

# 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 – 269***

***Recurring operating expenses – \$26,117,348***

## **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 153,000-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 the 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 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 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 base 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 200,000 lives. 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). It 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 110,000 lives of state 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 program has contributed to reduced health-care cost trends for the State Employee and Retiree Health Plan.

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 Healthcare Policy & Benefit Services Division also implemented the CT Partnership Plan, a program that opens the State of Connecticut Employee Health Benefits Plan to non-state public employers.

The division is also responsible for administering the State of Connecticut Defined Contribution Plans with over 40,000 participants, including oversight of investments which are approximately \$4.4 billion.

Group life insurance, unemployment insurance and supplemental benefits are also included in the responsibilities of the division.

### **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 and benefits 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.

A major system enhancement project is scheduled to start in November 2014. The pension project is a 36-month project that will migrate all of the Office of the State Comptroller's pension administration functions into Core-CT. Upon the project's completion, Core-CT will handle the complete employment lifecycle from hire through retirement.

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.

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 the 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 Support Services Unit administers and coordinates the operational functions related to mail services, 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 1,850 cardholders. Staff members are available to provide assistance to state agencies in the implementation of and interpretation of accounting procedures. The unit computes the indirect costs associated with major state programs to secure reimbursements from federal and other funding sources.

### **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. It pre-audits and issues state employee and

deduction checks on a bi-weekly basis; submits deduction reports; maintains wage execution records, and administers direct deposit programs.

The payroll system accommodates unique state payroll requirements including interfaces with central agencies, mass salary changes, collective bargaining information, complex accounting transactions and extensive management reporting.

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 47,868 retirees, 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 is in the planning stages of implementing a new pension module within Core-CT which will provide updated technology and self-service benefits for the members of all of the retirement systems within the purview of the office.

### **Improvements/Achievements 2013-14**

- Open Connecticut 2.0: Launched an upgrade to Open Connecticut, an online publicly accessible hub of state financial spending and revenue information.
- Selected a new dental carrier, Cigna, following a competitive bidding process to administer the state employee and retiree plan at drastically reduced annual costs over the previous contract.
- Developed and implemented a new vendor update system integrated with Core-CT which utilizes financial security to identify authorized users. The new simplified process combines four previous forms, allowing agencies to notify the central vendor support unit of necessary changes to vendor information via a streamlined process that provides faster, more accurate updates to vendor profiles.
- Implemented an automated work flow to streamline the audit process for purchase orders of \$1 million or more. The previous process required agency staff to notify the audit unit by e-mail and submit hard copies of purchase orders and back up.

The required documentation is now attached in Core-CT and the automated workflow notifies the audit staff immediately when the purchase order is ready for audit and notifies the agency, through workflow, when the audit has been completed.

- The ACH (Automated Clearing House) unit has seen a 28-percent increase over the past year in average monthly ACH savings. This brings their current monthly average to \$9,706.35 (with \$417,000 in total program savings). The unit currently manages 6,174 profiles related to 5,294 different State vendors, including over 100 Towns. They worked closely with the State Department of Education on their XML loader project and finalizing the School Lunch separation in Core-CT. This allowed more Towns to sign up for ACH and separate funds between accounts.
- The ACH unit also focused on using available technology to increase performance and participation in ACH, including the creation of internal software that allowed the Metropolitan District Commission to convert to ACH. This action alone will keep 500 checks a year from being printed and mailed, while setting a precedent for converting other complex vendors to ACH.
- The Special Processing Unit converted to an automated and nearly paperless process for the issuance of DRS Offset notices to vendors and agencies reducing postage costs and paper use.
- With the Dept. of Social Services and the Office of the Attorney General, established procedures to recover past-due child support when an inmate in a State of CT correctional institute receives awards/settlements. These payments are processed through our Administrative Services department.
- With the Department of Economic Development established a procedure to facilitate the processing of disaster recovery payments related to Superstorm Sandy.