

LINEASOLUTIONS

Enhancing Board Oversight of System Modernization

North Carolina Retirement Systems

Boards of Trustees Presentation July 30, 2026

Presented by Frank J. Karpinski
Principal Consultant



Agenda / Topics of Discussion

1. Why modernization readiness matters
2. What strong performance may not show
3. How future changes create operational work
4. How to choose the right response
5. What governance the Board should expect
6. How the Board supports the journey



Why We're Having This Discussion

Strong performance today. Practical preparation for future modernization decisions.

1

Not a failure discussion

NCRS is performing well today

2

ORBIT / PAS age

The core pension administration system has served NCRS for nearly 20 years

3

Workarounds

Daily operations rely on experienced staff, manual processes, and workarounds

4

System flexibility

Future benefit changes may require more flexibility than the current environment can easily provide

5

Board readiness

Oversight, risk awareness, funding/procurement readiness, and ED support — not project management



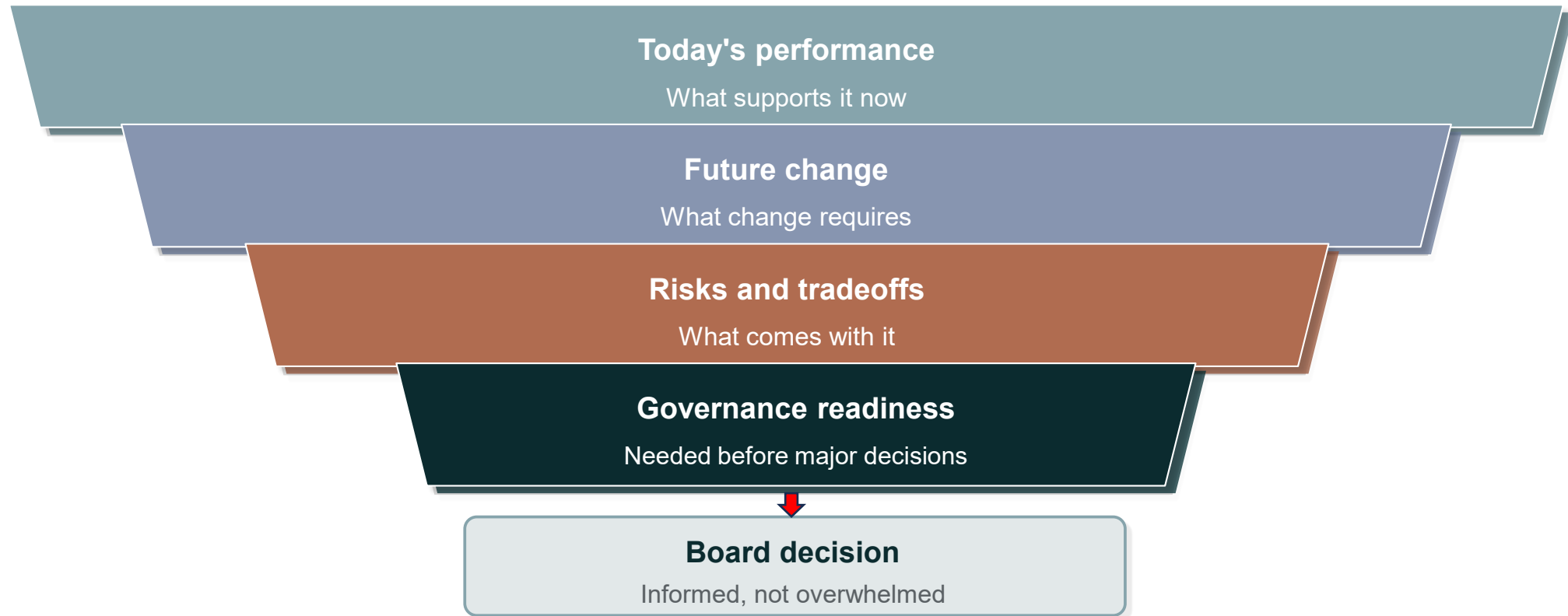
Board takeaway: prepare early, ask practical questions, and support leadership without managing the project.

Board Readiness — Not Project Management

A practical frame for the Board's oversight role.

The Board does not need to manage the work — but it should understand what major decisions will require.

What turns operations into Board-level decisions



Board Takeaway: Oversight starts with understanding the path before major decisions arrive.

What Strong Performance Doesn't Always Show



Strong results are real. Understanding what supports them is the Board's responsibility.

How Complexity Builds Over Time

**EACH LAYER
ADDS VALUE TODAY—
AND WEIGHT
TOMORROW**



**20+ YEARS
OF CHANGE**

More layers.
More interdependencies.
More effort to change.



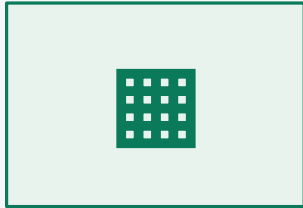
Strong systems are
built to last—but
complexity accumulates
with every change.



Why Future Benefit Changes Matter

A Policy Change Ripples Across the System.

What the Board Sees



Benefit Change / Policy Decision

One decision at the Board level



What the Organization Must Do

1



System Rules

Translate policy into rules

2



Calculations

Test and validate results

3



Employer Data

Update reporting needs

4



Staff Workload

Support implementation work

5



Member Communication

Explain service and impact



A benefit change is more than a policy decision — it becomes system, data, testing, staffing, and communication work.

When Fixes Are No Longer Enough

Assess the level of response required.

Lower disruption

Higher readiness need

1 FIX

Use when the issue is isolated

- Process ownership is unclear
- Documentation or training can help
- Manual steps can be reduced

Resolve friction in current operations

2 OPTIMIZE

Use when patterns are repeating

- Data or reporting gaps persist
- Targeted changes can extend usefulness
- Current core can still support needs

Strengthen the current environment

3 MODERNIZE

Use when limits affect the future

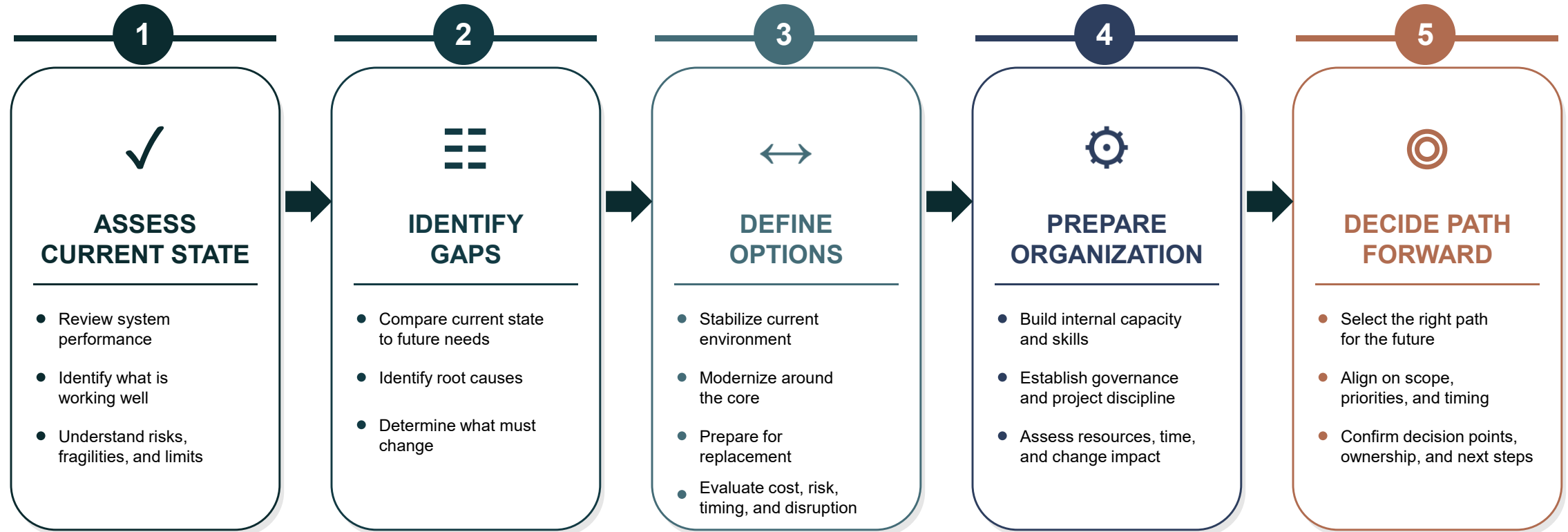
- Workarounds are becoming the model
- Changes are hard to estimate or test
- Future policy changes strain capacity

Prepare for a larger system decision

Board Takeaway: Are our challenges driven by technology or operations. “Are we solving the right problem?”

Roadmap Before Procurement

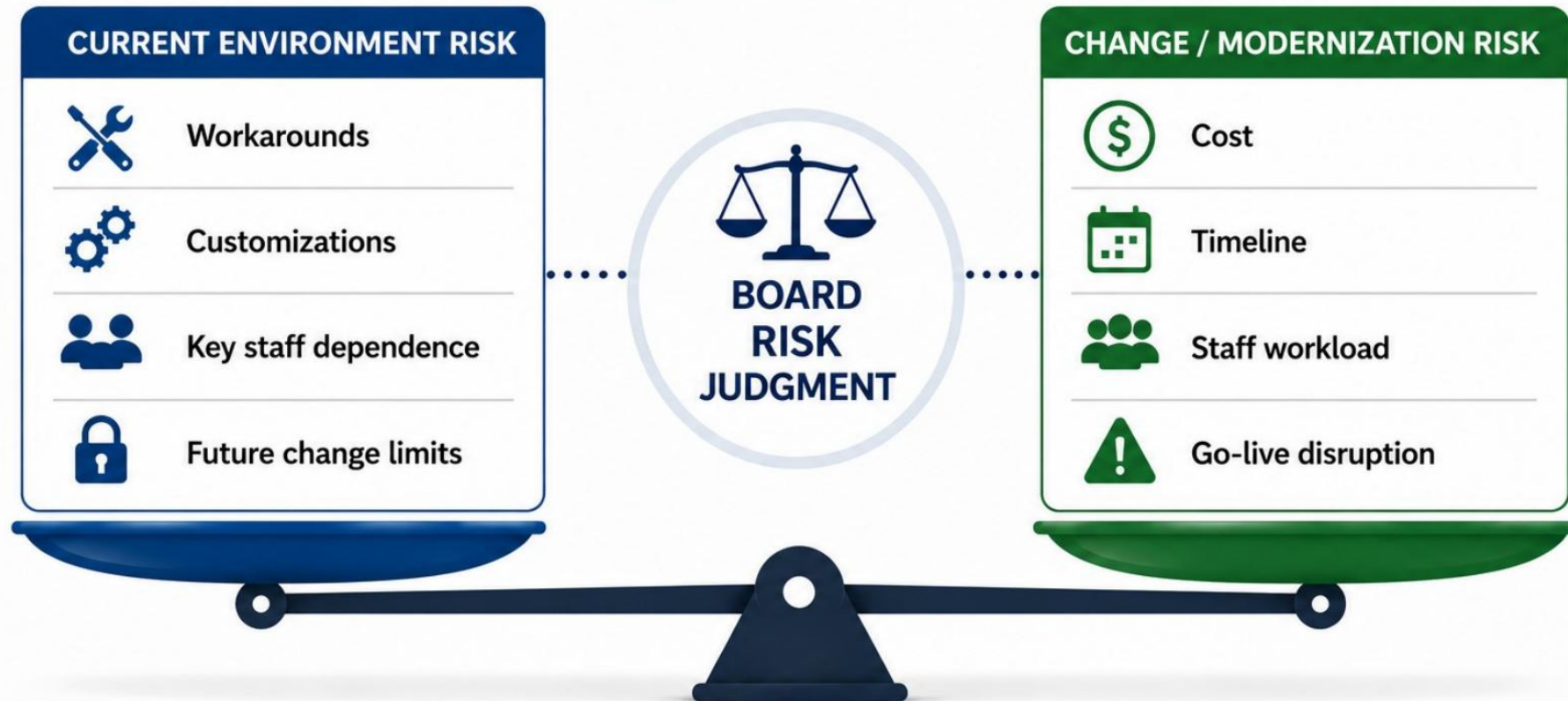
Planning the Journey Before Choosing a Solution.



A roadmap helps the Board understand the journey before it is asked to approve the destination.

Board-Level Risk Tolerance

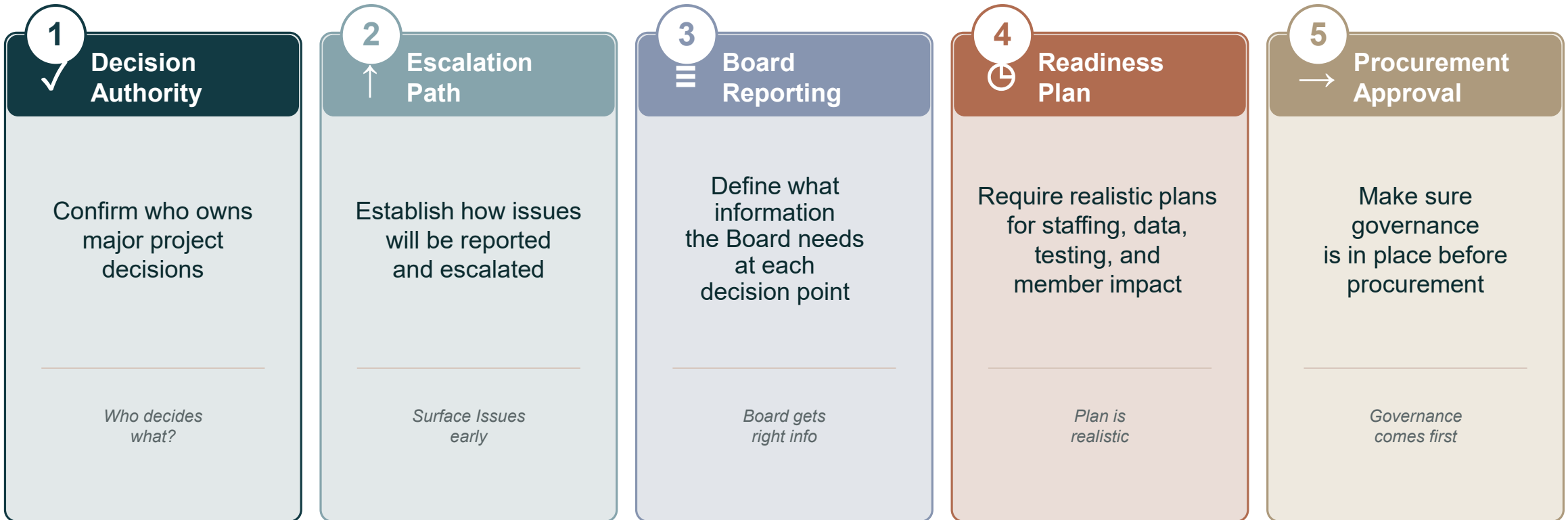
Every Path Carries Risk



Which risk is greater:
staying with the current system too long,
or **changing it** before the organization is ready?

Governance Checklist Before Procurement

Build the governance before the project begins — not after problems appear.



Board Takeaway

The Board should see a governance structure before it sees an RFP.

Clear Roles Reduce Risk

Modernization succeeds when everyone knows their role before the pressure starts.

Governance Role	Primary Responsibility	Risk Reduced
Board of Trustees	Direction, funding, and risk expectations	Strategic drift / unclear priorities
Executive Director	Leads effort with visible Board support	Unclear ownership / ED standing alone
Steering Committee	Cross-functional decisions and escalation	Slow escalation / siloed decisions
Project Leadership	Schedule, scope, budget, and delivery risk	Fragmented execution
Business Owners	Testing, readiness, and operational fit	Technical success without operational fit

Governance Takeaway

Clear roles do not prevent every problem — they help the right people solve problems before they become surprises.

AI Raises the Stakes for PAS Modernization

AI is entering the conversation — but governance still comes first.

AI Is Emerging operating environment

- Member expectations
- Vendor capabilities
- Informal staff use
- Policy and audit attention
- Board Governance

✓ AI Can Support assistive uses

- Search
- Summarize
- Flag
- Organize
- Triage

⚖️ People Must Decide judgment and accountability

- Eligibility
- Benefits
- Exceptions
- Appeals
- Accountability

AI is not a strategy. It can support the work, but people remain accountable for benefit decisions.

Governance Question: What should AI support — and where must human judgment, data protection, and cybersecurity controls remain clear?

Staff Capacity Can Make or Break the Effort

People and Communication Determine Success.



Modernization adds work before it reduces work.

Board Question: Can the organization support a major modernization effort while still running daily operations well?

Communication Preserves Confidence

Different audiences need different messages — but the story must stay consistent.



When communication is unclear, people create their own story.

Board Question

Who needs to hear what, and when, before modernization becomes visible to members and employers?

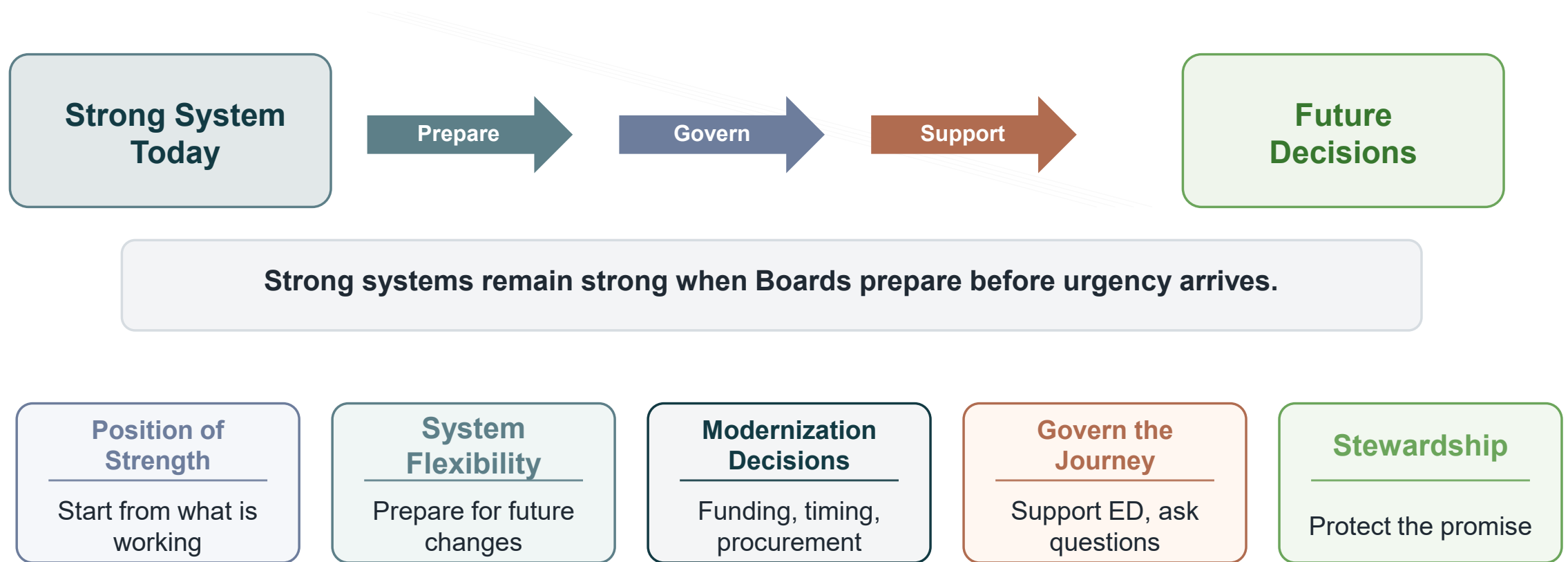
What Boards Often Underestimate

Modernization pressure often comes from the work around the technology.

- 1 Data Cleanup** Harder than expected
- 2 Staff Time** Daily work continues
- 3 Testing** More than IT
- 4 Go-Live** Stabilization begins
- 5 Communication** Trust must be maintained

Modernization struggles when the effort around the technology is underestimated.

Supporting the Journey Ahead



NCRS will likely face modernization decisions in the future; the Board helps understand, support, and govern the journey.



Thank you for your time!

Questions?

Frank J. Karpinski
Principal Consultant, Linea Solutions
fkarpinski@lineasolutions.com
