
OLR Bill Analysis

sSB 324

AN ACT CONCERNING GOVERNMENT OVERSIGHT OVER FRAUD AND WASTE AND ESTABLISHING THE OFFICE OF GOVERNMENT OVERSIGHT AND EFFICIENCY.

SUMMARY

This bill establishes the Office of Government Oversight and Efficiency (OGOE) to detect and prevent fraud, waste, and abuse in (1) state personnel management; (2) state property use and disposition; and (3) the collection, disbursement, and expenditure of state and federal funds administered by state or quasi-public agencies (governmental agencies). It must also evaluate the economy, efficiency, and effectiveness of these agencies and private contractors providing government services. The bill establishes OGOE as an independent office under the Joint Committee on Legislative Management for administrative purposes only (§§ 2-13).

The bill also establishes working groups on (1) fraud and waste (§ 1) and (2) results-based accountability (§ 15). Additionally, it requires state agencies to notify certain persons about changes in the law (§ 14). It also generally requires that the Appropriations and Government Oversight committees hold joint hearings on Auditors of Public Accounts (APA) reports with certain financial implications (§ 16).

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2026, except the provisions on the working group concerning fraud and waste are effective upon passage and the Results-Based Accountability Working Group provisions are effective July 1, 2026.

§§ 2-13 — OFFICE OF GOVERNMENT OVERSIGHT AND EFFICIENCY***OGOE Executive Director Appointment (§ 2)***

Under the bill, OGOE is managed by an executive director. The bill requires a committee of legislative leaders (House speaker, Senate president pro tempore, and the minority leaders) and the chairs and ranking members of the Government Administration and Elections (GAE) Committee to choose three candidates to potentially serve in this role. The legislative leaders must then (1) choose a candidate within 90 days of receiving the names and (2) submit him or her for confirmation by the Senate or House under the procedures outlined in state law. If the leaders fail to appoint someone by the deadline, the leaders and the GAE chairs and ranking members must choose a candidate by majority vote to submit for confirmation.

The director must be appointed based on integrity and demonstrated competence in the appropriate fields. If confirmed, the director serves a five-year term or until a successor is appointed in the same manner outlined above. The legislative leaders may remove the director for cause, including for material neglect of duty, gross misconduct, or a felony conviction.

Executive Director Authority (§ 3)

The bill allows the executive director to adopt regulations to implement the bill's requirements for OGOE and employ any necessary staff, within available appropriations. He or she must also coordinate efforts, within available appropriations, between OGOE and others with similar duties and internal auditing functions at governmental agencies. This coordination may include continuous professional development, adopting guidelines and procedures, and organizing a communication network.

The bill specifies that internal auditors and support staff within agencies, although still assigned to their agencies, must have their internal audit program approved by the OGOE director.

Executive Director Duties (§§ 4 & 5)

Under the bill, the executive director must:

1. conduct preemptive inspections, inquiries, and investigations regarding programs and operations that involve (a) collecting, administering, or expending state funds (particularly for contracts, pensions, state benefits, and legal settlements); (b) the use and disposition of state-owned and -leased property; or (c) state agency management practices and legal compliance;
2. have access to all records, data, and material maintained by or available to (a) any governmental agency or (b) any person or organization involved in state employee management, or the funds or property described above (such as a contractor); and
3. report annually on OGOE's activities to the governor and Appropriations and GAE committees starting by October 31, 2027 (and the director may make additional reports as appropriate).

The executive director may:

1. make recommendations to the governor and the legislature on the prevention and detection of fraud, waste, and abuse by governmental and non-governmental entities;
2. assist or request assistance from any governmental agency, state employee, or contractor collecting or expending state funds or controlling state-owned or -leased property; and
3. apply to Superior Court for subpoenas for witnesses and records.

The subpoenaed witnesses or records must be necessary in order to obtain information that is otherwise unavailable and is needed for the director to carry out his or her duties. Before the court issues a subpoena, it must provide an opportunity to hear the executive director and the affected party. The subpoena may not be issued unless the court certifies that the (1) targeted witness is or documents are reasonably necessary

for the executive director to carry out his or her duties and (2) director made reasonable efforts to get the information before requesting the subpoena.

The director must also report findings of fact and recommendations to certain entities, as shown in the table below, if the executive director has certain reasonable beliefs.

Table: Required Reporting by OGOE Executive Director

<i>Person or Entity Receiving Report</i>	<i>Reasonable Belief Under the Bill</i>
Chief state's attorney or Office of State Ethics (OSE)	State law has been or is being violated
Attorney general (AG)	Civil recovery proceedings are appropriate
U.S. attorney	Federal law has been or is being violated or civil recovery proceedings are appropriate

FOIA Exemption (§ 5)

Under the bill, all OGOE records relating to an actual or potential inspection, inquiry, or investigation are generally deemed confidential and not public records under the state's Freedom of Information Act (FOIA). The records generally become public (1) if the inspection, inquiry, or investigation is concluded and all criminal and civil actions are resolved; (2) as the executive director deems appropriate; or (3) two years after the office receives or creates the record.

If state law requires the record to be confidential, the requirements and penalties that apply to its original holder apply to OGOE and its executive director in the same manner and extent. Additionally, records are not deemed confidential solely because they have been sent to the director.

Governmental Reporting to OGOE (§§ 6-10)

By law, certain governmental entities may, or are required to, report certain information to certain auditing and enforcement entities. The bill adds the OGOE executive director to several of these existing provisions as an entity receiving information, including information from:

1. OSE on possible violations of the state's ethics laws or regulations

(§ 6);

2. the APA concerning the unauthorized, illegal, irregular, or unsafe handling or expenditure of governmental agency funds or any breakdown in the safekeeping of any governmental resources (§ 8); and
3. trustees of state institutions, state department heads, boards, commissions, and other governmental agencies reporting certain data breaches or the mishandling of funds or any breakdowns described above (§ 9).

Relatedly, state law also outlines procedures for revoking or reducing public officials' or state or municipal employees' pension if they are convicted of certain crimes related to their public office. By law, their pension may not be reduced or revoked if the court or AG determines that the defendant voluntarily provided information to certain entities about crimes committed by other officials or employees to a greater extent than their own involvement (but before being aware of any criminal investigations). The bill adds OGOE to this list of entities (§ 7).

The bill also requires OGOE, instead of the APA as under current law, to assist foundations (generally nonprofits supporting or improving state agencies) in developing a written policy on (1) investigating certain misconduct, (2) prohibiting whistleblower retaliation, (3) penalties for false reporting, and (4) providing the policy to its employees (§ 10).

Public Reporting to OGOE (§ 11)

Under current law, any person having knowledge of corruption or certain other misconduct involving state agencies, large state contracts, or economic development funds may report this information to the APA. The bill instead allows these reports to be brought both to OGOE and the APA.

Current law establishes certain procedures for the APA to report, review, and act on this information in collaboration with the AG. The bill instead authorizes the OGOE executive director to do these actions with the AG. It also authorizes the director, instead of the APA, to reject

these complaints and report to the AG the reason for the rejection, or refer these complaints to the appropriate state agencies. Relatedly, the bill requires the director, instead of the APA, to annually report to the legislature on these complaints.

Additionally, the law currently allows the revenue services commissioner to disclose tax returns and tax return information to the APA for completing reports to the AG if requested in writing. The bill instead allows OGOE to request this information on OGOE's or the APA's behalf.

The bill otherwise generally incorporates the director into existing law's whistleblower framework as already authorized for the APA (§ 11).

False Claims Act (§§ 12 & 13)

Relatedly, state law authorizes whistleblowers to receive monetary awards as part of a false claims action, with the award being lower if the court determines that the case was primarily based on information from other sources (such as certain government reports). The bill expands this to include information provided to OGOE as part of its reports, hearings, audits, or investigations. As under existing law for certain governmental public reports, hearings, audits, or investigations, the bill also generally authorizes the court to dismiss false claims act cases if they substantially repeat information already published by OGOE.

§ 1 — FRAUD AND WASTE WORKING GROUP

Purpose

The bill requires the group to study and recommend legislation on preventing the waste of taxpayer dollars by establishing partnerships between state agencies and private providers for improving service delivery, reducing service costs, and fostering investigations to uncover fraud and waste (for example, in employee contracts, payments to employees, and pension benefits).

Membership

The group's membership consists of the following state officials: the

Department of Administrative Services commissioner, Office of Policy and Management (OPM) secretary, and AG, or their designees. It also includes eight appointed members chosen by the legislative leaders as described in the table below.

Table: Working Group Appointed Members

<i>Appointing Authority</i>	<i>Requirements</i>
House speaker (two)	One must have expertise in fraud detection and the other in state agency contracts
Senate president pro tempore (two)	One of the two must be a state employee collective bargaining unit representative
House majority leader	None
Senate majority leader	None
House minority leader	None
Senate minority leader	None

Appointing authorities must make their initial appointments within 30 days after the bill is enacted and fill any vacancy. Appointed members may be legislators.

Leadership and Meetings

Under the bill, the House speaker and Senate president pro tempore must select the chairpersons from among the group's members. The chairpersons must schedule and hold the first meeting with 60 days of the bill's enactment. The Government Oversight Committee's administrative staff serve in this capacity for the group.

Report

By December 31, 2026, the working group must submit its findings and recommendations to the Government Oversight Committee. The working group ends when it submits its report or on December 31, 2026, whichever is later.

§ 14 — LAW CHANGE NOTIFICATIONS

The bill requires all state agencies charged with implementing or enforcing acts or regulations to notify certain persons affected by a substantial change in the law within their jurisdiction due to the passage of a legislative act or the adoption of a regulation. Within 30 days after the act's passage or regulation's adoption, the agency must (1) email

each affected person they have an email address for and (2) post a copy of the notice on the agency's website. These requirements apply to all departments, boards, councils, commissions, institutions, and other executive branch agencies.

§ 15 — RESULTS-BASED ACCOUNTABILITY WORKING GROUP

Membership

The bill requires the group, which it establishes as part of the Legislative Department, to evaluate state agency programs. The group's membership consists of the OPM secretary, or his designee, and six appointed members chosen by the legislative leaders as described in the table below.

Table: Working Group Appointed Members

<i>Appointing Authority</i>	<i>Required Expertise</i>
House speaker	State government
Senate president pro tempore	Finance
House majority leader	Accounting
Senate majority leader	Human services
House minority leader	Criminal justice
Senate minority leader	Public health

Appointing authorities must make their initial appointments by September 1, 2026, and fill any vacancy. Each initial term ends on August 31, 2029. Vacancies occurring during a term must be filled for the rest of the unexpired term. Appointed members may be legislators. There is no term limit.

Members serve three-year terms starting on their appointment date and continue to serve until their successors are appointed. They serve without compensation but may be reimbursed for necessary expenses, within available funds.

Leadership and Meetings

Under the bill, the House speaker and Senate president pro tempore must select the chairpersons from among the group's members. The chairpersons must schedule and hold the first meeting by September 1, 2026, and meet at least quarterly and as often as the chairs or a majority

of the working group deem necessary. A majority of the group's members constitutes a quorum for conducting business.

The Government Oversight Committee's administrative staff serve in this capacity for the working group.

Power and Duties

The working group's powers and duties include:

1. evaluating each state agency's mission and programs, including their benefits and implementation;
2. obtaining data and assistance from the APA and any executive department, board, commission, or other state agency;
3. accepting gifts, donations, or bequests in order to carry out their duties;
4. holding hearings and requiring department heads to attend and testify; and
5. any other acts necessary to accomplish its mission.

Reports

Starting by January 1, 2027, the working group must annually submit any program evaluation results and its policy and legislative recommendations to the governor and the Appropriations and Government Oversight committees.

§ 16 — HEARINGS ON APA AUDITS WITH CERTAIN FINANCIAL IMPLICATIONS

Under current law, after the APA conducts an audit, the legislative committee with cognizance over the audited entity generally must hold a public hearing concerning the audit within 180 days of its submission to the legislature. The bill requires these hearings to be held in conjunction with the Government Oversight Committee instead of the GAE Committee.

The bill requires that for any audit report with adverse financial

implications of \$500,000 or more, the Appropriations and Government Oversight committees generally must hold a joint hearing and the OPM secretary, the auditors, and the state agency head must attend. As under existing law, the committee chairpersons may choose to not hold a hearing on audits that contain no law violations or only minor and technical recommendations or if they determine it is not necessary.

BACKGROUND

Related Bill

SB 462, favorably reported by the GAE Committee, has substantially similar provisions as this bill on establishing a government oversight office.

COMMITTEE ACTION

Government Oversight Committee

Joint Favorable Substitute

Yea 12 Nay 0 (03/17/2026)