

# Financial Backbone Replacement (FBR) Project Update

2019 NC Office of the State Controller Financial Conference  
December 10, 2019

1

STATE OF NORTH CAROLINA  
Office of the State Controller



1

```

***** ** ***** ** ** ***** **
*** ** ** ** ** ** ***** *****
*** ** ** ** ** ** ** ** ** ** ** ** ** ** ** ** **
*** ** ** ** ** ** ** ** ** ** ** ** **
*** ** ** **^ ^ ^ ^ ^ ^ ^ ^ ^ ^
*** ***** ** ** ***** ** *****
*** ***** ***** ** ** *****

NORTH CAROLINA ACCOUNTING SYSTEM - P REGION
MAIN MENU

A - PAYROLL/PERSONNEL
B - FINANCIAL SYSTEMS
E - INFORMATION EXPERT

ENTER THE SYSTEM TYPE YOU DESIRE: _

ACTION _____ DCI Release 01.01
MP a 18/057

```

```

RK93 CASH MANAGEMENT CONTROL SYSTEM
CLICK HTTPS://WWW.OSC.NC.GOV/STATE-AGENCY-RESOURCES/STATEWIDE-CASH-MANAGEMENT
SELECT EMAIL NOTIFICATION BOX TO SUBSCRIBE TO CMCS EMAIL GROUP

PF1 -DISPLAY NEXT PAGE OF A DETAIL LIST PF13-DISPLAY LIST OF TRANSFERS
PF2 -DISPLAY PREVIOUS PAGE OF DETAIL LIST PF14-SELECT PRINTED RPTS (OSC ONLY)
PF3 -DISPLAY PRIMARY MENU PF15-PRINT TRANSFER WARRANT (OSC ONLY)
PF4 -DISPLAY CURRENT STATUS OF ACCOUNT PF16-PRINTING DISPLAY MENU (OSC ONLY)
PF5 -DISPLAY APPROPRIATION DETAIL PF17-INACTIVE
PF6 -DISPLAY ALLOTMENT DETAIL PF18-INACTIVE
  -DISPLAY SPECIAL FUND DETAIL PF19-INACTIVE
  -DISPLAY CAPITAL IMPROVEMENT DETAIL PF20-ENTER/DISPLAY A REQUISITION
  -DISPLAY CONTROL ACCOUNT DETAIL PF21-DISPLAY MENU FOR DEPOSITS
PF7 -DISPLAY ALLOTMENT RECEIPT/EXPEND PF22-ENTER/DISPLAY A TRANSFER
  -DISPLAY SPECIAL FUND RECEIPTS PF23-DISPLAY LIST OF REQUISITIONS
  -DISPLAY CAP IMP RECEIPTS/EXPEND PF24-DISPLAY LIST OF DEPOSITS
PF8 -DISPLAY SPECIAL FUND EXPENDITURES PF25-DISPLAY/UPDATE SECURITY
PF9 -DISPLAY ACCOUNT CODES AND TITLES PF26-ENTER/UPDATE DEPOSIT
PF10-DISPLAY UPDATE FORMAT (OSC ONLY) PF32-GO TO BUDGET SYSTEM (CSBM)
PF11-DISPLAY OVERDRAWN ACCOUNTS (OSC ONLY)
PF12-DISPLAY CONTROL ACCOUNTS (OSC ONLY) NO. PENDING TRANSFERS 000
NEXT= _ PF= DATE= MM DD YY SEQ DISB/STIF = BRNCH=

## CALL OSC (919) 707-0795 FOR ASSISTANCE ## - ATA-MEGHNA SHAH
MP a 22/007

```

2

STATE OF NORTH CAROLINA  
Office of the State Controller



2

## STATUS UPDATE

- Reflection on May 2019 Task In Progress
- Chart of Accounts
- Planning and Common Design

3

STATE OF NORTH CAROLINA  
Office of the State Controller



3

## LEGISLATIVE DIRECTION AND FUNDING

- Session Law 2016-94 Sec. 7.10 Enterprise Resource Planning Design and Implementation directed DIT, OSC, and OSBM to plan and design an ERP for state agencies.
- Session Law 2017-57 Sec. 37.6.(b) provided funding \$13 million (\$3 million 2017-18 plus \$10 million 2018-19)
- Session Law 2018-5 Sec. 2.1 provided additional funding \$27 million

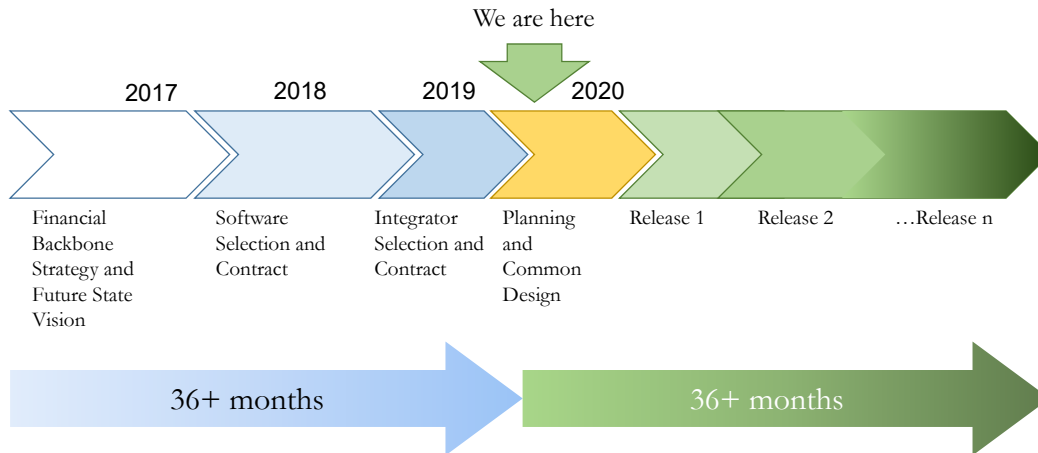
4

STATE OF NORTH CAROLINA  
Office of the State Controller



4

## Quick Status - FBR Program Life Cycle



"The beginning seems to be more than half of the whole."  
— Aristotle

5

STATE OF NORTH CAROLINA  
Office of the State Controller



5

## REFLECTION ON MAY 2019 STATUS – WHERE ARE WE NOW

- ✓ • Award deployment support contract
- ✓ • Ramp up/onboarding of SI consultants
- ✓ • Kick off Planning and Common Design
- ✓ • SME identification
- ✓ • Current Chart of Accounts analysis
- ✓ • Initial Interface analysis
- ✓ • Current process analysis
- Oracle learning (ongoing)
- Data clean-up (ongoing)
- OCM – stakeholder engagement (ongoing)

6

STATE OF NORTH CAROLINA  
Office of the State Controller



6

## STAKEHOLDER ENGAGEMENT

### Agency Heads

2017-19: Executive Committee Meetings  
 2019: Agency Leadership Meetings with State Controller  
 2019: Kick-Off of Planning and Common Design with Deputy State Controller

### Chief Financial Officers

2019: CFO Monthly Meetings  
 2019: OSC Financial Accounting Standards Training  
 2019: Roadshow/Touchpoint Meetings by OCM Team

### Communications

### Agency Project Coordinators

2019: Kick-Off Meeting  
 2019: Monthly Touchpoints at CFO Meetings  
 2019: Review of Updated Process Flows

### Subject Matter Experts

2017: Future State Vision Workshops (pain points)  
 Nov 2019: P&CD Process Workshops

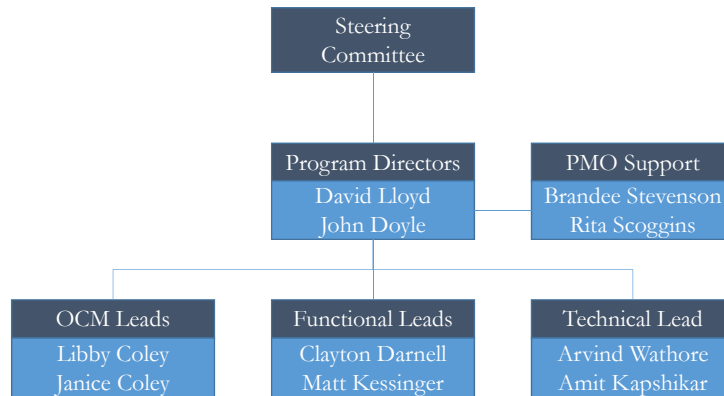
7



7

## FBR Core Team

This diagram represents the structure of the leadership team.



8



8

## FBR Core Team

- Edith Cannady – Cash Management & Order to Cash Lead, OSC
- Shannon Creech – Budget Lead & Procure to Pay, OSBM
- Kris Hudson – Grants Lead, OSC
- Rokos Isaak – Inventory & Assets Lead, OSC
- Sondra Phillips – Data Lead, OSC
- Thurman Ross – Security Lead, OSC
- Teresa Shingleton, Project Advisor, OSC
- Randy Smith – Record to Report Lead, OSC
- Jordan Burd – Projects and Grants, Deloitte
- Brendan Callahan – Projects and Grants, Deloitte
- Rahule Desai – Inventory, Deloitte
- Don Houle – Procure to Pay, Deloitte
- Nahib Khaji – Procure to Pay, Deloitte
- Anish Prabhu – Record to Report, Deloitte
- Jennifer Rocks – OCM Director, Deloitte
- Danielle Scott – Functional Support, Deloitte
- Kalyan Vadlaptla – Fixed Assets, Deloitte
- Tori Vogel – PMO Support, Deloitte
- Jessica Zou – Cash Management & Order to Cash, Deloitte

9



9

## STATUS UPDATE

- Reflection on May 2019 Task In Progress
- Chart of Accounts
- Planning and Common Design

10



10

**KEY TERMINOLOGY – ENTERPRISE STRUCTURE**

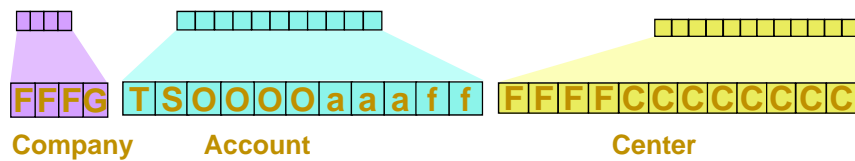
<b>Enterprise</b>	<ul style="list-style-type: none"> <li>• Collection of legal entities under common control and management</li> </ul>
<b>Ledger</b>	<ul style="list-style-type: none"> <li>• Determines the currency, chart string, accounting calendar, and accounting convention for associated legal entities and sub-ledgers</li> <li>• Captures detailed transactional information from the sub-ledgers; details or summary are periodically imported and posted</li> </ul>
<b>Legal Entity</b>	<ul style="list-style-type: none"> <li>• Legally recognized entity that owns/trades assets and employs people in a registered jurisdiction</li> </ul>
<b>Business Unit (BU)</b>	<ul style="list-style-type: none"> <li>• Unit of an enterprise that performs one or many business functions and is assigned to a specific ledger; may roll up with other Business Units within a management hierarchy</li> <li>• Unit of an enterprise that processes transactions on behalf of legal entities (AP, PO, Expense)</li> </ul>
<b>Asset Book</b>	<ul style="list-style-type: none"> <li>• Housing unit for an asset belonging to any number of tax books (Full Accrual Basis) but only one corporate book (Modified Accrual Basis)</li> <li>• Assets are added to a corporate book first and then copied to the associated tax books</li> </ul>
<b>Department</b>	<ul style="list-style-type: none"> <li>• An organizational structure with one or more operational objectives or responsibilities</li> <li>• Example: Procurement, Sourcing, Receiving etc.</li> </ul>

11



11

**NCAS CHART OF ACCOUNTS (COA) SEGMENTS**

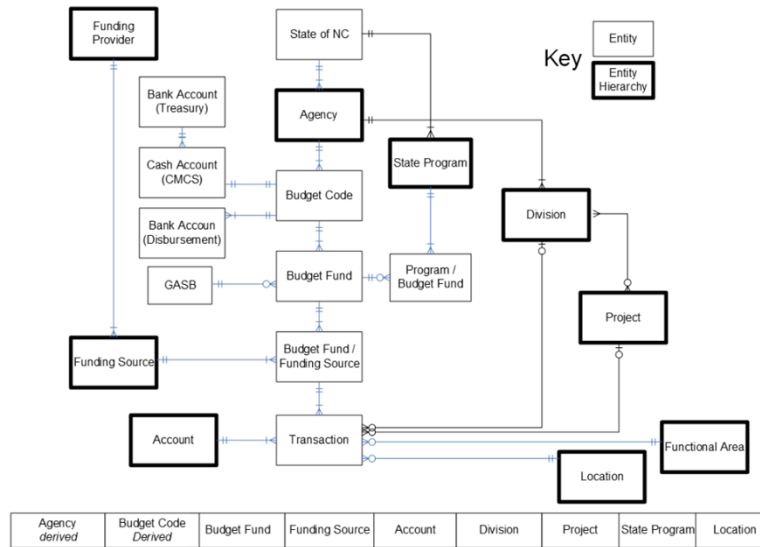


12



12

**FINANCIAL ENTITY MODEL**



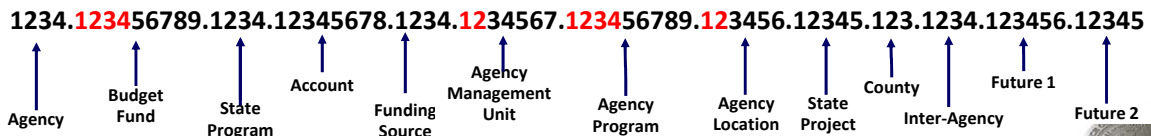
13



13

**FIRST DRAFT NC CHART OF ACCOUNT STRUCTURE – SINCE SUPERSEDED**

#	Segment Name	Description	Segment Qualifier	Length
1	Agency	A unit of the executive, legislative, or judicial branch of State government, such as a department, an institution, a division, a commission, a board, a council, or The University of North Carolina.	Primary Balancing Segment	4
2	Budget Fund	A fiscal and accounting entity with a self-balancing set of accounts for the purpose of carrying on stated programs, activities, and objectives of State government	Secondary Balancing Segment	9
3	State Program	A group of line items to support a specific statewide activity or theme and represents an alternative presentation of budget		4
4	Account	Object or line item in the budget or financial statements such as assets, liabilities, revenues, or expenditures.	Natural Account	8
5	Funding Source	Indication of resource underlying an expenditure such as appropriations, federal grant (FRC), local funds, etc.		4
6	Agency Management Unit	Agency defined org structure for internal management reporting and budgeting	Cost Center	7
7	Agency Program	Agency defined programs or functions for internal management reporting and budgeting		9
8	Agency Location	Agency defined location for internal management reporting and budgeting		6
9	State Project	Cross agency projects, such as hurricanes, to support statewide reporting of revenues and expenditures		5
10	County	NC county where material/asset was used/delivered or service performed		3
11	Inter-Agency	Due To/Due From; transfers between agencies	Intercompany	4
12	Future 1	Reserved for future use		6
13	Future 2	Reserved for future use		5



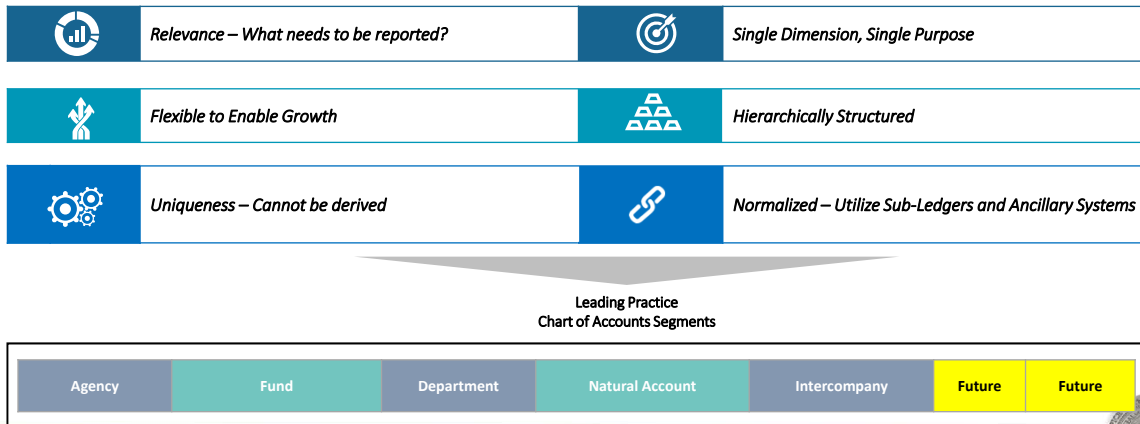
14



14

## CHART OF ACCOUNTS LEADING PRACTICE

A well designed chart of accounts is developed to fulfill financial and statutory needs. While requirements to fulfill these needs can vary across organizations, leading practice COAs follow the same common principles.



15

STATE OF NORTH CAROLINA  
Office of the State Controller

15

## STATUS UPDATE

- Reflection on May 2019 Task In Progress
- Chart of Accounts
- Planning and Common Design

16

STATE OF NORTH CAROLINA  
Office of the State Controller

16



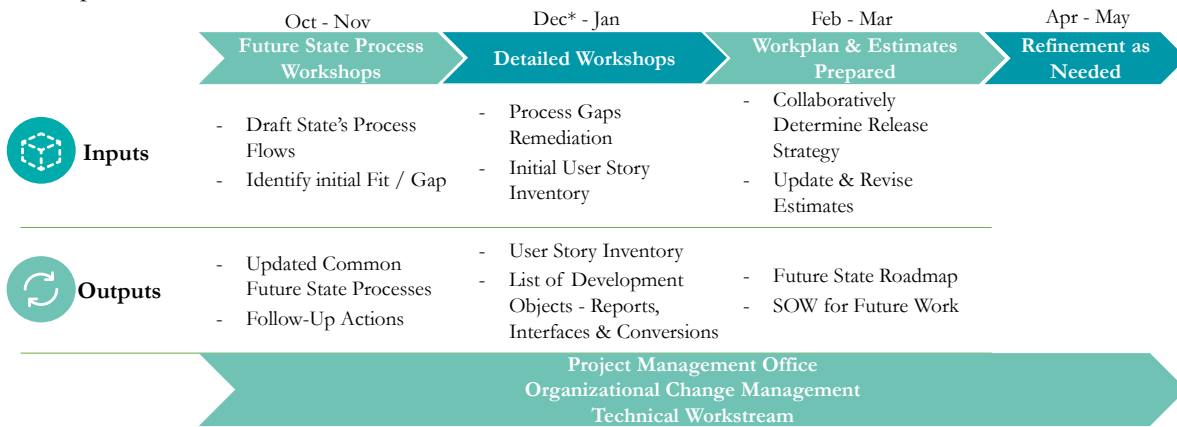
## Planning & Common Design Outcomes

- Future state business process, enterprise structure, and data designs, and a partially configured prototype OCF environment. Proofs of Concept for key process components and configuration decisions
  
- Project life cycle strategies and plans for integration, data conversion, user access security, organizational design and training, that describe the target end state and the path from here to there.
  
- Plans and estimates that use GAO guidelines for high-quality, reliable estimates
  - Well-documented
  - Comprehensive
  - Accurate
  - Credible



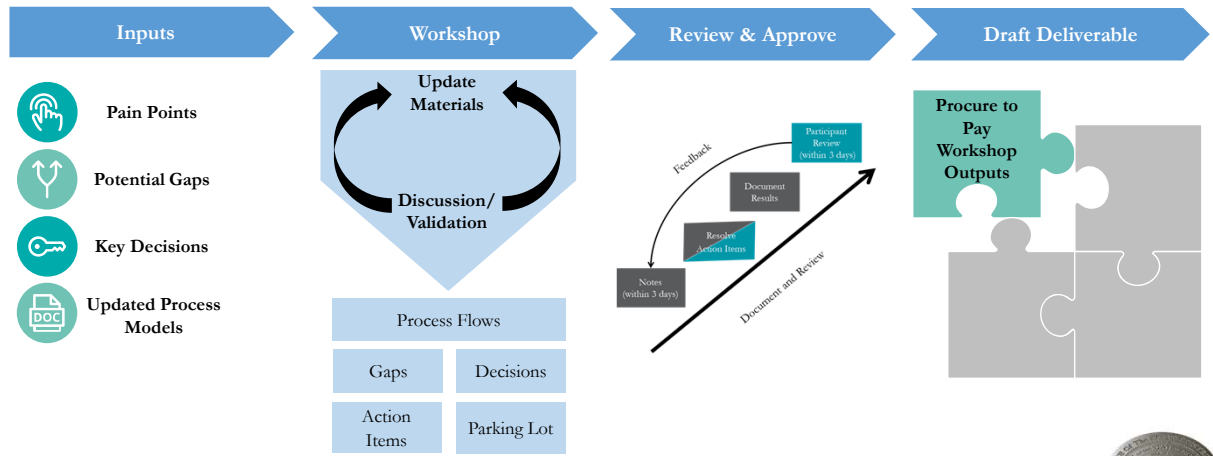
## High Level Timeline

The Planning and Common Design process includes multiple phases that culminate in a revised roadmap and confirmed estimates.








### Future State Process Workshop Overview

The outputs of the workshops at the sub-process level are compiled to provide the end to end process flows and draft Future State Process deliverable.

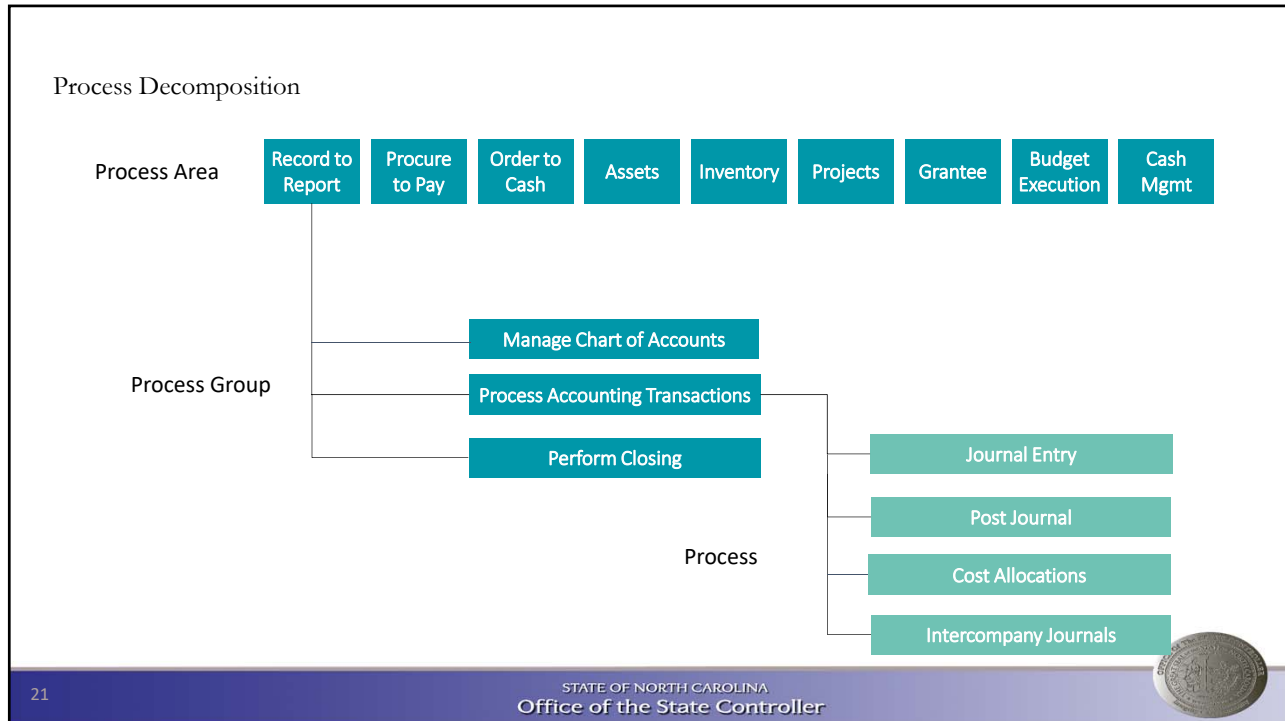


### Process Design Guiding Principles

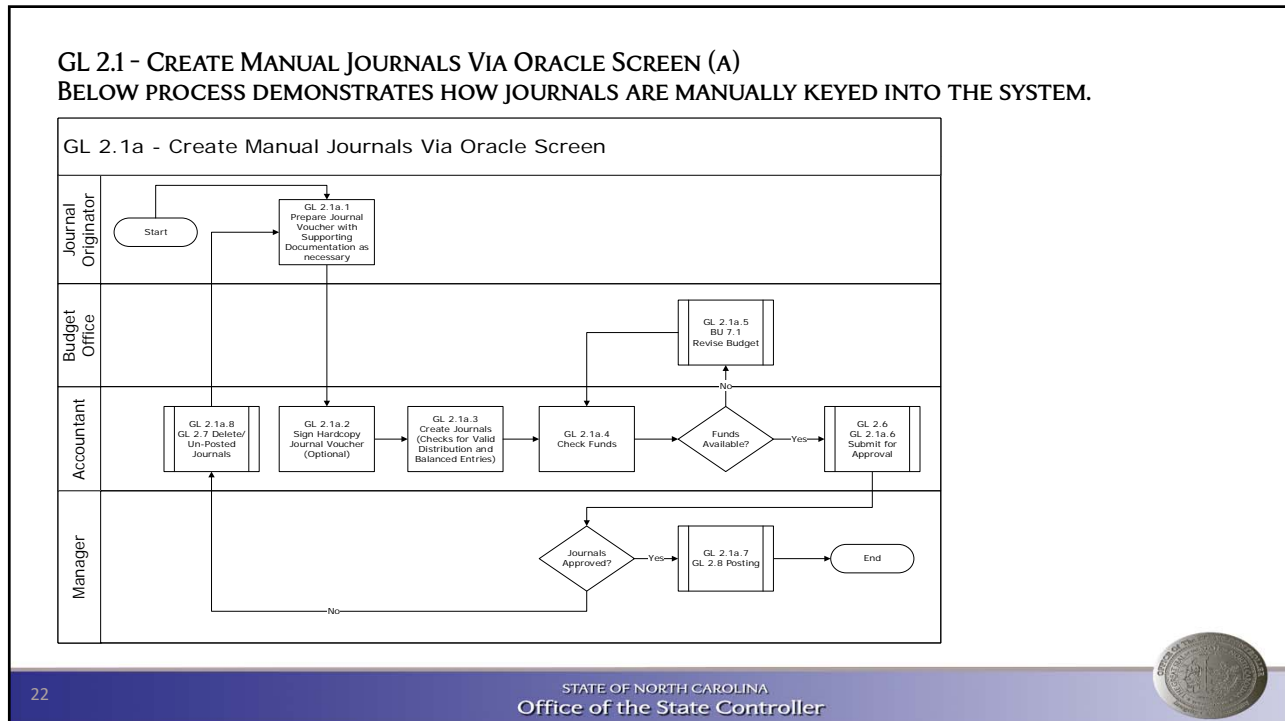
These workshops are focused on gathering needs for the future system

-  Create and deploy a new financial architecture that meets the current and foreseeable future financial information needs of the State
-  Leverage standard processes and best practices within Oracle Cloud application services, minimizing software changes, and changing existing State processes to improve efficiency and effectiveness
-  Recognize that the Project will create significant work and change for your State organizations and fellow employees; its success depends heavily on your knowledge, expertise, effort, and your ability and willingness to adopt the change
-  Identify potential obstacles or challenges as early as possible
-  Prioritize providing functionality in NCAS, but leverage standard solution efficiencies where possible



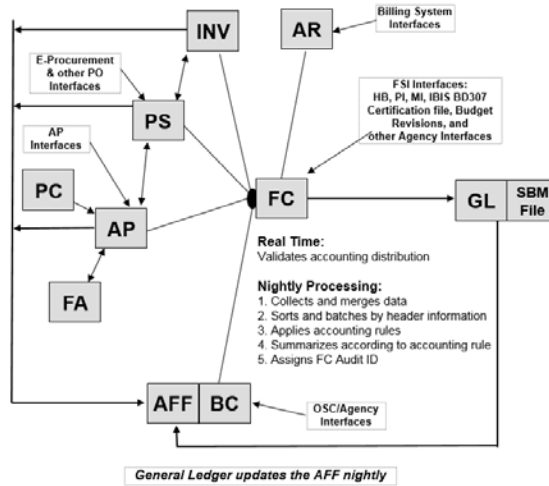


21



22

### NCAS Modules



### TODAY

```

INAS AP          DOCUMENT LIST          DCL
NEXT FUNCTION:  ACTION:  HISTORY:  05/02/2019 09:01:14
REQUEST:
*****
PRN ENTITY : 0001          CONTROL DATE :          CONTROL NBR :
SHORT NAME :          VENDOR/EMP NBR :
DOCUMENT QTY:          DOCUMENT STAT:
DOCUMENT NBR:          DOCUMENT AMT :          CURR:
LIST AND INQ:          DOCUMENT PART2:          SELECT *
VEN/EMP NBR DOCUMENT NUMBER  DATE          GROSS AMOUNT  CURR STATUS DGI DCI
*****
02 A          559573 07/10/18          24.93          PD-FULL
02 A          559592 07/11/18          59.92          PD-FULL
02 A          559780 07/10/18          952.84          PD-FULL
02 A          559781 07/10/18          50.39          PD-FULL
02 A          559986 07/11/18          297.60          PD-FULL
02 A          560412 07/17/18          437.20          PD-FULL
02 A          560564 07/16/18          246.15          PD-FULL
02 A          560563 07/17/18          437.20          PD-FULL
02 A          560925 07/17/18          228.28          PD-FULL
02 A          581337 07/18/18          3,133.00          PD-FULL
*****
PAGE: 30 STATUS: MORE
06/018
    
```

### TOMORROW



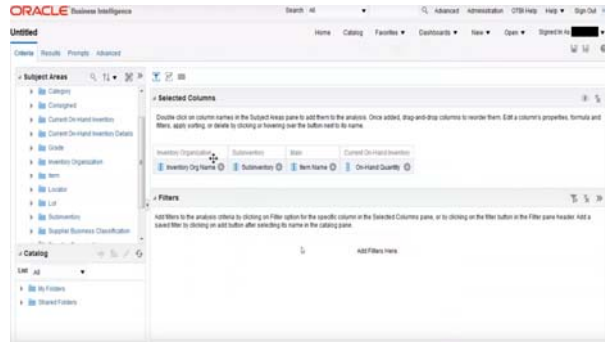
### TODAY

```

EDIT RUN STATEMENTS: C-U-HP-PIVOTS-TO-VEND-EXCEL-RUN          COLUMNS 001 072
COMMAND INPUT:+++++ _                                       SCROLL ++++ HELP
-----1-----2-----3-----4-----5-----6-----7-----8-----9-----0-----
*****TOP OF DATA*****
000100 *****
000200 * TO RUN THIS REPORT, YOU MUST HAVE A TSD ID.  A PERMANENT DATASET *
000300 * FOR YOUR AGENCY MUST EXIST THAT IS 250 BYTES LONG.  A JOB STATEMENT *
000400 * MUST EXIST IN YOUR RUN-SQL MEMBER THAT CORRESPONDS TO THE NAME OF *
000500 * THE PERMANENT DATASET.
000600 //C250BYTE DD DSN=HILL.DEPT.C250.BYTE.DISP=SHR          *
000700 *****
000800 OPTION          DATE=OPTION('MM/DD/YYYY')
000900 RUN              C-U-HP-PIVOTS-TO-VEND-EXCEL
001000 FROM            LIBRARY.RPUBLIC
001100 INTO            LIBRARY.KKKKKK
001200 VARIABLE        WK-PERIOD-BEG-DATE
001300                'MM/DD/YYYY'
001400 VARIABLE        WK-PERIOD-END-DATE
001500                'MM/DD/YYYY'
001600 VARIABLE        CENTER-MASK
001700                'FFFFNNNNSSSS'

```

### TOMORROW



## WE NEED ALL OF YOU!

- Engage
- Support
- Promote
- Communicate



# Some Early Learnings

## David Lloyd

27

### KEY SUCCESS (SO FAR) FACTORS

- Start by creating a shared vision of the future
- Drive product and services selections from strategy
- Make consensus-based decisions from broad-based input

28

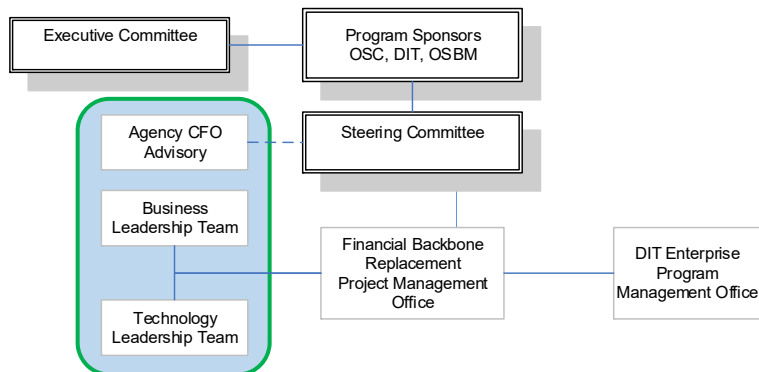
STATE OF NORTH CAROLINA  
Office of the State Controller



28

## GOVERNANCE AND GUIDANCE FOR FBR

These expanded governance groups help project leaders to work with and listen to agencies and departments at multiple levels, reducing the risks of surprises and missed expectations.



29

STATE OF NORTH CAROLINA  
Office of the State Controller



29

## GUIDING PRINCIPLES

1. Manage Work in Chunks
2. Follow The Rules
3. Pay Attention to People
4. Admit What We Don't Know
5. Make Decision-Making Transparent
6. Use Earned Value Management
7. Robust Quality Assurance

30

STATE OF NORTH CAROLINA  
Office of the State Controller



30

# QUESTIONS?

