

# Office of the State Comptroller

## *At a Glance*

**KEVIN LEMBO, State Comptroller**

**Martha Carlson, Deputy Comptroller**

***Established - 1786***

***Statutory authority - State Constitution***

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

***Average number of full-time employees – 250***

***Recurring operating expenses – \$ 27,052,125***

## **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 171,000-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 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 four units: Business Services, Support Services, 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 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 1,264 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 Active Payroll Services section 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.

Each month, approximately 3,908 checks and 53,698 direct deposits are issued.

The Retirement Payroll (pension) section administers state pension plans serving more than 60,705 retirees, including MERS. Each month, over approximately 9,245 checks and 51,460 direct deposits are issued.

### **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/Achievements 2016-2017**

- **Core-CT Financial system was upgraded and expanded:** The Core-CT system has been upgraded to PeopleSoft 9.2, the system was expanded to incorporate UConn and a pension administration project was completed in June 2017.
- **Direct Deposit (ACH) System Updated:** The state's direct deposit system to pay state vendors and other payees was updated to provide more information to payees, improving services to vendors.
- **Government Transparency:** The state's open government website, "Open Connecticut," was expanded to include an "Open Payroll" feature that provides data on state employee payroll.

- **Economic Development Analysis:** The state comptroller successfully championed legislation, An Act Concerning Evaluation of Business Assistance and Incentive Programs, which will improve how Connecticut analyzes the success and failures of its economic development investments.