

NOTICES OF CONNECTICUT STATE AGENCIES

PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

NOTICE OF INTENT TO IMPLEMENT POLICIES GOVERNING THE PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

In accordance with the provisions of section 1-121 of the Connecticut General Statutes, notice is hereby given that the Board of Directors of the Paid Family and Medical Leave Insurance Authority (the “Authority”) intends to adopt the following policies as governing policies and procedures for the Authority:

- Ethics Policy
- Business Travel and Related Expense Policy
- Use of surplus funds policy
- Deficit Mitigation Policy
- Equal Employment Opportunity Policy
- Affirmative Action Policy
- Accounting policy and procedure manual
- By Laws – (adopted; posted for further comment)
- Plan of Operations – (adopted; posted for further comment)
- Guidelines Regarding The Use of Outside Legal Services

All written comments regarding these policies must be submitted by June 12, 2020 via email, to PFMLIAcomments@ct.gov.

Paid Family and Medical Leave Insurance Authority

Ethics Policies

Presented to the board for pre-adoption approval: 4/23/2020

Pending full board approval after posting in the Connecticut Law Journal

Background:

The Paid Family and Medical Leave Insurance Authority (the Authority) is committed to the highest ethical standards by its Board of Directors, managers and employees (members). This Ethical Conduct Policy is intended to establish and maintain high standards of honesty and integrity for all members of the Authority. Individuals in public service occupy roles and positions of trust and responsibility that require them to adhere to the highest ethical standards. Ethical conduct and the avoidance of even the appearance of impropriety are extremely important in the relationships that members of the Authority have with the public, other governmental organizations and representatives, and tenants, lessees and contractors, whether they be current or potential.

Policy:

This policy is intended to provide guidance to the Authority members in determining what conduct is prohibited so that it may be avoided. It is intended to supplement the Connecticut Code of Ethics for Public Officials (Code) and other applicable provisions of the Connecticut General Statutes. A very useful resource for members of the Authority with regard to the Code is the guide prepared and updated annually by the Office of State Ethics (OSE). It may be found on the Internet at: http://www.ct.gov/ethics/lib/ethics/guides/2012/public_officials_and_state_employees_guide_december_2012_rev.pdf2

The provisions of this policy represent the minimum expectations for compliance by members of the Authority. Since it is impossible to articulate in a policy such as this each and every type of issue that may arise for the Authority members, they are encouraged to raise questions with the Chief Executive Officer, the Authority's Ethics Liaison, their supervisor or manager, or the OSE.

It is expected that all members of the Authority will comply with the provisions contained within this policy and the Code. Violations of these provisions may subject a member to administrative and/or disciplinary sanctions. A copy of this policy will be provided to each member of the Authority and will be posted on the Authority's Internet and Intranet sites. It will also be included among the materials provided to all new members of the Authority. Finally, the Authority will make this policy available to all vendors, lessees, tenants, contractors and other business entities doing business with the Authority.

I. Gifts and/or Payments

No member of the Authority or member of his/her immediate family, (spouse, child, child's spouse, parent, sibling) shall either individually or as a member of a group, directly or indirectly, accept or solicit any gift, discount or gratuity from any restricted donor as defined by the Code, including any registered lobbyist or lobbyist's representative; any person or organization that currently has or is seeking or expected to have a business relationship with the Authority or anyone acting on behalf of such a person or organization; or, contractors prequalified by the Connecticut Department of

Administrative Services. A gift is anything of value that the Authority member or member of his/her immediate family directly and personally receives for which they have not paid fair market value and which is not generally available to the public or through contractual agreements with the Authority or other governmental entities. Included among these items are luncheon and/or dinner payments; golfing fees; costs or fees for social events; travel or airline ticket discounts; bottles of liquor; and, concerts and sporting event tickets. This list should not be considered to be all-inclusive.

There are certain exceptions to the definition of a gift that are recognized by the Authority:

1. Token items such as pencils, ballpoint pens and similar items used as promotional giveaways provided the fair market value of an individual item is not more than ten (10) dollars and that the aggregate value of all things given from a single source in any calendar year does not exceed fifty (50) dollars.
2. Admission to a charitable or civic event, including food and beverage provided at the event, but excluding lodging or travel expenses, at which the member participates in his/her official capacity, if the amenities are provided by the primary sponsoring agency.
3. Goods and services that are provided to the Authority for use on Authority property or that support an event, and which facilitate the Authority's action or functions.
4. A certificate, plaque or other ceremonial award provided the cost does not exceed one hundred (100) dollars.
5. A rebate, discount or promotional item available to the general public.
6. A gift received from (a) an individual's spouse, fiancé or fiancée; (b) the parent, brother or sister of such spouse or such individual; (c) the child of such individual or the spouse of such child.
7. A political contribution otherwise reported by law or a donation or payment as described by subdivision (9) or (10) of subsection (b) of section 90-601a.
8. Anything of value provided by an employer of (a) a public official, (b) state employee, or (c) a spouse of a public official or state employee, to such official, employee or spouse, provided such benefits are customarily provided to others in similar circumstances.
9. Training that is provided by a vendor for a product purchased by the Authority or another state agency on behalf of the Authority which is offered to all customers of such vendor.

Different rules apply to gifts that are offered or solicited from persons or organizations outside the Authority than to gifts offered or accepted among members of the Authority. With respect to gifts between/among the Authority members, no Authority member or member of his/her immediate family may give to or receive from a subordinate a gift costing one hundred (100) dollars or more. Similarly, a subordinate may not give or receive such a gift from his/her supervisor. This prohibition extends to all persons in one's chain of command, not just an immediate supervisor or subordinate. There is an exception for a "major life event" as defined in the Code. These events include the birth or adoption of a child; a wedding; a funeral; a ceremony commemorating induction into religious adulthood, and one's retirement from state or the Authority service. In these cases, the value of the gift may not exceed one thousand (1,000) dollars. It is not permissible for employees to pool their funds to purchase a gift costing more than one hundred (100) dollars or more for a supervisor or subordinate, or over one thousand (1,000) dollars if the gift is for a major life event.

An Authority member may receive from a sponsor or vendor organization payment or reimbursement for necessary expenses only if he/she, in his/her official capacity, actively participates in an event (i.e. giving a speech or presentation, running a workshop, etc.).

Necessary expenses are limited to:

1. Travel (coach or economy class)
2. Lodging (standard cost of room for the nights before, of, and immediately following the event)
3. Meals
4. Related conference/event expenses

Entertainment costs (i.e. tickets to sporting events, golf outings, night clubs, etc.) are not necessary expenses. Necessary expense payments also do not include payment of expenses for family members or other guests. An Authority member may not receive a fee or honorarium for a speech or presentation given in his/her official capacity. Within thirty (30) days of receiving payment or reimbursement from sponsoring/vendor organization for necessary expenses for lodging or out-of-state travel, as a member of the Authority you must file an ETH-NE form with the OSE. This form is available on the OSE's website:

<http://www.ct.gov/ethics/cwp/view.asp?a=3508&q=414910>

This form is not required if your necessary expenses were paid by the federal government or by another state government.

Authority members may also be provided with vendor sponsored training for a product purchased by the Authority or another state agency on its behalf provided such training is offered to all customers of that vendor. The Authority member may be permitted to visit the site of a vendor at the vendor's expense, whether in Connecticut or out of state, for educational purposes or specific technical training. However, its purpose must be reflected as a term of the vendor contract. Members in these situations must still receive prior written travel authorization from the CEO. This action is necessary even though there is no cost to the Authority. All other official visits to vendor facilities by the Authority members must be at Authority's expense.

II. Outside Employment, Business Interests, Conflicts of Interest and Confidentiality

No Authority member shall allow personal business or obligations to take precedence over his/her responsibilities to the Authority. This prohibition is not intended to preclude an employee from responding to emergency situations. However, such situations should be the exception, rather than the norm. Supervisors and managers are expected to exercise reasonable discretion in enforcing these provisions. Unless otherwise specified, an Authority member is not prohibited from engaging in outside employment so long as there is no actual or apparent conflict of interest.

Authority members must, however, avoid any outside employment or other activity that interferes with their normal work time, or that affects the satisfactory performance of their Authority duties. Any outside employment or other activity that might discredit or reflect unfavorably on the member or the Authority must be avoided. Members are prohibited from performing work for any business that is in a contractual relationship with the Authority. Authority members must not engage in any outside employment, business or other activity that gives rise to a real or

apparent conflict of interest (an apparent conflict of interest arises whenever actions of a member create the appearance to an objective and informed person, knowing all the relevant facts, that the member is violating a provision of law or this policy).

Authority members are prohibited from obtaining outside employment that will impair their independence of judgment or require or induce disclosure of confidential information gained in the employment or appointment with the Authority. The question of what constitutes impairment will be determined by the OSE. No Authority supervisor, manager or director may employ an Authority employee-subordinate in his/her outside business. So too, it is impermissible for an Authority employee-subordinate to employ an Authority supervisor, manager or director in the subordinate's business. Both situations would impair independence of judgment. This prohibition extends to all supervisors, managers, directors and subordinates up and down the chain of command.

No Authority member shall seek or accept employment with, or compensation from any consultant, contractor, lessee or any other organization or individual under contract or agreement with the Authority, nor can any Authority member or member of his/her immediate family, or business with which he/she is associated, enter into a personal services contract or other contract with the Authority or the State of Connecticut, other than a contract of employment as a the Authority employee or with another state agency, valued at \$100 or more unless the contract has been awarded through an open and public process.

Every Authority member is prohibited from using his/her position with the Authority for financial gain for such member, his/her spouse, child, child's spouse parent, brother, sister or business with which he/she is associated. Additionally, no Authority member shall have, directly or indirectly, a financial interest in any business, firm or enterprise doing business with the Authority that could cause a conflict of interest or influence the performance of the member's duties and responsibilities. The financial interest referred to in this provision is not intended to apply to individuals who own less than five (5) percent of the stock of a publicly owned corporation. The provisions of the Code must be strictly adhered to in this area.

Authority members are prohibited from disclosing information deemed to be confidential (i.e. proprietary information; negotiating materials or strategies; personal or medical information, etc.) to any individual, organization or business entity except as may be required as part of their position or as determined to subject to release by the Freedom of Information Commission or a court of competent jurisdiction.

III. Prohibited Activities Upon Leaving State or the Authority Service (Revolving Door)

The Code prohibits state employees and public officials, which all the Authority members are considered to be, from performing certain activities upon leaving their position. Some of these prohibitions are limited to specific periods of time. Other prohibitions remain for the individual's lifetime. These situations are very case specific and members should contact the OSE for guidance. Former members are prohibited from:

1. Disclosing or using confidential information, gained in the course of his/her term as an Authority member, for the financial benefit of any person (lifetime prohibition).
2. Representing anyone (other than the State or the Authority) concerning any particular matter (a) in which he/she participated personally and substantially while a member of the Authority and (b) in which the State or the Authority has a substantial interest (lifetime prohibition).

3. For one (1) year after leaving as a member of the Authority, representing anyone (other than the State or the Authority) for compensation before the Authority, concerning any matter in which the Authority or the State has a substantial interest. For purposes of this prohibition, the former member would not be able to have any type of business-related contact on behalf of his/her new employer with members of the Authority, including telephone calls and e-mails. The former member may also not sign any forms or other documents that would be filed with the Authority.
4. Accepting employment with a party (other than the State or the Authority) to a contract in which he/she participated substantially, or supervised the negotiation or award of a contract let by the Authority valued at fifty thousand (50,000) dollars or more. This prohibition exists for one (1) year after separation as an Authority member if the separation occurs within one (1) year after the contract was signed.

IV. Political Activities

An employee seeking or holding office as permitted by Section 5-266a of the Connecticut General Statutes must notify the Authority's CEO of this fact in writing. No Authority member may engage in partisan political activities while on the Authority duty. Additionally, no Authority member may use the Authority materials, facilities or equipment for the purpose of participating in or influencing a political campaign and/or election for any public office.

Under some circumstances, members may be covered by the provisions of the Federal Hatch Act. In general, this law covers members whose principal employment is in connection with an activity that is financed in whole or in part by loans or grants made by the United States or a federal agency. There are certain prohibitions that apply to political activity by covered members. The provisions of the Hatch Act continue to apply while the member is on vacation leave, sick leave, leave without pay and personal leave. The Authority members should contact the Authority CEO if they think they may be subject to prohibitions under the Hatch Act.

V. Other Provisions

A. Actions Involving Relatives, Friends and Acquaintances

No Authority member shall use his/her position or influence to gain employment for a relative, person having a special relationship, business partner, associate, client, etc. Relatives or others having special relationships with current members are not prohibited from seeking employment with the Authority. However, no influence can be exerted to give the relative or person having a special relationship an advantage over others in the competitive selection process. Any such relationship must be disclosed during the competitive selection process and prior to any offer of employment being made. Relatives or others having special relationships with current members may be considered for employment provided that the relative or person having a special relationship with a current member would not be placed either in or under the direct supervision of the member or in any position where either the member, the relative or the person having a special relationship with a current member would be in a position to influence the salary, benefits, working conditions or other personnel transactions such as performance reviews or disciplinary transactions affecting the other. This provision shall not be interpreted to require the automatic transfer, reassignment, or other personnel change, when such relationship exists upon implementation of the policy. The Authority reserves the right to take appropriate corrective action to remedy problems that may be created by such relationships.

Members should be aware that signing certain documents may result in a violation of the Code if such actions would result in a financial benefit to a relative. Examples would be personnel forms, including performance appraisals, vouchers, reimbursement forms, contracts and similar types of forms. Caution is urged as a violation may occur even though unintentional.

B. Use of Authority Equipment

The use of Authority equipment, including tools, telephones, computers (including e-mail), fax machines and vehicles for personal, non-work related purposes is prohibited. (Please refer to the Authority's policy regarding the acceptable use of computers and related equipment).

C. Personal Advertising, Solicitation and Sales

Authority members shall not solicit or canvass within the Authority for the sale of any goods, services or personal business without the prior expressed written approval of the CEO or his/her designee. Such soliciting or canvassing, even with permission, shall not involve soliciting from subordinates, nor shall it be done on the Authority work time.

This prohibition does not extend to charitable fund-raising activities approved by the CEO such as the Connecticut State Employees Campaign for Charitable Giving or events sponsored by the Authority to recognize members and/or promote member morale.

Authority members are not allowed to post or distribute advertising material for such purposes without the prior expressed written permission of the CEO or his/her designee. No Authority member is allowed to use his/her Authority business address, telephone number, title or status in any way to promote, advertise or solicit personal business.

Paid Family & Medical Leave Insurance Authority

Business Travel & Related Expenses Policy

Purpose

This policy provides guidelines and establishes procedures for employees incurring business travel and related expenses on behalf of the Paid Family & Medical Leave Insurance Authority (the “Authority”). Travel and related expenses shall only be approved for purposes essential to the mission of the Authority. The primary purpose of these policies is to ensure that costs are limited to those that are reasonable and necessary while providing for the legitimate needs of employees carrying out the work of the Authority. All expenses incurred and approved for business travel and related expenses shall be in compliance with State and Authority ethics, procurement and other laws and policies.

Pre-Approval

All business travel and related expenses shall be pre-approved by the Chief Executive Officer (the “CEO”) prior to booking travel or incurring such expenses. In the case of the CEO, such approval shall be provided by the Chair of the Authority’s Board of Directors.

Responsibility, Enforcement and Oversight

The employee is responsible for complying with the travel and related expenses policy.

An expense report form must be completed by the employee within 30 days of incurring the expense to request reimbursement for travel and related expenses.

The Authority assumes no obligation to reimburse employees for expenses that are not in compliance with this policy or are not submitted within 30 days of incurring the expense.

Business travel and related expenses must be included in the Authority’s annual budget and monthly financial reports in one or more as distinctly labeled line-items (e.g., “Business Travel”, “Meals”). The Finance Committee and the full Board shall have responsibility for establishing annual amounts for business travel and related expenses and for monthly monitoring of these and other expenses

Who to Call About Travel Policy Questions

Any questions, concerns, or suggestions regarding this policy should be directed to the CEO.

Researching Travel Costs and Use of Government Discounts

The review of costs for airlines, lodging, rental cars and other expenses by those traveling shall include reviews of any State DAS or other contracts related to these costs, review of travel-related websites (e.g., Expedia, Booking.com and others) and availability of governmental and other discounts available to all governmental employees and that are consistent with State and Authority Ethics policies.

Rail Service

All rail travel shall be in coach or regular class.

Employees are expected to use the lowest reasonable rail fare available. Upgrades, including to Acela, for example, are not allowed unless it is at the same or lower cost to the Authority

Airline Class of Service

All domestic air travel must be in Coach class.

Employees are expected to use the lowest reasonable airfare available.

Upgrades for Domestic Air Travel

Upgrades at the expense of the Authority are **NOT** permitted. Upgrades are allowed at the employee's personal expense.

Unused/Voiced Airline Tickets

Unused airline tickets or flight coupons must never be discarded or destroyed as these documents may have a cash value. To expedite refunds, unused or partially used airline tickets must be returned immediately to the designated department employee. Do not send unused tickets to the airlines, or include them with expense reports.

Out-of-State Lodging

Employees are entitled to stay in a single room with a private bath. Employees may accept room upgrades to suites or executive floor rooms if the upgrade does not result in additional cost to the Authority. Lodging expenses shall not exceed the federal per diem GSA rates. Requests for exceptions to this limit shall be noted in travel approval requests and the justification for any exceptions are to be provided as part of such request.

Room Guarantee / Cancellation and Payment Procedures

It is the responsibility of the employee to cancel the room prior to the deadline if business needs require a change in travel plans (cancellation deadlines are based on the local time of the property). Employees should request and record the cancellation number for potential billing disputes.

Lodging

Employees are entitled to stay in a single room with a private bath. Employees may accept room upgrades to suites or executive floor rooms if the upgrade does not result in additional cost to the Authority.

In State Lodging.

In-state lodging shall comply with the same provisions of this policy that relate to out-of-state lodging; however, in- state lodging, shall not be allowed for when the travel destination from either the employee's work station or home is less than 75 miles, unless issues such as inclement weather or other extenuating circumstances exist.

Rental Car***Rental Car Guidelines***

Employees may rent a car at their destination when:

- It is less expensive than other transportation modes such as taxis, airport limousines and airport shuttles.
- Employees may reserve rental cars in advance if that is the most reasonable and cost-effective means of transportation.

Rental Car Categories

The Authority reimburses the costs of Compact or Intermediate class rental cars. Employees may book a class of service one-level higher when:

- The employee can be upgraded at no extra cost to the Authority.
- Transporting excess baggage such as booth displays.
- Pre-approved medical reasons preclude the use of smaller cars.

Rental Car Insurance

Employees should decline all insurance coverage when renting a car for the Authority use as the Authority has suitable coverage in our general liability policy to cover these situations.

Rental Car Cancellation Procedures

Employees are responsible for cancelling rental car reservations. Employees should request and record the cancellation number in case of billing disputes. Employees will be held responsible for unused car rentals that were not properly cancelled.

Returning Rental Cars

Every reasonable effort must be made to return the rental car:

- To the original city unless pre-approved for a one-way rental.
- Undamaged (i.e., no bumps, scratches or mechanical failures).
- On time, to avoid additional hourly charges.
- With a full tank of gas.

Reimbursement for Personal Car Usage

Employees will be reimbursed for business usage of personal cars on a fixed scale as determined by the Authority's mileage allowance. The mileage allowance is updated once a year in January and follows the mileage allowance set by the State Comptroller's office. When working out of the office or out of town, any commute distance which is less than your normal daily commute is not reimbursable. In addition, the normal commute distance shall be deducted from any commute distance that exceeds the normal daily commute when seeking reimbursement. Employees will not be reimbursed for any repairs to their personal car even if these costs result from business travel. To be reimbursed for use of their personal car for business, employees must provide on their expense report:

- Purpose of the trip.
- Date and location.
- A copy of the declaration page of the employee's personal automobile insurance policy demonstrating that the employee possesses insurance meeting or exceeding statutory requirements

- Receipts for tolls, parking.
- Mileage in excess of the employees' daily commute

Ground Transportation to and from Terminals

The most economical mode of transportation should be used to and from airports and bus and rail terminals when the employee is not accompanying a customer. The following modes of transportation should be considered:

- Public transportation (buses, subways, taxis).
- Hotel and airport shuttle services.
- Personal car (cost considerations include cost of parking).

Personal/Vacation Travel

Combining Personal with Business Travel

Personal vacation travel may be combined with business travel provided there is no additional cost to the Authority. Authority credit cards must **NOT** be used to pay for personal/vacation travel.

Spouse / Companion Travel

A spouse or other individual may accompany an employee on a business trip at the employee's expense. The Authority will not reimburse travel and entertainment expenses incurred by a spouse or other individual accompanying an employee on business unless:

- There is a bona fide business purpose for taking the spouse or other individual.
- The expense incurred would otherwise be reimbursable; and
- There is prior approval from the CEO.

Telephone Usage

Business Phone Calls

Employees will be reimbursed for using their personal cell phone or home phone for business phone calls that are reasonable and necessary for conducting business and for which an employee incurs additional costs on their monthly bill. Expenses must be substantiated with the original telephone bill.

Airphone Usage

Employees will be reimbursed for using an airphone only in a documented emergency or if critical business issues during the course of the flight necessitate its use.

Rental Car Cellular Phone Usage

Expenses for rental of cellular car phones are not eligible for reimbursement.

Travel Insurance Coverage

Expenses for additional travel insurance coverage will not be reimbursed.

Meals

Personal Meal Expenses

Personal meals are defined as meal expenses incurred by the employee when dining alone on an out-of-town business trip. Employees will be reimbursed for per-

sonal meals according to **actual and reasonable** cost incurred. Meals will not be reimbursable if attending an event for which the meals are part of the registration fee. The Authority shall not reimburse any employee for the cost of alcohol.

Business Meal Expenses

Business meals are defined as those taken with external individuals that are necessary for the operations of the Authority and during which a specific business discussion takes place. Employees will be reimbursed for business meal expenses according to actual and reasonable cost. Such business meal expenses, no matter whether paid by the Authority or any other person or entity, shall be consistent with the Authority's ethics and other policies. The Authority shall not reimburse any employee for the cost of alcohol consumed by Board members, employees or external individuals.

Business Meals Taken with Other Employees

Employees will be reimbursed for business-related meals taken with other employees (as opposed to external individuals in the circumstances described above) only when the employees are traveling together for business.

Meals, snacks, beverages and other related costs for employee social events or holiday parties shall not be reimbursable.

The Authority shall not reimburse any employee for the cost of alcohol.

Tipping

Tips included on meal receipts will be reimbursed. Any tips considered excessive will not be reimbursed. As a general rule, employees should not tip more than 15% to 20% of the cost of the meal.

Other types of tips for porters, maid service, etc. should be reasonable.

Payment for Meals

When more than one employee is present at a business meal, the most senior level employee should pay and expense the bill.

Documentation Requirements

A receipt must be submitted with the expense report for any individual meal or other expense. If a receipt is lost or destroyed, the CEO must approve the expense. In addition, for business meals, the following documentation, in addition to receipts, is required and must be recorded on the expense report:

- Names of individuals present, their titles and company name(s).
- Name and location of where the meal took place.
- Exact amount and date of the expense.
- Specific business topic discussed.

Authority Charge Card

The CEO must approve the issuance of a corporate charge card. No card shall be issued if a credit card policy has not been approved by the Authority's Board of Directors.

All charges to a corporate card must be documented and submitted on an expense report.

Personal Use of Authority Charge Card

Any Authority charge cards are intended for business use. Authority charge cards must NOT be used for personal expenses and use of the corporate charge card for personal expenses will result in termination of the card.

Reporting Lost / Stolen Cards

A lost or stolen corporate charge card must be reported to the card issuer and the CEO as soon as the employee discovers it is missing. Statistics on stolen charge cards indicates that unauthorized use of stolen cards is greatest in the first few hours after the theft.

Expense Reporting

An expense report form is required to be completed to request reimbursement for incurred eligible travel and related expenses.

The expense report is to be completed and submitted for reimbursement in a timely manner. Expense reports should be submitted within one week of incurring the expense. The Authority will assume no obligation to reimburse employees for expenses that are not submitted within 30 days of incurring the expense.

The type of expense and dollar amount must be separated on a **daily basis**. For example: a hotel bill may include meals, lodging and telephone expenses. Each category must be split and entered in the appropriate space on the expense report form with expenses allocated for each travel day.

Approval / Authorization Process

All expense reports must be submitted and approved by the CEO. The CEO's expense report will be submitted to the Chair of the Finance Committee. **Individuals approving expense reports are responsible for ensuring:**

- The correctness, reasonableness and legibility of entries.
- Applicable receipts are attached.
- Charges are consistent with policy and were incurred for business purposes.
- Expenses are adequately explained.
- The expense report is signed by the employee.

In accordance with present rules and guidelines, charges that are questionable should be discussed with the employee and resolved **before** the expense report is approved.

Expense Report Review

The CEO or designee will review each employee expense report for:

- Approval signatures.
- Business purpose.
- Correct totals.
- Supporting documentation and itemized receipts.
- Policy compliance.

Examples of Acceptable Documentation:

- Air/Rail - original passenger coupon.
- Hotel - hotel folio plus charge card receipt or other proof of payment.
- Car Rental - rental car agreement plus charge card receipt or other proof of payment.
- Meals – Itemized charge card receipt or cash register receipt.
- Itemized Receipts for all miscellaneous expenses over \$25.00

Receipts must include the name of the vendor, location, date and dollar amount of the expense. When a receipt is not available, a full explanation of the expense and the reason for the missing receipt is required.

The Authority shall maintain a file containing all business travel and meal documentation consistent with the Authority's accounting manual and other policies.,

Incorrect or Incomplete Expense Reports

Expense reports that are incorrect or incomplete will be returned to the employee for corrective action and may result in delay or non-reimbursement of specific items.

Violating the Authority's policy or altering of receipts can result in disciplinary action up to and including termination.

Employees Will Not Be Reimbursed for the Following Items:

- Airline club membership dues
- Airline headsets
- Airline drinks
- Airline or personal insurance
- Annual fees for personal credit card
- Barbers and hairdressers
- Birthday lunches
- Car washes
- Cellular phone repairs, except for corporate cell phones
- Child care
- Clothing (i.e. socks, pantyhose, etc.)
- Expenses for travel companions/family members
- Expenses related to vacation or personal days while on a business trip
- Flowers or gifts for employees or customers (unless approved by the President or a Vice President)
- Gum, candy or cigarettes
- Health club facilities, saunas, massages
- Hotel movies
- Hotel room refrigerator items
- Hotel laundry and valet services unless the trip exceeds five consecutive days

- Interest or late fees incurred on a personal credit card
- Loss/theft of cash advance money or Company-paid airline tickets
- Loss/theft of personal funds or property
- Magazines, books, newspapers, subscriptions
- Mileage for travel between home and office/work site
- “No show” charges for hotel or car service
- Optional travel or baggage insurance
- Parking or traffic tickets
- Personal accident insurance
- Personal entertainment, including sports events
- Personal toiletries
- Pet care
- Postage costs, postcards (sent to fellow employees)
- Shoe shine
- Unexplained or excessive expenses which are not within the intent of the Authority policy will not be reimbursed.

PAID FAMILY AND MEDICAL LEAVE

USE OF SURPLUS FUNDS POLICY

Surplus funds, to the extent not limited or assigned or restrained by law, statutes or regulations, agreements, bond resolutions, or trust indentures, can be used for any lawful purposes of the Authority, subject to the Authority policies and procedures as to the budgeting and expenditure of Authority funds. The Authority acting through its Board may designate, for planning purposes only, a portion of the unassigned funds for particular purposes as permitted by law, which designations may be modified by the further action of the Board. Based upon Government Finance Officers Association (GFOA) recommendations, the Board’s policy is to maintain an unassigned reserve with respect to surplus funds of, at a minimum, no less than two months of operating expenditures for the purpose of protecting against unforeseen circumstances or exigencies.

Paid Family and Medical Leave Insurance Authority

Trust Fund and Benefit Payment Management Policy

Pursuant to Section (3) of Public Act 19-25, establishing the Paid Family and Medical Leave Insurance Authority (the “Authority”), the Authority shall exercise its power to reduce the benefit for covered employees by the minimum amount necessary in order to ensure the solvency of the Fund. The Authority shall determine solvency by regularly monitoring claims and benefits payment activities, including, but not limited to monitoring the volume and types of applications for claims, requests for benefits, the duration and frequency of benefits paid, pending claims and outstanding benefit payment obligations.

PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

**EQUAL EMPLOYMENT OPPORTUNITY
AND AFFIRMATIVE ACTION POLICY**

It is PFMLIA's policy to provide equal employment opportunities to all applicants and employees regardless of race, color, religious creed, sex, sexual orientation, gender identity or expression, marital status, age, national origin, ancestry, mental disability, intellectual disability, learning disability, physical disability, veteran status, or any other characteristic protected by federal, state, or local law. Employees who feel they have been treated less favorably on the basis of any protected characteristic should contact the PFMLIA's CEO or the assigned Human Resources or Equal Employment Opportunity representative. Retaliation for making a complaint or otherwise participating in an investigation of potential violations of this policy is not tolerated.

It is also the policy of the PFMLIA to take affirmative action to employ and to advance in employment, all persons regardless of race, color, religious creed, sex, sexual orientation, gender identity or expression, marital status, age, national origin, ancestry, mental disability, intellectual disability, learning disability, physical disability, veteran status, or any other characteristic protected by federal, state, or local law, and to base all employment decisions only on valid job requirements. This policy shall apply to all employment actions, including but not limited to recruitment, hiring, upgrading, promotion, transfer, demotion, layoff, recall, termination, rates of pay or other forms of compensation and selection for training, including apprenticeship, at all levels of employment.

Employees and applicants of the PFMLIA will not be subject to harassment on the basis of race, color, religious creed, sex, sexual orientation, gender identity or expression, marital status, age, national origin, ancestry, mental disability, intellectual disability, learning disability, physical disability, veteran status, or any other characteristic protected by federal, state, or local law. Additionally, retaliation, including intimidation, threats, or coercion, because an employee or applicant has objected to discrimination, engaged or may engage in filing a complaint, assisted in a review, investigation, or hearing or have otherwise sought to obtain their legal rights under any federal, state, or local EEO law is prohibited. For information regarding the PFMLIA's policy for addressing complaints of harassment, please refer to the Policy Against Harassment.

The PFMLIA is committed to the principles of Affirmative Action and Equal Employment Opportunity. In order to ensure dissemination and implementation of Equal Employment Opportunity and Affirmative Action throughout the PFMLIA, the CEO will be responsible for implementing, monitoring, and reporting on the overall EEO program. The CEO has been designated as the EEO Coordinator. In furtherance of the PFMLIA's policy regarding Affirmative Action and Equal Employment Opportunity, the PFMLIA has/will develop practices to ensure that its policy of nondiscrimination and affirmative action for women, minorities, individuals with disabilities, and protected veterans is accomplished.

Paid Family Medical and Leave Insurance Authority

Accounting Policy and Procedure Manual

Applicable for fiscal year ended June 30, 2020

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1 Administration and Financial Oversight

1.1. Background

Powers of Paid Family Medical Leave Insurance Authority

The Paid Family Medical Leave Insurance Authority (“PFMLIA”) is a quasi-public agency, created by State of Connecticut pursuant P.A. 19-25: An Act Concerning Paid Family and Medical Leave. The goals of PFMLIA are to develop and administer the Paid Family and Medical Leave Program.

The creation of the PFMLIA represents a major commitment by the State to invest in its work force with a strong paid leave program that helps Connecticut’s workforce navigate health challenges and life changes with greater financial security

The purpose of the Paid Family Medical Leave Insurance Authority shall be to develop and administer the Paid Family and Medical Leave Program; including the annual determination of the employee contribution rate; the development of IT infrastructure to implement the new tax collection system defined in the Act; the application process for determination of eligibility; the calculation and distribution of benefits and to undertake such other responsibilities as may be assigned to it. To accomplish the purposes of the authority, the authority shall have the duty and power to:

- (1) Continue as a body politic and corporate and to adopt bylaws for the regulation of its affairs and the conduct of its business; as long as the program remains in effect and until its existence is terminated by law.
- (2) Adopt an official seal and alter the same at pleasure;
- (3) Maintain an office within the State of Connecticut at such place or places as the Board may designate;
- (4) Sue and be sued in its own name, and plead and be impleaded, in its own name;

- (5) Establish criteria and guidelines for the Paid Family Medical Leave Program to be offered pursuant to the PA 19-25 sections 2-16 inclusive;
- (6) Employ staff, agents and contractors as may be necessary or desirable and fix the compensation of such persons;
- (7) Design, establish and operate the program to ensure transparency in the management of the program through oversight and ethics review of plan fiduciaries;
- (8) Design and establish a process by which employees and self-employed individuals or sole proprietors who have enrolled in the program pursuant to section 9 of this act shall contribute a portion of their subject earnings to the trust;
- (9) Evaluate and establish a process by which employers may credit employee contributions to the trust through payroll deposit;
- (10) Ensure that contributions to the trust collected from employees and self-employed individuals or sole proprietors who have enrolled in the program pursuant to section 9 of this act shall not be used for any purpose other than providing compensation to covered employees, educating and informing persons about the program and paying the operational, administrative and investment costs of the program;
- (11) Establish and maintain a secure Internet web site that displays all public notices issued by the Authority and such other information as the Authority deems relevant and necessary for the implementation of the program and for the education of the public regarding the program.
- (12) Establish policies, or written procedures in accordance with the provisions of section 1-121 of the general statutes, as appropriate;
- (13) Notwithstanding any provision of the general statutes, and to the extent consistent with federal law, (a) use state administrative data collected by any agency for the purposes of carrying out and implementing such program and (b) share user data and other data collected through program administration with other state agencies.
- (14) Enter into agreements with any department, agency, office or instrumentality of the United States or this state to carry out the purposes of the program.
- (15) Make and enter into any contract or agreement necessary or incidental to the performance of its duties and execution of its powers

1.2. Purpose

This Accounting Policy and Procedure Manual is intended as a guide to the financial procedures and practices of Paid Family Medical Leave Insurance Authority.

PFMLIA follows US Generally Accepted Accounting Principles (GAAP), as prescribed by Governmental Accounting Standards Board (GASB).

1.3. Roles and Responsibilities

Board of Directors

The powers of PFMLIA are vested in and exercised by a fifteen-member Board of Directors. The By-Laws provide for the establishment of standing or other committees and requires meeting minutes of the Board and its committees. The Board maintains a Finance Committee that advises and approves certain financial related matters;

Executive Committee, Personnel Committee and an Outreach and Marketing Committee. The board is responsible for the adoption and implementation of policies deemed necessary or beneficial for the conduct and operation of the Authority.

PA 19-25 requires the board to adopt written procedures in accordance with the provision of section 1-121 of the general statutes for the purpose of:

- (1) Adopt an annual budget and plan of operations, including a requirement of board approval before the budget or plan may take effect;
- (2) Adopt bylaws for the regulation of the affairs of the board and the conduct of its business;
- (3) Hiring, dismissing, promoting and compensating employees of the Authority and instituting an affirmative action policy;
- (4) Acquiring real and personal property and personal services including requiring board approval for any non budgeted expenditure in excess of five thousand dollars
- (5) Contracting for financial, legal and other professional services and requiring that the authority solicit proposal not less than every three years for each such service used by the board.
- (6) Using surplus funds to the extent authorized under sections 2 to 16, inclusive of PA 19-25 or any other provisions of the general statutes;
- (7) Establishing an administrative process by which grievances, complaints and appeals regarding employment at the Authority are reviewed and addressed by the board; and
- (8) Implementing the provisions of section 1 to 16, inclusive, of PA 19-25 or other provision of the general statutes, as appropriate.

Organization

PFMLIA maintains an organizational structure to faithfully execute the strategy, vision and goals and respect all laws regarding the authority of the Authority. The Controller is responsible to meet the needs required to manage, process and monitor financial information for PFMLIA and safeguard assets and records. Major finance functions include financial planning and analysis, procurement, accounts payable, accounts receivable and financial reporting.

1.4. State Laws Impacting PFMLIA

Freedom of Information Act and State Code of Ethics

PFMLIA is subject to Connecticut's Freedom of Information ACT codified at CGS § 1-200 *et seq.* Additionally, PFMLIA is subject to the requirements of the State Code of Ethics, codified at CGS § 1-79 *et seq.*

Quasi-Public Agency Act

PFMLIA is subject to the requirements of the Quasi-Public Agency Act codified at CGS § 1-120 *et seq.* Section 1-122 of the Quasi-Public Agency Act requires the Auditors of Public Accounts to biennially conduct a compliance audit. Section 1-123 (a) requires the PFMLIA Board to report annually to the Governor and to the Auditor of Public Accounts. This report must include, among other things, a list of all PFMLIA projects, a list of all outside individuals and firms receiving more than \$5,000 during the year, a complete set of financial statements, expenditures and a list of all planned activities for the current fiscal year. PFMLIA is also required to

report certain bond information including: all bond issues for the preceding Fiscal Year, including for each such issue, the financial advisor and underwriters, whether the issue was competitive, negotiated or privately placed, and the issue's face value and net proceeds; and the cumulative value of all bonds issued, the value of outstanding bonds, and the amount of the state's contingent liability.

CGS § 1-123(b) requires that PFMLIA file quarterly reports with the Office of Fiscal Analysis to report the : “(1) the beginning fiscal year balance; (2) all funds expended and all revenues collected by the end of the quarter; and (3) total expenditures and revenues at the end of the fiscal year.”

The Office of the State Comptroller (OSC) has implemented as a best practice for quasi-governmental agencies “checkbook level” transparency, encouraging quasi-governmental agencies to provide to OSC information from its accounting systems, documenting all revenue, expenses and spending. PFMLIA will work with OSC to determine mutually agreed upon expectations for reporting and transparency, which may include contracting with an independent accounting firm to review the Authority's financial transactions and periodically prepare financial statements for publication on PFMLIA's website.

PFMLIA will contract with an independent accounting firm to conduct independent financial audits of its operating and trust fund financial transactions.

Federal Single Audit Act of 1984

In the event the Authority becomes a recipient of federal funding, PFMLIA will be required to comply with all requirements of the Federal Single Audit Act of 1984 as amended including OMB Circulars A-87 and Uniform Guidance.

1.5. Accounting System

PFMLIA maintains records and complete reports in such form and containing such information as the funding sources require. The accounting system will track activities and costs to enable accurate allocation of costs between allowable (information technology) infrastructure expenditures, start-up costs and those of ongoing operations. The PFMLIA maintains accounts and documents to provide a status of funds and the levels of services, including the disposition of all monies received from funding sources and the nature and amount of all charges claimed against such funds.

QuickBooks is the General Ledger system initially select for PFMLIA that is used for processing transactions and financial reporting. Changes to the accounting system and chart of accounts are approved by the Controller.

1.6. Authoritative Guidance

PFMLIA follows GAAP, as prescribed GASB, that establishes standards for activities and transactions of state and local government entities.

1.7. Safeguarding of Records

PFMLIA maintains effective control over and accountability for all funds, property and other assets, as follows:

- Under no circumstances does PFMLIA allow funds, property, or other assets to be used for personal purposes. Personal use of any Authority property, funds, or other assets will result in disciplinary action.

- Effective control over funds, property, and other assets is ensured through adherence to internal control policy and practices. This includes, but is not limited to, the following:
 - Duties are segregated between the bookkeeper and the Controller.
 - Transaction entries will be performed by the bookkeeper and reviewed by the Controller to assure proper posting and management of the general ledger.
 - The accounting software system and data are password protected.
 - Purchases must be reviewed by the Controller and approved by either the Chief Executive Office (“CEO”) or Chief Operating Office (“COO”). Approval will not be required for recurring expenses such as rent, utilities, office supplies, budgeted expenses approved by the board in the Authority’s annual or biennial budget, its Plan of Operations and any other expense that is paid under a fixed fee contract and approved by the board.
 - Checks are not pre-signed. Checks are pre-numbered and issued sequentially.
 - Checks will be kept in a locked and access-protected file cabinet.
 - ACH payments made by the Office of the State Comptroller for bond capital projects are processed and approved/ released by different people.
 - Bond funds are authorized by the Bond Commission
 - The Bond Commission approves amounts as determined by the legislature
 - PFMLIA, either by the bookkeeper or Controller, will submit a form B107 to the Office of the State Controller (OSC), with notice to the Office of Policy and Management (OPM), requesting a transfer of approved bond funds to PFMLIA’s account.
 - Accounts are reconciled monthly and then reviewed by a different person.
 - Expenses should be classified in the proper accounts as prescribed in the established Chart of Accounts.

2 Budgeting

2.1. Summary

The operating budget provides a tool to monitor the financial progress of PFMLIA during the fiscal year. It is reviewed monthly against actual financial results to identify trends that vary to budget and result in potential risk or opportunity to original budget. PFMLIA’s fiscal year begins July 1.

- The annual operating budget for the upcoming year will be developed by the Chief Executive Officer and the Controller and presented to the board for approval. This operating budget covers all operating revenues, grant revenues, expenditures and capital expenditures for the upcoming fiscal year. The Chief Executive Officer and the Controller will develop the budget at a department level with assistance the COO and Chief of Staff.

- PFMLIA will also review contractual obligations and purchases against the operating and approved capital grant budgets before the expense is incurred to safeguard against overspent budget line items.
- The Controller shall meet monthly with the CEO and COO to review the Authority's budget, cash flow, balance of the Authority's employee contribution trust fund
- Expenses should be classified in the proper accounts as prescribed in the established Chart of Accounts.

2.2. *Fiscal Year Budgeting*

Pursuant to the PFMLIA's Operational Plan, prior to the close of the then current fiscal year, the Chief Executive Officer shall cause to be prepared a suggested Annual Operating Budget for the forthcoming fiscal year. The budgeting process will begin no later than February for the following fiscal year. This will allow for 2 quarters of actuals to be used in planning the budget. A contingency line item should be included in the budget which the Board can transfer from in order to cover those line items that may be exceeded.

A proposed budget will be presented to the Finance Committee of the Board of Directors prior to the April Board Meeting. Further modifications from the Finance Committee review will be incorporated into a presentation package for review by the Board during the May Board of Directors Meeting.

Fiscal year budgeting shall also include projections of contributions to and claims benefits made from the Authority's trust fund, whose investments and balances are managed by the Office of the Treasurer (OTT), pursuant the Authority's enabling statute, Public Act 19-25.

Budget Amendments

It is important that after the budget had been adopted all expenditures remain within the budgetary limits. Periodic budget reviews are the responsibility of management. Regular variance reports are prepared and generated at the beginning of each month. All variances will be reviewed and discussed with Chief Executive Officer and the Finance Committee to understand materiality.

A budget to actual report will be prepared by the Controller and presented to the CEO and the Board monthly, formatted as follows:

Account	Budget	Actual Revenue/Expended to Date	Projected Revenue/ Expended by June 30	Variance (Budget to Projected)
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The Budget may be modified by the Board of Directors from at time to time during the fiscal year to which it relates. The timing of budget amendments should occur at a minimum twice a year - at 6 months into the fiscal year and before the end of the fiscal year. If an operating deficit is projected (i.e. expenses exceed revenues), the Board should take action to appropriate from surplus funds.

3 *State Reporting Requirements*

In accordance with Connecticut General Statutes (CGS), PFMLIA, as a Quasi-Public Agency of the State, must submit the following reports:

Report Name	Frequency of Report	Submitted To	Statute
Annual Report	Annually (Fiscal Year)	Governor and Auditors of Public Accounts	Chapter 12, Quasi-Public Agencies and Section 1-123 (a)
Financial Report	Quarterly	Office of Fiscal Analysis	Chapter 12, Quasi-Public Agencies and Section 1-123(b)

Procedure

The bookkeeper and Controller shall draft all state reports noted above in accordance with the required content and reporting schedule identified by Statute. Reports shall be submitted to the appropriate state agency(s). Annual report and audited financial statements are filed after review and approval by the PFMLIA Board of Directors. Any additional financial related reports will be filed in accordance with CGS.

4 *Cash and Investments*

4.1. *Summary*

The Chief Executive Officer (CEO) and the Board of PFMLIA are charged with the responsibility of prudently and properly managing any and all PFMLIA funds. Trust Funds will be invested with the State of CT Treasurers office, as required by the Act.

PFMLIA may invest any funds not needed for immediate use or disbursement with the State Treasurers Office. PFMLIA may invest in the State of Connecticut Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer with oversight provided by the Treasurer's Management Advisory Board and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with investment portfolio that is designed to attain a market-average rate return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve and the fair value of the position in the pool is the same as the value of the pool shares.

The Controller has the authority to make *or propose* investments, based on projected cash flow requirements for the next 30 – 60 days. The CEO must approve all investments before they are made. Wire transfers may be initiated by the bookkeeper with authorization completed by the Controller.

The bookkeeper will reconcile investment accounts monthly and post the appropriate investment income under the direction of the Controller; any discrepancies will be researched and reconciled prior to the monthly board meeting.

4.2. Bank reconciliations procedure

Bank reconciliations are prepared by the bookkeeper monthly and signed by the Controller as reviewed. The reconciliation process should include:

- Obtain bank statements from all Authority bank accounts
- Reconcile account within the accounting software
- Prepare journal entry to record any Service Charges, Interest Earned or other bank adjustments; journal entry will be review by the controller and a copy of the JE with supporting documentation will be signed off by the controller and stored in an appropriately labeled and easily accessible physical or electronic storage system. This process may be completed by printing documents or may be delivered and accomplished electronically.
- Provide a reconciliation package, which includes the bank reconciliation from the Authority's account system, bank statements, voided checks (if any), and a list of outstanding checks to the Controller and/or CEO for review and approval. This information may be provided and delivered either in printed form or electronically.

5 Capital Assets

5.1. Summary

Capital assets are stated at cost except for capital assets conveyed to PFMLIA by the State which are stated at fair value at the date of contribution. Expenditures with a unit value greater than \$5,000 (real property) with an expected useful life of one or more years are classified as Capital Assets and must be capitalized. Expenditures more than \$5,000 which substantially increase the useful lives of existing assets are capitalized; routine maintenance and repairs are expensed as incurred. Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of the assets. It is mandatory that PFMLIA tag, document and maintain a written listing of capital assets.

5.2. Group Assets

Group assets are assets that have multiple components that are grouped and accounted for as one asset. Assets may be grouped if the total cost of all components have a value greater than \$5,000. Group Assets are capitalized as one asset, not by individual components. It is mandatory that PFMLIA document and maintain a written listing of all components of a group asset. One asset tag number will be assigned for grouped assets (e.g., a workstation) with multiple parts.

An example of a group asset would be modular furniture associated with providing an open office workstation. If fifteen (15) panels plus shelves, rolling files, lighting, etc. were required to create an office workstation, and the aggregate cost is over \$5,000 but the individual cost per item is under \$5,000, the grouped items would be capitalized.

5.3. Depreciable Lives

Depreciable lives should be based upon actual expected use by PFMLIA, not by tax lives or other general estimates. Capital assets will be depreciated using the straight-line method over the following estimated useful lives.

Asset Type	Life
Equipment and Hardware	5 years
Furniture and Fixtures	15 years
Leasehold Improvements	5 years (or Lease term if lesser)
Software	3 years

5.4. Inventory of Fixed Assets

A detailed Property & Equipment listing of all PFMLIA Capital assets will be maintained in Excel and reconciled to QuickBooks. These records will be checked by physical inventory annually. A Physical Inventory Reconciliation will be completed for Capital Assets and appropriate entries will be made to adjust the Net Book Value of Capital Assets in QuickBooks based on the results of the Physical Inventory.

5.5. Disposals

If a capital asset is still in use and is fully depreciated, there is no additional accounting entry. The key point is to ensure that no additional depreciation is recorded against the asset. When a fixed asset is eventually disposed of, the event should be recorded by debiting the accumulated depreciation account for the full amount depreciated, crediting the fixed asset account for its full recorded cost, and using a gain or loss account to record any remaining difference.

A Capital Asset Disposal Form will be completed, and all disposals of assets will require approval by the CEO or COO. In no circumstance may an asset be disposed of without prior approval. Upon approval the assets may be disposed of in an approved manner appropriate for the circumstances (donation, trash, sale, trade-in).

5.6. Asset Impairments

If an asset has suffered a significant impairment in function or useful life due to level of use, accident or other damage, the event with an estimated effect of the impairment and any intent to repair or return to original operating condition should be reported to the bookkeeper.

6 Other Assets

6.1. Summary

Prepaid expenses are future expenses that have been paid in advance. PFMLIA recognizes prepaid expenses as costs that have been paid but have not yet been used up or have not yet expired. The amount of prepaid expenses that have not yet expired are reported as an asset.

Accounts receivable is recorded for administrative fees at year end in accordance with the modified accrual basis required by GASB, taxes collected for the 60 days subsequent to year end will be recognized as revenue as of the year end date.

Due from State of Connecticut – Bond Funds are recorded for capital bond project expenditures that have not been reimbursed by the State. (See Section 9.0 Revenue / Cost Reimbursement / Cash Receipts for a description).

7 Accounts Payable and Accrued Expenses

7.1. Summary

PFMLIA utilizes the accrual basis of accounting, which focuses on the changes in total economic resources, in the preparation of the financial statements. Expenses are recorded as incurred. Accounts payable is the amount of short-term obligations to pay suppliers for products and services which PFMLIA has purchased and been billed.

Accrued expenses payable are those obligations that have been incurred, for which no invoices have yet been received from suppliers or are related to expenses associated with payroll. An accrued expense payable is recorded with a reversing journal entry, which automatically reverses in the following reporting period. By recording the expense in this manner, expense recognition is recorded into the current period. Payables are short-term liabilities and appear under that classification in the balance sheet.

7.2. Processing Invoices – these processes may also be managed electronically

- Invoices are delivered to the bookkeeper via US Mail or electronically. The invoices are date stamped as received.
- Requests for purchases are matched to the invoices by the bookkeeper, who also documents the general ledger account number and class and then sends the invoices to the department heads for approval.
- Department head will sign (wet signature or electronic), date and indicate the amount approved. The invoice is returned to the bookkeeper. This process may be accomplished electronically.
- The bookkeeper inputs the invoices into the accounts payable subsidiary ledger.
- Approved unpaid invoices are filed in a folder labeled UNPAID INVOICES.
- On a weekly basis, checks will be generated to pay invoices using the following procedures.
- The bookkeeper will provide a list of accounts payable for the Controller, in his or her absence, the COO in his or her absence, the CEO, for review and authorization for payment. Controller will review supporting invoices and indicate which invoices are authorized for payment; list is returned to the bookkeeper for preparation of checks for payment.
- The approved invoices, the list authorizing payment and the checks are provided to the CEO for final review and signature.
- The bookkeeper will mark invoices as PAID and indicate check # and date.
- The CEO will provide the authorized checks to the PFMLIA Office Assistant to be mailed. The check and advice are mailed with any remittance information.
Note: If circumstances prevent the immediate distribution of checks, the checks must be properly secured (locked) until mailed.

7.3. Voided Checks

Voided checks are retained and kept in the secured fireproof filing cabinet. All signatures are removed, and checks are marked “VOID.”

8 Payroll

8.1. Summary

The SMARTH will be responsible for gathering the appropriate personnel information and getting the forms to Core-CT for payroll. The services to be provided by SMARTH are governed by the Memorandum of Understanding between DAS and the Authority.

8.2. Procedure

- Employee personnel files, employee payroll and benefit files are maintained by the State of Connecticut, DAS (“DAS”). The Authority will use the Small Agency Resource Team Human Resources (“SMARTH”) provided by DAS for payroll and related services.
- Employee personnel files, excluding Personal Identifiable Information (“PII”), are subject to Freedom of Information request (“FOI”). The files are available to the employee for inspection by requesting an appointment. Upon termination of employment, the employee file is removed from the active file and is maintained in an inactive file. The file is maintained as a permanent record.
- All job title and pay rate forms are approved by the Board. Once approved, the job descriptions are given to DAS, who will be responsible for entering the pay rate information into CORE-CT. The CEO communicates to DAS when postings for specific job titles can be posted.
- Employees submit their timesheets biweekly on Thursdays as indicated on the PFMLIA pay date calendar. PFMLIA will follow the State Holidays and Check Date Calendar listed on the DAS website.
- The next day, Friday, the bookkeeper approves the employee’s timesheet; overtime for hourly employees will require approval by the CEO or COO. DAS runs the **Payable Time Status Report**. This report will identify each employee’s approved, submitted timesheet. Approval must occur no later than the following Tuesday.
- The following Thursday from the approval date payroll confirms.
- On Friday, DAS runs the Payroll Summary Report and forwards to the bookkeeper for reconciliation to the Payable Time Status Report.
- The Final Payroll Register is reconciled against PFMLIA’s Commitment Control Budget Details in CORE-CT, by the bookkeeper. This reports the amount the State draws from PFMLIA’s payroll allocation. The bookkeeper records the payroll expenses, associated taxes and fringe benefit payments into the general ledger. As a debit to Salaries, Payroll Taxes and Fringe Benefit expenses and a credit to the cash account. The bookkeeper files the payroll reports.
- It is recommended that all payroll entries which are paid by OSC be entered every pay period. In order to perform this in a timely manner, staff should be given adequate access or training on the CORE-CT system.

8.3. Vacation and Sick Time (PTO)

Employees will be required to submit a written request for time off (via email) to the appropriate manager for approval. CORE-CT keeps accrual balances, which are reported on bi-weekly basis. The bookkeeper, and in his or her absence, the executive assistant, shall submit the time sheets to CORE-CT.

9 Revenue

9.1. Summary

Revenue sources for PFMLIA come primarily from contributions from employees, pursuant to Public Act 19-25, i.e. $\frac{1}{2}$ of 1 percent of a participating employee's wages, collected by employers participating in the Authority's Trust Fund Plan. The State of Connecticut's legislature has appropriated \$5.1 million in seed/startup funds as a loan, administered by the Office of Policy and Management. The legislature has also approved \$25 million in funding for building a contribution system to collect employee contributions and to administer claims for benefits. State funds are recognized as revenue to the extent of obligated expenditures to cover incurred operating and capital expenses. This is done as the funds are drawn down and paid to PFMLIA and as due for reimbursement to PFMLIA for covered expenses. Additionally, start-up funds in the form of loan advance will be received from OPM.

9.2. Procedure –Admin fees

Administrative fees will be calculated based on a percentage of taxes collected. Annually the percentage will be calculated as part of the budget process by the controller, approved by the CEO and presented to the Board for approval.

Monthly $\frac{1}{12}^{\text{th}}$ of the projected fee will be charged to the Trust Fund, recognized as revenue and transferred to the operating cash account. Quarterly, the controller will prepare a comparison of the actual fees earned to the projected fees drawn to date to evaluate the adequacy of the administrative rate. This information will be included in the report provided to the Board.

Procedure State Capital Bond Revenue

Each drawdown request will be supported by expenditures to date and/or projected expenditures. Drawdown requests are submitted by the bookkeeper. The bookkeeper generates the CORE-CT entry to request the drawdown. The Controller approves the entry. A report is generated and entered into the Authority's accounting system. Funds are electronically deposited by the State to PFMLIA's bank account upon approval of entry.

- Bond funds are authorized by the Bond Commission

The Bond Commission approves amounts as determined by the legislature

PFMLIA, either by the bookkeeper or Controller, will submit a form B107 to the Office of the State Controller (OSC), with notice to the Office of Policy and Management (OPM), requesting a transfer of approved bond funds to PFMLIA's account.

Funds are electronically deposited by the State to PFMLIA's bank account. If OSC should issue a check to PFMLIA, that check shall be deposited as soon as practicable upon its receipt from OSC. The check must be properly secured if it cannot be immediately deposited.

The bookkeeper processes payment to pay the vendor invoices

9.3. Procedure OPM loan proceeds

OPM's Allotment is processed quarterly by OPM/OSC through CORE-CT. Each quarter OPM/OSC does a Direct Journal Entry to PFMLIA through CORE-CT.

About a week after the quarter begins the Budget Details via CORE-CT are checked. (These quarterly amounts stay in CORE-CT and is swept by the Comptroller's Office)

Q1 \$xxxxxx

Q2 \$xxxxx

Q3 \$xxxxxx

Q4 \$xxxxxxx

PFMLIA should request a quarterly report from OPM/OSC for reconciliation with fund receipts.

10 Journal Entries

Journal entries are entered into General Ledger System, which automatically assigns journal entry numbers. The following transactions are recorded in the Authority's accounting system via journal entries.

- Payroll & Payroll Taxes & Fringe Benefits
- Bank Fees & Bank Interest
- Expense Accruals
- Travel / Credit Card Charges
- Account & Class Adjusting entries
- Other month end accruals

10.1. Processing Journal Entries

- Journal Entries are prepared by the bookkeeper. The Journal Entry is given to the Controller to review for accuracy. The Controller will sign the entry as approved. This can also be approved electronically. The bookkeeper indicates by signing or electronic means the Journal Entry as entered.

11 Accounting Periods

11.1. Month-end Close

- A month end trial balance report is generated
 - Cash Accounts - verify there is a bank reconciliation for each bank account.
 - Accounts Receivable – review listing of the expected revenue and research subsequent months receipts to verify funds are recorded appropriately.
 - CORE Fund Balance – Run CORE-CT report on the last day of the month to verify balance – Payroll and bonding payments are processed through CORE-CT
 - Due from State -Bond Funds - and research subsequent months receipts to verify funds are recorded appropriately
 - Accounts Payable – review aging report against bills in the UNPAID INVOICE folder.

- Unearned Revenue (funds received in advance or only reimbursement basis?)
- Produce balance sheet reports and revenue and expense report by funding sources
- Once the tasks are completed and the Controller has completed review of the financial statements and accounts, the accounting period is closed. No adjustments should be made in subsequent accounting periods that affect a prior period without proper documentation of the adjustment and approval by the CEO or COO.
- Budget vs actual reports are prepared, material variances are researched, and responses documented on the report for presentation to the CEO and the Board.

11.2. Annual Close

- A year end trial balance is generated.
 - In addition to the Monthly closing the following entries are made:
 - Fixed Assets – Reconcile balances to detailed Property & Equipment listing. Record annual Depreciation Expense.
 - Accrued Salaries, Payroll Taxes, Compensated Absences and Fringe Benefits - adjustments are made to reflect accurate year end balances.
 - Once the tasks are completed and the Controller has completed review of the financial statements and accounts, the accounting period is closed. A hard close is done after the independent audit is completed and compared to the adjusted trial balance in the accounting software.

12 Records Retention

A record retention program is important to protect you in litigation and help ensure compliance with federal and state laws and regulations. How long to keep a document, when and how to store the document, and how to dispose of the document, will depend on the type of document. The following four principles should be used to determine how long to retain records:

- Federal, state and local legal requirement reporting
- To support or oppose a position in an investigation or litigation
 - What is the consequence of not being able to locate the document? If the item was mentioned in a lawsuit, then suddenly destroyed, the presumption will be that the destruction was accomplished deliberately.
 - Can the item be reliably reproduced elsewhere if needed?

The RECORD RETENTION SCHEDULE in Appendix A should be used as a guide unless the principles above dictate a longer period of retention.

Accounts Payable invoices should be scanned and attached to transactions entered QuickBooks. PFMLIA shall seek approval from State of Connecticut's Office of the Public Records Administrator before disposal of paper formats of paid invoices.

Appendix A
RECORD RETENTION SCHEDULES

Financial Records

Types of Financial Records	Retention Period (Years)
Auditors' reports	Permanent
Bank debt deduction	7
Bank deposit slips, reconciliations, statements	4
Bills of lading	4
Budgets	5
Checks – cancelled	4
Contracts – purchase and sales	7
Credit memos	4
Depreciation records	7
Employee expense reports	4
Employee payroll records (W-2, W-4, annual earnings records, etc.)	6*
Financial statements — annual	Permanent
Financial statements — interim	4
Freight bills	4
Internal reports (Work orders, sales reports, production reports)	4
Inventory lists	4
Invoices – Sales and cash register receipts, merchandise purchases	4
Invoices — purchases (permanent assets)	5
General ledger	Permanent
General, cash receipts, cash disbursement, and purchase journals.	Permanent
Payroll journal	4
Petty cash vouchers	4
Subsidiary ledgers (accounts receivable, accounts payable, etc.)	6
Timecards and daily time reports	4
Worthless securities	7

Personnel Records

Types of Personnel Records	Retention Period (Years)
Personnel Accident Report/Injury Claim	11
Attendance Records	4
COBRA Records	3
Employee Benefit Plans	4
I-9 Forms	1*
Medical and Exposure Records – related to toxic substances	40
OSHA Training Documentation	3
OSHA Logs	6
Patents	Permanent
Personnel files	4

* Retention periods begin after termination,

Insurance Records

Types of Insurance Records	Retention Period (Years)
Accident reports	6
Fire inspection reports	6
Group disability records	6
Insurance policies	6
Safety records	6
Settled insurance claims	4

Real Estate Records

Types of Real Estate Records	Retention Period (Years)
Mortgages	6 years
Contracts	6 years
Deeds	Permanent

Pension/Profit Sharing Records

Types of Pension/Profit Sharing Records	Retention Period (Years)
Actuarial reports	Permanent
Associated ledgers and journals	Permanent
Financial statements	Permanent
IRS approval letter	Permanent
Plan and trust agreement	Permanent

Adopted by Board 10/4/19

**BY-LAWS
OF
THE PAID FAMILY AND MEDICAL LEAVE
INSURANCE AUTHORITY**

ARTICLE I

THE AUTHORITY

- 1.1 **Name of the Authority.** The name of the Authority shall be “the Paid Family and Medical Leave Insurance Authority.”
- 1.2 **Seal of the Authority.** The Authority may create a seal in any form approved by the Board of Directors. The Chief Executive Officer of the Authority shall be the custodian of any Seal created.
- 1.3 **Logo.** The Authority may adopt a logo to identify the Authority and its property.
- 1.4 **Office of the Authority.** The office of the Authority shall be maintained at such place or places within the State of Connecticut as the Board may designate.

ARTICLE II

BOARD OF DIRECTORS

- 2.1 **Powers and Number.** The powers of the Authority shall be vested in and exercised by the Board of Directors. The composition of the Board and the appointment and qualifications of its members shall be as set forth in the Act. Prior to assuming office, each member of the Board shall take and subscribe the oath or affirmation required by Article XI, Section 1 of the State Constitution, a record of which shall be filed in the office of the Secretary of the State.
- 2.2 **Compensation.** The members of the Board shall receive no compensation for the performance of their duties, but each such member shall, within available appropriations, be reimbursed in accordance with Section 5-141c-1 et seq. of the Regulations of State Agencies for all necessary expenses that they may incur through service on the board.
- 2.3 **Attendance.** Any appointed Director who fails to attend, in person or participate as permitted in Section 4.7 hereof, in three consecutive meetings of the Board or who fails to attend, in person or participate as permitted in Section 4.7 hereof, in fifty percent (50%) of all meetings of the Board held during any calendar year shall be deemed to have resigned from the Board. An appointed Director does not include ex officio Board members.

ARTICLE III

OFFICERS AND EMPLOYEES

- 3.1 **Officers.** The officers of the Authority shall be the Chairperson, the Vice-Chairperson, the Secretary, the Chief Executive Officer and any such other officers as may be appointed by the Board and not in conflict with law.
- 3.2 **Chairperson.** The Chairperson shall perform the duties enumerated in the Act, these By-laws, and by resolution of the Board. The Chairperson shall preside at all meetings of the Authority at which he or she is present. At each meeting, the Chairperson or the Chairperson’s designee, shall submit such recommendations and

information as the Chairperson may consider appropriate concerning the business, affairs and policies of the Authority. The Chairperson shall have direct supervisory authority over the Chief Executive Officer.

3.3 **Vice-Chairperson**. The Board shall elect from its members a Vice-Chairperson. Except as otherwise prohibited by law, the Vice-Chairperson shall perform all the duties and responsibilities of the Chairperson in the absence or incapacity of the Chairperson, and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

3.4 **Secretary**. The Board shall elect from its members a Secretary. The Secretary shall perform the duties and have such other powers as the Board of Directors may from time to time prescribe.

3.5 **Chief Executive Officer**. The Chief Executive Officer shall be the executive director of the Authority. The Chief Executive Officer shall serve at the pleasure of the Board and receive such compensation as shall be decided by the Board. The Chief Executive Officer shall enter into such employment arrangements with the Authority as approved by the Board as shall be appropriate from time to time. The Chief Executive Officer, who shall not be a member of the Board, shall direct and supervise administrative affairs and the technical activities of the Authority in accordance with the directives of the Board, and shall perform such other duties as are imposed by the Act, these By-laws, or by resolution of the Board. The Board, by a majority vote, may by resolution delegate to some other person or persons all or part of the above enumerated duties of the Chief Executive Officer and may appoint one or more persons to serve as acting Chief Executive Officer in the event of the absence or incapacity of the Chief Executive Officer. The Chief Executive Officer shall attend all meetings of the Board except where the Board expressly indicates otherwise.

3.6 **Additional Personnel**. The Authority may from time to time employ such personnel as it deems necessary to exercise its powers, duties and functions pursuant to the Act, and any and all other laws of the State of Connecticut applicable thereto. The selection and compensation of such personnel shall be determined by the Chief Executive Officer and approved by the Board in accordance with Board-approved policies, applicable procedures and relevant law.

3.7 **Signature Authority**. The Chief Executive Officer and other Officers and employees of the Authority shall have such signature authority as may from time to time be provided by resolution of the Board.

ARTICLE IV

BOARD MEETINGS

4.1 **Regular Meetings**. Regular meetings of the Board or any Committee for the transaction of any lawful business of the Authority shall be held in accordance with a schedule of meetings established by the Board or such Committee.

4.2 **Special Meetings**. The Chairperson may, when the Chairperson deems it expedient, call a special meeting of the Board for the purpose of transacting any business designated in the notice of such meeting. The Committee Chair of any Committee may, when the Committee Chair deems it expedient, call a special meeting of such Committee for the purpose of transacting any business designated in the notice of such meeting.

4.3 **Legal Requirements.** All meetings of the Board or any Committee shall be noticed and conducted in accordance with the applicable requirements of the Act and the Connecticut Freedom of Information Act. Agendas and minutes of such meetings shall be posted in accordance with the Connecticut Freedom of Information Act.

4.4 **Order of Business.** The order of business of any meeting of the Board or any Committee shall be as set forth in the agenda for such meeting, provided that the Board or Committee may vary the order of business in its discretion.

4.5 **Quorum and Voting.** A majority of the voting members of the Board shall constitute a quorum for the transaction of any business or the exercise of any power of the Authority. The affirmative vote of a simple majority of voting members present at a meeting of the Board or any Committee at which a quorum is present shall be sufficient for action, including the passage of any resolution, except as may otherwise be required by law.

4.6 **Designation of Substitutes for Ex Officio Directors.** Each *ex officio* member of the Board may designate any staff member to serve as a representative at any meeting. In the case of voting *ex officio* members, such designee shall have the full power to act and vote at such meeting.

4.7 **Participation of Members in Meetings by Electronic Means.** Members of the Board or any Committee may participate in any meeting of the Board or any Committee by means of teleconferences, videoconference or similar communication arrangement that permits each Board member to hear and be heard by each other Board member as if present in person.

4.8 **Executive Session.** The Board or any Committee may hold an executive session upon the vote of two-thirds (2/3rds) of the Board members thereof present and voting for the purposes and in the manner provided by the Connecticut Freedom of Information Act.

4.9 **Conduct of Meetings.** The proceedings of the Board or any Committee shall be conducted as mutually agreed by members of the Board or Committee, except where inconsistent with these By-Laws. In the absence of agreement, the rules contained in the current edition of the Robert's Rules of Order shall govern all proceedings at the Board or any Committee, except where such rules are inconsistent with these By-Laws.

ARTICLE V

COMMITTEES

5.1 **Powers of Delegation.** The Board may, by resolution, delegate any and all things necessary or convenient to carry out the purpose of the Authority to three (3) or more members of the Board.

5.2 **Standing and Other Committees.** The Board may establish such standing and other committees from time to time as it deems necessary for the proper carrying out of its functions. The Board shall determine the size and purpose of each such committee. Members of each such committee shall be appointed by the Chairperson of the Board. The Chairperson of such committee shall be appointed by the Chairperson of the Board.

5.3 **Report of Committee Action.** Minutes of each committee shall be prepared and shall be filed promptly with the Chief Executive Officer. Each Committee shall report from time to time to the Board on such Committee's actions and activities.

ARTICLE VI
GOVERNANCE

6.1 **Fiscal Year.** The fiscal year of the Authority shall commence July 1 of each calendar year and conclude June 30 of the following calendar year.

6.2 **Evaluation of By-Laws.** The Board shall evaluate its By-laws at least every three years to ensure their currency and efficacy. By-laws and associated policies may be modified by resolution of the Board, in accordance with the applicable statutes and with the procedures set forth in the By-laws, to reflect any adjustments deemed necessary or beneficial by the Board or additional requirements of the administration relative to general governance to ensure accountability and proper internal controls.

6.3 **Amendment or Repeal.** These By-Laws may be repealed or amended or new By-Laws may be adopted by the affirmative vote of a majority of all voting members of the Board at any regular or special meeting of the Board, provided that the notice of such meeting includes notice of the proposed change. The Authority may adopt rules for the conduct of its business, and the adoption of such rules shall not constitute an amendment of these By-Laws.

6.4 **Adoption of Policies.** The Board shall be governed by basic governance principles established through codified policies and procedures to ensure accountability, transparency, security and responsibility to applicable laws, regulations, and best practices. The Board shall adopt by resolution and implement policies regarding employment, compensation, evaluation and discipline of Authority employees; signatory authority; contracting and purchase of services including thresholds and criteria for waiving competitive bidding; annual independent audits of Authority finances; financial reporting; investment policies; reserves; internal control and risk management; and such other policies as the Board deems are necessary or beneficial for the conduct and operation of the Authority.

ARTICLE VII
CONFLICTS OF INTEREST; FIDUCIARY DUTIES

7.1 **Conflicts of Interest.** Public confidence in the decisions and other actions of the Board and any Committee requires that members avoid both actual conflicts of interest as defined in Sections 1-85 and 1-86 of the Connecticut General Statutes and situations that may give the appearance of a conflict of interest. The existence and nature of any actual conflict of interest or any situation that may give the appearance of a conflict of interest shall be promptly disclosed to Board and shall comply with the provisions of Section 1-86 of the Connecticut General Statutes as applicable.

7.2 **Substantial Conflicts of Interest.** A member shall not participate in any deliberations or vote, shall not take any affirmative action as a member of the Board or any Committee, and shall not have access to any non-public confidential information with respect to a matter in which such member has an interest which is in substantial conflict with the proper discharge of the duties and responsibilities of membership on the Board or such Committee. For this purpose, the determination of whether a member has an interest which is in substantial conflict with the duties and membership on the Board or a Committee shall be made in the manner provided in Section 1-85 of the Connecticut General Statutes for conflicting interests of public officials.

7.3 **Potential Conflicts of Interest.** With respect to potential conflicts of interest, as defined in Section 1-86(a) of the Connecticut General Statute and pursuant thereto and pursuant to Section 1-81-30(c) of the Regulations of Connecticut State Agencies, the member shall either (1) excuse himself or herself from participating in any deliberation or vote on the matter and may not otherwise take any affirmative action on the matter or (2) shall prepare a written statement prepared under penalty of false statement describing the matter requiring action and the nature of the potential conflict and explaining why, despite the potential conflict, such member is able to vote and otherwise participate fairly, objectively, and in the public interest, and shall deliver a copy of such statement to the Office of State Ethics and shall enter a copy of the statement in the minutes of the Board or Committee, as applicable.

7.4 **Financial Interests in Entities Contracting with the Authority.** In accordance with subdivision (1) of subsection (k) of section 2 of the Act, no member of the Board or any officer, agent or employee of the Authority shall, directly or indirectly, have any financial interest in any corporation, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, or any other legal or commercial entity contracting with the Authority. As used in this section, “financial interest” does not include an interest of a *de minimus* nature or an interest that is not distinct from that of a substantial segment of the general public.

7.4.1 Pursuant to subdivision (2) of subsection (k) of section (2), it shall not be a conflict of interest or a violation of the statutes or these By-laws, for a trustee, director, officer or employee of a bank, insurance company, investment advisor, investment company, or investment banking firm to serve as a member of the Board, provided, such individual abstains from discussion, deliberation, action and vote by the Board in specific respect to any undertaking in which such firm has a direct interest separate from the interests of all similar firms generally.

7.5 **Fiduciary Duties.** Members of the Board owe the fiduciary duties of care, loyalty and compliance to the Authority.

7.5.1 “Duty of care” means each member must discharge his or her duties in good faith and with the same degree of care that would be used by a reasonable prudent person in the same position.

7.5.2 “Duty of loyalty” means each member must put the interests of the Authority over his or her own interests or the interests of family members and other persons, businesses or organizations in which they may be involved.

7.5.3 “Duty of compliance” means each member must be faithful to the Authority’s mission and must comply with the statutes, regulations, by-laws and policies that apply to the Authority.

ARTICLE VIII

DEFINITIONS

8.1 **Definitions.** Unless the context shall otherwise require, the following words and terms shall have the following meanings:

8.1.1. “Act” shall mean Public Act 19-25, entitled “An Act Concerning Paid Family and Medical Leave,” as amended by Public Act 19-117, entitled “An Act Concerning the State Budget for the Biennium Ending June 30, 2021, and Making Appropriations Therefor, and Provisions Related to Revenue and Other Items to Implement the State Budget,” as the same may be further amended from time to time.

8.1.2. “Authority” means the Paid Family and Medical Leave Insurance Authority.

8.1.3. “Board” means the board of directors of the Authority appointed and serving pursuant to the Act.

8.1.4. “Chairperson” shall mean the Chairperson the Authority appointed pursuant to the Act.

8.1.5. “Chief Executive Officer” shall mean the Chief Executive Officer of the Authority appointed by and serving at the pleasure of the Board pursuant to the Act.

8.1.6. “Committee” means any committee of or formed by the Board.

ARTICLE IX

AUTHORITY

9.1 These By-Laws are adopted pursuant to the Act.

PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY

PLAN OF OPERATIONS

MISSION

The Paid Family and Medical Leave Insurance Authority (PFMLIA) helps Connecticut's workforce navigate health challenges and life changes with greater financial security.

VISION

Connecticut's workforce has access to reliable income replacement to take care of themselves and their families during the most important times in their lives.

OPERATIONS

ADMINISTRATION OF POLICY

The CEO has overall responsibility for directing the implementation and administration of policies and procedures. On a day-to-day basis it is the responsibility of each supervisor to administer all policies and procedures in a manner consistent with this policy.

GOVERNANCE

PFMLIA, a quasi-public agency of the State of Connecticut, shall be governed by a Board of Directors (Board) comprised of a number, and appointed in a manner, as prescribed in PA 19-25 of the Connecticut General Statutes. The affairs of the Board shall be conducted in accordance with applicable law.

ADMINISTRATION

The affairs of the Authority shall be administered in accordance with applicable law, the Bylaws, these Operating Procedures and other administrative policies as may be adopted by the Board from time to time. The Board shall appoint a Chief Executive Officer in accordance with PA 1925 of the Connecticut General Statutes, who shall have the duties and responsibilities set forth therein. References in these Operating Procedures to approval by the Board shall mean and include approval by the Board. To the extent there is any inconsistency between this Plan of Operations and PA 19-25 or the Authority's by-laws, PA 19-25 or the by-laws, the statute shall control.

ANNUAL OPERATING BUDGET

Prior to the close of the fiscal year, The Chief Executive Officer shall present an Annual Operating Budget not later than 4 months prior to the close of the fiscal year for the forthcoming fiscal year beginning July 1st through June 30th to the Finance and Audit Committee. The Finance and Audit Committee will have 45 calendar days to review and comment on the Annual Operating Budget prior to submittal to the Board. In the event the Finance and Audit Committee have no comments, the Annual Operating Budget will immediately move on to the Board for discussion and consideration. Three months prior to the close of the current year, the Board shall take up for consideration, modify if necessary and adopt the proposed budget to be effective beginning the first day of the forthcoming fiscal year July 1st through June 30th. The Chief

Executive Officer may present modifications to the annual operating budget during the fiscal year to which it relates as fiscal outcomes become available. The Board may consider and adopt the proposed modified changes during the current fiscal year as it relates.

Any non-budgeted expenditure greater than five thousand dollars (\$5,000) for the purchase, lease or acquisition of real or personal property or personal services shall require the approval of the Board.

TIMELINE

The Authority shall comply with statutory timelines as defined in PA 19-25, to collect contributions, distribute benefits, and carry out all other functions and responsibilities of the Authority.

PERSONNEL POLICIES

The Authority shall promulgate personnel policies that are compliant with all state and federal laws and regulations concerning workplace conduct and rights under all applicable state and federal statutes. The policies shall include but are not limited to policies concerning compensation, hiring and promotion, performance evaluation, dismissal, fringe benefits, business travel and reimbursement, paid time off, Workers' Compensation, overtime, hours of work, pay periods, grievance policies, whistleblower policies, conflicts of interest and workplace conduct including harassment, and sexual harassment. Such policies shall be created by the Authority and approved by the Board of Directors.

PURCHASE AND LEASE OF REAL AND PERSONAL PROPERTY

The Authority, acting through the Chief Executive Officer or another duly authorized officer, shall have the authority to invest in, acquire, lease, purchase, own, manage, hold and dispose of real and personal property, and to lease, convey or deal in or enter into agreements with respect to such real and personal property, on any terms necessary or incidental to the carrying out of the purposes of the Authority.

PROCUREMENT PROCEDURES

The Authority may purchase, lease or acquire real and personal property on a bid, negotiated or open-market basis, including through a sole source procurement or in such other manner as the Chief Executive Officer determines to be appropriate and in the best interests of the Authority under the circumstances.

CERTAIN REAL ESTATE TRANSACTIONS

The Authority may purchase, lease or acquire real property for its use with amounts appropriated by the state to the Authority or with the proceeds of bonds supported by the full faith and credit of the state.

PROCUREMENT of GOODS and SERVICES

The Authority, acting through the Chief Executive Officer or another duly authorized officer, shall have the authority to acquire, lease, purchase, own, manage, hold and dispose of real and personal property, to lease, convey or deal in or enter into agreements with respect to such real and personal property, and acquire or contract for personal services and professional services on any terms necessary or incidental to carrying out the purposes of the Authority.

Any non-budgeted expenditure greater than five thousand dollars (\$5,000) for the purchase, lease or acquisition of real or personal property or personal services shall require the approval of the Board.

The Authority may purchase, lease or acquire **real and personal property** on a bid, negotiated or open-market basis, including through a sole source procurement or in such other manner as the Chief Executive Officer determines to be appropriate and in the best interests of the Authority in the circumstances, in accordance with the following:

- Minor nonrecurring purchases of any type of goods up to \$5,000 (annually, per item), also known as direct or open market purchases, may be made without obtaining quotations or bids.
- Purchases or contracts over \$5,000 and up to \$100,000 (annually, per item) must be based upon, when possible, at least three written quotations or bids from responsible and qualified sources of supply.
- Purchases or contracts over \$100,000 (annually, per item) must be based upon when possible, at least three written quotations or bids, from responsible and qualified sources of supply.
- An appropriate award shall be made to the lowest qualified bidder, pursuant to State of Connecticut regulations and statutes

Contracts for *personal services* and professional services shall be awarded by the Authority in such manner, including on the basis of a sole source procurement, as the Chief Executive Officer determines to be appropriate and in the best interests of the Authority in the circumstances, in accordance with the following:

- Minor nonrecurring purchases of any type of services up to \$5,000 (annually, per item), may be made without obtaining quotations or bids.
- Contracts requiring an expenditure by the Authority in excess of \$5,000 and not less than \$100,000 over the period of one fiscal year must be based upon, when possible, at least three written quotations or bids, from responsible and qualified sources of supply.
- An appropriate award shall be made to the lowest qualified bidder, pursuant to State of Connecticut regulations and statutes
- Contracts requiring an expenditure by the Authority in excess of one hundred thousand dollars (\$100,000) over a period of one fiscal year, wherever possible, such contract shall be awarded pursuant to a process of competitive negotiation where proposals are solicited from at least three (3) qualified parties.

Solicitation of Proposals for Certain Services: The Authority shall solicit proposals at least once every three (3) years for financial, legal, bond, underwriting and other professional services required by the Authority on a regular and ongoing basis. The Authority shall not contract with the same person, firm or Authority to conduct financial audits of the Authority for more than six (6) consecutive fiscal years.

Nothing in this section shall prohibit the Authority from utilizing accountants, attorneys, financial advisers, and other professional services approved or provided by such state agency or quasi-public authority as a part of its normal contracting process, provided such use does not create any conflict of interest.

Any solicitation of bids or proposals by the Authority, and any award of a contract by the Authority, shall be subject to all state procurement and contracting requirements applicable to quasi-public agencies of the state. The Authority shall publish their request for quotation or bid notice on the State Contracting Portal.

STATE CONTRACTING REQUIREMENTS

Any solicitation of bids or proposals by the Authority, and any award of a contract by the Authority, shall be subject to all state procurement and contracting requirements applicable to quasi-public agencies of the state, including without limitation the following to the extent applicable in the circumstances:

- Section 9-612(g) of the General Statutes, as amended, relating to campaign contributions by state contractors and their principals and related notices to state contractors and prospective state contractors;
- Section 4-252 of the General Statutes relating to affidavits as to gifts from contractors under certain large state contracts;
- Section 4a-81 of the General Statutes relating to affidavits with respect to consulting fees;
- Section 3-13l of the General Statutes relating to the prohibition of finder's fees in connection with investment transactions;
- Section 3-13j of the General Statutes relating to the disclosure of third-party fees attributable to investment services contracts;
- Section 4-61dd of the General Statutes relating to whistleblower protections; and
- Section 4a-60 and 4a-60a of the General Statutes relating to non-discrimination in state contracting and documentation of contractor adoption of a corporate policy supporting the non-discrimination agreements and warranties required by Sections 4a-60 and 40a-60a.

PFMLIA TRUST FUND SOLVENCY

The Authority shall make every effort to assure the solvency of the PFMLIA Trust Fund by regularly monitoring contributions and benefits payments and making regular reports to the Board of Directors regarding the Trust Fund's use and solvency. In the event that the Fund's solvency is in question, the Authority shall immediately take corrective actions to assure the solvency of the PFMLIA trust fund, including adjusting benefit payments to covered employees by the minimum amount necessary to assure the program's solvency, pursuant to its authority to do so under Public Act 19-25 of the Connecticut General Statutes.

PFMLIA OPERATIONAL REVIEW AND AUDIT

The Authority shall assure the integrity of the Trust Fund and the Authority's operations by performing regular reviews and audits of contributions, claims payments and the general operations of the Authority and its Trust Fund. Findings of the reviews and audits shall be reported regularly to the Board of Directors, and the Authority shall take all reasonable corrective actions to address issues and concerns raised by the findings. The CEO or his or her designee shall immediately report to the Executive Committee of the Board of Directors and to the Board any contribution, payment or operational concerns, and consult with the Board of Directors regarding actions taken to resolve the concerns and address the findings.

AMENDMENT OF POLICIES

These operating policies and procedures may be amended in accordance with Chapter 12, Section 1-121 of the Connecticut General Statutes.

Draft Date: March 9, 2020
