

# The North Carolina Office of the State Controller

**Joint Appropriations Subcommittee for General Government**

**February 28<sup>th</sup>, 2013**



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Outline

- Authorizing laws and agency mission
- Budget History and Overview
- Division Descriptions
- Data Integration and other programs

# Authorizing Laws

- GS 134B-426.36-37: Creation of the office and the position of State Controller
  - Appointed to a 7 year term by the Governor
- GS 143B-426.39: Powers and duties of the State Controller
- GS 143 3.1: Transfer of duties from the Office of State Budget and Management and the Office of the State Auditor to the State Controller

# Mission Statement

OSC's mission is to serve as the public's financial guardian by promoting accountability and protecting the financial integrity of the State.

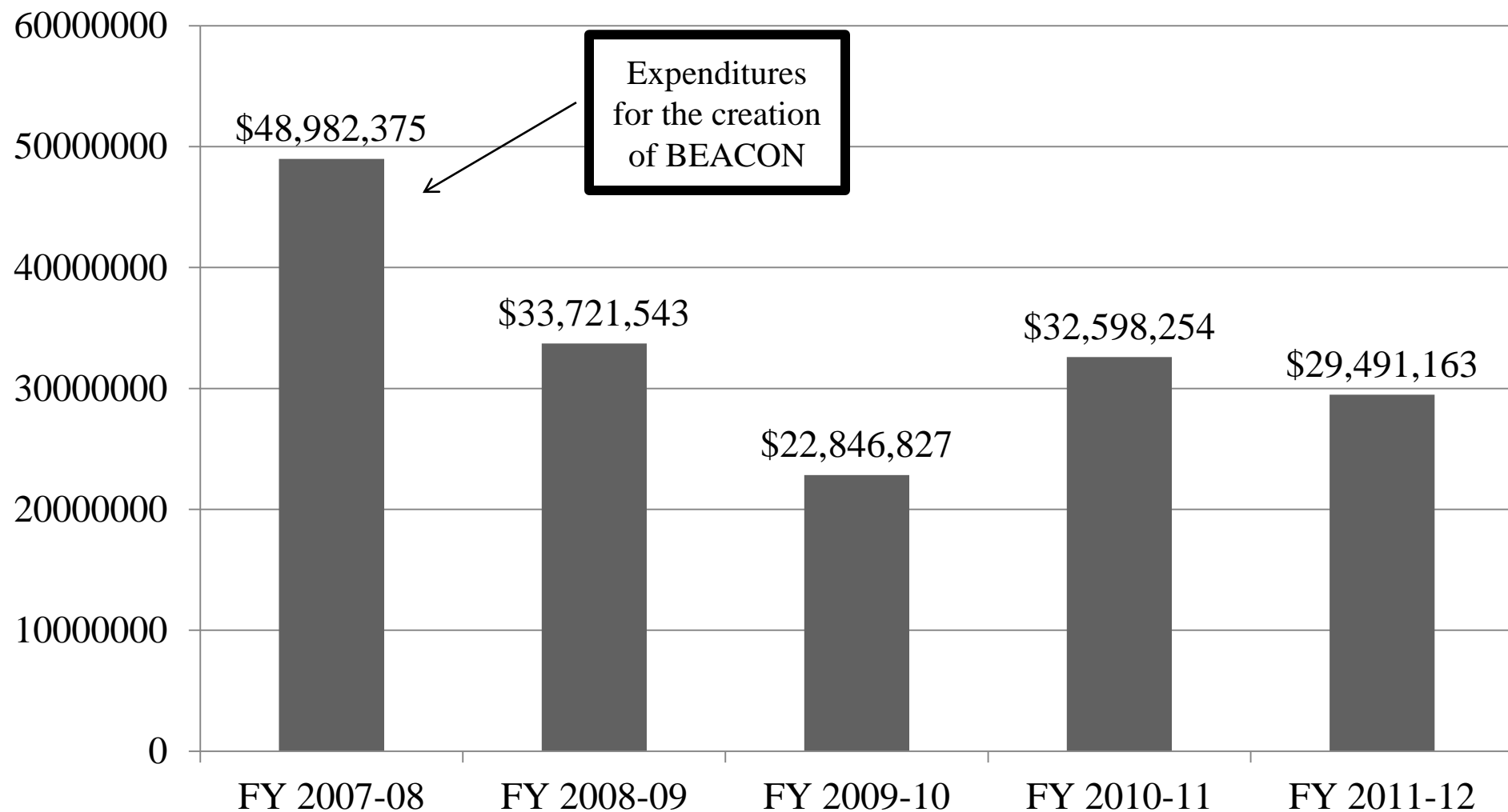
# Agency Duties

- Provide accounting, disbursing, payroll, internal control, data management, eCommerce and financial reporting services to state agencies, employees and the public.
- Maintaining systems, standards, and business processes to ensure that spending is within approved levels
- Produce numerous financial reports

# NC Office of the State Controller's Budget

	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Certified</b>	<b>FY 2013-14 Continuation</b>	<b>FY 2014-15 Continuation</b>
Total Requirements	\$29,491,163	\$31,706,964	\$30,793,768	\$30,793,768
Total Receipts	\$968,002	\$1,757,595	\$1,514,478	\$1,514,478
Appropriation	\$28,523,161	\$29,949,369	\$29,279,290	\$29,279,290
FTEs	208.75	207.75	198.75	198.75

# Actual Expenditures of NC Office of the State Controller



**FY 2012-13 Certified Expenditures: \$31,706,964**

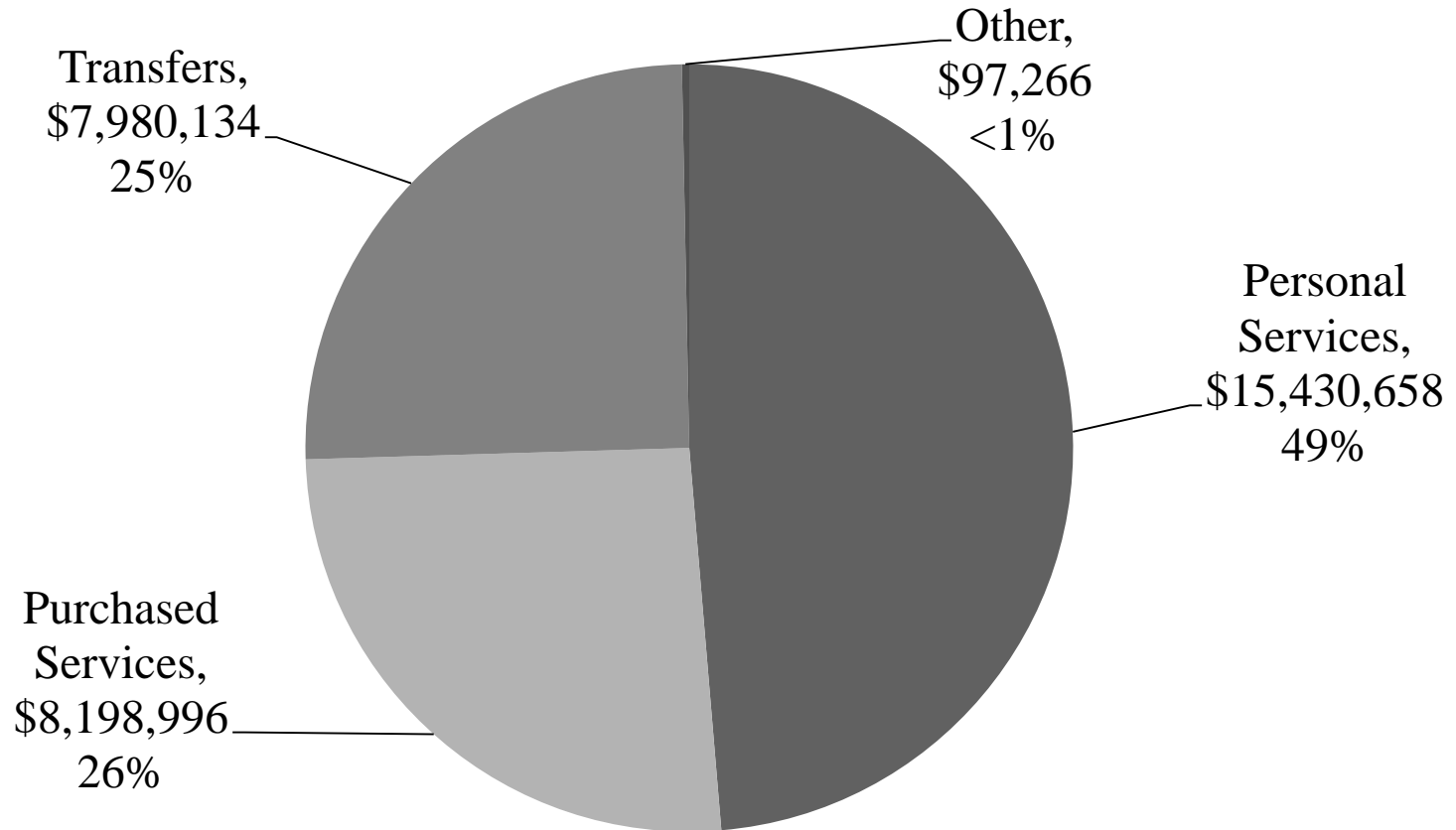
# Recent Legislative Actions

	Action	Amount
<b>2012 Legislative Session</b>	Fund Maintenance Agreements for BEACON	\$453,383 R
	Fund the Cash Management Module Upgrade	\$1,347,397 NR
	Eliminate 1 vacant position and reduce operating expenses	(\$220,368) R
	Reduce BEACON Reserve	(\$536,036) NR
<b>2011 Legislative Session</b>	Eliminate 14 vacant positions	(\$1,172,321) R
	Reduce funding for CJLEADS	(\$2,267,263) R
	Reduce BEACON Reserve	(\$536,036) NR

- **In 2012 the General Assembly instructed Information Technology Services (ITS) to reduce the charges to the Controller's office by \$2,267,263 for one year**
- **The funds for the BEACON Reserve have not been restored according to the continuation budget we received**



# Breakdown of Expenditures



# Administration Division

	FY 2011-12	FY 2012-13
Expenditures	\$2,941,666	\$2,649,518
Receipts	\$68,483	\$150
Appropriation	\$2,873,183	\$2,649,368
FTEs	12.75	12.75

- Executive management
- Human Resource functions
- Communications
- Business Services
  - Fiscal Management
  - Purchasing
  - Budget and Analysis

# Statewide Accounting Division

	FY 2011-12	FY 2012-13
Expenditures	\$2,956,772	\$4,366,614
Receipts	\$143,244	\$188,884
Appropriation	\$2,813,528	\$4,177,730
FTEs	31	31

- Ensures that state agencies use Generally Accepted Accounting Principles (GAAP)
- Publishes the State's Comprehensive Annual Financial Report (CAFR)
- Manages the Statewide Accounts Receivable Program
- Tax refund management
- Provides accounting support for the North Carolina Accounting System (NCAS)

# Statewide Accounting Division

## Cash Management and Disbursement

- Develops and implements the statewide cash management plan
- Manages the exchange of funds between federal government and North Carolina
- Administers the state disbursing system by authorizing agency spending
- Cash Management Control System (CMCS) is the record of appropriation, allotments, expenditures, and revenues
  - Non-recurring \$1.3m for CMCS upgrade

# Information Technology Division

	FY 2011-12	FY 2012-13
Expenditures	\$4,282,042	\$5,517,386
Receipts	\$0	\$0
Appropriation	\$4,282,042	\$5,517,386
FTEs	23	23

- Implements and maintains information technology systems except for BEACON
  - North Carolina Accounting System (NCAS)
  - Cash Management Control System (CMCS)
  - NCAS Decision Support System (DSS)
  - Enhancing Accountability in Government Through Leadership Application (EAGLE)
- Maintains public web presence

# HR/Payroll Division

	FY 2011-12	FY 2012-13
Expenditures	\$12,282,162	\$12,598,255
Receipts	\$756,275	\$1,368,944
Appropriation	\$11,525,887	\$11,229,311
FTEs	112	111

- Building Enterprise Access for North Carolina's Core Operation Needs (BEACON)
- BEACON is the centralized Human Resources and Payroll system for 100,000 state employees
- Coordinates with the Office of State Personnel's human resource and pay policies
- Public school system, University system, and General Assembly do not use BEACON

# BEACON Overview

- BEACON is a combination of three different services
  - HR/Payroll (~\$8.5 million)
    - \$5 M on personal services
    - \$3.2 M on purchased services
  - Data Integration (~\$300,000)
    - All expenses are for personal services
  - Shared Services Center (~\$4 million)
    - \$3.5 million on personal services
    - Revenue of \$700,000 from transfer from DOT and DHHS

# Risk Mitigation Division

	FY 2011-12	FY 2012-13
Expenditures	\$395,782	\$404,090
Receipts	\$0	\$0
Appropriation	\$395,782	\$404,090
FTEs	4	4

- Statewide internal control compliance program run through the EAGLE program
  - Enhancing Accountability in Government through Leadership and Education
- Foreign national tax compliance program
- Credit card industry security compliance
- Overpayment audit and recovery program
  - Contracted out to a third party



# Data Integration

# Criminal Justice Law Enforcement Automated Data Services (CJLEADS)

	FY 2011-12	FY 2012-13
Expenditures	\$6,632,737	\$6,648,302
Receipts	\$0	\$0
Appropriation	\$6,632,737	\$6,648,302
FTEs	17	17

- Two key objectives:
  - 1) Provide a comprehensive view of offender's criminal information
  - 2) Provide capability to monitor offender status
- Brings data from separate law enforcement agencies into a single access portal
- Has 24,000 users statewide including courts, correction, and state, federal, and local law enforcement

# Government Business Intelligence Competency Center (GBICC)

	FY 2011-12	FY 2012-13
Expenditures	\$0	\$5,000,000
Receipts	\$0	\$0
Appropriation	\$0	\$5,000,000
FTEs	0	1

- Objectives
  - Facilitate interagency data sharing
  - Establish data standards
  - Recommend an enterprise business intelligence strategy
- Project goal is to increase efficiency of state government through information sharing
- Initial efforts focus on Employee Misclassification and Worker's Compensation Fraud and the State Health Plan

# North Carolina Financial Accountability and Compliance Technology System (NC FACTS)

	FY 2011-12	FY 2012-13
Expenditures	\$1,002,771	\$7,500,000
Receipts	\$0	\$0
Appropriation	\$1,002,771	\$7,500,000
FTEs	0	2

- Program to detect fraud, waste, and improper payments made by state agencies
- Program is still in the development phase
  - Partnership with SAS
- Planned pilot areas include unemployment insurance fraud and the State Health Plan

# Other Programs within OSC

- Tax Compliance
  - Assists state agencies by monitoring tax legislation and responding to IRS notices
- Statewide Indirect Cost Allocation Plan
  - Determines the cost of central service agencies in order to charge agencies that administer federal grants
- eCommerce
  - Electronic payment oversight
  - Electronic signature
- NC Flex SSI Employer Savings

# Questions

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