will be stressful in the short term, the long-term impact of BEACON will be greater professional skills and opportunities for employees.

“Our staff has truly done an excellent job over the last year in handling wave after wave of changes as we developed the BEACON project,” Powell said. “They have weathered it with the kind of professionalism that has always made me proud of this agency. As we prepare for the final push to go live, I appreciate their patience and forbearance in the face of many inconveniences.”

Instructors preparing for BEACON training in September

The BEACON HR/Payroll Project end-user training is set to kick off in early September, and the 75 people from 16 agencies across the State who have volunteered to serve as instructors are right at the center of the training efforts. These instructors, who answered a call from BEACON earlier this year, are currently taking part in extensive training themselves. The instructors will spend three weeks in classroom training to prepare for over 3,000 core users who will need training on the new system

The instructors recently completed the first phase of their training, which featured a BEACON orientation, as well as a multi-day workshop on adult learning principles. The next phase, set to begin in early August, will focus on using and understanding the SAP system. Following a half-day overview of the system and how to navigate it, instructors will receive a one-day demonstration of the processes within the system that they will be teaching to the core users. They will then be expected to spend more than 80 hours in self-directed practice in preparation for the third and final phase of their training.

In the third phase, instructors will participate in “teach back” sessions, in which they will convey the material provided by the BEACON HR/Payroll Project Training Team to groups of other instructors. They will also take a final preparation course of two to three days in which they will learn the final tools needed to address issues or problems.

Training for agency employees who will use the new system begins in September for agencies that will go live on the new system January 1.

State Controller Robert Powell said the training process is a key element in ensuring the success of the BEACON HR/Payroll Project. He applauded the commitment of agencies in providing instructors and making time for their staff members to train on the new system.

Controller's Message: Word starting to spread about BEACON

Much has been said and written about the BEACON program over the last several years and how important that effort is to the long-term business health of state government. Many employees from OSC and agencies have joined the program and we are working feverishly toward go-live in December.

But somewhat unrecognized are the number of OSC staff who have continued to maintain the current business systems that are vital to state government operations.

As you know, while we work toward the new system, we must continue to provide accounting, cash management and central payroll services to agencies in order to maintain current operations. That challenge has been placed on the staff of our Financial Systems Division and Central Payroll and I am proud of their efforts.

As they have been asked to do more work with less staff, to adjust to logistical changes, to stay on high alert for their move to BEACON, to continue to provide excellent service to agencies, I am proud to say they are responding professionally and with great cooperation.

In the months ahead, transition will be gradual to the new environments, and planning for updating the State's financial systems will begin. The staff that is now maintaining our current systems will begin to migrate to the new SAP environment and the old systems later will be shut down.

Until then, let me say “Thank You” to our staff who continue to keep services available to agencies and patiently await their opportunity to come into BEACON. Without them,



none of this is possible.

New policy requires direct deposit of payroll for most employees

In an effort to reduce the number of paper checks written by the State, and in preparation of the rollout of the BEACON HR/Payroll System, the Office of the State Controller has adopted a new policy requiring direct deposit for state employee paychecks. The goal of the policy is to have most employees on direct deposit by October 1, 2007.

Under the policy issued July 1, all employees working for the State who are paid from a payroll center administered by OSC will be required to sign up for direct deposit by August 28. New employees hired after August 1 will have 30 days to enroll in direct deposit. While OSC previously has promoted direct deposit as part of its e-commerce program, the effort has been dispersed among individual agency payroll offices. Under the BEACON HR/Payroll System, the mandatory requirement will be enforced centrally by OSC.

Employees may be exempted from the direct deposit requirement if they show they do not have an account at a qualifying financial institution and present evidence that they cannot obtain such an account. Additionally, the State Controller can grant exemptions on an individual basis for cases deemed an extreme hardship. Employees seeking an exemption from the direct deposit requirement must complete an exemption form available from the payroll office in their agency.

Effective October 1, for any employee who has not enrolled in direct deposit, for whatever reason, a paper check will be mailed from OSC to the employee on payday. Currently, all paper checks are provided in advance to the employee's agency for distribution on payday.

"This is a matter of both economics and keeping up with the times," said State Controller Robert Powell. "Electronic deposits cost the State less than a penny each, which is a tiny fraction of what it costs to prepare, mail and process a paper check. Direct deposit is an established and proven use of technology that has been around for a while. Payments made electronically actually are safer than those made by paper checks."

The new centralized payroll system that begins rolling out in January 2008 will allow employees using direct deposit to split their paychecks among up to four separate bank accounts.

Reavis to lead NC Treasury Management Association

David C. Reavis , the E-Commerce Manager for the Office of the State Controller, has been elected president of the North Carolina Treasury Management Association.



Reavis is the first president of the 28-year-old organization to represent a government organization. Past presidents have represented major North Carolina corporations such as Progress Energy, CommScope , Harris Teeter, Lowes Companies, Martin Marietta, GlaxoSmithKline, Duke Power, Food Lion, Rose's Stores, and Hardees. The association also consists of members representing the North Carolina banking community.

Reavis , who was elected during the association's annual conference in Myrtle Beach in June, said he hopes to recruit other governmental finance professionals into the association.

"The association provides tremendous exposure to the technological developments that are taking place in the financial industry," said Reavis , a 31-year state employee who previously worked for the State Treasurer's Office. "These developments often emerge first in the corporate sector, but they can be of great potential for government agencies and taxpayers."

Reavis said much of the information he has acquired through his involvement with the association has been helpful in directing North Carolina 's efforts to expand e-commerce opportunities.

State Controller Robert Powell, who was a keynote speaker at one of the association's conferences, said Reavis ' participation in the association has been of great value to the State.

The North Carolina Treasury Management Association membership is open to individuals employed by businesses, partnerships, banks, financial institutions, financial service vendors, governmental units, and educational institutions located within or having treasury/cash management related operations or services in the State.

The association is a regional affiliate of the Association for Financial Professionals.

Employee Recognition

State Controller Robert Powell, center, welcomes OSC employees to Employee Recognition Day in late May. OSC, along with other state agencies sets aside one day a year to recognize employees for their service on behalf of North Carolina.



Crunch has started for CAFR information and closeout

The annual crunch has started for the Comprehensive Annual Financial Report and the closeout of the 2006-07 fiscal year .

All state entities are required to submit their CAFR packages by August 31 to the Office of the State Controller. Two weeks later, OSC must submit the statewide accrual file to the Office of the State Auditor.

“We have two weeks to review the packages before we submit the accrual file, so it is a key time for us,” said Anne Godwin, OSC's CAFR manager. “Year in and year out, we always end up working Labor Day weekend to make sure we can get our information pulled together.”

Agencies and universities that must submit formal notes to the CAFR have until September 28 to submit those notes. Among the new notes that will be required this year is one on “Other Post-Employment Benefits,” or OPEB. GASB regulations require that note to be included for the first time in this year's CAFR.

An actuarial study conducted by the State Health Plan last year indicated that North Carolina 's obligation for retiree health insurance payments amounts to \$23.9 billion, with about \$23.8 billion as an unfunded liability. The figures were included in the transmittal letter for last year's CAFR, but will be included as a financial note this year as required by the Government Accounting Standards Board.

Once the accrual file is submitted, OSC will take about six weeks to compile the CAFR packages from agencies into the full financial report.

Those packages, along with any required notes, can be submitted electronically to cut down on the amount of manual labor needed to compile the report.

“We are trying to download the information rather than key it all in,” said Godwin.

Component units of the State which are audited by the Office of the State Auditor must make their financial information available to OSA by September 28. Component units not audited by OSA must have a private audit performed and submit that report to the Controller's Office by October 15.

In addition, state agencies must submit a complete report of their accounts receivable to OSC by September 19. Electronic forms to submit accounts receivable information are available on the OSC website.

