

## **ERP/Finance Transformation Project**

### Background:

In May 2008, Ernst & Young (E&Y) completed a risk assessment of financial systems at UNC's constituent campuses and affiliated entities and identified the following problems throughout the system:

- Processes: Lack of formal policies and procedures, reconciliations, and checklists needed to ensure accountability
- People: Lack of adequate staffing and training of personnel, as well as challenges in hiring qualified staff
- Technology: Poor utilization of the Banner system and, in general, the lack of understanding of the complexities of an integrated system

E&Y further outlined a "future vision" for UNC that provided for standardization of processes throughout the system, as well as centralization and consolidation of some back office functions and proposed centers of excellence.

In response to the E&Y recommendations, General Administration began to assemble a team with Banner expertise to assist the campuses. The team is led by Les Davidson and team members bring expertise in financial accounting, financial aid, and payroll. Additionally, John Leydon, the new CIO at General Administration has experience in implementing Banner software at another university system. Effective October 1, 2008, UNC General Administration hired a Project Management Officer, Gwen A. Canady, former Chief Deputy State Controller, to coordinate the ERP/finance transformation project.

### Current State:

In August, E&Y was re-engaged by General Administration to develop an implementation roadmap to be followed by the University in rectifying the problems identified in the previous work. Process improvements will be made in five primary areas: general accounting and financial reporting, financial aid, contracts and grants, purchase to pay and payroll. The plan will be delivered to General Administration by October 15<sup>th</sup> and will provide guidance for implementing process improvements (common policies and procedures, standardization, common reconciliations and checklists, and dashboard indicators) across the five primary areas by June 30, 2009. Preliminary conversations with the E&Y team indicate that the plan is for development of the process improvements to be completed in April to ensure effective testing and full implementation by July 1, 2009. Initially the work will be accomplished through joint university and E&Y teams with E&Y's involvement diminishing substantially by year end as university expertise and capacity is built. A longer term project (two to three years) will provide for the centralization of computing and business processes for those campuses facing challenges in operating the Banner software product. A University Executive Steering Committee will provide oversight to the project management office.

The five phases of the overall plan are listed below.

- Identification: Establish joint project management between UNC and E&Y, develop project communication and change management plans, design detailed work plans for each area of reform
- Data Gathering: Identify current issues, opportunities and unique business requirements for in-scope finance functions. Identify leading practices within remediation area and develop future operating models.
- Design: Design and validate short term improvements including the creation of work products, checklists, policies, procedures, dashboards, etc. Design the model for the future operating environment.
- Build and Deliver: Build, deliver and train on the short-term improvements; build, validate, implement and stabilize the future operating model
- Sustain: Operate with improved policies and procedures, checklists, dashboards and monitoring across the system and begin to roll out the new operating model

Additionally, General Administration is continuing to work with several individual campuses on identified challenges, cleansing data, and developing process improvements.

The PMO is currently identifying the various disparate efforts across the University System that need to be brought under the umbrella of the ERP project and is working with E&Y to develop the overall plan, staffing and budget to accomplish the goals of the finance reform and transformation effort.

#### Proposed Timelines:

As previously stated, for the short-term improvements, the goal is to have the policies, procedures, checklists, and dashboards developed and rolled out to the campuses by April 2009, and to provide monitoring and assistance between then and the end of the fiscal year such that all campuses are consistently reporting by July 1st.

For the long-term improvements, the goal is to have the future operating model for a shared services environment built by the end of this fiscal year with the initial roll-out planned for July 2009. A two to three year roll-out period is expected.