

Office of the State Comptroller Responses to Appropriations Committee

March 14th, 2024

1. Information on the requested positions that were not included in the Governor's Proposed Budget.

\$983,972 in Personal Services and 12 positions for the following (detail below):

Positions	Employee Total	Salary Costs	Purpose
Critical Core IT Staffing	5	582,894	CORE-CT Modernization project and critical functions including payroll, benefits, and IT.
Audit Staff for State Financial Activity	4	217,552	Conduct post-audits on Core CT to identify misuse, fraud, and compliance issues. Assist with special examinations and other expansions of duties.
Retirement Benefits Officer Trainees	2	108,776	Manage the distribution of pension benefits to survivors of deceased pension plan participants.
Paralegal	1	74,750	Preparing and managing legal contracts for state healthcare programs and RFPs.
Total	12	983,972	

Core-CT IT Specialists

Virtually every state transaction – financial, payroll, and human resources – flows through and relies on the Core-CT system. The criticality of ensuring Core-CT's continued stability and success cannot be underestimated. There has been a 25% staff reduction over the last 7 years, mostly due to retirements. At the same time, there has been significant increased demand on the Core-CT system and team. The Core-CT modernization project and the incorporation of the Teachers Retirement System into Core-CT – introducing tens of thousands of new lives and transactions – threatens to compromise its ability to meet the state's needs and project timelines. There are currently 18 (25%) vacant unfunded technical positions in the Core-CT organization. Consultants and temporary staff are currently being used to fill some of these key positions, which is not a long-term solution to maintain a system that supports the most mission-critical transactions at every agency in state government.

Audit Staff (4 FTE Requested)

There is a need to increase audit staffing to meet new and expanded demands on staff of special audits, as well as implement new fraud detection and prevention activities. We are requesting 4 FTEs to cover new areas of responsibility related to Procurement Card (P-Card) Pre-Reconciliation Review, duties transferred from the Department of Administrative Services (DAS) P-Card Administration unit, increased Special Audit Reviews requested by the Governor or other audit and regulatory agencies, and an ongoing review of the Connecticut State Colleges and Universities (CSCU) P-Card and disbursement transactions. The benefits of expanding audit programs include preventing transactions that fail to comply with procurement or agency policy, identifying patterns of misuse, identifying potential fraud, and identifying weaknesses in internal controls and policy at the agency and statewide level.

All of these expanded duties are required to facilitate and improve the Office of the State Comptroller's (OSC) oversight and monitoring of statewide internal controls, mitigation of risk to public funds, and remediation of situations which may result in the exposure or loss of state assets.

Increased Audit Staff Benefits

Since the retirement surge, our post audits have shown an increase in non-compliance with established procedure and policy, likely due to insufficient transfer of knowledge and staffing issues at agencies statewide. As a result, we have discovered issues where state agencies have made business decisions which are not in alignment with good governmental accounting practices and have led to increased fraud, waste, and abuse of public funds, as well as a breakdown in the public trust. Expanded audit staff would be able to provide agency management with alternative choices when they find risky or unacceptable policies and procedures. Additionally, they would provide standardized training statewide for staff on basic accounting, risk management, and fraud prevention.

The current P-Card post audit process looks at selected transactions to identify agency errors such as not adhering to statute requiring pre-encumbrance of state funds, failure to follow statewide and agency procedures regarding documentation of state expenditures, adherence to governmental accounting practices, internal controls, and risk reduction. Additional resources will allow the expansion of current audit scope to include the monthly log and documentation specific to the selected transactions which will allow better determination of whether the errors are incidental or part of a larger trend by the employee or agency. Most successful P-Card fraud occurs as small amounts over large periods of time; this ability to analyze trends may result in the capture of more internal fraud than current process.

The most common findings in the current P-Card post audit are:

1. Encumbrance errors, failure to pre-encumber funds in accordance with CGS 4-98.
2. Lack of supporting documentation which includes missing receipts, missing verification of receipt of goods, missing authorizing documentation, and other.
3. Lack of following statewide purchasing requirements, exceeding spending limits, purchase order errors, authority errors and other.

The CSCU Special Examination helped to highlight suspicions we had related to agency activities but did not have enough audit evidence to show the extent of. Additional auditors, with the time and resources to examine monthly logs and backup documentation, would be able to expose similar situations where we may suspect something is occurring at agencies but don't currently have the resources to properly investigate and provide the agency with tools to help resolve the issues. The Special Examination exposed the following additional concerns:

1. Lack of training, inconsistent application of guidelines, and failure to follow up on employee related findings with penalties or progressive discipline.
2. Failure to perform proper reconciliations and follow up on discrepancies and findings.
3. Failure to impart on participating employees the importance of resource stewardship and maintaining the public trust.

Identifying issues like those above and providing tools and education to agencies will save the state money by preventing them from pursuing wasteful practices and closing loopholes which subject the state to fraud, waste, and abuse.

Retirement Benefits Officers

OSC is requesting two additional positions at the level of Connecticut Careers Trainee with a target class of Retirement and Benefits Officer. The primary purpose of these positions is to serve the family members of the deceased retirees who are contacting our office to report the deaths and to receive guidance. These cases, ranging now typically from 165-200 per month, require significant care across three divisions to ensure that surviving families receive the guidance they need to process transactions across healthcare, group life, payroll, and pension matters. These processes have been compromised with significant staffing decreases over the last decade.

Both the retiree volume and the number of retiree deaths has drastically increased since 2013. The number of individuals receiving pension payments has increased from 49,580 in 2013 to 73,771 in 2024, and the average number of deaths per month has increased from 118 in 2013 to 175 in 2024. In January 2025, there were 214 deaths amongst those individuals receiving pension payments.

Current OSC Headcount:

Total headcount: 284

Funded headcount: 274

Actual headcount: 259

Open/vacancies headcount: 15

2. How many people are getting claims from the state (\$1 million or higher) paid out of the adjudicated claims account?

Since FY 2021, there have been 34 payments out of the state's adjudicated claims account over \$1 million, totaling \$141 million. We have attached a spreadsheet with payee, payment, and case information by fiscal year.

3. What is the head count attributable to net impact of position change (OPM)?

There are 20 net General Fund positions included in OPM's adjustments for position changes. We have attached OPM's spreadsheet showing expansions, reductions, and net impact over the biennium for the GF and STF.

4. Can you bring information on the Flyte app – average BMI/ blood pressure reduction?

Please see Section 2 – Clinical Results in attached summary. After 18 months, participants in Flyte saw an 10% reduction in blood pressure and 18% weight loss, on average.

5. What is the expected medical loss ratio for the Partnership Plan this year? Is the plan running a deficit?

The anticipated medical loss ratio this year is 100% not including administrative fees. Including administrative fees, the plan will experience a minor deficit. The plan also anticipates 3 large groups joining in FY 2026, increasing membership.

6. How many years are still left in SEBAC vs Rowland?

The Attorney General is hopeful that the remaining claims will be processed by the end of this fiscal year.