



House of Representatives

General Assembly

File No. 513

January Session, 2025

Substitute House Bill No. 7090

House of Representatives, April 3, 2025

The Committee on Government Oversight reported through REP. DATHAN of the 142nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE TIMING AND SCOPE OF AUDITS BY THE AUDITORS OF PUBLIC ACCOUNTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 2-90 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 (a) The Auditors of Public Accounts shall organize the work of their
4 office in such manner as they deem most economical and efficient and,
5 except as provided in subsection (d) of this section, shall determine the
6 scope and frequency of any audit they conduct.

7 (b) Said auditors, with the Comptroller, shall, at least annually and as
8 frequently as they deem necessary, audit the books and accounts of the
9 Treasurer, including, but not limited to, trust funds, as defined in section
10 3-13c, and certify the results to the Governor. The auditors shall, at least
11 annually and as frequently as they deem necessary, audit the books and
12 accounts of the Comptroller and certify the results to the Governor.
13 They shall examine and prepare certificates of audit with respect to the

14 financial statements contained in the annual reports of the Treasurer
15 and Comptroller, which certificates shall be made part of such annual
16 reports. In carrying out their responsibilities under this section, said
17 auditors may retain independent auditors to assist them.

18 (c) (1) Said auditors shall audit, on a biennial basis if deemed most
19 economical and efficient, or as frequently as they deem necessary, the
20 books and accounts, records of operations and activities, systems and
21 data of each officer, department, commission, board and court of the
22 state government, all institutions supported by the state and all public
23 and quasi-public bodies, politic and corporate, created by public or
24 special act of the General Assembly and not required to be audited or
25 subject to reporting requirements, under the provisions of chapter 111,
26 except as provided in subsection (d) of this section.

27 (2) Each such audit may include an examination of any relevant
28 information concerning the department, commission, board or court of
29 state government being audited that is in the possession or control of a
30 private entity that has a contract with such department, commission,
31 board or court, and such information shall be provided upon demand
32 in a format prescribed by the auditors at no cost to the auditors or the
33 department, commission, board or court.

34 (3) Each such audit may include an examination of performance in
35 order to determine effectiveness in achieving expressed legislative
36 purposes. The joint standing committee of the General Assembly having
37 cognizance of matters relating to government oversight or the legislative
38 committee having cognizance of the department, commission, board or
39 court being audited may request the auditors to perform a limited
40 performance audit. As used in this subdivision, a "limited performance
41 audit" means (A) an audit of a specific program or entity pursuant to an
42 engagement agreement between the applicable committee and the
43 auditors that includes specific procedures for reviewing transactions,
44 testing controls, analyzing data and any other tasks specified in the
45 engagement agreement, and (B) the report of the auditors is limited to
46 the results of the procedures performed and does not include a formal

47 opinion as to whether the audited entity's financial statements have
48 been prepared in accordance with accounting standards.

49 (4) The auditors shall report their findings and recommendations to
50 the Governor, the State Comptroller and the joint standing [committee]
51 committees of the General Assembly having cognizance of matters
52 relating to appropriations and the budgets of state agencies and
53 government oversight.

54 (d) Not later than July 1, 2026, and annually thereafter, the auditors
55 shall submit a proposed schedule for the audits they plan to conduct
56 during the following calendar year to the joint standing committee of
57 the General Assembly having cognizance of matters relating to
58 government oversight. The auditors shall audit any state agency more
59 frequently than biennially, upon the request of such committee. Not
60 later than July first of each year, such committee may request the
61 auditors to prioritize certain audits or to conduct more frequent follow-
62 up audits in cases where the findings of the most recent audit indicated
63 material violations of state statute or regulations by the audited state
64 agency during the following fiscal year.

65 [(d)] (e) The Auditors of Public Accounts may enter into such
66 contractual agreements as may be necessary for the discharge of their
67 duties. Any audit or report which is prepared by a person, firm or
68 corporation pursuant to any contract with the Auditors of Public
69 Accounts shall bear the signature of the person primarily responsible for
70 the preparation of such audit or report. As used in this subsection, the
71 term "person" means a natural person.

72 [(e)] (f) (1) If the Auditors of Public Accounts discover, or if it should
73 come to their knowledge, that any unauthorized, illegal, irregular or
74 unsafe handling or expenditure of state funds or quasi-public agency
75 funds or any breakdown in the safekeeping of any resources of the state
76 or a quasi-public agency has occurred or is contemplated, they shall
77 forthwith report the facts to the Governor, the State Comptroller, the
78 clerk of each house of the General Assembly, the joint standing
79 committee of the General Assembly having cognizance of matters

80 relating to government oversight and the Attorney General, except that
81 if a matter reported to the Auditors of Public Accounts pursuant to
82 section 4-33a is still under investigation by a state or quasi-public
83 agency, the Auditors of Public Accounts may give the agency a
84 reasonable amount of time to conduct such investigation prior to the
85 auditors reporting the matter to said officials and committee.

86 (2) If the Auditors of Public Accounts decide to delay reporting such
87 matter in accordance with subdivision (1) of this subsection, the auditors
88 shall immediately notify the Attorney General of such decision.

89 (3) Any Auditor of Public Accounts neglecting to make the report
90 required under subdivision (1) of this subsection, or any agent of the
91 auditors neglecting to report to the Auditors of Public Accounts any
92 such matter discovered by such agent or coming to such agent's
93 knowledge, shall be fined not more than one hundred dollars or
94 imprisoned not more than six months, or both.

95 (4) Any state agency or quasi-public agency that is the subject of a
96 report of the Auditors of Public Accounts that contains violations of
97 state statute or regulation, other than only minor or technical
98 recommendations, not later than six months after the issuance of the
99 auditors' report, shall report on the status of any corrective action
100 undertaken by such state agency or quasi-public agency to address such
101 violations, to the auditors, the Governor and the General Assembly, in
102 accordance with the provisions of section 11-4a.

103 [(f)] (g) All reports issued or made pursuant to this section shall be
104 retained in the offices of the Auditors of Public Accounts for a period of
105 not less than five years. The auditors shall file one copy of each such
106 report with the State Librarian.

107 [(g)] (h) Each state agency shall keep its accounts in such form and by
108 such methods as to exhibit the facts required by said auditors and, the
109 provisions of any other general statute notwithstanding, shall make all
110 records and accounts available to them or their agents, upon demand.
111 Notwithstanding any provision of the general statutes, no state agency

112 may deny the auditors access to their records or accounts.

113 [(h)] (i) Where there are statutory requirements of confidentiality
 114 with regard to such records and accounts or examinations of
 115 nongovernmental entities which are maintained by a state agency, such
 116 requirements of confidentiality and the penalties for the violation
 117 thereof shall apply to the auditors and to their authorized
 118 representatives in the same manner and to the same extent as such
 119 requirements of confidentiality and penalties apply to such state agency.
 120 In addition, the portion of (1) any audit or report prepared by the
 121 Auditors of Public Accounts that concerns the internal control structure
 122 of a state information system or the identity of an employee who
 123 provides information regarding alleged fraud or weaknesses in the
 124 control structure of a state agency that may lead to fraud, or (2) any
 125 document that may reveal the identity of such employee, shall not be
 126 subject to disclosure under the Freedom of Information Act, as defined
 127 in section 1-200.

128 [(i)] (j) Said auditors shall audit, in accordance with the provisions of
 129 section 10-91g, the records and accounts of any private provider of
 130 special education services, as defined in said section. Any private
 131 provider of special education services being audited by said auditors
 132 shall provide any information said auditors deem necessary to conduct
 133 such audit.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2025	2-90

Statement of Legislative Commissioners:

In Subsec. (f)(1), "and committee" was added for consistency.

GOS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Auditors	GF - Cost	195,647 to 667,920	253,062 to 864,560
State Comptroller - Fringe Benefits ¹	GF - Cost	75,617 to 258,476	100,823 to 344,635

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill allows the Government Oversight Committee to have the Auditors of Public Accounts (APA) perform limited performance audits, audit a state agency more frequently than biennially, and conduct more frequent follow-up audits resulting in a cost to the state.

To meet the requirements of the bill the APA will need to hire 3 to 10 additional employees for a salary and other expenses cost of \$195,647 to \$667,920 in FY 26² and \$253,062 to \$864,560 in FY 27, along with associated fringe benefit costs of \$75,617 to \$258,476 in FY 26 and \$100,823 to \$344,635 in FY 27. The number of additional employees the APA will need to hire is dependent on how many audits, follow-up audits, and limited performance audits the Government Oversight

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

²Salary costs in FY 26 reflect nine months of expenditures due to the bill's 10/1/2025 effective date.

Committee requests each year.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to employee wage increases.

OLR Bill Analysis**sHB 7090*****AN ACT CONCERNING THE TIMING AND SCOPE OF AUDITS BY THE AUDITORS OF PUBLIC ACCOUNTS.*****SUMMARY**

This bill generally gives the Government Oversight Committee greater control over the timing and scope of audits performed by the Auditors of Public Accounts (APA).

Current law generally requires APA to audit each state officer, department, commission, board, court, quasi-public agency, and institution supported by the state at least once every two years, or as frequently as it deems necessary. The bill requires APA, starting by July 1, 2026, to annually give the Government Oversight Committee a proposed schedule for the audits it will perform over the following calendar year. It requires APA to audit a state agency more frequently than biennially if the committee requests it. It also allows the committee to ask APA, by July 1 each year, to prioritize certain audits or do more frequent follow-up audits if an agency's most recent audit indicated material violations of state laws or regulations.

Under the bill, if an APA report on a state agency or quasi-public agency includes violations of state laws or regulations, other than minor or technical recommendations, the agency must report on the status of any corrective actions it has taken. It must make this report to APA, the governor, and the legislature within six months after the report was issued.

The bill also allows the Government Oversight Committee or the committee with cognizance over the department, commission, board, or court being audited, to ask APA to perform a limited performance audit. Under the bill, this is an audit of a specific program

or entity under an engagement agreement between the applicable committee and APA that includes specific procedures for reviewing transactions, testing controls, analyzing data, and other tasks specified in the agreement. The limited performance audit's report is limited to the results of the procedures performed and does not include a formal opinion on whether the preparation of the audited entity's financial statements meets accounting standards.

The bill also expands APA's current reporting requirements to include the Government Oversight Committee. Current law requires APA to report its audits' findings and recommendations to the governor, comptroller, and Appropriations Committee, and the bill requires that the committee also receive them. The bill also requires APA to report to the committee whenever it learns that the following has occurred or is contemplated: (1) an unauthorized, illegal, irregular, or unsafe handling or expenditure of state or quasi-public agency funds or (2) a breakdown in safekeeping of state or quasi-public resources. As under current law, APA must also report this to the governor, comptroller, attorney general, and clerks of the House and Senate. By law, unchanged by the bill, APA can delay making these reports to give the agency a reasonable time to investigate, but it must notify the attorney general about the decision to delay reporting.

EFFECTIVE DATE: October 1, 2025

COMMITTEE ACTION

Government Oversight Committee

Joint Favorable Substitute

Yea 12 Nay 0 (03/18/2025)