



General Assembly

February Session, 2026

**Raised Bill No. 247**

LCO No. 1044



Referred to Committee on GOVERNMENT OVERSIGHT

Introduced by:  
(GOS)

***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 Section 4-40b of the general statutes is repealed and the  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27 repealed and the following is substituted in lieu thereof (*Effective October*  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*