



House of Representatives

General Assembly

File No. 515

January Session, 2025

Substitute House Bill No. 7092

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 IMPLEMENTING THE RECOMMENDATIONS OF THE AUDITORS OF PUBLIC ACCOUNTS.

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

1 Section 1. Section 4-40b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 (a) For the purposes of this section, "state agency" means any
4 department, board, council, commission, institution or other executive
5 branch agency of state government, including, but not limited to, each
6 constituent unit and each public institution of higher education. On and
7 after October 1, [2018] 2025, no state agency shall make a payment in
8 excess of fifty thousand dollars to an employee resigning or retiring
9 from employment with such state agency for the purposes of avoiding
10 costs associated with potential litigation or pursuant to a
11 nondisparagement agreement or pursuant to any other agreement that
12 prohibits an employee from working while continuing to be paid the
13 employee's regular salary and benefits, unless such payment is made

14 pursuant to (1) a settlement agreement entered into by the Attorney
15 General on behalf of the state agency, or (2) an authorization by the
16 Governor pursuant to section 3-7.

17 (b) No settlement agreement or nondisparagement agreement, as
18 described in subsection (a) of this section, may prohibit an employee
19 from making a complaint or providing information in accordance with
20 section 4-61dd or sections 4-276 to 4-280, inclusive.

21 Sec. 2. Section 4-37f of the general statutes is repealed and the
22 following is substituted in lieu thereof (*Effective October 1, 2025*):

23 The executive authority of each state agency for which a foundation
24 is established shall, in accordance with a policy adopted by the board of
25 trustees of the constituent unit for each state agency which is a
26 constituent unit or which is a public institution of higher education
27 under the jurisdiction of the constituent unit, ensure that, or the
28 executive authority of each state agency for which a foundation is
29 established for the principal purpose of coordinated emergency
30 recovery shall ensure that:

31 (1) The foundation [shall have] has a governing board to oversee its
32 operation;

33 (2) If the state agency is a constituent unit, the following persons
34 [shall] serve as nonvoting members of the governing board of the
35 foundation unless the bylaws of the foundation provide that they be
36 voting members: The executive authority of the constituent unit, or [his]
37 such executive authority's designee, a student enrolled at an institution
38 under the jurisdiction of the constituent unit, who [shall be] is elected
39 by the students enrolled at the institutions under the jurisdiction of the
40 constituent unit, and a member of the faculty of any such institution,
41 who [shall be] is elected by the faculty of the institutions under the
42 jurisdiction of the constituent unit. Elections pursuant to this
43 subdivision shall be conducted in accordance with procedures for such
44 elections established by the board of trustees of the constituent unit;

45 (3) If the constituent unit is the regional community-technical colleges
46 or the Connecticut State University System, the purposes of the
47 foundation [shall be] are limited to providing funding for (A)
48 scholarships or other direct student financial aid, and (B) programs,
49 services or activities at one or more of the institutions within its
50 jurisdiction;

51 (4) If the state agency is a public institution of higher education, the
52 following persons [shall] serve as nonvoting members of the governing
53 board of the foundation unless the bylaws of the foundation provide
54 that they be voting members: The executive authority of the institution,
55 or [his] such executive authority's designee, a student enrolled at the
56 institution, who [shall be] is elected by the students enrolled in the
57 institution and a member of the faculty of the institution, who [shall be]
58 is elected by the faculty of the institution. Elections pursuant to this
59 subdivision shall be conducted in accordance with procedures for such
60 elections established by the board of trustees of the constituent unit
61 which has jurisdiction over the institution;

62 (5) The governing board of the foundation [shall] annually [file] files
63 with the state agency an updated list of the members and officers of such
64 board;

65 (6) The salaries, benefits and expenses of officers and employees of
66 the foundation [shall be] are paid solely by the foundation, unless such
67 officers or employees are state employees receiving salaries, benefits
68 and expenses paid by the state pursuant to an agreement entered into
69 under subdivision (10) of this section;

70 (7) The foundation [shall use] uses generally accepted accounting
71 principles in its financial record-keeping and reporting and [shall] does
72 not engage in any prohibited act, as described under section 21a-190h of
73 the Solicitation of Charitable Funds Act;

74 (8) A foundation which has in any of its fiscal years receipts and
75 earnings from investments totaling two hundred fifty thousand dollars
76 per fiscal year or more, or a foundation established for the principal

77 purpose of coordinated emergency recovery that operated in response
78 to an eligible incident, as defined in section 4-37r, during the fiscal year
79 or with funds that exceeded two hundred fifty thousand dollars in the
80 aggregate, [shall have] has completed on its behalf for such fiscal year a
81 full audit of the books and accounts of the foundation. A foundation
82 which has receipts and earnings from investments totaling less than two
83 hundred fifty thousand dollars in each fiscal year during any three of its
84 consecutive fiscal years beginning October 1, 2018, shall have completed
85 on its behalf for the third fiscal year in any such three-year period a full
86 audit of the books and accounts of the foundation, unless such
87 foundation was established for the principal purpose of coordinated
88 emergency recovery and had completed on its behalf such an audit for
89 any year in any such three-year period. For each fiscal year in which an
90 audit is not required pursuant to this subdivision, financial statements
91 shall be provided by the foundation to the executive authority of the
92 state agency. Each audit under this subdivision shall be (A) conducted
93 by an independent certified public accountant or, if requested by the
94 state agency with the consent of the foundation, the Auditors of Public
95 Accounts, (B) conducted in accordance with generally accepted auditing
96 standards, and (C) completed, and a copy of such audit submitted, in
97 accordance with this section, not later than six months after the end of
98 the applicable fiscal year. The auditor shall submit (i) a report that
99 includes an opinion regarding the financial statements and a
100 management letter, and (ii) a report that includes an opinion on
101 conformance of the operating procedures of the foundation with the
102 provisions of sections 4-37e to 4-37i, inclusive, and recommendations for
103 any corrective actions needed to ensure such conformance. Each audit
104 report shall disclose the receipt or use by the foundation of any public
105 funds in violation of said sections or any other provision of the general
106 statutes. The foundation shall provide a copy of each audit report
107 completed pursuant to this subdivision to the executive authority of the
108 state agency and the Attorney General. Each financial statement
109 required under this subdivision shall include, for the fiscal year to which
110 the statement applies, the total receipts and earnings from investments
111 of the foundation and the amount and purpose of each receipt of funds

112 by the state agency from the foundation. As used in this subdivision,
113 "fiscal year" means any twelve-month period adopted by a foundation
114 as its accounting year;

115 (9) If the state agency is The University of Connecticut and the
116 foundation has an endowment fund with a market value that is greater
117 than one million five hundred thousand dollars, the foundation [shall]
118 annually [provide] provides the following, in accordance with the
119 provisions of section 11-4a, to the joint standing committee of the
120 General Assembly having cognizance of matters relating to higher
121 education, the speaker of the House of Representatives, the president
122 pro tempore of the Senate, the majority leader of the House of
123 Representatives, the majority leader of the Senate, the minority leader
124 of the House of Representatives and the minority leader of the Senate:
125 (A) A list of the current members and officers of the governing board of
126 the foundation; (B) a copy of the most recent annual report of the
127 foundation; (C) a copy of the most recent audited financial statements,
128 management letter and audit reports of the foundation that are required
129 under subdivision (8) of this section; (D) a copy of the written agreement
130 between the state agency and the foundation that is required under
131 subdivision (10) of this section; (E) a copy of the written policy required
132 under section 4-37j; (F) a copy of any conflicts of interest policy of the
133 foundation; (G) a copy of the foundation's most recently filed Internal
134 Revenue Service form 990, including all parts and schedules that are
135 required to be made available for public inspection under the Internal
136 Revenue Code of 1986, or any subsequent corresponding internal
137 revenue code of the United States, as amended from time to time; (H) a
138 copy of the bylaws of the foundation; (I) a report of the total number
139 and average size of disbursements made to each public institution of
140 higher education for (i) undergraduate and graduate scholarships,
141 fellowships and awards, (ii) program and research support, (iii)
142 equipment, and (iv) facilities construction, improvements and related
143 expenses; (J) as to any employee of the public institution of higher
144 education for whom the foundation contributes some or all of the salary,
145 wages or fringe benefit expenses, a report listing the position of each
146 such employee and, for each position, the amount of the financial

147 reimbursement by the foundation to the public institutions of higher
148 education for such employee's salary, wages or fringe benefit expenses;
149 (K) the identity of any person, firm, corporation or other entity donating
150 funds or other things of value to the foundation, unless the donor has
151 requested that such donor's identity not be publicly disclosed; and (L) a
152 list of all deanships, professorships, chairs, schools, institutes, centers or
153 facilities of the state agency that were named in recognition of
154 foundation donors upon the approval of the board of trustees of the
155 state agency during the preceding fiscal year. The information delivered
156 under this subdivision shall constitute a public record and shall be
157 disclosed in accordance with the Freedom of Information Act, as defined
158 in section 1-200. Nothing in this subdivision shall require the disclosure
159 of the identity of any person, firm, corporation or other entity that
160 donated or made a commitment to donate funds or other things of value
161 to the foundation prior to July 1, 2017;

162 (10) There [shall be] is a written agreement between the state agency
163 and the foundation that (A) addresses any use by the foundation of the
164 agency's facilities and resources including, but not limited to, office
165 space, storage space, office furniture and equipment, utilities,
166 photocopying services, computer systems and the maintenance by the
167 state agency of the books and records of the foundation, provided any
168 such books and records maintained by the state agency shall not be
169 deemed to be public records and shall not be subject to disclosure
170 pursuant to the provisions of section 1-210, (B) provides that the state
171 agency shall have no liability for the obligations, acts or omissions of the
172 foundation, (C) requires the foundation to reimburse the state agency
173 for expenses the agency incurs as a result of foundation operations, if
174 the agency would not have otherwise incurred such expenses, including
175 whether any portion of the expenses, salaries or benefits of state
176 employees providing services to the foundation are to be reimbursed by
177 the foundation and, if so, in what amount, (D) in the case of foundations
178 established for a constituent unit of the state system of higher education
179 or for a public institution of higher education, requires the foundation
180 to establish and adhere to an investment policy and a spending policy
181 that are consistent with sections 45a-535 to 45a-535i, inclusive, (E) on

182 and after July 1, 2017, if the state agency is The University of
183 Connecticut, provides that (i) the total cash compensation to be paid in
184 a fiscal year by the state agency to the foundation shall decrease from
185 the amount paid in the preceding fiscal year or the amount paid in the
186 fiscal year ending June 30, 2016, whichever is greater, by (I) one million
187 dollars when the market value of the foundation's endowment fund as
188 of January first of the preceding fiscal year is equal to or greater than
189 five hundred million dollars but less than seven hundred million
190 dollars, (II) one million five hundred thousand dollars when the market
191 value of such fund as of January first of the preceding fiscal year is equal
192 to or greater than seven hundred million dollars but less than nine
193 hundred million dollars, or (III) three million dollars when the market
194 value of such fund as of January first of the preceding fiscal year is equal
195 to or greater than nine hundred million dollars but less than one billion
196 two hundred fifty million dollars, (ii) no cash compensation shall be
197 paid by the state agency to the foundation when the amount in such
198 foundation's endowment fund as of January first of the preceding fiscal
199 year is equal to or greater than one billion two hundred fifty million
200 dollars, (iii) if the market value of the foundation's endowment fund as
201 of January first of the preceding fiscal year decreases below any of the
202 thresholds stated in subclause (I), (II) or (III) of clause (i) of this
203 subparagraph, then the amount of the cash payment to the foundation
204 shall be increased to equal the same amount that was paid to the
205 foundation prior to exceeding the threshold in subclause (I), (II) or (III)
206 of clause (i) of this subparagraph, until the July first following a January
207 first on which the market value of the foundation's endowment fund
208 again exceeds such threshold, and (iv) in any fiscal year, if the two-year
209 average of total gifts and commitments reported by the foundation,
210 pursuant to subparagraph (B) of subdivision (9) of this section, for the
211 preceding two fiscal years is not less than five times the average total
212 cash compensation paid by the state agency during the same period, the
213 provisions of clauses (i) to (iii), inclusive, of this subparagraph shall not
214 be applicable to the cash compensation paid by the state agency to the
215 foundation in such fiscal year, (F) on and after July 1, 2017, requires the
216 foundation to use reasonable efforts to raise gifts and commitments each

217 fiscal year for student support, including, but not limited to,
218 scholarships, assistantships, fellowships, awards and prizes, that equal
219 not less than fifteen per cent of the total amount of all gifts and
220 commitments raised by the foundation in the same fiscal year, and (G)
221 provides that if the foundation ceases to exist or ceases to be a
222 foundation, as defined in section 4-37e, (i) the foundation shall be
223 prohibited from using the name of the state agency, (ii) the records of
224 the foundation, or copies of such records, shall be made available to and
225 may be retained by the state agency, provided any such records or
226 copies which are retained by the state agency shall not be deemed to be
227 public records and shall not be subject to disclosure pursuant to the
228 provisions of section 1-210, and (iii) there are procedures for the
229 disposition of the financial and other assets of the foundation. If the state
230 agency is a constituent unit, the board of trustees of the constituent unit
231 shall approve such agreement. If the state agency is a public institution
232 of higher education, the board of trustees of the constituent unit which
233 has jurisdiction over the institution shall approve such agreement; and

234 (11) If the foundation is established for the principal purpose of
235 coordinated emergency recovery, the Department of Emergency
236 Services and Public Protection [shall be] are deemed the state agency for
237 purposes of this section, and the deputy commissioner of said
238 department with jurisdiction over the Division of Emergency
239 Management and Homeland Security [shall be] is deemed the executive
240 authority for purposes of this section.

241 Sec. 3. (NEW) (*Effective October 1, 2025*) (a) For purposes of this
242 section, "state agency" means any department, board, council,
243 commission, institution or other executive branch agency of state
244 government.

245 (b) Not later than December 1, 2025, the Commissioner of
246 Administrative Services shall develop a model policy concerning best
247 practices for a state agency to receive, track and process complaints
248 made by individuals or entities concerning such state agency.

249 (c) Not later than February 1, 2026, each state agency shall adopt and

250 implement either the model policy developed pursuant to subsection (b)
251 of this section or its own policy concerning the processing of such
252 complaints and shall post such policy on the state agency's Internet web
253 site. Any policy adopted under this subsection shall include provisions
254 requiring the state agency to independently investigate each complaint,
255 track each complaint from the date of receipt until its resolution and
256 report the results of such investigation to the head of such state agency
257 and shall detail which reports and under what circumstances such
258 reports shall be accessible to other interested parties and the public.

259 Sec. 4. Subsection (b) of section 2-90 of the general statutes is repealed
260 and the following is substituted in lieu thereof (*Effective October 1, 2025*):

261 (b) Said auditors [, with the Comptroller,] shall, at least annually and
262 as frequently as they deem necessary, audit the books and accounts of
263 the Treasurer, including, but not limited to, trust funds, as defined in
264 section 3-13c, and certify the results to the Governor. The auditors shall,
265 at least annually and as frequently as they deem necessary, audit the
266 books and accounts of the Comptroller and certify the results to the
267 Governor. They shall examine and prepare certificates of audit with
268 respect to the financial statements contained in the annual reports of the
269 Treasurer and Comptroller, which certificates shall be made part of such
270 annual reports. In carrying out their responsibilities under this section,
271 said auditors may retain independent auditors to assist them.

272 Sec. 5. Subsection (a) of section 4e-6 of the general statutes is repealed
273 and the following is substituted in lieu thereof (*Effective October 1, 2025*):

274 (a) The board shall conduct audits of state contracting agencies,
275 triennially, to ensure compliance with statutes and regulations
276 concerning procurement. In conducting each such audit, the board shall
277 have access to all contracting and procurement records [,] and may
278 interview any and all personnel responsible for contracting, contract
279 negotiations or procurement. [and may enter into an agreement with the
280 Auditors of Public Accounts to effectuate such audit.]

281 Sec. 6. Section 2-90d of the general statutes is repealed and the

282 following is substituted in lieu thereof (*Effective October 1, 2025*):

283 On and after October 1, [2021] 2025, any state agency proposing to
284 enter into or amend a contract for the purchase of auditing services shall
285 (1) notify the Auditors of Public Accounts of such contract at least fifteen
286 days prior to entering into or amending such contract, [and (2) not enter
287 into or amend such contract until the Auditors of Public Accounts have
288 advised the agency whether the auditing services could be provided by
289 said auditors] (2) ensure that such contract requires the entity providing
290 such auditing services to provide any information related to the findings
291 of such audit to the Auditors of Public Accounts upon the request of the
292 Auditors of Public Accounts, and (3) report the results of any such audit
293 to the Auditors of Public Accounts, not later than fifteen days after the
294 receipt of such audit report by the state agency. As used in this section,
295 "state agency" has the same meaning as provided in section 4-37e and
296 "contract" does not include any personal service agreement subject to
297 section 4-216, as amended by this act.

298 Sec. 7. Section 4-216 of the general statutes is repealed and the
299 following is substituted in lieu thereof (*Effective October 1, 2025*):

300 (a) No state agency may execute a personal service agreement having
301 a cost of more than fifty thousand dollars without the approval of the
302 secretary. A state agency may apply for an approval by submitting the
303 following information to the secretary: (1) A description of the services
304 to be purchased and the need for such services; (2) an estimate of the
305 cost of the services and the term of the agreement; (3) whether the
306 services are to be on-going; (4) whether the state agency has contracted
307 out for such services during the preceding two years and, if so, the name
308 of the contractor, term of the agreement with such contractor and the
309 amount paid to the contractor; (5) whether any other state agency has
310 the resources to provide the services; (6) whether the agency intends to
311 purchase the services by competitive negotiation and, if not, why; and
312 (7) whether it is possible to purchase the services on a cooperative basis
313 with other state agencies. In the case of a proposed personal services
314 agreement for audit services, the agency shall notify the Auditors of

315 Public Accounts of [a] any proposed personal services agreement for
316 audit services, [and give said auditors an opportunity to review the
317 application and advise the agency whether such audit services are
318 necessary and, if so, could be provided by said auditors] ensure that
319 such agreement requires the entity providing such auditing services to
320 provide any information related to the findings of such audit to the
321 Auditors of Public Accounts upon the request of the Auditors of Public
322 Accounts and report the results of any such audit to the Auditors of
323 Public Accounts, not later than fifteen days after the receipt of such audit
324 report by the agency.

325 (b) Each personal service agreement having a cost of more than fifty
326 thousand dollars shall be based on competitive negotiation or
327 competitive quotations, unless the state agency purchasing the personal
328 services determines that a sole source purchase is required and applies
329 to the secretary for a waiver from such requirement and the secretary
330 grants the waiver. The secretary shall adopt guidelines for determining
331 the types of services that may qualify for such waivers. The qualifying
332 services shall include, but not be limited to, (1) services for which the
333 cost to the state of a competitive selection procedure would outweigh
334 the benefits of such procedure, as documented by the state agency, (2)
335 proprietary services, (3) services to be provided by a contractor
336 mandated by the general statutes or a public or special act, and (4)
337 emergency services, including services needed for the protection of life
338 or health. The secretary shall post any approvals of requests for a waiver
339 received under this section on the State Contracting Portal. Not later
340 than January 15, 2024, and annually thereafter, the secretary shall
341 submit a report, in accordance with the provisions of section 11-4a, to
342 the joint standing committees of the General Assembly having
343 cognizance of matters relating to appropriations and the budgets of state
344 agencies and government administration and the State Contracting
345 Standards Board listing any such waiver requests received during the
346 prior year and the justification for the grant or denial of such request.

347 Sec. 8. Section 1-123 of the general statutes is repealed and the
348 following is substituted in lieu thereof (*Effective October 1, 2025*):

349 (a) The board of directors of each quasi-public agency shall,
350 [annually] not later than six months after the end of its fiscal year,
351 submit [a] an annual report to the Governor and the Auditors of Public
352 Accounts. Such report shall include, but need not be limited to, the
353 following: (1) A list of all bond issues for the preceding fiscal year,
354 including, for each such issue, the financial advisor and underwriters,
355 whether the issue was competitive, negotiated or privately placed, and
356 the issue's face value and net proceeds; (2) a list of all projects other than
357 those pertaining to owner-occupied housing or student loans receiving
358 financial assistance during the preceding fiscal year, including each
359 project's purpose, location, and the amount of funds provided by the
360 agency; (3) a list of all outside individuals and firms receiving in excess
361 of five thousand dollars in the form of loans, grants or payments for
362 services, except for individuals receiving loans for owner-occupied
363 housing and education; (4) a complete set of financial statements; (5) the
364 cumulative value of all bonds issued, the value of outstanding bonds,
365 and the amount of the state's contingent liability; (6) the affirmative
366 action policy statement, a description of the composition of the agency's
367 work force by race, sex, and occupation and a description of the agency's
368 affirmative action efforts; and (7) a description of planned activities for
369 the current fiscal year.

370 (b) For the quarter commencing July 1, 2010, and for each quarter
371 thereafter, the board of directors of each quasi-public agency shall
372 submit a report to the Office of Fiscal Analysis. Such report shall
373 include, but not be limited to, for each fund and account of the agency:
374 (1) The beginning fiscal year balance; (2) all funds expended and all
375 revenue collected by the end of the quarter; and (3) total expenditures
376 and revenues estimated at the end of the fiscal year. For the purposes of
377 this subsection, "expenditures" and "revenues" have the same meaning
378 as provided in section 4-69.

379 (c) For the quarter commencing July 1, 2010, and for each quarter
380 thereafter, the board of directors of each quasi-public agency shall
381 submit a personnel status report to the Office of Fiscal Analysis. Such
382 report shall include, but not be limited to: (1) The total number of

383 employees by the end of the quarter; (2) the positions vacated and the
 384 positions filled by the end of the quarter; and (3) the positions estimated
 385 to be vacant and the positions estimated to be filled at the end of the
 386 fiscal year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2025	4-40b
Sec. 2	October 1, 2025	4-37f
Sec. 3	October 1, 2025	New section
Sec. 4	October 1, 2025	2-90(b)
Sec. 5	October 1, 2025	4e-6(a)
Sec. 6	October 1, 2025	2-90d
Sec. 7	October 1, 2025	4-216
Sec. 8	October 1, 2025	1-123

Statement of Legislative Commissioners:

In Sections 6 and 7, references to "said auditors" were changed to "the Auditors of Public Accounts" for clarity.

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 \$
Dept. of Admin. Services	GF - Cost	140,000	140,000
Constituent Units of Higher Education	OF - Potential Revenue Gain	Minimal	Minimal

Note: OF=Other Fund

Municipal Impact: None

Explanation

The bill makes a variety of changes regarding government administration. These changes result in: (1) a potential, minimal revenue gain to the constituent units of higher education annually beginning in FY 26; and (2) a cost to the Department of Administrative services of \$140,000 annually beginning in FY 26.

Section 2 results in a potential, minimal revenue gain to the constituent units of higher education annually beginning in FY 26. It requires certain agreements between state agencies and their foundations to include whether the foundations must reimburse the agency for a portion of any salaries or benefits of state employees providing services to the foundations, and if so, in what amount.

Section 2 primarily impacts the University of Connecticut (UConn) and the UConn Foundation, and the Connecticut State Colleges and Universities (CSCU) and the foundations of the institutions of the CSCU system.¹ To the extent that the provisions increase the amount of

¹ Each Connecticut State University and CT State campus have their own foundation.

reimbursements that UConn or CSCU receive from their respective foundations, there is a revenue gain that is expected to be minimal.

Section 3 requires the Department of Administrative Services (DAS) to develop a plan for agencies to investigate, track, and report on each complaint they have received concerning their agency. This results in a cost of \$140,000 per year beginning in FY 26 for the licensing of software necessary to support these requirements across state agencies.

The bill makes a variety of other changes concerning government administration that have no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 7092*****AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE AUDITORS OF PUBLIC ACCOUNTS.*****SUMMARY**

This bill makes various changes in the government administration statutes. It generally:

1. prohibits state agencies from entering, without the attorney general's or governor's approval, certain settlement agreements that prohibit an employee from working while requiring that the employee continue to be paid;
2. specifies a process for determining when a foundation that supports a state agency must reimburse the agency for the services of state employees;
3. requires state agencies to adopt and implement a complaint policy and the Department of Administrative Services to create a model policy they may use;
4. makes various changes related to the Auditors of Public Accounts' (APA) involvement in audits conducted by other state agencies;
5. removes a requirement for the comptroller to be part of an annual audit that APA must conduct on the treasurer's books and accounts (§ 4); and
6. requires a quasi-public agency to submit the required annual report with certain agency administrative and financial information to the governor and APA within six months after its fiscal year ends (current law does not set a specific deadline) (§

8).

EFFECTIVE DATE: October 1, 2025

§ 1 — SETTLEMENT AGREEMENTS

Current law generally prohibits state agencies (including the higher education constituent units and institutions) from paying a resigning or retiring employee more than \$50,000 to avoid potential litigation or under a nondisparagement agreement, unless the payment is (1) for a settlement agreement entered into by the attorney general for the agency or (2) authorized by the governor. The bill extends this prohibition to also cover any other types of these agreements that prohibit an employee from working while continuing to be paid his or her regular salary and benefits.

§ 2 — FOUNDATION REIMBURSEMENTS FOR STATE EMPLOYEES

Current law generally requires foundations that support state agencies (e.g., the UConn Foundation) to ensure that the salaries, benefits, and expenses of their officers and employees are paid solely by the foundation. The bill specifies that this does not apply to those officers or employees who are state employees paid by the state under an agreement with the foundation.

The law relatedly requires a state agency and its foundation to have a written agreement that requires the foundation to reimburse the agency for the expenses the agency incurs for the foundation's operations that it otherwise would not have incurred. The bill requires this agreement to include whether the foundation must reimburse the agency for any portion of the expenses, salaries, or benefits of state employees providing services to the foundation, and if so, in what amount.

§ 3 — AGENCY COMPLAINT POLICIES

The bill requires the administrative services commissioner, by December 1, 2025, to develop a model policy on best practices for a state agency to receive, track, and process complaints about the agency. It requires each agency, by February 1, 2026, to adopt and implement

either the model policy or its own policy for processing complaints, and post the policy on the agency's website. The adopted policy must require the agency to (1) independently investigate each complaint, (2) track each complaint from receipt until resolution, and (3) report the investigation's results to the agency's head. It must also detail which reports must be accessible to other interested parties and the public, and under what circumstances.

For this provision, a "state agency" is an executive branch department, board, council, commission, institution, or agency.

§§ 5-7 — APA INVOLVEMENT IN AUDITS CONDUCTED BY OTHER AGENCIES

The law requires the State Contracting Standards Board to triennially audit state contracting agencies. The bill removes a provision that allows the board to enter into an agreement with APA to do these audits.

The law also generally requires a state agency proposing to contract for auditing services to wait until APA advises the agency on whether it could perform the services for the agency. The bill removes this limitation and instead requires the agency to (1) ensure that the auditing contract requires the auditor to give APA any information related to the audit's findings upon request and (2) report the audit's results to APA within 15 days after receiving the audit.

COMMITTEE ACTION

Government Oversight Committee

Joint Favorable Substitute

Yea 12 Nay 0 (03/18/2025)