



State of North Carolina Office of the State Controller

Michael F. Easley, Governor

Robert L. Powell, State Controller

December 9, 2004

MEMORANDUM

TO: Chief Executive Officers
University Chancellors
Community College Presidents
Superintendents/Charter School Administrators

FROM: Robert L. Powell, State Controller

SUBJECT: Update on Foreign National Initiative/Windstar Rollout

Over the past several months the Office of the State Controller has been leading a collaborative statewide initiative to review the State's current business practices associated with the processing and payment of employee wages, scholarships, fellowships and grants, payments to independent contractors, and other compensation made by a state entity to an alien (often referred to as a foreign national). On August 27th, a document entitled "Policy and Procedures Pertaining to Payments and Compensation of Foreign Nationals, Governments, and Corporations" was jointly issued by the principals of the University of North Carolina – General Administration, North Carolina Community Colleges System, Office of State Personnel, Office of State Budget and Management, and the Office of the State Controller. It is the responsibility of each state entity to ensure compliance with the policy and procedures outlined in that document. In addition, statewide training was provided to over 250 participants on October 12th. We believe that we have provided a good foundation to move forward with the next phase of this initiative.

As we have previously reported to you, the Office of the State Controller sought legislative support to purchase an enterprise software solution which would be used to assist state entities in monitoring the residency status of aliens and for complying with the complex tax rules that apply to payments made to aliens. With the funding provided by the General Assembly, as well as additional funding received through a federal grant, the Office of the State Controller has procured an enterprise software license from Windstar Technologies, Inc. – a recognized leader in international taxation and immigration compliance. The following link provides an overview of the Windstar Software Solution: http://www.windstar.com/public/WS_Solution.html. The contract with Windstar is valid through the 2007 tax year.

The attached document describes the plans for statewide rollout of the Windstar software. Please review this information to determine the impact upon your entity. Beginning with the 2005 tax year, information for all foreign nationals – either employed, paid, or compensated by an entity under the purview of the State of North Carolina entity – is required to be entered into the Windstar software. You should take the necessary measures within your organization to ensure compliance with the policy and procedures issued by the Office of the State Controller, as well as all other applicable federal and state regulations regarding employment of

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or payments/compensation to aliens. If you have any questions or concerns regarding the next phase of this initiative, please contact Ben McLawhorn, OSC Risk Mitigation Services Manager, at (919) 981-5409.

cc: Chief Fiscal Officers
Vice Chancellors
Business Managers
Finance Officers
Human Resources Directors
Chief Information Officers
Fiscal Research