

Office of the State Comptroller



At a Glance

KEVIN LEMBO, State Comptroller

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Established - 1786

Statutory authority - State Constitution

Central office - 55 Elm Street, Hartford, CT 06106-1775

Average number of full-time employees – 259

Recurring operating expenses – \$ 28,923,206

Mission

To provide accounting and financial services, to administer employee and retiree benefits, to develop accounting policy and exercise accounting oversight, and to prepare financial reports for state, federal and municipal governments and the public.

Statutory Responsibility

The responsibilities of the Office of the State Comptroller (OSC) were first charged in the State Constitution in 1786, and have been expanded over the years in the Connecticut General Statutes. According to Article Fourth, Section 24 of the State Constitution, the State Comptroller "shall adjust and settle all public accounts and demands, except grants and orders of the general assembly. He shall prescribe the mode of keeping and rendering all public accounts."

In addition, state law charges the office to adjust and/or settle all demands against the state not first adjusted and settled by the General Assembly; to prepare all accounting statements relating to the financial condition of the state; to provide for the budgetary and financial reporting needs of the executive branch through the Core-CT computerized system; to pay all wages and salaries of state employees; and to administer miscellaneous appropriations including the procurement of medical, dental and pharmacy benefits.

The bulk of the Comptroller's statutory requirements are detailed in Conn. General Statutes Secs. 3-111 through 3-123.

Public Service

Accounts Payable Division

The Accounts Payable Division within the Office of the State Comptroller manages the centralized accounts payable function for the state, maintains the 166,000-plus record vendor profile database that properly identifies vendors providing goods and services to the state, initiates and monitors the pay cycle process for the generation of payments in settlement of the state's obligations, issues IRS forms 1099-MISC, 1099-S, and 1099-G in accordance with federal regulations, conducts post transactional examinations of encumbrances and expenditures for compliance, conducts pre-audits of procurement requests for \$1 million or more, and performs a variety of necessary processing activities to satisfy federal or state requirements and Freedom of Information requests.

The division also processes special payments such as tax-exempt bond funds, debt service, state legal settlements, land condemnations, human resource benefits, federal pass-through and state grants through various methods such as checks, Automated Clearing House (ACH, also known as electronic funds transfer or EFT), wire transfers, and interagency transfers.

The division enforces the statutory, regulatory and accounting provisions mandated by state and federal law; facilitates the execution of statutory grant programs for payment to municipalities and/or not-for-profit organizations; generates summary and detailed reports of payments to municipalities and provides assistance to the municipalities' independent auditors in the reconciliation of such payments; monitors financial system security to maintain segregation of duties; and maintains financial records, including garnishments/offsets through the vendor file database within the state's Core-CT administrative and financial system; assists agencies in processing transactions and troubleshooting problems with such transactions in Core-CT; offers vendors online access to their financial information, and develops manuals and provides training to the agencies' business office staff.

Budget and Financial Analysis Division

The Budget and Financial Analysis Division performs statewide accounting and financial reporting functions. The division posts, analyzes and reports state expenses and revenues by fund, department and account category inclusive of federal and other funding sources. The division also reports on the state's assets and liabilities.

At the State Comptroller's direction, the division prepares a monthly analysis of the state's budget condition that contains the financial statements for the latest month and projects the budget position to year's end.

The division performs all statewide cost accounting functions. It computes and reports direct and indirect costs associated with major state programs in order to obtain reimbursement of those costs from federal and other sources. The division is responsible for preparing and negotiating the Statewide Cost Allocation Plan with the U.S. Department of Health and Human Services on an annual basis. In addition, it manages the requirements of the federal Cash Management Improvement Act.

The division publishes two of the Comptroller's annual financial reports – a Generally Accepted Accounting Principle (GAAP) budgetary based report that details and analyzes state expenditures, receipts, and capital budget activities for the fiscal year on a GAAP budgetary basis; and a Comprehensive Annual Financial Report (CAFR) prepared in accordance with GAAP financial reporting standards that analyzes the state's overall fiscal position and provides audited financial statements for state and state-supported fiscal activities.

The division operates the state accounting components of the Core-CT financial system and is responsible for implementing financial modules and system upgrades. The division is also responsible for system configuration changes required to adapt to evolving state agency business requirements.

Healthcare Policy & Benefit Services Division

The Healthcare Policy & Benefit Services Division administers benefits programs for all state employees, retirees, and their dependents. The largest programs are the medical, pharmacy, and dental benefit programs covering over 220,000 lives. These programs have recently been extended to non-state public employees as well through the Connecticut Partnership Plan. The division is responsible for the contract procurement, administration, and evaluation of these programs.

The division provides administrative support to the Health Care Cost Containment Committee (HCCCC) and provides leadership for statewide value-based payment initiatives such as patient-centered medical homes and accountable care organizations.

The division implemented and manages a statewide Health Enhancement Program (HEP) that covers more than 140,000 state employees, new retirees and their dependents

as well as non-state public employees participating in the Connecticut Partnership Plan. HEP is designed to encourage preventive care and better maintain chronic conditions – with the ultimate goal of reducing more costly emergency care.

HEP was one of only a few health care innovations chosen to be the subject of a national study by the University of Michigan's Value-Based Insurance Design Center, funded by the Robert Wood Johnson Foundation, one of the nation's most esteemed health-care foundations.

The division provides substantial support to the State Innovation Model initiative, a national effort supported by the Center for Medicare and Medicaid Innovation. The goal of the initiative is to transform health-care delivery in the state.

The division oversees collection of contributions to the Retiree Health Fund, which provides funding for post-retirement health benefits, and is also responsible for group life, unemployment insurance and supplemental benefits.

Information Technology Division

The Information Technology Division is an inter-agency team that maintains Core-CT, the statewide financial, human resource, and payroll system. Core-CT performs the state's accounting, accounts payable, accounts receivable, purchasing, billing, project management, human resource, time and attendance, payroll, benefits and pension administration functions and is used by over 40,000 state employees. In total there are approximately 60 employees of the Office of the State Comptroller who work full time on supporting the system's operation.

The division is responsible for the maintenance and upgrade of Core-CT, and provides analysis for the Comptroller regarding strategic information technology issues impacting the state.

The Core-CT pension project (a 36-month project), which began in December 2014, went live in February 2016. Phase 1 implemented PeopleSoft CRM for case management and provided integration with the state FileNet system for document storage and management. Phase 2 included additional pension system functionality and the initial version of the automated retirement benefit calculator. Phase 2 went live in June 2016. Work will continue on subsequent phases through 2016. Upon the project's completion, Core-CT will handle the complete employment lifecycle from hire through retirement.

The HRMS system was upgraded to PeopleSoft 9.2 in October 2015. A project to bring UConn full scope into the Core-CT HRMS system was also started. The UConn development and testing has progressed to the User Acceptance and Testing phase as of fiscal year-end. Planned go-live is September 2016.

A project to upgrade the Core-CT Financial system to PeopleSoft 9.2 also began this year and is progressing on schedule. The target go-live is March 2017.

All Core-CT system components and infrastructure were relocated to the Groton data center facility in July of 2015. The Core-CT PeopleSoft databases were transitioned to Oracle's Exadata architecture. The Core-CT virtual server infrastructure was upgraded to VMWare ESXi 5.5. The Core-CT network infrastructure was upgraded to the CISCO Nexus platform and the load balancer architecture was upgraded to F5. Core-CT maintains a DR site at the UCONN data center. Corresponding upgrades to this infrastructure were also made.

The division's Technology Support Unit develops and maintains the Comptroller's technical infrastructure and is responsible for web development and maintenance for the Comptroller's Intranet and Internet web sites.

Administrative Services Division

The Administrative Services Division provides policy and program direction for administrative functions of the Office of the State Comptroller, including developing and implementing the agency budget and statewide miscellaneous and fringe benefit accounts, monitoring legislative initiatives affecting the agency's budget and interpreting constitutional and statutory provisions affecting state financial expenditures and revenues. In accordance with statutory requirements, the division is responsible for administering various programs.

The division's services are delivered by five units: Business Services, Support Services, Human Resources, Statewide Tuition, Travel and Training Reimbursement and Fiscal Policy Programs.

The Business Services Unit administers the agency accounting, accounts payable, accounts receivable, purchasing, budgeting, financial reporting and analysis and contract administration functions. It reconciles and posts the bi-weekly state employee payroll to the appropriate miscellaneous accounts to allow payments of fringe benefits, and accounts for the proper application and reporting of state monies to various state and federal agencies on multiple statewide accounts and programs. It oversees the agency's day-to-day operation and activities with Building Facilities and administers the records retention program. The unit pays refunds of disability and death benefits to state firemen and policemen; death benefits to state employees; it coordinates fringe benefit recoveries and maintains the security retainer program associated with state construction projects.

The Support Services Unit administers and coordinates the operational functions related to mail services, facility management, asset management and printing and distribution of statewide checks and deposit advices for state employees and retirees, including checks for statewide vendors.

The Human Resources Unit administers comprehensive personnel management programs, including recruitment, selection, employee counseling, benefits, performance management, FMLA administration, labor relations, workforce and organizational planning, classification and compensation, training, payroll, staff development and workers' compensation administration.

The Statewide Tuition, Travel and Training Reimbursement Unit processes reimbursement payments to all collectively bargained state employees for approved tuition, travel, training and conference costs, as well as union-sponsored training and conferences.

The Statewide Fiscal Policy Programs Unit develops and implements complex accounting systems and procedures for state agencies to maximize accountability, standardization and cost. It is responsible for the management of the state's real and personal property for insurance accounting purposes, as well as maintaining casualty loss records. The unit administers the statewide purchasing card and fuel programs, including auditing and compliance reviews of the daily transactions of each of the 1,272 cardholders. In addition, the unit monitors the activity on Trustee Accounts within State agencies. Staff members are available to provide assistance to state agencies in the implementation of and interpretation of accounting procedures.

Payroll Services Division

The Payroll Services Division pays all state employees, coordinates all payroll deductions, maintains records on payroll taxes and deposits federal and state income tax withholding and social security contributions. The division pre-audits and issues state employee and corresponding vendor payments on a bi-weekly basis; submits deduction reports; administers wage execution records and direct deposit programs.

The Core-CT HRMS payroll module accommodates unique state payroll requirements including interfaces with central agencies, mass salary changes, collective bargaining information, complex accounting transactions and extensive management reporting. Most recently, the electronic W-2 option was implemented as an option to active state employees and will continue to be offered for each new/prospective tax year.

The division staff also produces information requests for state employees, state agencies, outside organizations, and the general public, including the media.

Retirement Services Division

The Retirement Services Division administers state pension plans serving more than 97,500 active and retired members, providing a comprehensive package of services including retirement counseling and administrative support to the Connecticut State Employees Retirement Commission.

The division manages computer, accounting, investigatory, payroll, training, record-keeping, and compliance activities related to the state's complex retirement programs.

The Retirement Services Division analyzes and implements statutory, collectively bargained, and federally mandated revisions to the pension plans within its jurisdiction. It plans, researches and develops new products based on retirement conditions and trends.

The division has implemented several sections of a new pension module within Core-CT, which will provide updated technology, and self-service benefits for the members of all retirement systems within the purview of the office.

Improvements and Achievements 2015-2016

- **Connecticut Retirement Security Board:** The Board completed its work and submitted recommendations to the legislature. Public Act 16-29 creates an implementing board that will complete the designs of a public retirement savings program for public-sector workers.
- **Connecticut Partnership Plan 2.0:** The Healthcare Policy and Benefit Services Division continues its support of municipalities and non-state governmental groups who purchase health and prescription coverage through the Connecticut Partnership Plan. The Partnership now includes over 10,000 lives.
- **Government Transparency:** Financial information from most of Connecticut's quasi-public agencies was added to the Comptroller's transparency website OpenConnecticut. Additionally, the Pew Charitable Trusts awarded Connecticut an "A+" for its open government website.
- **Pension Funding Reform:** The Comptroller's office offered a solution to Connecticut's continuing pension-funding crisis, centered on actuarially approved methods. The proposal is currently under consideration by labor and management.
- **Campaign for Charitable Giving:** Legislation offered by the Comptroller's office made changes to modernize the State Employee Campaign for Charitable Giving.
- **Defined Contribution Plan Recognition:** The Comptroller's office was awarded a 2016 Eddy Award for the successful conversion of its retirement savings plan administration by Pensions & Investments magazine. The office transitioned to Prudential as its new third-party administrator.
- **Emergency Care Education:** The "Emergency Rooms are for Emergencies" campaign was launched to encourage state employees, and all Connecticut

residents, to learn more about the appropriate times to visit an urgent care facility instead of an emergency room. Unnecessary emergency room visits often incur unnecessary expenses.

- **Kick Ash!:** The Comptroller's office launched a healthcare outreach initiative to provide state employees and retirees with smoking cessation resources.
- **Compound Drug Reform:** The Comptroller's office implemented a prior authorization policy aimed at regulating the use of compound drugs. Compound drugs are prepared by pharmacists who combine two or more drugs to create a customized medication. The FDA does typically not approve them. The new policy has yielded savings of approximately \$2 million per month.
- **Pharmaceutical Pricing:** A panel of state and national experts was convened in May to discuss cost controls of pharmaceutical drugs. The Comptroller's office will continue to work with a variety of stakeholders to find solutions to the continued price increases of prescription medications. Prescription drugs are a significant cost driver to the state's benefit plans, administered by the Comptroller's office.
- **OPEB Liability:** Initiatives regarding management of the medical, pharmacy, and dental programs led to a \$1.5 billion reduction in actuarial accrued liability for the retiree health insurance program due to reduced medical cost trends.
- **Customer Service Center:** The Retirement Division launched a new Customer Service Center in (month) to better assist state employees and retirees in finding the assistance they need in a timely fashion.