



Senate

General Assembly

File No. 287

February Session, 2026

Senate Bill No. 247

Senate, April 1, 2026

The Committee on Government Oversight reported through SEN. GADKAR-WILCOX of the 22nd Dist., Chairperson of the Committee on the part of the Senate, that the 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 Section 4-40b of the general statutes is repealed and the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, 2026*):

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] 2026, 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 (1) is made
14 for administrative leave authorized by the Office of Labor Relations

15 pending a disciplinary investigation, (2) is made pursuant to [(1)] (A) a
16 settlement agreement entered into by the Attorney General on behalf of
17 the state agency, [or (2)] (B) an authorization by the Governor pursuant
18 to section 3-7, (C) a collective bargaining agreement such employee is
19 subject to, or (D) an employment contract, or (3) is otherwise required
20 by state or federal law.

21 (b) No settlement agreement, [or] nondisparagement agreement or
22 other agreement, as described in subsection (a) of this section, may
23 prohibit an employee from making a complaint or providing
24 information in accordance with section 4-61dd or sections 4-276 to 4-280,
25 inclusive.

26 Sec. 2. Section 4-37f of the 2026 supplement to the general statutes is
27 repealed and the following is substituted in lieu thereof (*Effective October*
28 *1, 2026, and applicable to any agreement entered into or renewed on or after*
29 *said date*):

30 The executive authority of each state agency for which a foundation
31 is established shall, in accordance with a policy adopted by the board of
32 trustees of the constituent unit for each state agency which is a
33 constituent unit or which is a public institution of higher education
34 under the jurisdiction of the constituent unit, ensure that, or the
35 executive authority of each state agency for which a foundation is
36 established for the principal purpose of coordinated emergency
37 recovery shall ensure that:

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

40 (2) If the state agency is a constituent unit, the following persons
41 [shall] serve as nonvoting members of the governing board of the
42 foundation unless the bylaws of the foundation provide that they be
43 voting members: The executive authority of the constituent unit, or [his]
44 such executive authority's designee, a student enrolled at an institution
45 under the jurisdiction of the constituent unit, who [shall be] is elected
46 by the students enrolled at the institutions under the jurisdiction of the

47 constituent unit, and a member of the faculty of any such institution,
48 who [shall be] is elected by the faculty of the institutions under the
49 jurisdiction of the constituent unit. Elections pursuant to this
50 subdivision shall be conducted in accordance with procedures for such
51 elections established by the board of trustees of the constituent unit;

52 (3) If the constituent unit is the Connecticut State Community College
53 or the Connecticut State University System, the purposes of the
54 foundation [shall be] are limited to providing funding for (A)
55 scholarships or other direct student financial aid, and (B) programs,
56 services or activities at one or more of the institutions within its
57 jurisdiction;

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

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

72 (6) The salaries, benefits and expenses of officers and employees of
73 the foundation [shall be] are paid solely by the foundation, unless such
74 officers or employees are state employees receiving salaries, benefits
75 and expenses paid by the state pursuant to an agreement entered into
76 under subdivision (10) of this section;

77 (7) The foundation [shall use] uses generally accepted accounting
78 principles in its financial record-keeping and reporting and [shall] does

79 not engage in any prohibited act, as described under section 21a-190h of
80 the Solicitation of Charitable Funds Act;

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

114 completed pursuant to this subdivision to the executive authority of the
115 state agency and the Attorney General. Each financial statement
116 required under this subdivision shall include, for the fiscal year to which
117 the statement applies, the total receipts and earnings from investments
118 of the foundation and the amount and purpose of each receipt of funds
119 by the state agency from the foundation. As used in this subdivision,
120 "fiscal year" means any twelve-month period adopted by a foundation
121 as its accounting year;

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

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

169 (10) There [shall be] is a written agreement between the state agency
170 and the foundation that (A) addresses any use by the foundation of the
171 agency's facilities and resources including, but not limited to, office
172 space, storage space, office furniture and equipment, utilities,
173 photocopying services, computer systems and the maintenance by the
174 state agency of the books and records of the foundation, provided any
175 such books and records maintained by the state agency shall not be
176 deemed to be public records and shall not be subject to disclosure
177 pursuant to the provisions of section 1-210, (B) provides that the state
178 agency shall have no liability for the obligations, acts or omissions of the
179 foundation, (C) requires the foundation to reimburse the state agency
180 for expenses the agency incurs as a result of foundation operations, if
181 the agency would not have otherwise incurred such expenses, including
182 whether any portion of the expenses, salaries or benefits of state
183 employees providing services to the foundation are to be reimbursed by

184 the foundation and, if so, in what amount, (D) in the case of foundations
185 established for a constituent unit of the state system of higher education
186 or for a public institution of higher education, requires the foundation
187 to establish and adhere to an investment policy and a spending policy
188 that are consistent with sections 45a-535 to 45a-535i, inclusive, (E) on
189 and after July 1, 2017, if the state agency is The University of
190 Connecticut, provides that (i) the total cash compensation to be paid in
191 a fiscal year by the state agency to the foundation shall decrease from
192 the amount paid in the preceding fiscal year or the amount paid in the
193 fiscal year ending June 30, 2016, whichever is greater, by (I) one million
194 dollars when the market value of the foundation's endowment fund as
195 of January first of the preceding fiscal year is equal to or greater than
196 five hundred million dollars but less than seven hundred million
197 dollars, (II) one million five hundred thousand dollars when the market
198 value of such fund as of January first of the preceding fiscal year is equal
199 to or greater than seven hundred million dollars but less than nine
200 hundred million dollars, or (III) three million dollars when the market
201 value of such fund as of January first of the preceding fiscal year is equal
202 to or greater than nine hundred million dollars but less than one billion
203 two hundred fifty million dollars, (ii) no cash compensation shall be
204 paid by the state agency to the foundation when the amount in such
205 foundation's endowment fund as of January first of the preceding fiscal
206 year is equal to or greater than one billion two hundred fifty million
207 dollars, (iii) if the market value of the foundation's endowment fund as
208 of January first of the preceding fiscal year decreases below any of the
209 thresholds stated in subclause (I), (II) or (III) of clause (i) of this
210 subparagraph, then the amount of the cash payment to the foundation
211 shall be increased to equal the same amount that was paid to the
212 foundation prior to exceeding the threshold in subclause (I), (II) or (III)
213 of clause (i) of this subparagraph, until the July first following a January
214 first on which the market value of the foundation's endowment fund
215 again exceeds such threshold, and (iv) in any fiscal year, if the two-year
216 average of total gifts and commitments reported by the foundation,
217 pursuant to subparagraph (B) of subdivision (9) of this section, for the
218 preceding two fiscal years is not less than five times the average total

219 cash compensation paid by the state agency during the same period, the
220 provisions of clauses (i) to (iii), inclusive, of this subparagraph shall not
221 be applicable to the cash compensation paid by the state agency to the
222 foundation in such fiscal year, (F) on and after July 1, 2017, requires the
223 foundation to use reasonable efforts to raise gifts and commitments each
224 fiscal year for student support, including, but not limited to,
225 scholarships, assistantships, fellowships, awards and prizes, that equal
226 not less than fifteen per cent of the total amount of all gifts and
227 commitments raised by the foundation in the same fiscal year, and (G)
228 provides that if the foundation ceases to exist or ceases to be a
229 foundation, as defined in section 4-37e, (i) the foundation shall be
230 prohibited from using the name of the state agency, (ii) the records of
231 the foundation, or copies of such records, shall be made available to and
232 may be retained by the state agency, provided any such records or
233 copies which are retained by the state agency shall not be deemed to be
234 public records and shall not be subject to disclosure pursuant to the
235 provisions of section 1-210, and (iii) there are procedures for the
236 disposition of the financial and other assets of the foundation. If the state
237 agency is a constituent unit, the board of trustees of the constituent unit
238 shall approve such agreement. If the state agency is a public institution
239 of higher education, the board of trustees of the constituent unit which
240 has jurisdiction over the institution shall approve such agreement; and

241 (11) If the foundation is established for the principal purpose of
242 coordinated emergency recovery, the Department of Emergency
243 Services and Public Protection [shall be] is deemed the state agency for
244 purposes of this section, and the deputy commissioner of said
245 department with jurisdiction over the Division of Emergency
246 Management and Homeland Security [shall be] is deemed the executive
247 authority for purposes of this section.

248 Sec. 3. Subsection (b) of section 2-90 of the 2026 supplement to the
249 general statutes is repealed and the following is substituted in lieu
250 thereof (*Effective October 1, 2026*):

251 (b) Said auditors [, with the Comptroller,] shall, at least annually and

252 as frequently as they deem necessary, audit the books and accounts of
253 the Treasurer, including, but not limited to, trust funds, as defined in
254 section 3-13c, and certify the results to the Governor. The auditors shall,
255 at least annually and as frequently as they deem necessary, audit the
256 books and accounts of the Comptroller and certify the results to the
257 Governor. They shall examine and prepare certificates of audit with
258 respect to the financial statements contained in the annual reports of the
259 Treasurer and Comptroller, which certificates shall be made part of such
260 annual reports. In carrying out their responsibilities under this section,
261 said auditors may retain independent auditors to assist them.

262 Sec. 4. Subsection (a) of section 4e-6 of the general statutes is repealed
263 and the following is substituted in lieu thereof (*Effective October 1, 2026*):

264 (a) The board shall conduct audits of state contracting agencies,
265 triennially, to ensure compliance with statutes and regulations
266 concerning procurement. In conducting each such audit, the board shall
267 have access to all contracting and procurement records [.] and may
268 interview any and all personnel responsible for contracting, contract
269 negotiations or procurement. [and may enter into an agreement with the
270 Auditors of Public Accounts to effectuate such audit.]

271 Sec. 5. Section 2-90d of the general statutes is repealed and the
272 following is substituted in lieu thereof (*Effective October 1, 2026*):

273 On and after October 1, [2021] 2026, any state agency proposing to
274 enter into or amend a contract for the purchase of auditing services of
275 any value shall [(1)] notify the Auditors of Public Accounts of such
276 contract at least fifteen days prior to entering into or amending such
277 contract. [, and (2) not enter into or amend such contract until the
278 Auditors of Public Accounts have advised the agency whether the
279 auditing services could be provided by said auditors.] Any such state
280 agency shall (1) ensure that any such contract requires the entity
281 providing such auditing services to provide any information related to
282 the audit to the Auditors of Public Accounts upon request, and (2)
283 provide a copy of such audit to the Auditors of Public Accounts upon
284 request. As used in this section, "state agency" has the same meaning as

285 provided in section 4-37e and "contract" does not include any personal
286 service agreement subject to the provisions of section 4-216, as amended
287 by this act.

288 Sec. 6. Section 4-216 of the general statutes is repealed and the
289 following is substituted in lieu thereof (*Effective October 1, 2026*):

290 (a) No state agency may execute a personal service agreement having
291 a cost of more than fifty thousand dollars without the approval of the
292 secretary. A state agency may apply for an approval by submitting the
293 following information to the secretary: (1) A description of the services
294 to be purchased and the need for such services; (2) an estimate of the
295 cost of the services and the term of the agreement; (3) whether the
296 services are to be [on-going] ongoing; (4) whether the state agency has
297 contracted out for such services during the preceding two years and, if
298 so, the name of the contractor, term of the agreement with such
299 contractor and the amount paid to the contractor; (5) whether any other
300 state agency has the resources to provide the services; (6) whether the
301 agency intends to purchase the services by competitive negotiation and,
302 if not, why; and (7) whether it is possible to purchase the services on a
303 cooperative basis with other state agencies. In the case of a proposed
304 personal services agreement for audit services, the agency shall notify
305 the Auditors of Public Accounts of [a] any proposed personal services
306 agreement for audit services. [and give said auditors an opportunity to
307 review the application and advise the agency whether such audit
308 services are necessary and, if so, could be provided by said auditors]
309 The state agency shall ensure that any such agreement requires the
310 entity providing such auditing services to provide any information
311 related to the audit to the Auditors of Public Accounts upon request,
312 and the state agency shall provide a copy of such audit to the Auditors
313 of Public Accounts upon request.

314 (b) Each personal service agreement having a cost of more than fifty
315 thousand dollars shall be based on competitive negotiation or
316 competitive quotations, unless the state agency purchasing the personal
317 services determines that a sole source purchase is required and applies

318 to the secretary for a waiver from such requirement and the secretary
319 grants the waiver. The secretary shall adopt guidelines for determining
320 the types of services that may qualify for such waivers. The qualifying
321 services shall include, but not be limited to, (1) services for which the
322 cost to the state of a competitive selection procedure would outweigh
323 the benefits of such procedure, as documented by the state agency, (2)
324 proprietary services, (3) services to be provided by a contractor
325 mandated by the general statutes or a public or special act, and (4)
326 emergency services, including services needed for the protection of life
327 or health. The secretary shall post any approvals of requests for a waiver
328 received under this section on the State Contracting Portal. Not later
329 than January 15, 2024, and annually thereafter, the secretary shall
330 submit a report, in accordance with the provisions of section 11-4a, to
331 the joint standing committees of the General Assembly having
332 cognizance of matters relating to appropriations and the budgets of state
333 agencies and government administration and the State Contracting
334 Standards Board listing any such waiver requests received during the
335 prior year and the justification for the grant or denial of such request.

336 Sec. 7. Section 1-123 of the general statutes is repealed and the
337 following is substituted in lieu thereof (*Effective October 1, 2026*):

338 (a) [The] Not later than six months after the end of its fiscal year, the
339 board of directors of each quasi-public agency shall [annually] submit
340 [a] an annual report to the Governor and the Auditors of Public
341 Accounts. Such report shall include, but need not be limited to, the
342 following: (1) A list of all bond issues for the preceding fiscal year,
343 including, for each such issue, the financial advisor and underwriters,
344 whether the issue was competitive, negotiated or privately placed, and
345 the issue's face value and net proceeds; (2) a list of all projects other than
346 those pertaining to owner-occupied housing or student loans receiving
347 financial assistance during the preceding fiscal year, including each
348 project's purpose, location, and the amount of funds provided by the
349 agency; (3) a list of all outside individuals and firms receiving in excess
350 of five thousand dollars in the form of loans, grants or payments for
351 services, except for individuals receiving loans for owner-occupied

352 housing and education; (4) a complete set of financial statements; (5) the
353 cumulative value of all bonds issued, the value of outstanding bonds,
354 and the amount of the state's contingent liability; (6) the affirmative
355 action policy statement, a description of the composition of the agency's
356 work force by race, sex, and occupation and a description of the agency's
357 affirmative action efforts; and (7) a description of planned activities for
358 the current fiscal year.

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

368 (c) For the quarter commencing July 1, 2010, and for each quarter
369 thereafter, the board of directors of each quasi-public agency shall
370 submit a personnel status report to the Office of Fiscal Analysis. Such
371 report shall include, but not be limited to: (1) The total number of
372 employees by the end of the quarter; (2) the positions vacated and the
373 positions filled by the end of the quarter; and (3) the positions estimated
374 to be vacant and the positions estimated to be filled at the end of the
375 fiscal year.

376 Sec. 8. Section 4d-9 of the general statutes is repealed and the
377 following is substituted in lieu thereof (*Effective October 1, 2026*):

378 There shall be a Technical Services Revolving Fund in the
379 Department of Administrative Services for the purchase, installation
380 and utilization of information and telecommunication systems, as such
381 terms are defined in section 4d-1, for budgeted agencies of the state. The
382 Commissioner of Administrative Services and the Secretary of the Office
383 of Policy and Management shall jointly be responsible for the
384 administration of said fund. Said commissioner and said secretary shall

385 regularly review said fund using generally accepted accounting
386 principles and the Auditors of Public Accounts shall conduct an annual
387 comprehensive financial review of said fund as part of the audit of the
388 annual comprehensive financial report issued by the Comptroller.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2026</i>	4-40b
Sec. 2	<i>October 1, 2026, and applicable to any agreement entered into or renewed on or after said date</i>	4-37f
Sec. 3	<i>October 1, 2026</i>	2-90(b)
Sec. 4	<i>October 1, 2026</i>	4e-6(a)
Sec. 5	<i>October 1, 2026</i>	2-90d
Sec. 6	<i>October 1, 2026</i>	4-216
Sec. 7	<i>October 1, 2026</i>	1-123
Sec. 8	<i>October 1, 2026</i>	4d-9

GOS *Joint Favorable*

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 27 \$	FY 28 \$
Constituent Units of Higher Education	OF - Potential Revenue Gain	Minimal	Minimal

Note: OF=Other Funds

Municipal Impact: None

Explanation

The bill results in a potential, minimal revenue gain to the constituent units of higher education annually beginning in FY 27. 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.

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

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

The Out Years

¹ Each Connecticut State University and CT State campus has its own foundation.

The annualized ongoing fiscal impact identified above would continue into the future subject to the provisions of certain agreements between state agencies and their foundations.

OLR Bill Analysis**SB 247*****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 certain settlement agreements that prohibit an employee from working while requiring that the employee continue to be paid, with exceptions (§ 1);
2. specifies a process for determining when a foundation that supports a state agency must reimburse the agency for the services of state employees (§ 2);
3. removes a requirement for the comptroller to be part of an annual audit that APA must conduct on the treasurer's books and accounts (§ 3);
4. makes several changes related to the Auditors of Public Accounts' (APA) involvement in audits conducted by other state agencies (§§ 4-6);
5. requires a quasi-public agency to submit its 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 deadline) (§ 7); and
6. clarifies that when APA conducts the annual comprehensive financial review of the Technical Services Revolving Fund (a fund used to purchase, install, and use information and

telecommunication systems for state agencies), it must be done as a part of the audit of the annual comprehensive financial report issued by the comptroller (§ 8).

The bill also makes technical changes.

EFFECTIVE DATE: October 1, 2026, and the provision on foundation agreements with state agencies applies to agreements entered into or renewed on or after that date.

§ 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 non-disparagement 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 requiring that they continue to be paid their regular salary and benefits.

But it also allows these agreements if the payment is (1) for administrative leave authorized by the Office of Labor Relations pending a disciplinary investigation, (2) under a collective bargaining agreement or employment contract that covers the employee, or (3) otherwise required by state or federal law.

§ 2 — FOUNDATION REIMBURSEMENTS FOR STATE EMPLOYEES

Current law generally requires foundations that support state agencies (such as the UConn Foundation) to ensure that they pay the salaries, benefits, and expenses of their officers and employees. 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.

Existing 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.

§§ 4-6 — APA INVOLVEMENT IN OTHER AGENCIES’ AUDITS

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.

Current 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. The bill removes this limitation and instead requires the agency to ensure that the contract requires the auditor to give APA any information related to the audit’s findings, including a copy of the audit, upon request.

COMMITTEE ACTION

Government Oversight Committee

Joint Favorable

Yea 12 Nay 0 (03/17/2026)