



AUDIT SUMMARY

Office of the State Comptroller – State Retirement Benefits and Funds

www.cga.ct.gov/apa

Fiscal Years Ended June 30, 2020 and 2021

ABOUT THE AGENCY



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

ABOUT THE AUDIT

We have audited certain operations of the Office of the State Comptroller – State Retirement Benefits and Funds in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2020 and 2021. The objectives of our audit were to evaluate the:

1. Office's internal controls over significant management and financial functions;
2. Office's compliance with policies and procedures internal to the office or promulgated by other state agencies, as well as certain legal provisions; and
3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[Link to full report](#)

6 Total Findings

1 Repeat Findings

Our audit identified internal control deficiencies and instances of noncompliance with laws, regulations, and policies.

NOTEWORTHY FINDINGS



Findings



Recommendations

1

The Retirement Services Division does not consider outside earnings, some of which are substantial, as part of a disability benefit. Instead, it treated outside earnings as a reduction of the benefit, which in turn resulted in retirees receiving the minimum 60% salary rate established in an interest arbitration award. By treating outside earnings this way, the division essentially eliminated the statutory offset, which has resulted in millions of dollars in unnecessary disability retirement benefit payments.

The Retirement Services Division should request a formal opinion from the Office of the Attorney General regarding the appropriate annual benefit calculation for disability retirees who earn outside salary or wages.

2

The Retirement Services Division collected approximately \$1.6 million in excess retroactive retirement contributions from nearly all State Employees Retirement System (SERS) members. In calculating the retroactive amount, the division incorrectly included an extra pay period covering June 9 through June 22, 2017, which was paid on July 7th. The division should not have applied the higher contribution rate to that pay period. Our review also noted that one agency improperly set up five employees' deductions in Core-CT, which resulted in 2% less in contributions during the audited period than required per the SEBAC 2017 agreement. These errors resulted in a \$17,227 under contribution from July 1, 2017, through June 30, 2021.

The division should return the excess contributions to State Employees Retirement System members and should strengthen internal controls to ensure that employee general deduction records are properly established in Core-CT.

3

Retirement benefit payments for seven of the ten judges reviewed were improperly calculated.

The division should strengthen internal controls to ensure that the judges' retirement benefit payments are calculated accurately and in accordance with the General Statutes.

4

We identified errors in 22 of the 35 reviewed accounts receivable balances with a \$1,948,736 overstatement.

The division should improve internal controls to ensure that accounts receivable balances are accurate.