

UNC Shared Services Payroll Project Update

The UNC FIT team continued its implementation of the UNC Shared Services Payroll solution for the nine campuses that have been a part of the State's Central Payroll System. To date, we have five of the nine campuses live on Banner Payroll. Three of these five campuses have successfully migrated completely off of Central Payroll (UNC Pembroke, UNC Asheville and Western Carolina University). Two of these five have implemented Banner bi-weekly payroll and are working on implementation of monthly payroll (North Carolina A&T State University and Winston-Salem State University).

Banner Bi-Weekly Payroll for Students and Temporaries

The UNC FIT team along with project teams from NCA&T and WSSU successfully implemented Banner bi-weekly payroll during the month of July. NCA&T included implementation of web time entry for their students and temporaries as part of their bi-weekly implementation. WSSU went live with paper time entry, but will be rolling out web time entry during the month of August.

Banner Monthly Payroll for Permanent Employees

The dual implementation of both bi-weekly and monthly payroll at NCA&T did not occur in July, as targeted. Issues with the conversion, technology and staffing capacity, coupled with the large number of employees at NCA&T, required additional time for configuration, testing and training during the bi-weekly implementation. This delayed some monthly implementation tasks, including the successful parallel testing of monthly payroll. Due to significant campus activity that will occur in August in order to begin the fall semester, NCA&T is now scheduled to go live with monthly employees in September. WSSU is scheduled to go live with monthly employees in October. Adjustments to the schedule have extended our implementations for the remaining campuses to April 2011. (See attached)

Next Campuses

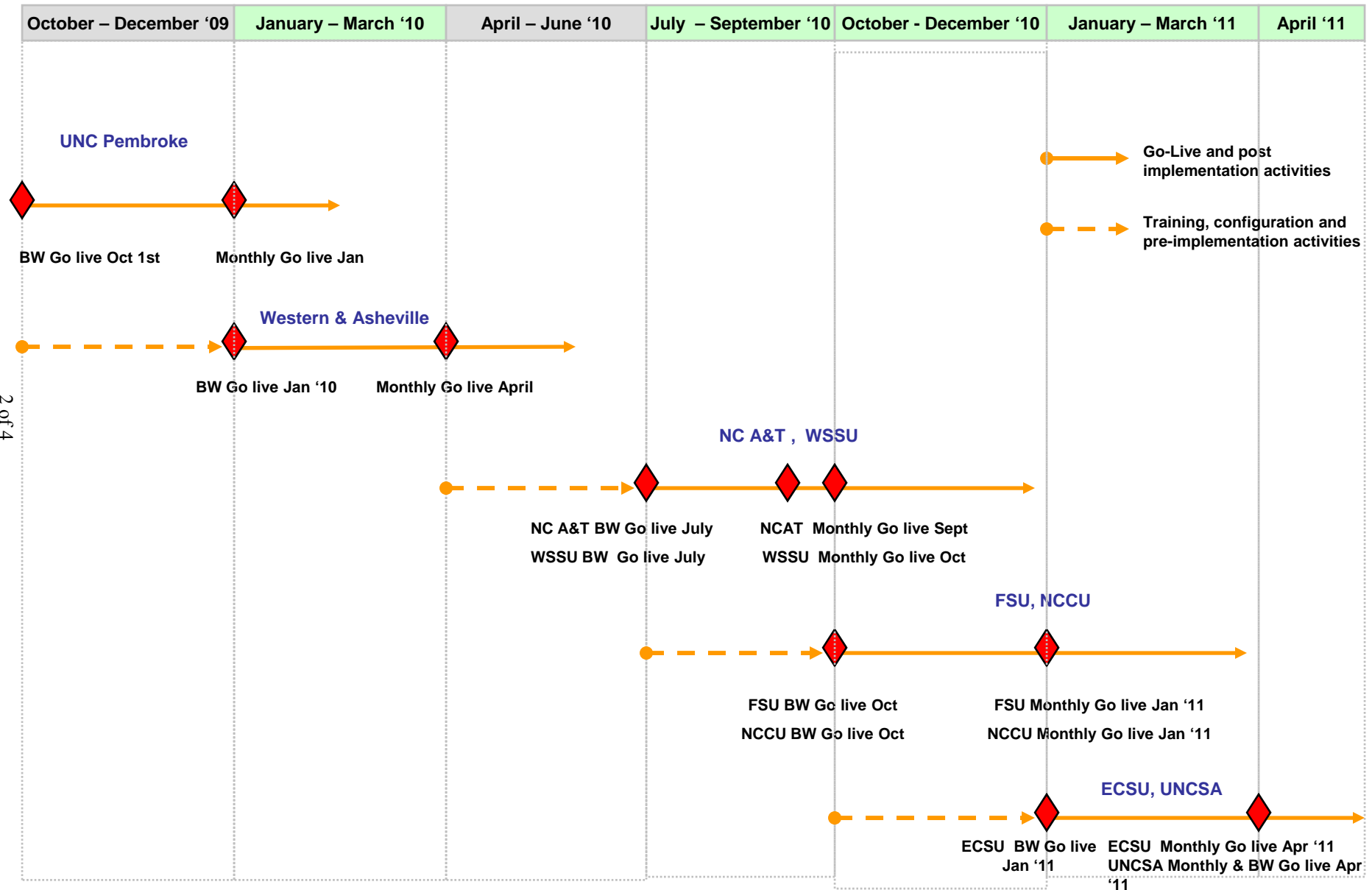
The UNC FIT Leadership team met with the campus leadership teams at Fayetteville State University and North Carolina Central University during July to kickoff the next round of campus implementations. Both campuses have begun preliminary work in preparation for their implementations. UNC FIT team members will begin working onsite with these campuses in August with the goal of implementing Banner bi-weekly payroll in October and monthly payroll in January.

Other Activities

Annual reviews of the Change Management and Configuration procedure, as well as the Campus Service Level Agreements are in progress and will be modified during August. The Shared Services Center cost recovery model was put in place effective July 1st for those campuses who are completely live on Banner payroll. The Shared Services Center is actively recruiting for their fourth and final payroll analyst position. The UNC FIT team is working with the Office of State Controller on transition plans for calendar year 2011.

UNC Finance Improvement & Transformation Banner Shared Services Payroll Project Implementation

Revised 7/15/10



UNC Finance Improvement and Transformation Project Update Business Process Improvements and Financial Monitoring

The UNC Finance Improvement and Transformation (UNC FIT) Business Process Improvements during June and July included refinements to the General Accounting standards, further review of the next two areas for business process improvements and implementation of the Self-Assessment of Internal Controls document. Financial Monitoring initiatives included the implementation of the Institutional Action Plan for those campuses experiencing problems meeting acceptable ranges in the reporting of Key Performance Indicators (KPIs).

Business Process Standards

The General Accounting team has completed a review of the standards with proposed revisions to remove some redundancy, provide some clarification and eliminate some of the prescriptive language. These are currently under review by the campus controllers.

The next two business process areas to be addressed in FY 2011 are Capital Assets and Student Receivables. Potential sub-processes within each of these areas were shared with the Chief Financial Officers (CFOs) from all campuses for feedback in July. A process lead for each of these areas, along with a Process Advisory team, will be established by September to begin developing standards in each area. Input from the CFOs was requested for potential representatives to serve on the process improvement teams.

Self-Assessments of Internal Controls

By statute all state entities have to certify annually to the State Controller that they have performed an annual review of the internal controls over financial reporting as of June 30th. This certification must be supported by, and consistent with, the results of the entity's annual evaluation of internal control. During FY2011, the UNC FIT Team developed a Self Assessment of Internal Controls template tailored specifically for the universities. While most campuses used this new assessment template for the reporting of internal controls this year, all campuses will be required to use this template for FY 2011. Campuses will submit their assessments to UNC General Administration for review as part of the UNC FIT monitoring effort.

Institutional Action Plans for Key Performance Indicators (KPIs)

As campuses continue to report on the Key Performance Metrics associated with the first three standards implemented, an Institutional Action Plan has been developed to monitor problem areas. Any campus that reports three consecutive red KPI ratings is now required to submit an Action Plan report to Associate Vice President for Finance Lynne Sanders. The Action Plans include the campus resolution plan, responsible party and completion date. Monthly review of these plans by Vice President for Finance Ernie Murphrey, Ms. Lynne Sanders and Ms. Gwen Canady will result in follow up with campuses, as needed, to get further information, clarification and/or updates. The benchmark for completeness and resolution of these items will be three consecutive months of green.

UNC FIT and State Audit Findings Financial and Federal Compliance

<u>Finding Description</u>	<u>Number of Findings</u>			<u>UNC FIT Process Area</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	
Deficiencies in Financial Reporting	6	8	1	General Accounting
Bank Reconciliations	3	2	0	General Accounting
System Access	8	7	5	General Accounting
Fully Depreciated Assets/Estimated Useful Lives	3	2	1	2010-2011 UNC FIT Area
Financial Aid	14	13	8	Financial Aid
Other	<u>21</u>	<u>6</u>	<u>6</u>	
Total	55	38	21	

Note: Two audit reports for 2009 have not yet been issued.

The 2009 numbers could change if these audits are released with findings.