PA 26-109—SB 247
Government Oversight Committee

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE AUDITORS OF PUBLIC ACCOUNTS

SUMMARY: This act 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 the Auditors of Public Accounts (APA) must conduct on the treasurer's books and accounts (§ 3);
4. makes several changes related to the APA's involvement in audits done by other state agencies (§§ 4-6);
5. requires each quasi-public agency to submit its annual report with certain agency administrative and financial information to the governor and the APA within six months after its fiscal year ends (prior law did not set a deadline) (§ 7); and
6. clarifies that when the 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 comptroller's annual comprehensive financial report (§ 8).

The act 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

Existing law generally prohibits state agencies (including 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 on behalf of the agency or (2) authorized by the governor. The act extends this prohibition to also cover any other types of agreements that prohibit an employee from working while requiring that they continue to be paid their regular salary and benefits.

But the act also expands when these payments are allowed 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

The 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 act 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 act 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 act removes a provision that allowed the board to enter into an agreement with the APA to do these audits.

Prior law also generally required a state agency proposing to contract for auditing services to wait until the APA advised the agency on whether it could perform the services. The act removes this limitation and instead requires the agency to ensure that the contract requires the auditor to give the APA any information related to the audit's findings, including a copy of the audit, upon request.