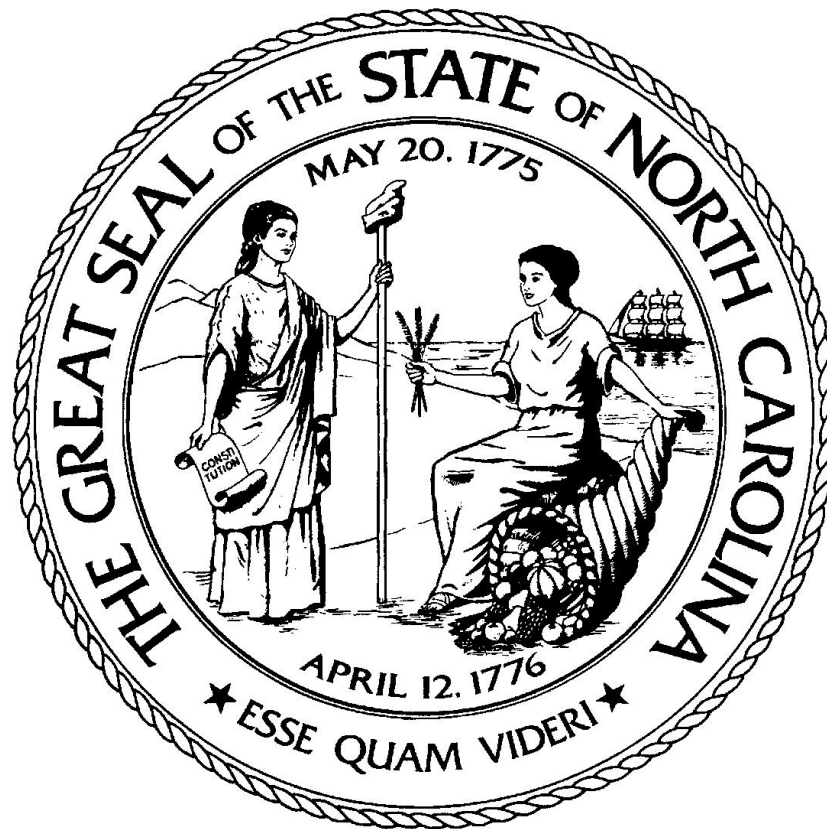


# Office of The State Controller

## Strategic Plan

### 2025 – 2029



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# 1. Strategic Plan Executive Summary

*The State Controller is the State's Chief Fiscal Officer and is responsible for overseeing State accounting, disbursing, payroll, internal control, and financial reporting systems. He leads an independent office, with statewide scope and responsibilities, which provides essential financial management services to all state agencies and institutions. Our work must comply with state and federal laws, rules, and generally accepted accounting principles.*

*Office of the State Controller (OSC) staff and core systems include:*

- ***Statewide Accounting*** ensures use of GAAP (Generally accepted accounting principles) and compliance with GASB (Governmental Accounting Standards Board). This team compiles and issues annual financial statement called the Annual Comprehensive Financial Report (ACFR), maintains a system of appropriations, allotments, expenditures, and revenues for use by state agencies and manages cash flow as well as reporting on the financial position for the State.
- ***North Carolina Financial System (NCFS)***– This team maintains the central state accounting system used by all state agencies and pays approximately 85,000 business partners and suppliers
- ***Integrated HR-Payroll System***– This team pays over 86,000 state employees while managing tax withholding, benefit payments and other payroll related employee services.
- ***Audit, Risk, and Compliance Services (ARCS)*** This team oversees statewide training and assessments to improve internal business controls which eliminate or minimize fraud, waste and abuse. This team supports and improves compliance with financial management laws and regulations and recovers funds which benefit taxpayers.

*All OSC initiatives provide statewide business solutions that promote operational efficiency, pair business and IT using innovative technology, invest in security and minimize risk as well as enhance service reliability and delivery.*

*Our overall strategic success is achieved through a professional atmosphere and through the recruitment, retention and promotion of expert staff who utilize secure and robust information systems.*

*Future planned initiatives to further the strategic mission of OSC includes, yet is not limited to:*

- *Implementation of Oracle Analytics Cloud (OAC) for enhanced financial reporting*
- *Expanding governmental accounting training to financial professionals in State Government*
- *Future SAP HR-Payroll updates, enhancements, operational environment*

*OSC's primary mission and vision are outlined in Section 2 of this document. The goals and objectives of the agency are in Section 3. All OSC-managed enterprise systems and planned initiatives support agencies statewide to become more effective and accountable. These goals also help sustain government entities supporting accounting and cash business operations, payroll and benefits, internal controls, tax compliance, and e-commerce operations.*

## 2. Mission, Vision, and Values

### Agency Mission Statement

*OSC's mission is to protect the financial integrity of the State and promote accountability in an objective and efficient manner.*

### Agency Vision Statement

*The Vision of the Office of the State Controller is continual commitment to the best possible customer service.*

*The continual commitment is maintained by:*

- *Delivering cost-effective financial management, payroll and reporting services that are efficient, accurate and promote collaboration*
- *Processing financial transactions in an accurate, timely, and professional manner*
- *Build, maintain, and continually improve our core statewide accounting and payroll systems.*

### Agency Values

*OSC's commitment to great customer service is reflected in its five core values:*

- ***S**ervice (Customer Service Focus)*
- ***E**ducation (Proactively develop and inform OSC staff and customers)*
- ***R**esults*
- ***V**alue (Deliver meaningful value)*
- ***E**fficiency*

*This spirit of service is further defined in Appendix 1 - **The OSC Customer Service Code of Conduct** which supports our Mission and Vision.*

# 3. Goals, Objectives, and Performance Measures

## Goal 1

*Recruit and retain the highest quality employees each and every day.*

### Objective 1.1 - Compensation

By October 1, 2025, develop a standardized report for the Executive Team that outlines OSC's compensation practices. This report will be updated and shared bi-annually.

### Performance Measure or Milestone 1.1

- Conduct Employee Salary Qualification metrics on recent hires/promotions
- Comparison of current roles vs. other agencies vs. market levels.
- Sign on/Retention bonus
- How often does a person qualify for more money than the budget allows?
- How far apart on average is the qualification salary than the budget? By department (IT, SWA, etc.)
- Salary adjustment impact
- What departments were not impacted during this reporting period?

### Objective 1.2 - Training

By October 1, 2025, develop standardized reports to measure the impact of internal agency training and the connection to retention and recruitment. These reports, once developed, will be updated and shared quarterly.

### Performance Measure or Milestone 1.2

- Measure effectiveness of onboarding process in each area
- Internal and External Training
- Measure speed of job-related software training
- Report on cross training in each division for growth and contingency
- Annual report on SOP documentation by each division

<p><b>Objective 1.3 - Hiring Process</b></p> <p>Report on hiring process metrics quarterly to ensure the process is streamlined and is easy and efficient.</p>	<p><b>Performance Measure or Milestone 1.3</b></p> <ul style="list-style-type: none"> <li>• Measure time to hire from selection</li> <li>• Background Checks/Reference checks speed/efficiency</li> <li>• Train managers in hiring process</li> <li>• Impact of Senate Bill 124 – SL 2025-34 (2025-2026 Session - State Hiring Accessibility and Modernization)</li> </ul>
<p><b>Objective 1.4 – Work Environment</b></p> <p>Report quarterly on the quality of our work environment and retention efforts</p>	<p><b>Performance Measure or Milestone 1.4</b></p> <ul style="list-style-type: none"> <li>• Report any equipment upgrades and status of effort. (Computers, work equipment, etc.)</li> <li>• Report on employee rewards and recognition within divisions so all divisions are aware.</li> <li>• Conduct SHORT quarterly engagement surveys and determine trends <ul style="list-style-type: none"> <li>○ Measure impact of remote working environment</li> <li>○ Work/life (Flex schedules, etc.)</li> <li>○ Interaction with supervision</li> </ul> </li> <li>• Augment training of supervisors on leadership and impact (micro learning?)</li> </ul>
<p><b>Objective 1.5 – Exit Interviews</b></p> <p>Report quarterly on examination of exit interviews.</p>	<p><b>Performance Measure or Milestone 1.5</b></p> <ul style="list-style-type: none"> <li>• Turnover rate metrics</li> <li>• Trends in reasons employees separate (Quarterly/Annually)</li> <li>• Creation of plans to correct issues</li> </ul>
<p><b>Objective 1.6 - CPE Training</b></p> <p>Provide professional development for internal and external staff.</p>	<p><b>Performance Measure or Milestone 1.6</b></p> <p>Prepare a curriculum annually to provide 40 hours of CPE for OSC staff to promote professional development.</p>



<p><b>Objective 1.7 – Minimize Vacancies and Turnover</b></p> <p>Minimize vacancies and turnover to less than 10%</p>	<p><b>Performance Measure or Milestone 1.7</b></p> <ul style="list-style-type: none"> <li>• Ensure ALL vacancies are filled within 90 days of vacancy</li> <li>• Summarize all metrics in Goal 1</li> <li>• Implement meaningful, routine employee surveys to capture spirit and needs of the agency.</li> <li>• Use those results to continuously adjust other objectives and strategies to achieve the stated objective.</li> </ul>
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## Goal 2

*Continuously improve enterprise systems to better serve customers and stakeholders*

### Objective 2.1

By 12/31/2030, extend vendor support of the Integrated HR-Payroll System and BI reporting solution through 2040. Modernize/Upgrade the system software to maintain security, availability, reliability, and integrity

### Performance Measure or Milestone 2.1

- By 12/31/2025, create a 5-year strategic roadmap for the comprehensive HR-Payroll system, including phases, if applicable, and estimated costs
- By 12/31/2030, complete technical upgrades for the ERP and reporting systems
  - Upgrade the Integrated HR-Payroll System from SAP ECC 6.0 to SAP S/4 HANA.
  - Upgrade the HR-Payroll reporting solution to include more robust, user focused analytics
  - Continuously evaluate available products/solutions and implement strategic enhancements aligned with the technical upgrades

<p><b>Objective 2.2</b></p> <p>Annual evaluation of enhancements, performance, and system health metrics for the Integrated HR-Payroll System.</p> <ul style="list-style-type: none"> <li>• Implement enhancements prescribed by state and federal legislation and/or policies</li> <li>• Implement enhancements requested by BEST Shared Services and agency stakeholders</li> <li>• Maximize system availability and usability <ul style="list-style-type: none"> <li>○ Minimize planned and unplanned system downtimes</li> <li>○ Provide a web-based user interface for HR Administrators to decrease dependencies on locally installed software</li> </ul> </li> </ul>	<p><b>Performance Measure or Milestone 2.2</b></p> <ul style="list-style-type: none"> <li>• Weekly review of Early Watch reports (system availability and useability metrics) and remediation to align with SAP best practices and standards</li> <li>• Capture, review and chart trends each month for user tickets related to access and availability</li> <li>• Continue the established weekly Change Control Board (CCB) process to ensure proper impact assessments and prioritization of enhancement requests</li> <li>• Apply for and receive SAP Customer Center of Excellence (SAP CCE) accreditation every two years – 2025, 2027, and 2029</li> </ul>
<p><b>Objective 2.3</b></p> <p>Annual evaluation of enhancements and expansion of the North Carolina Financial System (NCFS).</p> <ul style="list-style-type: none"> <li>• Implement additional functional scope fulfilling the vision of the current solution serving as the backbone for more integrated and streamlined financial processes across the state <ul style="list-style-type: none"> <li>○ Partner with OSBM on Integrated Budget System (IBIS)</li> </ul> </li> <li>• Improve system performance and reliability</li> </ul>	<p><b>Performance Measure or Milestone 2.3</b></p> <ul style="list-style-type: none"> <li>• By 12/31/2025, implement manufacturing functionality for Department of Adult Correction (DAC)</li> <li>• By 2/28/2026, implement Oracle Analytics Cloud</li> <li>• Champion and enforce the established weekly Change Control Board (CCB) process to ensure proper impact assessments and prioritization of enhancement requests</li> <li>• For each quarterly release, review newly introduced AI features and responsibly incorporate those that improve system usability or offer measurable efficiencies</li> <li>• For each quarterly release, ensure each user of the system is properly informed and trained on those changes as warranted.</li> </ul>

<p><b>Objective 2.4</b></p> <p>In FY26, establish an agency Security and Compliance Program, encompassing all enterprise systems and agency IT infrastructure. This Program will directly impact our enterprise systems in the following ways:</p> <ul style="list-style-type: none"> <li>• Strengthen the security posture across the organization</li> <li>• Increase preparedness for cyber incident detection and response</li> <li>• Expand business continuity planning</li> </ul>	<p><b><i>Performance Measure or Milestone 2.4</i></b></p> <ul style="list-style-type: none"> <li>• By 12/31/2025, develop program plan and implementation schedule</li> <li>• By 6/30/2026, develop and deliver comprehensive cyber-security training to all staff</li> <li>• By 12/31/2026, develop a comprehensive Incident Response Plan</li> <li>• By 6/30/2027, conduct simulation and practice exercises</li> </ul>
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## Goal 3

Continually track statewide finances in an accurate timely manner

### Objective 3.1

Continue to meet statutory deadlines for financial reporting through efficient allocation of resources, prudent scheduling and assignment tracking.

### Performance Measure or Milestone 3.1

- Receive unqualified audit opinion from OSA and receive GFOA award for financial reporting excellence.
- Progress on ACFR assignments tracked through the ACFR schedule developed by management.

### Objective 3.2

Complete all financial system transactions in NCFS and Core Banking for General Fund cash with a 99.5% accuracy rate.

### Performance Measure or Milestone 3.2

- Daily, monthly and annual reports, certifications and reconciliations reviewed for accuracy.

### Objective 3.3

Reduce agency error rates and improve timeliness through outreach, training and professional development opportunities. Achieve a 90% acceptance rate of reviewed agency ACFR packages.

### Performance Measure or Milestone 3.3

- Agency NCFS transaction reports, ACFR package and noncompliance reviews.

## Goal 4

*Ensure state employees are paid accurately and on time each payroll period.*

<b>Objective 4.1</b>  Ensure 99.5% of transactions initiated in the Integrated HR-Payroll System include the accurate and timely transfer of funds from Core Banking into Bank of America after each pay period.	<b>Performance Measure or Milestone 4.1</b> <ul style="list-style-type: none"><li>• Number and dollar amount of direct deposits processed.</li><li>• Number and dollar amount of paper checks created.</li><li>• Number and dollar of funds transfers in Core Banking.</li><li>• Number and value of acknowledgement forms for BoA.</li></ul>
<b>Objective 4.2</b>  Ensure 99.5% accurate and timely submission of all Federal, State, and other state tax payments and returns by the required deadlines each payroll, through process standardization, internal audits, and calendar management.	<b>Performance Measure or Milestone 4.2</b> <ul style="list-style-type: none"><li>• Number of IRS, DOR, Other State tax notices of delinquent filings and/or payments.</li><li>• Number of payments processed.</li><li>• Number of returns processed.</li><li>• Number of 941 corrections and amendments and reasons</li><li>• Number and amount of overpayments</li><li>• Number and amount of IRS payments</li></ul>
<b>Objective 4.3</b>  Process all ACH returns, W-4, NC-4, other State Tax Withholding forms, IRS Mandates, Direct Deposit requests within 24 business hours and with 99.5% accuracy.	<b>Performance Measure or Milestone 4.3</b> <ul style="list-style-type: none"><li>• Percent of Payroll Incidents that result from Contact Center Master Data errors (ACH Return, W-4, NC-4, other State Tax Withholding forms, IRS Mandate, Direct Deposit) errors. Measured as Total Number of Master Data related errors / Total Number of Master Data request Processed. Review date/time ticket is received and resolved.</li></ul>
<b>Objective 4.4</b>  Reconcile all NCFlex plans with 99.5% accuracy during biannual (January & June) audits/compares.	<b>Performance Measure or Milestone 4.4</b> <ul style="list-style-type: none"><li>• Percent accuracy rate between BenefitFocus and HRPY system data.</li></ul>

<p><b>Objective 4.5</b></p> <p>Improve timeliness of leave entry/approval by Agency Time Approvers by conducting monthly audits and reducing late entries approvals by 10% of the previous month.</p>	<p><b>Performance Measure or Milestone 4.5</b></p> <ul style="list-style-type: none"> <li>• Percent reduction in late leave approvals or entries.</li> </ul>
<p><b>Objective 4.6</b></p> <p>Quarterly, the OSC Training Team will analyze reports from OSC Contact Center and HR-PY Operations, as well as meeting with the teams, to identify and prioritize educational opportunities for agency staff. Monthly, BEST will facilitate training and guidance during monthly all-agency HR/PY webinars, with additional focused training offered in “spotlight” information sessions. These approaches would lead to an increased accuracy/timeliness of payroll-related activities.</p>	<p><b>Performance measure or Milestone 4.6</b></p> <ul style="list-style-type: none"> <li>• Number of tickets/incidents related to HR (Time, BN, OM/PA) and/or Payroll.</li> <li>• Nature of those tickets/incidents.</li> <li>• Cause and patterns of those tickets/incidents.</li> <li>• Strategies employed.</li> </ul>

## Goal 5

*Provide statewide accounting support that meets or exceeds agency needs*

<b>Objective 5.1</b>  Monthly evaluation of metrics specific to North Carolina Financial System user support	<b>Performance Measure or Milestone 5.1</b> <ul style="list-style-type: none"><li>Tracking and reporting of implemented change requests and user feedback suggestions through the Change Control Board and semi-annual NCFS satisfaction scores.</li><li>Tracking and reporting of weekly ticket volume, average days open and month to month trends for each NCFS module</li></ul>
<b>Objective 5.2</b>  Provide ongoing agency support in financial reporting, cash management and e-commerce.	<b>Performance Measure or Milestone 5.3</b> <ul style="list-style-type: none"><li>Engagement and feedback from state entities from planning conferences, roundtable discussions and trainings. Provide one planning conference per year per agency for ACFR preparation.</li></ul>
<b>Objective 5.3</b>  Deliver ongoing internal control support to state agencies in accordance with the requirements of N.C.G.S. § 143D, promoting accountability, compliance, and operational efficiency.	<b>Performance Measure or Milestone 5.4</b> <ul style="list-style-type: none"><li>Achieve a 90% "meets or exceeds expectations" rating from annually surveyed state entities receiving internal control support.</li></ul>
<b>Objective 5.4</b>  Develop a program offering governmental accounting education for state agency fiscal staff.	<b>Performance Measure or Milestone 5.5</b> <ul style="list-style-type: none"><li>By October 31, 2025, have agreements signed with providers.</li><li>By November 7, 2025, announce dates and students assigned to first training classes.</li><li>By 1st Quarter of 2026, offer basic, intermediate and advanced accounting &amp; financial training for agency staff</li><li>By June 30, 2026, create a vision and plan for enhancement and expansion of the program.</li></ul>



<p><b>Objective 5.5</b></p> <p>Ensure 100% compliance with all applicable federal and state reporting requirements and deadlines.</p>	<p><b>Performance Measure or Milestone 5.6</b></p> <ul style="list-style-type: none"> <li>• Annually, achieve and maintain 100% on-time submission rate for all required federal and state compliance reports.</li> <li>• By the end of FY2026, implement and maintain a centralized compliance calendar and conduct quarterly compliance checks.</li> </ul>
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## 4. Highlights, Collaborative Opportunities, and Priority Questions

### Collaborative Opportunities

#### *North Carolina Financial System Expansion Opportunities*

*Build and expand upon the NCFS new financial architecture for additional business functions beyond the initial scope of the North Carolina Accounting System (NCAS) and Cash Management Control System (CMCS). As DIT's EPMO reviews agency projects, they should consider any projects that could benefit from expanding on the new NCFS solution, such as inventory systems, rather than allowing agencies to purchase unrelated systems that would not be consistent with the state's new ERP NCFS solution.*

*The North Carolina Integrated Budget Information System (IBIS), which is used by state agencies and OSBM to perform budget planning, development, and execution activities, will be replaced soon by OSBM. Many teams within OSC (Payroll, NCFS, etc.) will have to collaborate with OSBM to make this a successful implementation/project as noted in Objective 2.3.*

## Priority Questions

1. *What financial management functions can OSC embrace AI to improve efficiency or customer service in state agencies? What are proven, secure and cost-effective AI tools available to further these improvements?*
2. *How can OSC restructure or re-align our teams to enhance, maximize, and leverage resources to ensure flexibility in an ever-changing environment?*
3. *How can OSC foster a positive culture of accounting accuracy and continuous learning among agency staff?*

# **5. Appendix 1 – The OSC Customer Service Code of Conduct**

## OSC CUSTOMER SERVICE CODE OF CONDUCT

- 1) **We create a professional atmosphere.**
  - a) We acknowledge that everyone we serve is a customer, with our ultimate customer being the citizens of the State.
  - b) We treat others with respect and empathy.
  - c) Our speech should never sound scripted. We use genuine, friendly, courteous phrases when we communicate with customers.
  - d) We maintain a neat, professional appearance.
  - e) We never complain or mention operational or personal problems in the presence of customers.
- 2) **We provide the personal touch.**
  - a) We empower and expect the first touchpoint to take ownership of the customer's issue and to provide complete service within their level of responsibility.
  - b) We acknowledge that a single good or bad experience can form a customer's impression of our overall performance.
  - c) We operate with a sense of urgency with requests and always follow through with what we begin.
  - d) We do not send customers in circles or pass the buck when responding to customers' requests.
  - e) We strive to exceed expectations and provide remarkable customer experiences.
- 3) **We maintain a high level of expertise.**
  - a) We are prepared to respond cheerfully and with humility to all questions:
    - i) Immediately when we know the answers.
    - ii) As quickly as possible when we need to seek additional information.
  - b) We know who to ask with routine questions that are beyond our expertise.
  - c) We embrace and practice the art of proper communications.
  - d) We always seek to improve ourselves.
- 4) **We are a team.**
  - a) We maintain a friendly, informal atmosphere.
  - b) We do not allow the mechanics of our operation to interfere with our service.
  - c) We communicate freely and openly with each other and our customers.
  - d) We will take time to celebrate our customer service successes.
  - e) We demonstrate respect for the priorities and responsibilities of others.
- 5) **We will measure to ensure success.**
  - a) Our measurements for customer service will examine BOTH outcomes and outputs.
  - b) We will continuously evaluate to ensure we are asking the right questions AND the right people.
  - c) We will constantly examine and evaluate all touchpoints to provide the best possible customer experience.
  - d) We will rapidly and honestly communicate with each other to deal with multi-touchpoint challenges.
  - e) We will strive to have no backlog where customers are waiting for OSC to respond.