

# Office of the State Comptroller

## *At a Glance*

**KEVIN LEMBO, State Comptroller**

**Martha Carlson, Deputy Comptroller**

**Established - 1786**

**Statutory authority - State Constitution**

**Central office – 165 Capitol Ave., Hartford, CT 06106-1775**

**Average number of full-time employees – 243**

**Recurring operating expenses – \$ 27,042,486**

## **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**

### **Active & Pension Payroll Services Division**

The Active & Pension Services Division administers 3 Sections: Active Payroll, Pension Payroll & Statewide Tuition & Travel and Training Reimbursement Programs. The Active Payroll Services section pays all state employees, coordinates all payroll deductions, and 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 active payroll bi-weekly pay period, approximately 4,400 checks and 70,900 direct deposits are issued.

The Retirement Payroll (pension) section administers state pension plans serving more than 61,900 retirees/optionees, including retirement benefits to retired members of the State Employees Retirement System, the Judges, Family Support Magistrate and Compensation Commissioners Retirement System, the Probate Judges and Employees Retirement System, the State Attorneys Retirement System, the Public Defenders Retirement System, the State Judges Retirement System as well as the Municipal Employees Retirement System. Each month, over approximately 7,800 checks and 55,800 direct deposits are issued

Statewide Tuition, Travel and Training Reimbursement 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.

### **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 also coordinates closely with the OSC Information Technology Division by providing testing and support for upgrades and major configuration changes to the state's Core-CT financial system.

The Business Services Unit of the 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.

The Business Services Unit also administers the agency accounting, accounts payable, accounts receivable, purchasing, asset management, 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. This area 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.

### **Central Accounts Payable Division**

The Central Accounts Payable Division within the Office of the State Comptroller manages the centralized accounts payable function for the state, maintains the 192,000-plus record vendor profile database that properly identifies vendors providing goods and services to the state, initiates and monitors the pay cycle process, issues IRS forms 1099-

MISC, 1099-INT, 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; manages the Statewide P-Card program, including monitoring transactions and workflow and reconciliation of the statewide account; manages eSupplier enrollment and provides technical assistance for users; 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.

The Statewide Fiscal Policy unit develops and implements complex accounting systems and procedures for state agencies to maximize accountability, standardization and cost. It is responsible for ensuring system access complies with segregation of duties and other accounting requirements. Provides system security training and support for statewide and agency users. 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. In addition, this area 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.

### **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 270,000 lives. These programs are also extended to non-state public employees 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 210,000 state and municipal employees, new retirees and their dependents. HEP is designed to encourage preventive care and better maintain chronic conditions – with the ultimate goal of reducing more costly emergency care.

The division provided 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 is responsible for administration of the state's deferred compensation plan and 403(b) defined contribution plan. Along with the Retirement Division and the State Employees Retirement Commission, the division is responsible for overseeing over \$5 billion in investments in the deferred compensation plan, the 403(b) plan, and the Alternate Retirement Plan.

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 65 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 Microsoft desktop infrastructure and is responsible for web development and maintenance for the Comptroller's Intranet and Internet web sites.

### **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 2019-2020**

- **New Medical Contract:** Reached a new contract with Anthem Blue Cross and Blue Shield (Anthem) to be the sole medical carrier for active state employees, redefining the health care dynamic. The new contract affords the state greater negotiating power, more transparency of costs and expanded data to push members towards the highest quality, cost-effective care.
- **COVID-19 Testing:** Established contracts and processes for sample collection and laboratory testing of COVID-19 in targeted groups, including certain state employees, nursing homes and at-risk communities.
- **OpenQuasi:** Launched a new feature in OpenConnecticut, the state's open government portal administered by this office. "OpenQuasi" brings the state's quasi-public agencies' data online with a new interactive search tool. The product was the result of direct collaboration with the CT Data Collaborative.
- **New Pharmacy Benefit Manager (PBM) Contract:** Implemented a fully transparent PBM contract that has significantly reduced pharmacy cost trends.
- **Health Care "Networks of Distinction":** Continued to build a network of the highest quality doctors, providers and facilities to improve the quality of member care and save long-term costs.
- **SEBAC Savings Report:** Released the first-ever SEBAC Savings Analysis Report, detailing the effectiveness of cost-saving measures put into place in the 2017 SEBAC agreement.

- **Improved Diabetes Management:** Formed a new partnership with Livongo and CVS Caremark to give members suffering from diabetes new tools to manage the condition. By better monitoring and disease management, the state health plan estimates a savings of \$3 million from avoiding acute emergencies.
- **Resolved IRS Dispute:** Reached an agreement with the IRS regarding its “415(b)” and “401(a)(17)” limits, ending a years-long dispute and solidifying the good standing of the pension plans with the agency.