



MARYLAND STATE RETIREMENT AGENCY

**BUSINESS PLAN
FISCAL YEAR 2024**

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MARYLAND STATE RETIREMENT AND PENSION SYSTEMS

FISCAL 2024 BUSINESS PLAN

INTRODUCTION

The Maryland State Retirement and Pension System’s Business Plan for fiscal year 2024 was developed with the input of all senior staff and is presented by the Executive Director for approval by the Board of Trustees. The purpose of the Business Plan is to set out the key business initiatives continued from previous fiscal years and any new initiatives to be undertaken in fiscal year 2024 that support the mission and goals of the Agency and the specific performance measures established by the Agency. The Business Plan has been developed in accordance with the Business Planning Policy adopted by the Board of Trustees, which requires that the Business Plan be reviewed and updated annually. This plan has been developed consistent with the System’s Strategic Plan.

DOCUMENT OVERVIEW

The Business Plan comprises four key sections:

Section 1 states both the mission and vision of the Retirement System, which provide overarching guidance for the management of the Agency.

Section 2 provides a brief overview of the Agency as a whole and of each of the key divisions within the Agency and describes the various goals and performance measures established within the Agency to help ensure fulfillment of the Agency’s Mission.

Section 3 sets out the Agency’s business plan initiatives. Each initiative is accompanied by a brief description of the initiative, the expected outcome, projected timeline, and linkage to the objectives of the Agency.

SECTION 1

MISSION AND VISION STATEMENTS

MISSION

To administer the survivor, disability, and retirement benefits of the System's participants, and to ensure that sufficient assets are available to fund the benefits when due.

VISION

A state that provides a fully-funded retirement system that is affordable to all participating employers and provides guaranteed adequate disability, survivor, and retirement benefits.

SECTION 2

AGENCY OVERVIEW, GOALS, AND PERFORMANCE MEASURES

AGENCY OVERVIEW AND GOALS

The Agency implements the objectives of the State Retirement and Pension System. The Executive Director's Office is responsible for the executive direction of the System including administrative and investment operational policy, legislative and legal liaison, financial affairs, and communications. The Benefits Administration Division is responsible for the payment of benefits, administration of employee contributions, and individual and group membership counseling. The Finance Division is responsible for accounting and financial reporting, budget administration, procurement, and human resources. The Investment Division is responsible for the management, control and investment of the System's Retirement Accumulation and Annuity Savings Funds. The External Affairs Division is responsible for managing all Agency interactions with the media and State elected leaders as well as communications with all system stakeholders, which includes members, retirees, member associations, and Maryland taxpayers. The Internal Audit Division ensures Agency compliance with State laws, rules and regulations, as well as ensuring employer compliance with Agency reporting policies. The Information Systems Division is responsible for the design and implementation of new automated management information systems and for maintenance and enhancements of existing systems including the Maryland Pension Administration System (MPAS). The Business Operations Office (BOO) is responsible for the design and implementation of the MPAS.

The Agency has established the following four broad goals in support of its Mission:

- Goal 1.** To prudently invest System assets in a well-diversified manner to optimize long-term returns while controlling risk through excellence in the execution of the investment objectives and strategies of the System.
- Goal 2.** To effectively communicate to all retirement plan participants the benefits provided by the System and to educate them about planning and preparing for all aspects of their defined benefit system.
- Goal 3.** To pay all retirement allowances provided by State pension law to the System's retirees and their beneficiaries in an accurate and timely manner.
- Goal 4.** To efficiently collect the required employer and employee contributions necessary to fund the System.

BENEFITS ADMINISTRATION DIVISION

The division administers 12 separate defined benefit pension systems (with over 50 plans within the systems) covering nearly 242,000 active and deferred vested participants and approximately 172,200 pension annuitants (as of June 30, 2022) whose pension benefit payments exceed \$4.3 billion annually. The division, staffed by 109 permanent and contractual employees, consists of four major units: Data Control, Benefits Processing, Member Services, and Special Projects.

Data Control Unit

This unit provides maintenance and control of approximately 414,000 participants' and former participants' accounts and payee records maintained in a relational database.

Significant responsibilities for the Data Control Unit include:

1. Determining membership eligibility and enrolling new members in the correct pension system and plan;
2. Collecting, reconciling, and controlling pension payroll data, which is submitted by more than 170 separate, independent payroll centers (employers) on behalf of more than 194,000 active members;
3. Maintaining the correctness and completeness of employee contributions and interest in the Annuity Savings Fund with a balance of more than \$11,000,000,000 (as of June 30, 2022);
4. Processing member requests for change of designated beneficiaries, for approval of a leave of absence, for the grant of service credit based upon qualifying military service, for the transfer of service credit between pension systems, and for the purchase of eligible service credit;
5. Awarding service credit earned by members at the end of each fiscal year;
6. Creating an annual Personal Statement of Benefits for every active member as of June 30th of each year;
7. Paying monthly pension benefits to more than 172,200 payees (in excess of \$4.3 billion annually);
8. Processing payee and employer requests related to deductions from monthly pension benefits for federal and Maryland state taxes, and retiree health benefits; and
9. Fulfilling the Agency's tax reporting obligations by reporting payments and related information to payees on Internal Revenue Service Form 1099-R.

Benefits Processing Unit

This unit processes requests related to members wanting an estimate of their future monthly pension benefit, members wishing to retire, members wishing to withdraw, and beneficiaries making claim for death benefits.

Significant responsibilities for the Benefits Processing Unit include:

1. Creating benefit estimates based upon member requests and in support of member requests generated through the Agency's online member portal, *mySRPS*;
2. Establishing new retirement accounts for members who have submitted their final retirement paperwork so that they may begin to be paid their monthly pension benefits;
3. Issuing refund payments, direct payments and rollover payments, for members who have ceased active participation in all of the pension systems and have requested to withdraw their balance of member contributions and interest;
4. Processing beneficiary requests to be paid death benefits, one-time, lump sum payments and continuing monthly pension benefits based upon the death of a participant of one of the pension systems;
5. Revising and correcting retirement accounts when required by the presentation of new information related to the underlying service credit balances, salaries, or demographic information used in the creation of those retirement accounts;
6. Reviewing and authorizing the reduction of monthly pension benefits as required by domestic relations orders, lien, levies, and other court orders; and
7. Auditing accidental disability retirement benefits to determine if overlapping disability and workers' compensation benefits have been paid and collecting overpayments in the case of overlapping payments.

Member Services Unit

This unit serves as the main point of contact between the Agency and participants and provides a multi-pronged communication program to inform participants of their benefits.

Significant responsibilities for the Member Services Unit include:

1. Answering participant and employer questions through inbound and outbound phone calls;
2. Responding to participant questions through various channels of written communication, including letters received via US Mail, faxes, electronic mails (e-mails), and secure messages received through *mySRPS*;
3. Meeting face-to-face and virtually with individuals who desire one-on-one counseling sessions;

4. Conducting in-person and virtual meetings with groups of participants, including presenting Pre-Retirement Seminars throughout Maryland;
5. Attending and participating in employer and employee organization sponsored seminars; and establishing claims for disability benefits and processing these claims with the Agency's medical boards.

Special Projects Unit

This unit manages several routine and non-routine processes and projects that directly affect the service and benefits provided to participants.

Significant responsibilities for the Special Projects Unit include:

1. Administering the Deferred Retirement Option Programs (DROP) for eligible members of the State Police Retirement System and the Law Enforcement Officers' Pension System;
2. Reviewing and authorizing all payments for benefits before they are paid;
3. Overseeing the annual earnings limitation audit to ensure that retirees who have become re-employed with the State or a participating employer have not exceeded their re-employment earnings limit;
4. Conducting the monthly national and state death matches, and the annual verification of benefit receipt audits to protect the Agency from making payments to deceased payees; and
5. Managing and executing numerous special projects that arise each year.

Benefits Administration Division Goals and Performance Measures

Goal 1 To administer and process applications filed by employers and plan participants for enrollment, plan transfer options, purchases of additional service credit, additional credit for military service, and employer payroll reporting requirements.

Data Control Performance Standards and Measures:

- Within 30 days of application receipt, review, process, and update at least 90% of membership enrollment applications.
 - Random sampling conducted and ongoing supervisory review.
- Within 30 days of application receipt, calculate, and invoice at least 90% of the Purchase of Service Credit Applications.
 - Tracking file maintained.
- Within 30 days of application receipt, review, process, and calculate at least 90% of Military Service Request Applications.
 - Tracking file maintained.

Goal 2

To ensure the timely and accurate collection and posting of payroll data to ensure that the underlying data necessary for retirement calculations are available and correct.

Data Control Performance Standards and Measures:

- Within one business day reconcile at least 98% of updated member transaction data to the master file to the system-generated tabulation reports.
 - Tracking file maintained.
- Reconcile the member enrollment master file to the General Ledger Annuity Savings Fund (ASF) balance by the 25th of the following month.
 - Tracking file maintained.

Goal 3

To ensure that all daily automated retirement jobs are run timely, accurately and reconciled promptly.

Data Control Performance Standards and Measures:

- 100% of data transactions updated to the master file are reconciled within one business day.
 - Ongoing supervisory review.
- At least eight banking days prior to the check date, process and fully reconcile the monthly pension payroll.
 - Ongoing supervisory review.
 - Pay 100% of automated pension allowance benefits on time and accurately.
 - Random sampling conducted and ongoing supervisory review.
- Verify that all automated programs compute payment values in accordance with Federal and State pension and tax laws.
 - Random sampling conducted and ongoing supervisory review.

Goal 4

To facilitate the identification, documentation, and resolution of automated system issues and requirements through coordination with the Business Operations Office. Generate mass communication documents to retirees and participants.

Data Control Performance Standards and Measures:

- By August 1st, process, audit, and transfer extracted data files to the System's actuary for performing the annual actuarial valuation.
 - Ongoing supervisory review.

- September 10th, process, verify calculations, and coordinate the creation of the annual Personal Member Statements of Benefits.
 - Ongoing supervisory review.
- By January 31st, process, verify tax reporting requirements and calculations, and coordinate the issuance of all 1099-R tax documents to payees.
 - Ongoing supervisory review.

Goal 5

To provide effective communication to members and beneficiaries to assist them in securing the correct services and benefits.

Benefits Processing Performance Standards and Measures:

- Once notified of the death of a retiree or a member in active service, mail the appropriate claim forms to the beneficiary or to the administrator of the estate, within five business days, 95% of the time.
 - Random sampling and ongoing supervisor review.
- Within three business days of receipt of the claim forms, return 95% of the incomplete or deficient beneficiary claim forms with a letter of explanation.
 - Random sampling and ongoing supervisor review.
- Within 30 days of receipt of Finance Division notice of outdated/outstanding benefit check payments (at least six months old), research the payment and send the payee a letter regarding the replacement or resolution of the outstanding payment.
 - Random sampling and ongoing supervisory review.

Goal 6

To provide for the accurate and timely issuance of benefits to members and beneficiaries.

Benefits Processing Performance Standards and Measures:

- For lump sum payments to beneficiaries, initiate 95% of the payments within 30 days of the receipt of completed claim forms.
 - Random sampling and ongoing supervisor review.
- For joint life annuity allowance, initiate the payment in the same month for completed claim forms received by the 10th of the month. For completed claim forms received after the 10th of the month, commence payment at the end of the following month.
 - Random sampling and ongoing supervisor review.

- Within three business days of receipt of notification of a Direct Deposit failure or the certification of a check “stop payment”, process at least 95% of the replacement checks.
 - Random sampling and ongoing supervisor review.
- For members who have separated from employment and requested a refund of their accumulated contributions, initiate 95% of refund payments within 15 business days after receipt of a properly completed refund application and receipt of all expected member contributions from the employer.
 - Tracking database maintained with ongoing supervisory review.

Goal 7

To provide clear, accurate, and timely benefit plan information to the various customers of the Agency.

Member Services Performance Standards and Measures:

- Limit the number of abandoned incoming telephone calls to 10% in fiscal year.
 - Statistical reports generated through the Automatic Call Distribution System (ACD).
- Limit the waiting time for calls to be answered to 3 minutes in fiscal year.
 - Statistical reports generated through the Automatic Call Distribution System (ACD).
- Achieve a 90% satisfaction rate for plan participants surveyed who contact Member Services.
 - Tracking System used to log surveys mailed and responding results.
- Answer 95% of physical correspondence within 10 business days of being received.
 - CRM Case Management Reports.
- Answer 95% of electronic correspondence within 5 business days of receipt.
 - CRM Case Management Reports.
- Participate in 100 Pre-Retirement Seminars/Webinars.
 - Manager oversees program and assigns counselor based upon contracted number of seminars.

Goal 8

To provide the timely processing of all disability claims.

Member Services Performance Standards and Measures:

- Review new claims for a terminal condition within one business day of receipt.
 - Ongoing supervisory review.
- Review completeness of new claims for eligibility to apply for disability retirement and request missing information within 15 business days of receipt of claim.
 - Ongoing supervisory review.
- Schedule completed claims immediately for next suitable medical board.
 - Ongoing supervisory review.
- Correspond with claimants, attorneys, and employers within seven business days of medical board's request for information.
 - Ongoing supervisory review.
- Schedule all independent medical evaluations within 10 business days of the medical board meeting.
 - Ongoing supervisory review.
- Evaluate all requests for reconsideration of disability claim within five business days of receipt.
 - Ongoing supervisory review of summary case reports.

Goal 9

To provide services to DROP participants and plan participants subject to the Internal Revenue Code Section 415 benefit limitation.

Special Projects Performance Standards and Measures:

- Within 15 days of receipt of DROP application, send acknowledgement notice to the employer and the employee.
 - Tracking system maintained.
- Within five business days of application receipt, return incomplete or rejected DROP applications.
 - Tracking system maintained.
- By August 15th, calculate, prepare, and issue DROP statements of account balances to current program participants (approximately 200 retirees).
 - Tracking system maintained.

- Within 15 business days of receipt of member request, prepare the 415 IRC reduced benefit estimate for review and audit by the Administrator or designee, and subsequent review by the System actuary for actual calculation and certification.
 - Ongoing supervisory review.
- Manually prepare all DROP tax and account balance statements within five days of a participant's early termination request or within two months prior to the DROP termination date for all others.
 - Tracking system maintained and statements released.

Goal 10 To promote accurate and timely processing of manual payment vouchers including preparation and the review of all manual vouchers.

Special Projects Performance Standards and Measures:

- Pay within 30 days of DROP termination date, all completed applications for lump sum Deferred Retirement Option Program (DROP) balances.
 - Ongoing supervisory review.
- Pay 100% of manually calculated payments accurately computed.
 - Tracking file maintained and ongoing supervisory review.
- Within two business days, complete existing reviews and audits of automated payment allowances (\$4,000 monthly payment threshold is reached); all manual voucher payments; all automated system retroactive benefit payment calculations; sampling of automated refunds and sampling of automated active deceased payments.
 - Ongoing supervisory review.

Goal 11 To coordinate employer reporting and communicate with retirees about pension earnings limitations, confirmation of wages received and notification of benefit allowance reductions.

Special Projects Performance Standards and Measures:

- Within 60 days of receipt of a participating employer's wage file, process, review, and determine potential employer wages paid in excess of a pensioner's statutory earnings limitation amount.
 - Tracking file maintained and ongoing supervisory review.
- By May 15th, process employer reported wages, review suspect accounts, and communicate with pensioners identified as exceeding earnings limitation.
 - Tracking file maintained.

- By the June board meeting, report to board the identified pension allowance reductions required under the service and disability earnings limitations provisions.
 - Manager oversight and review confirms appropriate actions.

BUSINESS OPERATIONS OFFICE

The Business Operations Office is the Agency division that provides senior management with coordination of cross-divisional projects involving significant business operations changes. The Business Operations Office develops, maintains, and monitors project management standards, policies, and procedures. Services include strategic planning, project management, risk management, organizational change management, business process analysis, education and training, and management reporting.

Effective June 1, 2013, the Business Operations Office was formed by combining the Project Management Office and the Data Control Division's Production Control Unit into a single unit. This strategic reorganization was done to provide organizational depth, due to the similarity and overlap of responsibilities as they relate to the Agency's change management of our automated processing system, the Maryland Pension Administration System (MPAS). This was done in recognition of the limited personnel resources with extensive knowledge in both the Agency's business practices and MPAS, and to best align those resources with the objectives of managing business process changes.

The first project phase, MPAS-1, modernized the underlying technologies that support the Agency's pension administration automated business processes. This has provided the new technology platform with the online, real-time system for use internally by staff.

Specifically, the MPAS-1 Project achieved two goals:

1. Implemented an agile technology architecture that can adapt more easily to changes in business requirements; and
2. Recreated all the functionality of the Agency's Legacy Pension System (LPS) existing functions in a new architecture.

After the four-year effort, MPAS became the Agency's system-of-record for pension administration, replacing the LPS in August 2010. Since MPAS's data resides in a modern, relational database, the data in LPS's "flat files" were completely rebuilt for MPAS. These data records represent over 35 years of transactions.

Since implementing MPAS-1, the Business Operations Office has worked with the Benefits Administration and Information System Divisions to "stabilize" the MPAS-1 code and implement the significant modifications to the Agency's automated processing systems resulting from the July 1, 2011 Pension Reforms.

The second phase of the MPAS Project (MPAS-2) provided improvements to the System's data integrity. This phase involved the linking of records, the development of data flagging and cleansing screen views, modifications to existing screen views to incorporate additional data elements, flagging/cleansing the data values that support the most critical data elements affecting an individuals' retirement (service and salary). By the close of FY 2015, the Agency had successfully linked the historical member data to establish work histories for 300,953 member accounts (~ 99.5% of the total active, inactive, and vested workforce).

In FY 2016, the Business Operations Office performed a comprehensive flagging of member service data by auditing the service calculations in each fiscal year from year of enrollment to FY 2016. Additionally, screen views were developed to support the generation of service audit reports and the ability to "turn off" flagged service data values when service audit differences are determined. The automated service audit scripts revealed approximately 52,000 member records (18%) with service variances.

Business Process Re-engineering (MPAS+) is the third and final phase of the MPAS Project. The Agency's MPAS Project Phase 3 (MPAS+) entails in-part, the re-engineering of Agency business processes and the implementation of supporting technology, focused on System participants, employers, and strategic partners. Each Agency business process is evaluated and will be re-engineered, as part of MPAS+ or Operations and Maintenance activities preceding MPAS+, for optimal and fully integrated solutions allowing a more robust workflow, integrated imaging system, increased functionality, improved communications, and greater member/retiree and employer access to their data.

The Business Operations Office, Benefits Administration, and Finance divisions have defined the requirements and project deliverables.

Thus far, the following components of the MPAS+ phases are complete:

- Project design including the plan to address each project element of processes, technology, and organization, thus providing a detailed road map for the remainder of the Project.
- Development and rollout of a member portal known as *mySRPS*. So far, more than 132,000 participants have created their *mySRPS* accounts. The current version of *mySRPS* includes:
 - Members: view account information; view and change beneficiaries; send and receive messages; create retirement benefit estimates; change contact information; print asset verification letters;
 - Inactive members: view account information; view and change beneficiaries; send and receive messages; create retirement benefit estimates; change contact information; print asset verification letters;

- Retirees: view account information; view and change beneficiaries; send and receive messages; print income verification letters; and reprint Form 1099-Rs;
- Annuitants: view payment history; change tax withholdings; and
- Agency staff: send/receive messages; create daily reconciliation reports; and managing *mySRPS* registration and accounts not accomplished through automated reset activities.
- Procurement of new *mySRPS* technologies to support Registration and Authentication services, Workflow & Customer Relations Management (CRM), and Member Document Storage (MDS) & Employer Document Service (EDS). These technologies will support re-engineered business processes through integrated imaging and voice systems, increased functionality, improved communications and greater member/retiree and employer access to their data.

The current and final effort with the MPAS+ Project entails the actual re-engineering of Agency business processes affecting the Agency’s relationships with participants, employers, and strategic partners. At project completion, the Agency’s business processes will be more automated, eliminating paper-based processes and providing “Straight Through Processes.” This final phase of the project was completed on July 31, 2022, except for the procurement and implementation of Identity Proofing services which is targeted to be completed by June 30, 2024. These services will increase the security of *mySRPS* by increasing the standards by which we verify a participant’s identity and will reduce the Agency’s overall fraud risk as it relates to the *mySRPS* application. This will enable us to provide more self-service opportunities for our participants, reducing the workload on agency staff while providing better service for our participants.

Business Operations Office Goals and Performance Measures

Goal 1 Formalize the execution of project cost management.

Business Operations Office Performance Standards and Measures:

- Provide consistency to the management of costs for projects.
 - Establish a Cost Management Plan.
 - Include the Cost Management Plan as part of the Project Management Plan (PMP).
 - Execute the Cost Management Plan.

Goal 2

Formalize the execution of project schedule management.

Business Operations Office Performance Standards and Measures:

- Provide consistency to the management of the project schedule.
 - Establish a Plan for Project Scheduling.
 - Include the Project Scheduling Plan as part of the Project Management Plan (PMP).
 - Execute the Project Scheduling Plan.

Goal 3

Improve the execution of project risk management.

Business Operations Office Performance Standards and Measures:

- Provide consistency to the management of risks for projects.
 - Review and revise the Risk Management Plan.
 - Execute the improved, revised Risk Management Plan.

Goal 4

Improve the execution of project quality assurance and process improvement.

Business Operations Office Performance Standards and Measures:

- Provide consistency to the management of quality assurance and process improvement for projects.
 - Review and revise the Quality Assurance / Process Improvement Management Plan.
 - Execute the improved, revised Quality Assurance / Process Improvement Management Plan.

Goal 5

To train and assist retirement coordinators of all participating employers.

Business Operations Office Performance Standards and Measures:

- Provide educational seminars and webinars for retirement coordinators and manage retirement coordinator certification program.
 - Ongoing supervisory review and tracking through Retirement Coordinator Learning Management System.
- Conduct annual general information sessions for all retirement coordinators.
 - Ongoing supervisory review and tracking through Retirement Coordinator Learning Management System.

- Conduct orientation meetings with new coordinators to discuss their responsibilities and meet individually with retirement coordinators on an as needed basis to answer questions and correct misconceptions.
 - Ongoing supervisory review.
- Achieve an 85% certification rate of all retirement coordinators in fiscal year to ensure that plan participants are effectively assisted at the employer level in the timely and accurate filing of retirement forms.
 - Tracking through Retirement Coordinator Learning Management System.

EXTERNAL AFFAIRS DIVISION

The External Affairs Division manages all Agency communications with the retirement and pension system's stakeholders. These include the system's responsibilities with the Maryland General Assembly and the news media as well as communications with the system's members, retirees, member associations and Maryland taxpayers. External Affairs is responsible for providing timely and accurate information to all stakeholders as to the goals and policies of the Board of Trustees, the functions and procedures of the State Retirement Agency, and the rights and benefits of the systems that comprise the State Retirement and Pension System.

Overall, the External Affairs Division is responsible for:

- Directing and managing the Agency's communications functions through the adoption of effective and efficient processes, standards and styles;
- Preparing system legislative proposals approved by the Board of Trustees for presentation to the Joint Committee on Pensions;
- Representing the system before the Maryland General Assembly, providing accurate and detailed information in support of or opposition to pension legislation;
- Serve as liaison for the Agency and Board of Trustees to the Judiciary, Legislature, Governor's Office, Congress and constituent groups;
- Assisting Agency staff in the development and implementation of regulations as well as the revision of existing regulations;
- Advising the Executive Director's Office with analysis and development of legislative proposals and other major policies affecting the Agency and its programs;
- Providing information and advocacy of issues to members of the Legislature;
- Supporting the executive, legislative and judicial branches of State government by providing accurate and timely responses to constituent inquiries and complaints related to rights and benefits;
- Performing writing and graphic design functions to produce Agency forms, newsletters, brochures, handbooks, presentations, illustrations, and other communications vehicles for both internal and external audiences;
- Developing and maintaining a rapport with reporters covering Agency issues;
- Maintaining the Agency's website;
- Establishing and maintaining an SRA presence on social networking sites, such as Facebook, Twitter, and YouTube;
- Working with Member Services in writing, designing, printing and distributing informed, useful, and appropriate materials (i.e. *Retiree News & Notes*, *The Mentor* and the Agency website);

- Serving as information resource to the State Retirement Agency, and other agencies, in providing clear and accurate information to staff on pension law (State and federal) impacting on the system, as well as Board of Trustee regulations;
- Determining eligibility for special retirement benefits involving elected and appointed officials and unclassified employees;
- Coordinating special projects as assigned by the Executive Director; and
- Coordinate the Agency's response to Public Information Act (PIA) requests.

External Affairs Division Goals

- Establish the Agency as a dependable and transparent provider of information as allowed under the Public Information Act.
- Provide more data sets on the Agency's website to further the goal of greater transparency.
- Collaborate with the Investment Division to better communicate and promote the Division's efforts and progress relating to ESG and DEI initiatives.
- Offer Board meeting books and exhibits on the Agency's website.
- Update the Agency's website daily.
- Anticipate and prepare messaging for internal and external audiences.
- Provide timely legislative policy analysis, services, strategies and information to the Agency and Board of Trustees.
- Inform SRA employees of the latest news and information concerning the Agency.
- Proactively inform the news media of the Agency's policies, personnel, investment program and results.
- Provide 24/7 media access to assist in the coverage of Agency activities and programs, consistent with prudent disclosure.
- Produce effective communications materials for all retirement plan participants to inform them about the benefits provided by the system and to educate them about planning and preparing for all aspects of their future retirement.
- Adhere to schedule for approving and finalizing publication of any new or amended regulation adopted by the Board of Trustees.
- Respond to correspondence within the mandatory time frames established by the Governor and Lt. Governor's correspondence groups; for other correspondence, respond within five workdays. All responses are to provide pertinent, accurate and detailed information, indicating referrals or appeal rights as needed.
- Respond to requests from SRA staff within 24 hours for information on laws, regulations, benefits, etc.
- Respond to all PIA requests in a timely manner.

FINANCE DIVISION

The mission of the Finance Division is to safeguard and ensure fiscal responsibility and accountability of the assets entrusted to the Maryland State Retirement and Pension Trust Fund and to also provide comprehensive finance and administrative support of the Systems' operations and overall mission and fiduciary responsibility to administer the benefits of the System's participants. The range of the comprehensive support services are provided by the following three division units – Financial Accounting Operations, Budget and Contracts, and Office services.

Finance Division Goals and Performance Measures

Goal 1 To accurately collect, control and deposit all System revenues in a timely manner.

Financial Accounting Operations & Reporting Performance Standards and Measures:

- Receipts will be deposited on the same day of receipt.
 - Random sampling conducted and ongoing supervisory review.

Goal 2 To accurately bill and collect annual required employer contributions and quarterly employer administrative fees from all Participating Governmental Units.

Financial Accounting Operations & Reporting Performance Standards and Measures:

- Annual employer contribution billings are to be issued on or before December 1st and contributions collected on or before December 31st.
- Quarterly employer administrative fees are billed and collected on or before October 1st, January 1st, April 16th, and June 1st of each fiscal year.
- Tracking conducted and maintained by PGU billing staff and supervisor.

Goal 3 To properly and accurately process all authorized disbursements to participants, employees, and vendors, in accordance with applicable laws, rules and regulations, when such amounts become due and payable.

Financial Accounting Operations & Reporting Performance Standards and Measures:

- Upon proper approval, applicable disbursements to participants, employees and vendors will be processed for payment within 24 hours of receipt of an approved disbursement request.
 - Random sampling conducted and ongoing supervisory review.
- Ensure approval of payment of all invoices within five business days.
 - Supervisor reviews and approves for payment; Fiscal Accounting monitors approval dates.

Goal 4

To ensure, through accurate, consistent, and diligent administration of the Agency's various bank account balances, that sufficient liquidity is regularly maintained to cover current and reasonably projected expenditures while maximizing the funds available for daily investment.

Financial Accounting Operations Performance Standards and Measures:

- Cash reconciliations and projections shall be prepared and reconciled within 15 business days following the end of the month.
 - Random sampling conducted and ongoing supervisory review.

Goal 5

To properly, consistently, and accurately generate document and record authorized financial transactions in accordance with Generally Accepted Accounting Principles to facilitate:

- Timely and accurate completion and distribution of monthly system and fund general ledgers.
- Timely and accurate preparation of the Agency's annual financial statements and Comprehensive Annual Financial Report.
- Proper accountability for all financial transactions by, between and among the Agency's various funds and systems.
- Material compliance with all relevant financial reporting rules established by the Government Finance Officer Association as requirements for receipt of the annual *Certificate of Achievement for Excellence in Financial Reporting*.

Financial Accounting Operations & Reporting Performance Standards and Measures:

- General Ledgers and Fund Ledgers will be closed within 15 business days following the end of the month.
 - Month end close tracking file maintained.

Financial Accounting Operations & Reporting Performance Standards and Measures:

- The Agency's annual consolidated financial statements will be published by December 15th following the previous fiscal year-end.
 - Year-end close tracking file maintained.

Financial Accounting Operations & Reporting Performance Standards and Measures:

- An application for the annual Government Finance Officers' Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting shall be completed and submitted on or before December 31st following the close of the previous fiscal year-end.
 - Year-end close tracking file maintained.

Goal 6 To cost effectively procure (in compliance with applicable laws, rules and regulations) those goods and services authorized and necessary for the efficient conduct of Agency operations.

Budget and Contracts Performance Standards and Measures:

- All requests for procurements shall be processed for funding within 1 business day of receipt by COO or Deputy COO for approval.
 - Random sampling conducted and ongoing supervisory review.

Goal 7 To ensure, through diligent budget preparation, administration, and analysis, that adequate funding is timely requested and, to the extent practical, obtained for all authorized Agency operations.

Budget and Contracts Performance Standards and Measures:

- The annual funding request for the upcoming fiscal year's Agency operating budget will be submitted to the Department of Budget and Management (DBM) for approval on or before the required deadline as stipulated by DBM.
 - Agency budget submission schedule assigned by DBM.

Goal 8 To provide efficient and comprehensive mail services including mail distribution, check recordation, centralized copying, and secured paper recycling and fleet management support.

Office Services Performance Standards and Measures:

- Ensure sufficient stock for distribution of MSRA forms for employers and participants.
 - Monthly inventory audit performed.
- Deliver to the Document Imaging Section by 10:30 a.m. all incoming mail received by 8:00 a.m.
 - Document Imaging Supervisor monitors on a daily basis.
- Forward to the appropriate party all mail received by 3:00 p.m. Processing includes any special handling requirements for certified mail, bulk mailing, and overnight mail delivery.
 - Supervisor monitors on a daily basis.
- Track and monitor the mailing of the monthly benefit checks and advices to ensure 100% delivery to the Post Office. Keep senior management informed as to mail delivery status, while also taking immediate actions to resolve any concerns or potential problems.
 - Tracking system maintained by supervisor and director.

- Forward 100% of checks received by noon to the Fiscal Accounting Unit for deposit by no later than 3:00 p.m.
 - Supervisor monitors on a daily basis.
- Process all outgoing checks that are printed in the Check Processing Room by 3:00 p.m. and mail via U.S. Postal Service by 4:00 p.m.
 - Supervisor monitors on a daily basis.

Goal 9

Operate and maintain an efficient document storage and electronic imaging system.

Office Services Performance Standards and Measures:

- Monitor and track Agency's records stored at the offsite storage facility, as well as effectively monitor storage cost.
 - Supervisor reviews on a monthly basis for proper billing and inventory.
- Image, index, and distribute all incoming and outgoing documents within one business day from the day received. All documents are imaged and indexed to member accounts for folder inquiry.
 - Supervisor monitors on a daily basis.
- Accurately index at least 98% of the imaged documents.
 - Periodic review and audit to ensure accuracy of indexed documents.

INFORMATION SYSTEMS DIVISION

Information Systems Mission/Purpose

The Division of Information Systems will provide the highest quality technology-based services, in the most cost-effective manner, to facilitate the Agency dual mission to administer the survivor, disability, and retirement benefits of the System's participants, and to ensure that sufficient assets are available to fund the benefits when due.

To meet this mission, we will:

- Provide effective technology support for audio/visual, computer, voice, video, and web-based applications and services to all areas of the Agency.
- Promote and facilitate the effective integration of technology into the dual mission of the agency through planning, programming, training, consulting, and other support activities.
- Develop, enhance, and manage the Agency's enterprise networks to provide high speed, transparent, secure, and highly functional connectivity among all information resources.
- Develop and maintain highly effective, reliable, secure, and innovative information systems to support administrative and investment functions.
- Facilitate the collection, storage, security, and integrity of electronic data while ensuring appropriate access.
- Promote new uses of information technology within the agency through the support for exploratory and innovative applications.
- Provide leadership for effective strategic and tactical planning in the use of technology.
- Provide fast & reliable access to all information systems.

Overview:

The Information Systems Division develops, operates, and maintains the systems and technologies used throughout the Agency. This encompasses enterprise-wide applications and applications unique to a specific division and operating on platforms at the Agency's secure Baltimore Data Center and the Agency's Annapolis disaster recovery processing site, along with State-wide applications shared within the State. Beginning in FY 2018, the Agency has leveraged several "cloud-based" services as part of its technology portfolio, integrated with on premise resources. The Agency's technology environment encompasses numerous tools that operate "behind the scenes" to reduce the business risk of running the Agency, including Internet firewalls, leak protection safeguards over sensitive data, sophisticated tools to monitor activities within the networks to protect against unauthorized use, and various tools to protect against network-borne viruses or "malware" that can attack the Agency's infrastructure.

The Agency's technical computing environment has grown increasingly complex over the past decade, matching the demands of the organization. As a result of the FY2018-FY2022 business process re-engineering initiative, numerous siloed business processes, participant services, employer services and document management become highly integrated and more efficient.

Fiscal Year 2023 Activities:

- **Recruitment and Retention:** Over the past five years, the Agency has been engaged in two major initiatives that have substantially increased its dependency on a skilled and stable Information Technology support staff. The Agency just completed a major digital automation transformation project, where many siloed and manual business processes were re-engineered, resulting in a complex and tightly integrated digital solution. In addition, two new online portal services were offered to participants and the Agency's 150 plus, participating governmental organizations that rely on our retirement administration services. Having the ability to recruit and retain qualified information technology professionals is critical to requirement for delivering the quality of service our members, beneficiaries and organizational participants have come to expect. The second major initiative involved transitioning investment portfolio management from contracted investment managers to Agency staff, resulting in significant staff, technology, and data growth. Existing technical staff have been called on to support critical investment decision making activities including implementing a commercial grade trading desk, supporting robust data mining and business intelligence solutions, and ensuring adequate security controls are in place for Bloomberg transaction SWIFT security compliance. As a result of these initiatives in conjunction with an advent of a substantial teleworking staff, the Agency has increased dependencies on areas of network and systems engineering, cybersecurity, and systems development. Having the ability to recruit and retain qualified information technology professionals is critical for delivering the quality of service our members, beneficiaries and organizational participants have come to expect. Like much of the Information Technology industry that is facing a talent shortage, the Information Systems Division has been struggling to recruit and retain quality staff in several critical areas of support. Although we are fortunate to have a core group of dedicated staff, there are still critical vacancies that we struggle to fill. In addition, several key leadership personnel are nearing retirement. Having a strong transition strategy in place, with skilled replacements, will be critical in our efforts to maintain continuity of operations and improve service delivery. The primary focus for senior management has been addressing the challenges of quality staff recruitment and retention. Our initial phase I involved working with the Maryland Department of Budget & Management's Classification & Salary Division (Md DBM/C&S) to retain and reward existing staff by offering a more competitive salary offering. Current state information technology classifications emphasize the responsibilities of supervision to provide any form of career growth path.

By conducting a divisional re-organization, we were able to establish several new opportunities for staff to be promoted into higher classification levels. The result of this initial exercise allowed management to re-classify 77% of the currently filled positions and provide almost \$97,000 in total salary increases. Phase II has involved establishing a more robust, accurate and competitive portfolio of information technology classifications designed to address current needs, focused on providing career and succession planning opportunities based on increased expertise and certifications. Extensive energy and creativity have been applied over the second half of the fiscal year developing these new classification series, which will be effective for fiscal year 2024.

- Cybersecurity: Developing a more mature cybersecurity posture is a continuing goal for the Information Systems Division and the past year has been no different. The team has been subject to several audits and assessments which have had a significant resource impact on daily operations. As a result of the assessments, specific areas of focus have been identified, including:
 - Agency IT Risk Management
 - Third Party Risk Management
 - Privileged Access
 - Annual External Penetration Testing
- MPAS+ Development Resources: Fiscal Year 2023 is seeing the conclusion of the current professional services contracts that were initiated to support the increased development activities required for the MPAS+ re-engineering project. For Fiscal Year 2023, the Agency was able to engage six personnel from each of the two participating vendors. This level allowed the Agency to successfully implement deliverables based on the priorities and timelines established by the Information Technology Steering Committee and managed by the Business Operations Office. We were fortunate to delay the use of Fiscal Year 2023 funding until mid-way through the year, enabling the Agency to maintain this staffing level.

Fiscal Year 2024 Planned Activities:

- Recruitment and Retention: A component of the Fiscal Year 2024 budget preparation process, the Information Systems Division submitted an Annual Salary Review (ASR) request as Phase II in recruitment and professional career development strategy. Having a more robust, accurate and competitive portfolio of information technology classifications designed to address current needs, responsibilities and focused on providing career and succession planning opportunities based on increased expertise and certifications is seen as key to supporting the Agency's information technology initiatives. Beginning in Fiscal Year 2024, most of the Information Systems staff will be re-classified into new, more accurate classification series that are designed to provide increased compensation, well as career development opportunities. In addition to existing staff, there are several key vacancies where the division

can leverage the new classification series to recruit talented applicants in the areas of cybersecurity, systems development, and database management. The Cybersecurity team will be focusing its attention on the recruitment of a candidate to be instrumental in addressing compliance. Recognizing need to develop internal staff to take ownership of MPAS+, and to better support on going IT Steering Committee initiatives the Systems Development team will be active in recruiting talented software engineers and a database administrator, as an initial step in reducing outsourced vendor reliance.

- Cybersecurity:
 - Continuing Fiscal Year 2023 activities, the Information Systems Division will continue to mature its cybersecurity posture. Leveraging the research conducted in prior year, a decision is planned for selecting a Governance, Risk and Compliance (GRC) solution. The selection will provide a framework and methodology to more efficiently manage and monitor the controls needed to satisfy multiple assessment frameworks, and compliance standards including the NIST Cybersecurity Framework, NIST 800-53 Standards, Maryland Department of Information Technology Security Policy and the several audits conducted by the Agency's Internal Audit staff utilizing the Control Objective for Information Technology (COBIT) framework. By implementing such a solution, we plan to establish a more defined set of scheduled activities that increase accountability, timeliness, and efficiencies in monitoring tasks.
 - The request to replace the Agency's mission critical backup and recovery solution that has reached near capacity levels was approved. This is a result of the MPAS+ project's focus on the digital automation transformation of a paper centric business model as well additional storage needs by document retention cycles. In addition, increased capacity is needed to support the data driven investment decision making and modeling tools. Adding to the Agency's cybersecurity architecture, the purchase of additional hardware and software resources to mitigate the risk of data loss due to malicious cybersecurity attacks, and the establishment of a quarantined offline managed storage environment were both approved.
 - The implementation of a Privileged Access Management solution will be a priority for the upcoming fiscal year. Both the Network and Cybersecurity teams have allocated time and resources to documenting the needs and exploring possible solutions. The implementation team has narrowed the potential options and, based on vendor offerings and fiscal resources, will look to begin implementation in Fiscal Year 2024.
 - As documented in the Recruitment and Retention activities, the Cybersecurity team will focus on recruiting a valuable Cybersecurity Defense Compliance Specialist responsible for coordination and communication.

- **MPAS+ Development Resources:**
 - The primary focus for Fiscal Year 2024 will be awarding a new multi-vendor, multi-year professional services contract to supplement, software engineering, database administration, business analysis and project management skills. A review of requirements resulted in a redefined suite that reflects an ever-changing job market and the new services that require support based on the MPAS+ business process re-engineering project. We are projecting a new award to be completed in the second half of the Fiscal Year 2024. Several procurement activities will require substantial staff time and resources including TORFP response evaluation, conducting oral interviews, and final awards.
 - The Division’s Fiscal Year 2024 budget request included increased funding to support current outsourced staffing levels. Initial indicators point to receiving Fiscal Year 2023 levels. Based on this funding level, a strategy will need to be developed by the Information Systems Division, Business Operations Office, IT Steering Committee and the Budget Management Office working together to supplement budget appropriations and/or reduce staffing levels.
 - Establishing an Agency systems development team that is less reliant on the support of external service providers is a goal of Information Systems and senior management. Historically this has been a challenge given the proximity to the Federal Government and other organizations with a competitive advantage recruiting scarce information technology applicants. As outlined above, the Division plans to take advantage of the newly established IT classifications to grow its internal systems development talent pool, resulting in a more cost effective and stable support team.

Information Systems Division Goals and Performance Measures

- Goal 1** To provide the Agency with data, voice, and video technology that meets the needs, and exceeds the expectation of Agency management, the Board of Trustees, and other constituencies served.

- Goal 2** To plan and execute initiatives that improve the Agency’s business operations, supporting the Agency’s Strategic and Business Plans, each major division’s goals and objectives, the annual Maryland State IT Master Plan (along with a subordinate Agency IT Master Plan and Major IT Development Projects), and the annual Agency budget.

The Information Systems Division aims to be attentive to technology performance, to identify and resolve problems before adverse situations arise, and to remain ahead of the curve when identifying technology components that are nearing the end of their respective useful lives (or termination of product vendor support). When any given service has been disrupted, Information Systems has communicated with Agency staff throughout the outage.

INTERNAL AUDIT DIVISION

The mission of the Internal Audit Division is to provide independent, objective assurance and consulting services designed to add value and improve the Agency's operations. It assists the Agency in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

The primary objective of the Division's auditing services is to provide independent assurance to the Audit Committee that:

- System assets are safeguarded from loss, fraud, waste, and abuse;
- Compliance is maintained with prescribed laws, rules, regulations, Board of Trustees, State of Maryland, and Agency policies, and where appropriate, industry best practices; and
- Operational effectiveness and efficiency are enhanced.

Internal Audit Division Goals and Performance Measures

Goal 1 Provide a wide range of quality independent internal auditing services for the Audit Committee, and consulting services for Agency management.

Performance Standards and Measures:

- Internal audits are performed to address the most significant risks, based on the resources available.
 - A comprehensive Agency-wide risk assessment is performed annually to identify and prioritize auditable activities.
 - An annual audit plan is developed, based on Internal Audit's assessment of risk and available resources, and is approved by the Audit Committee.
 - The annual audit plan provides for additional unscheduled audits, special reviews, and consulting services as requested by the Audit Committee and Agency management.
 - Outside resources are used to audit areas where specialized expertise is required.
- Internal audits are performed efficiently and effectively.
 - Audits are properly planned, in order to identify relevant criteria and significant controls for testing.
 - Audits include automated data extraction and analysis procedures, where possible.
 - Staff meetings are used to gain input from all Internal Audit personnel on an audit's potential risks, controls, testing approaches, etc.

Goal 2

Perform independent compliance assessments of State Agencies and local government employers' enrollment and reporting practices.

Performance Standards and Measures:

- All State Agencies and local government employers that actively participate in the System are audited within a five-year cycle.
 - Internal Audit identifies relevant audit steps, based on an understanding of statute, regulations, and Agency requirements.
 - Internal Audit identifies the employers that are to be audited during the year.
 - A contractual external CPA firm performs audits of employers, based on agreed-upon procedures.
 - Internal Audit provides direction and support to the CPA firm, by providing files, investigating unusual items, resolving issues, and reviewing their findings.
 - Internal Audit communicates audit findings to Agency management, which follows up on the findings and recommendations.
 - Internal Audit reviews the CPA firm's working papers on a sample basis, to determine if audit steps were performed as intended, findings were supported, and working papers were properly reviewed.
- The CPA firm presents the results of their employer audits to the Audit Committee on an annual basis.

Goal 3

Maintain a quality assurance program to ensure that audits are performed in compliance with Generally Accepted Government Auditing Standards.

Performance Standards and Measures:

- An internal quality assurance function is maintained within the Internal Audit Division.
 - Checklists have been developed to identify the relevant standards that should be met.
 - For a selection of audits, a member of the Internal Audit Division who was not directly involved in the audit uses established checklists to determine if audit procedures and documentation meet standards. They report their results, as well as any recommendations for improvement, to the Chief Internal Auditor.
 - A review of Internal Audit personnel's compliance with general standards is performed annually.

- External quality assurance reviews are obtained, as required by standards.
 - The Internal Audit Division receives an external peer review every three years, to determine if audits were performed in compliance with Generally Accepted Government Auditing Standards.
 - The results of the external peer review are provided to the Audit Committee upon completion.

Goal 4

To maintain a dynamic, team-oriented environment that encourages personal and professional growth, and challenges internal audit staff to reach their full potential.

Performance Standards and Measures:

- Each Internal Audit member is required to obtain 40 hours of continuing professional education (CPE) credits in relevant areas each year.
 - The annual audit plan includes 40 hours per year for professional training for each member of Internal Audit.
 - Internal Audit's budget request includes funding to support the CPE that is required.
 - Each employee tracks their CPE credits and maintains documentation.
 - The CPE credits for all Internal Audit personnel are reviewed annually for compliance.
- Internal Audit personnel are encouraged to obtain relevant professional certifications.
 - Budget requests are made to provide funding for study materials and test fees.

INVESTMENT DIVISION

The Investment Division has investment management responsibilities for \$64.4 billion of assets (as of June 30, 2022) held in trust for the members and beneficiaries of the Maryland State Retirement and Pension System.

The Investment Division, with support from the System's investment consultants, recommends investment policy and asset allocation, provides oversight of internal and external investment managers in all asset classes, implements the Board's asset allocation and other initiatives, and monitors global capital markets to position the portfolio to take advantage of opportunities.

Investment Division Goals and Performance Measures

Goal 1 Over time, exceed the actuarial assumed rate of return and the policy benchmark through effectively implementing the approved asset allocation with interim objectives of minimizing volatility and protecting the real value of assets by achieving positive real returns.

Performance Standards and Measures for Alpha Generation:

- On a monthly basis, net performance versus the policy benchmark is provided by the custodian bank.
- Present to the Board a quarterly performance analysis for the total fund and individual manager performance, which includes attribution showing sources of outperformance or underperformance.
- Risk of the total fund, as measured by standard deviation and tracking error, is reported on a quarterly basis versus the policy benchmark, as well as a peer universe.

Goal 2 Prudently invest System assets in a well-diversified manner to optimize long-term returns, while controlling risk through portfolio construction, manager monitoring and careful execution of the investment objectives and strategies of the System, over a long-term horizon.

Asset Allocation Performance Standards and Measures:

- On a month-to-month basis, maintain allocations within the Board of Trustees' strategic asset allocation ranges.
- Present to the Board at least quarterly an overview of total plan performance, individual manager performance and various risk metrics.
- Deliverables tracking maintained by staff.

Goal 3

Develop and implement a plan to better communicate and promote the Investment Division's efforts and progress relating to ESG and DEI initiatives.

Performance Standards and Measures for ESG/DEI Communication Goal:

- Provide data and information in a summarized and accessible format that will demonstrate to constituents the System's commitment to responsible stewardship of plan assets and effective policies relating to ESG and DEI.

SECTION 3

FY 2024 AND ONGOING AGENCY INITIATIVES

BENEFITS ADMINISTRATION DIVISION – BUSINESS PLAN INITIATIVE

Project 14BA04: REVIEW AND REVISION OF CODE OF MARYLAND REGULATIONS

Project Description: This is an ongoing initiative that will involve a comprehensive review of certain regulations affecting the operations of the Benefits Administration Division. As staff identify concerns with existing regulations, or the need for new regulations, Administration will work with other Agency divisions to ensure that the internal operations and processes are consistent with the regulation and provide complete and accurate information to the public.

Expected Outcome: Updated regulations will be presented to the Administrative Committee and Board of Trustees throughout the fiscal year, and published in the Code of Maryland Regulations after Benefits Administration, Executive, and Legislative review.

Timing: Ongoing.

Link to Goals: This initiative will directly support the Agency's goal to effectively communicate to all retirement plan participants the benefits provided by the System and to educate them about planning and preparing for all aspects of their defined benefit system.

Budget Implications: This initiative will be completed with existing resources and should result in no additional costs to the Agency.

BENEFITS ADMINISTRATION DIVISION/BUSINESS OPERATIONS OFFICE/EXTERNAL AFFAIRS DIVISION – JOINT BUSINESS PLAN INITIATIVE

Project 21BA/BO/EA01: **ELIMINATE PRINT VERSION OF THE *RETIREE NEWS & NOTES* NEWSLETTER; TRANSITION TO EXCLUSIVE EMAIL DISTRIBUTION**

Project Description: Working with the Benefits Administration and the Business Operations Office, External Affairs will establish a system to collect and develop an email list for retirees and their beneficiaries to maximize the distribution of the semi-annual Retiree News & Notes newsletter as an electronic publication.

Expected Outcome: By eliminating printing and postal costs associated with this publication, the Agency will be able to communicate in a timelier manner with retirees and their beneficiaries, increase the number of publications, and offer greater flexibility to respond to unexpected events affecting the System.

Timing: To be completed by June 2025.

Link to Goals: Provides useful and timely information in the service of Agency members.

Budget Implications: Will be accomplished using existing resources but will reduce the \$100,000 spent annually through a corresponding reduction in printing and postage costs.

BENEFITS ADMINISTRATION DIVISION/BUSINESS OPERATIONS OFFICE/FINANCE DIVISION/INFORMATION SYSTEMS DIVISION – JOINT BUSINESS PLAN INITIATIVE

Project 19BA/BO/FD/IS01: **MPAS+ BUSINESS PROCESS RE-ENGINEERING**

Project Description: With the exception of the procurement of the *mySRPS* Identify Proofing Software, re-engineering of the individual business processes within the MPAS+ project are complete. Any remaining work related to re-engineering of business processes will be handled as part of ongoing maintenance and enhancement initiatives. The Business Operations Office and Information Systems Division will implement an identity proofing software-as-a-service on *mySRPS*, the agency’s secure participant website following the procurement of the software. This service will both verify the identity of the individual and confirm that the prospective *mySRPS* registrant matches that identity. This service will include a government ID match where the participant takes a picture of their government ID and a selfie. The software-as-a-service will validate that the government ID is valid and that the picture on the government ID matches the selfie. The service will also provide an alternate method which will include a knowledge-based quiz. This higher standard of identify proofing is required to allow participants to complete sensitive transactions, such as withdrawals of member contributions and processing of retirement applications, through *mySRPS*.

Expected Outcome: The expected outcome of this project is to increase the security of *mySRPS* and reduce the Agency’s overall fraud risk as it relates to the *mySRPS* application. Doing so will enable the Agency to offer more self-service opportunities to our members, enhancing services and reduce the workload on agency staff.

Timing: Targeted for completion by June 2024.

Link to Goals: This project links directly to the Agency's goals:

- To pay all retirement allowances provided by State pension law to the System's retirees and their beneficiaries in an accurate and timely manner.
- To effectively communicate with all retirement plan participants to inform them about the benefits provided by the System, and to educate them about planning and preparing for all aspects of their future retirement.
- To implement an automated, comprehensive, and integrated pension administration and electronic document management system.

Budget Implications: This initiative will require the resources of multiple vendors and additional personnel. Funds for this initiative were allocated as part of MPAS+ project budget. These unspent funds will be reappropriated in FY 2024.

BENEFITS ADMINISTRATION DIVISION/BUSINESS OPERATIONS OFFICE/FINANCE DIVISION/INFORMATION SYSTEMS DIVISION – JOINT BUSINESS PLAN INITIATIVE

Project 23BA/BO/FD/IS01: **DAILY PAYMENTS 2.0 – AUTOMATION OF WITHDRAWAL OF MEMBER CONTRIBUTIONS (REFUNDS)**

Project Description: Business Operations Office will coordinate and work with Benefits Administration, Finance and Information Systems to evaluate and re-engineer the “Withdrawal of Member Contributions” for optimal and fully integrated solutions allowing a more robust workflow, integrated imaging system, increased functionality, improved communications, and greater member/retiree and employer access to their data. The Agency’s re-engineered business process will be more automated, eliminating paper-based processes and providing “Straight Through Processes”. This new feature will be integrated into the re-engineered Daily Payments business process, Traverse Financials, and Microsoft Dynamics 365 CRM which were launched as part of MPAS+ project.

Expected Outcome: The expected outcome of this project is increased efficiency and time savings in the processing of the member/beneficiary requests to withdraw member contributions and make payments in less than two to three business days. If the request doesn’t require additional information to process, it could result in a STP (Straight Through Process) case resulting in issuing a payment in the same business day.

Timing: Targeted for completion by June 2024.

Link to Goals: This project links directly to the Agency’s goals:

- To pay all retirement allowances provided by State pension law to the System’s retirees and their beneficiaries in an accurate and timely manner.
- To implement an automated, comprehensive, and integrated pension administration and electronic document management system.

Budget Implications: This initiative will require the resources of multiple vendors and additional personnel and will be accomplished using the existing and future Operations and Maintenance Contracts.

BENEFITS ADMINISTRATION DIVISION/BUSINESS OPERATIONS OFFICE/FINANCE DIVISION/INFORMATION SYSTEMS DIVISION – JOINT BUSINESS PLAN INITIATIVE

Project 23BA/BO/FD/IS02: **EMPLOYER PORTAL 2.0 – AUTOMATION OF MEMBER’S PAYROLL DATA
ADJUSTMENTS & EMPLOYER PAYMENTS**

Project Description: Business Operations Office will coordinate and work with Benefits Administration, Finance and Information Systems to evaluate and re-engineer the “Adjustments to Member’s Payroll Data” and “Payments for Employer Contributions and Administrative Fees” for optimal and fully integrated solutions allowing a more robust workflow, integrated imaging system, increased functionality, improved communications, and greater member and employer access to their data. The Agency’s re-engineered business process will be more automated, eliminating paper-based processes and providing “Straight Through Processes”. This new feature will be integrated into the re-engineered Employer Portal and Employer Administration applications, Traverse Financials, and Microsoft Dynamics 365 CRM which were launched as part of MPAS+ project.

Expected Outcome: The expected outcome of this project is increased efficiency and time savings in the processing of the adjustment requests to member’s payroll data, automating the payment processing for the adjustments and processing of updates to the member accounts. This feature will be rolled out to nearly 170 Participating Governmental Units (PGUs). It will eliminate the current process of collecting the paper-based transactions and manual payments, and delayed updates to the member accounts.

Timing: Targeted for completion by June 2024.

Link to Goals: This project links directly to the Agency’s goals:

- To pay all retirement allowances provided by State pension law to the System’s retirees and their beneficiaries in an accurate and timely manner.
- To implement an automated, comprehensive, and integrated pension administration and electronic document management system.

Budget Implications: This initiative will require the resources of multiple vendors and additional personnel and will be accomplished using the existing and future Operations and Maintenance Contracts.

**BENEFITS ADMINISTRATION DIVISION/BUSINESS OPERATIONS
OFFICE/FINANCE DIVISION/INFORMATION SYSTEMS DIVISION – JOINT
BUSINESS PLAN INITIATIVE**

Project 23BA/BO/FD/IS03: **MEMBER ACCOUNTS AUDIT 2.0 – CONDUCT AUDIT & PERFORM REAL TIME ADJUSTMENTS TO MEMBER ACCOUNT DATA**

Project Description: Business Operations Office will coordinate and work with Benefits Administration, and Information Systems to evaluate and, enhance and improve the initial version of the Accounts Audit application which was launched as part of MPAS+ project. Member Accounts Audit 1.0 allows the SRA staff to view (only) all member data required for performing the audit. Version 2.0 will allow SRA staff to conduct a comprehensive audit of a member account and make real time adjustments to the member data. Version 2.0 will be more automated, eliminating paper-based transactions and a more “Straight Through Process”.

Expected Outcome: The expected outcome of this project is increased efficiency and time savings in performing account audits and processing of any adjustments to member accounts in real time. This would pave the path for expedited processing of retirement account setups, service purchases, system transfers, etc. This will also sunset the existing application which allows SRA staff to perform salary adjustments and calculation of Average Final Compensation (AFC) used in retirement benefit calculation. The existing application is outdated and requires technology upgrades which will not be required with Member Accounts Audit 2.0.

Timing: Targeted for completion by June 2024.

Link to Goals: This project links directly to the Agency’s goals:

- To pay all retirement allowances provided by State pension law to the System’s retirees and their beneficiaries in an accurate and timely manner.
- To implement an automated, comprehensive, and integrated pension administration and electronic document management system.

Budget Implications: This initiative will require the resources of multiple vendors and additional personnel and will be accomplished using the existing and future Operations and Maintenance Contracts.

BENEFITS ADMINISTRATION DIVISION/BUSINESS OPERATIONS OFFICE/FINANCE DIVISION/INFORMATION SYSTEMS DIVISION – JOINT BUSINESS PLAN INITIATIVE

Project 23BA/BO/FD/IS04: **FORM AUTOMATION 2.0 – AUTOMATION OF FORM 1 ENROLLMENTS,
FORM 4 DESIGNATION OF BENEFICIARIES**

Project Description: Business Operations Office will coordinate and work with Benefits Administration, and Information Systems to evaluate and automate the processing of Form 1 (Enrollments), and Form 4 (Designation of Beneficiaries) for optimal and fully integrated solutions allowing a more robust workflow, integrated imaging system, increased functionality, improved communications, and greater member and employer access to their data. The Agency’s re-engineered business processes will be more automated, eliminating paper-based processes and providing “Straight Through Processes”. The automation of the processing of these forms will replicate the automation of Form 9 Service Retirement Estimates, W-4P Federal Withholding Taxes, 766.11 State Withholding Taxes and Form 85 Direct Deposit Instructions which were launched as part of MPAS+ project.

Expected Outcome: The expected outcome of this project is increased efficiency and time savings in the processing of the member enrollments, and designation and change of beneficiaries for members and retirees. It will eliminate the current process of collecting the paper-based forms, prepare manual paper transactions, and delayed processing of updates to the participant accounts.

Timing: Targeted for completion by June 2024.

Link to Goals: This project links directly to the Agency’s goals:

- To pay all retirement allowances provided by State pension law to the System’s retirees and their beneficiaries in an accurate and timely manner.
- To implement an automated, comprehensive, and integrated pension administration and electronic document management system.

Budget Implications: This initiative will require the resources of multiple vendors and additional personnel and will be accomplished using the existing and future Operations and Maintenance Contracts.

EXTERNAL AFFAIRS DIVISION – BUSINESS PLAN INITIATIVE

Project 24EA01: RESTRUCTURE EXTERNAL AFFAIRS DIVISION INTO THE STATE RETIREMENT AGENCY’S OFFICE OF COMMUNICATIONS

Project Description: This project initiative would establish an Office of Communications that will provide leadership, expertise, management and coordination in developing successful communications strategies and products that advance the mission of The State Retirement Agency to internal and external audiences. The Office of Communications will be proactive, creative, innovative and collaborative in communicating clear, concise, relevant and consistent information for each of the Agency’s divisions via all forms of media. This restructuring would first be accomplished by reassigning the Director of Legislative Affairs as a direct report to the Executive Director. The Office of Communications would maintain a synergistic collaboration with the Director of Legislative Affairs, a vital relationship in its mission to inform.

Expected Outcome: More effective and timely communications.

Timing: Anticipated completion date is January 2024.

Link to Goals: Further establish the Agency as a trusted resource for retirement information.

Budget Implications: None.

EXTERNAL AFFAIRS DIVISION/INFORMATION SYSTEMS DIVISION – JOINT BUSINESS PLAN INITIATIVE

Project 22EA/IS01: REDESIGN THE CAFÉ, THE AGENCY’S INTRANET SITE

Project Description: Working with Information Systems, External Affairs will assess the Agency’s capability to redesign The Café internally to enhance its utility and expand its use to engage the SRA workforce.

Expected Outcome: An attractive intranet site that will be the go-to site for employees to find the latest news about the Agency and their fellow employees.

Timing: To be completed by June 2024.

Link to Goals: Inform SRA employees of the latest news and information concerning the Agency.

Budget Implications: Will be accomplished using existing resources.

FINANCE DIVISION – BUSINESS PLAN INITIATIVE

Project 21FD01: OFFICE SPACE EXPANSION AND LEASE RENEWAL

Project Description: This project initiative is a continuance of Investment Division’s FY 2020 Business Plan Project which initiated the process of expanding the Investment Division’s office space in order to accommodate its 5-year planned growth in operations and the size of the Investment staff. An executed lease was finalized and approved by the Board of Public Works (BPW) May 19, 2021, after which Finance along with the Department of General Services – Lease Construction Unit commenced with providing oversight, coordination, and staging of agreed upon office expansion renovations and tenant improvements in both the existing and expanded office space as well as acquisition of all office furniture and/or equipment.

Expected Outcome: Completion of all expansion and existing office space construction and renovations and coordination with IS of all necessary networking and telecommunications needs. Relocation of the IS Division into the expansion office space. Expansion of the Investments Division into space that will be vacated by the Information Systems Division to fully accommodate the growth in staff accomplished via new hires made during FY 2020 and FY 2021. Installation of a trading floor area to accommodate the shift to internal management of assets. Delivery and installation of all necessary office furniture and equipment.

Timing: Relocation of the Information Systems Division into the expansion office space and expansion of the Investments Division into space vacated by the Information Systems Division has been completed. Completion of renovations to existing office space on the 15th and 16th floors remain to be completed. Anticipated completion date is December 2024.

Link to Goals: This project links directly to the Agency’s goal to prudently invest System assets in a well-diversified manner to optimize long-term returns, while controlling risk through excellence in execution of the investment objectives and strategies of the System.

Budget Implications: This initiative will be completed with Agency FY 2023 budgeted resources.

FINANCE DIVISION – BUSINESS PLAN INITIATIVE

Project 22FD01: ACQUISITION OF AN INTEGRATED FINANCIAL REPORTING SOFTWARE SOLUTION

Project Description: This project initiative is a continuance of the Finance Division’s FY 2022 Business Plan initiative to acquire a financial reporting software solution that will automate the integration of connected financial data from multiple sources throughout the Agency; streamline the internal collaborative production and review process for the production of the Maryland State Retirement and Pension System’s (MSRPS) Annual Comprehensive Financial Report as well as other required financial reports and filings.

Expected Outcome: The expected outcome of this project is increased efficiency and time savings in the collection, compilation, review and analysis of data from multiple sources; automation of an integrated and collaborative review process; in-line commenting to individuals or groups allows for more real-time communications; reduced non-value-added work; and versioning controls and audit trails that keep everything logged in one central location.

Timing: The Finance Division has completed the procurement process to acquire the integrated financial software solution, Workiva, used by General Accounting Division of the Maryland Comptroller’s Office. Full installation and implementation of the software is expected to be completed by or before April 2024.

Link to Goals: This project links to the Agency’s goal to implement an automated, comprehensive, and integrated pension administration and electronic document management system.

Budget Implications: This initiative will be completed with Agency FY 2023 budgeted resources.

FINANCE DIVISION – BUSINESS PLAN INITIATIVE

Project 24FD01: Finance Division Reorganization, Staff Development & Succession Plan

Project Description: Rebuild, redefine, and strengthen the Finance Division’s organizational structure and operational processes and procedures; develop and increase the Finance Division’s permanent staffing resources; fortify and strengthen the financial internal control structure of the agency; fortify the agency’s succession preparedness; pay retirement allowances accurately and on time; efficiently collect required employer and members contributions; and to implement and maintain an automated, comprehensive, and integrated pension administration and electronic document management system.

Expected Outcome: The expected outcome of implementing this initiative is improved operational performance, productivity, and efficiency across all units within the Finance Division (Financial and Accounting Operations; Budget, Procurement and Contracts; Office Services) and the Agency as a whole. Increase in personnel cost associated with increasing Finance permanent staffing will be offset by the elimination of current overtime costs and existing contractual positions that have historically been difficult to fill and retain hires. Additionally, investing in the professional development of the Finance staff workforce is expected to improved staff performance, productivity, and morale and retention of valuable knowledge and experience all of which render and intangible benefit to the agency and the pension trust fund.

Timing: Efforts to reorganize and professionally develop staff and to re-define operational processes and procedures will begin in FY2024. Pursuit of an increase in permanent staff positions will begin in FY2024 as an FY2025 over-the-target budget request that will seek to both convert existing contractual positions and acquire additional permanent positions to fulfil the critical need.

Link to Goals: This project will directly support the System’s mission to ensure that sufficient assets are available to fund benefits when due; pay retirement allowances accurately and timely to retirees and their beneficiaries; efficiently collect required employer and members contributions needed to fund the System; and to implement and maintain an automated, comprehensive, and integrated pension administration and electronic

FINANCE DIVISION – BUSINESS PLAN INITIATIVE

document management system. This initiative will also support the System’s mission to invest the System’s assets in a more efficient way, which will lead to higher investment returns at a lower cost.

Budget Implications: Reorganization, professional development of staff and re-defining the Finance Division’s operational processes and procedures will be paid for using existing resources in the FY2024 budget. The need for additional permanent staffing positions will be identified by an ongoing assessment by UHY. We will seek approval for those positions in FY2025.

INTERNAL AUDIT DIVISION – BUSINESS PLAN INITIATIVE

Project 24IA01: EXTERNAL PEER REVIEW

Project Description: An external peer review will be performed to determine if the Internal Audit Division is performing audits in conformance with Generally Accepted Government Auditing Standards (GAGAS) as well as the Institute of Internal Auditors Standards (IIA Standards). The Internal Audit Division will address and correct any issues noted as a result of this peer review.

Expected Outcome: The external peer review will result in a report indicating whether the Internal Audit Division’s audits were completed in accordance with GAGAS as well as the IIA Standards. The report will identify areas where compliance can be improved.

Timing: To be completed by June 2024.

Link to Goals: The Internal Audit Division is required to comply with GAGAS and the IIA Standards. An external peer review helps to ensure that the Internal Audit Division is operating in compliance with these standards.

Budget Implications: Additional budget resources are required for this initiative. Internal Audit has included \$20,000 in its FY 2024 budget request, in order to provide funding for this initiative.

INVESTMENT DIVISION – BUSINESS PLAN INITIATIVE

Project 20ID01: CONTINUED IMPLEMENTATION OF THE DIVISION’S COST SAVINGS INITIATIVE

Project Description: Develop the human resources, systems, and processes necessary for the continued implementation of the cost savings initiative. This includes expanding the amount of assets and number of mandates that are managed internally. Staff will also focus on more active management strategies around the benchmark for existing mandates to generate additional value. The initiative also includes other cost savings measures including continued investments to co-investing strategies.

Expected Outcome: The expected outcome of implementing a cost savings initiative and more active management is improved performance and efficiency through higher investment returns and/or a lower risk profile. By managing a portion of System assets internally, the fees associated with external management will be reduced, which should lead to higher net-of-fee returns. In addition, the skills and market insights necessary for internal management will broadly enhance the sophistication of the Investments staff, which can be applied to benefit the entire portfolio. More active internal management is expected to not only save on management fees, but also achieve excess returns relative to the relative benchmarks. Co-investments, particularly in higher cost private markets, will have a significant impact on the System’s cost structure.

Timing: In fiscal year 2024, the Investment Division will continue to look for opportunities to fund new internal accounts, as well as apply more active strategies to existing passive mandates. Co-investments should also constitute a significant portion of investment activity in fiscal year 2024, as more formal structures and processes are developed around this initiative.

Link to Goals: This project will help advance the System’s goal of investing the System’s assets in a more efficient way, which will lead to higher investment returns at a lower cost.

INVESTMENT DIVISION – BUSINESS PLAN INITIATIVE

Budget Implications: This project should not have a budgetary impact, as all expenses of the Investment Division are off-budget as a result of legislative action in the 2018 session. While there are increased costs associated with internal management, the fee savings and improved performance should outweigh these costs over time.

SUMMARY OF BUSINESS PLAN INITIATIVES

Project Number	Initiatives	Division	Completion Date	Status
<i>Completed Business Initiatives</i>				
19BA/BO/FD/IS01	MPAS+ Business Process Re-engineering Subproject 4 – Improvement (Business Process Re-engineering	Benefits Administration Division, Business Operations Office, Finance Division, and Information Systems	June 30, 2022	
<i>New & On-going Business Initiatives</i>				
14BA04	Review and Revision of Code of Maryland Regulations	Benefits Administration Division	Ongoing	<p>SRA continues to be engaged in the State “Regulatory Review & Evaluation” process in which every eight years, State agencies determine whether their regulations “are necessary for the public interest, continue to be supported by statutory authority and judicial opinion, or are appropriate for amendment or repeal.” Staff will be bringing recommendations for regulatory changes to the Board as updates are completed.</p> <p>Thus far, we have reviewed twenty-two COMAR chapters. Nineteen of those chapters have gone through the entire AELR/publishing process and those amended chapters are now in effect. Three chapters were reviewed and found to need no revisions. Agency staff will continue to meet on a regular basis until individual regulations have been completely reviewed.</p>

Project Number	Initiatives	Division	Completion Date	Status
21BA/BO/EA01	Eliminate Print Version of the <i>Retiree News & Notes</i> Newsletter; Transition to Exclusive Email Distribution	Business Administration Division, Business Operations Office, and External Affairs Division	Jun-25	Initiative deferred pending further progress with MPAS-3 Project.
19BA/BO/FD/IS01	MPAS+ Business Process Re-engineering Subproject 5 – mySRPS Identify Proofing Software	Benefits Administration Division, Business Operations Office, Finance Division, and Information Systems	Jun-24	Procurement of Identity Proofing software is in progress. Proof of Concepts (POC) with several vendors were completed to identify the best solution for the Agency.
23BA/BO/FD/IS01	Daily Payments 2.0 – Automation of Withdrawal of Member Contributions (Refunds)	Benefits Administration Division, Business Operations Office, Finance Division, and Information Systems	Jun-24	Work to automate the Refunds business process has begun and will require another year to complete.
23BA/BO/FD/IS02	Employer Portal 2.0 – Automation of Member’s Payroll Data Adjustments & Employer Payments	Benefits Administration Division, Business Operations Office, Finance Division, and Information Systems	Jun-24	Work to automate the Refunds business process has begun and will require another year to complete.
23BA/BO/FD/IS03	Member Accounts Audit 2.0 – Conduct Audit & Perform Real Time Adjustments to Member Account Data	Benefits Administration Division, Business Operations Office, Finance Division, and Information Systems	Jun-24	Work to automate the Refunds business process has begun and will require another year to complete.
23BA/BO/FD/IS04	Form Automation 2.0 – Automation of Form 1 Enrollments, Form 4 Designation of Beneficiaries	Benefits Administration Division, Business Operations Office, Finance Division, and Information Systems	Jun-24	Work to automate the Refunds business process has begun and will require another year to complete.
24EA01	Restructure External Affairs Division into the State Retirement Agency’s Office of Communications	External Affairs Division	Jan-24	Replace the External Affairs Division with an Office of Communications, following the Director’s retirement.
22EA/IS01	Redesign The Café, the Agency’s Intranet Site	External Affairs Division/Information Systems Division	Jun-24	Project will require another year to complete, due to limitations imposed by the pandemic.

Project Number	Initiatives	Division	Completion Date	Status
21FD01	Office Space Expansion and Lease Renewal	Finance Division	Dec-24	Renovations for expansion of Investment and Information Systems Divisions have been completed. Renovations to existing office space on the 15 th and 16 th floors remain to be completed. Expected completion date is December 2024.
22FD01	Acquisition of an Integrated Financial Reporting Software Solution	Finance Division	Apr-24	Procurement of the software has been completed. Full installation and implementation is expected to be completed by or before April 2024.
24FD01	Finance Division Reorganization, Staff Development & Succession Plan	Finance Division	Jun-24	Identify and address ongoing production issues in consultation with UHY.
24IA01	External Peer Review	Internal Audit Division	Jun-24	An RFP for service will be issued in FY24, with the expected start date of the project in April 2024. Project will take two months to complete.
20ID01	Continued Implementation of the Division's Cost Savings Initiative	Investment Division	Ongoing project over 10 years	During fiscal year 2023, staff successfully implemented three additional internally managed accounts – a large-cap developed international stock portfolio, a factor-based international value strategy, and a global infrastructure stock account. Staff also continued to expand the level of private market co-investments with several new investments.