



House of Representatives

File No. 757

General Assembly

January Session, 2003

(Reprint of File No. 454)

Substitute House Bill No. 6486
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
May 22, 2003

**AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS
COMMITTEE CONCERNING THE CONNECTICUT RESOURCES
RECOVERY AUTHORITY AND OTHER QUASI-PUBLIC AGENCIES.**

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

1 Section 1. (NEW) (*Effective July 1, 2003*) Not later than three years
2 before the last maturity date of any outstanding bond issuance for a
3 waste management project, as defined in section 22a-260 of the general
4 statutes, administered by the Connecticut Resources Recovery
5 Authority, the board of directors of the authority shall establish a
6 special committee for such project consisting of five representatives of
7 the authority and not more than five representatives jointly designated
8 by the municipalities having a contract with the authority for such
9 project. At least two years before such last maturity date, such special
10 committee shall study and present to said board of directors options
11 for disposing of solid waste from such municipalities after the
12 expiration of such contract. Such options shall include, but shall not be
13 limited to, private sector management of such solid waste disposal.

14 Sec. 2. Section 1-122 of the general statutes is repealed and the
15 following is substituted in lieu thereof (*Effective July 1, 2004*):

16 The [board of directors of each quasi-public agency] Auditors of
17 Public Accounts shall annually [contract with a person, firm or
18 corporation for] conduct a compliance audit of [the] each quasi-public
19 agency's activities during the preceding agency fiscal year [. The] or
20 contract with a person, firm or corporation for any such audit or
21 audits. Each such audit shall determine whether the quasi-public
22 agency has complied with its regulations concerning affirmative
23 action, personnel practices, the purchase of goods and services, the use
24 of surplus funds and the distribution of loans, grants and other
25 financial assistance. [The] Each audit shall include a review of all or a
26 representative sample of the agency's activities in such areas during
27 such fiscal year. The [board] Auditors of Public Accounts shall submit
28 [the] each audit report to the Governor [, the Auditors of Public
29 Accounts] and two copies of the audit report to the Legislative
30 Program Review and Investigations Committee. Not later than thirty
31 days after receiving copies of an audit report from the Auditors of
32 Public Accounts, the Legislative Program Review and Investigations
33 Committee shall prepare an assessment of whether the audit report
34 complies with the requirements of this section and shall submit the
35 assessment and a copy of the audit report to the joint standing
36 committee of the General Assembly having cognizance of matters
37 relating to the quasi-public agency. Each quasi-public agency shall pay
38 the cost of conducting such annual compliance audit of the agency.

39 Sec. 3. Section 1-123 of the general statutes is repealed and the
40 following is substituted in lieu thereof (*Effective July 1, 2004*):

41 The board of directors of each quasi-public agency shall annually
42 submit a report to the Governor [,] and the Auditors of Public
43 Accounts and two copies of such report to the [joint standing
44 committee of the General Assembly having cognizance of matters
45 relating to the quasi-public agency] Legislative Program Review and
46 Investigations Committee. Such report shall include, but not be limited

47 to, the following: (1) A list of all bond issues for the preceding fiscal
48 year, including, for each such issue, the financial advisor and
49 underwriters, whether the issue was competitive, negotiated or
50 privately placed, and the issue's face value and net proceeds; (2) a list
51 of all projects other than those pertaining to owner-occupied housing
52 or student loans receiving financial assistance during the preceding
53 fiscal year, including each project's purpose, location, and the amount
54 of funds provided by the agency; (3) a list of all outside individuals
55 and firms receiving in excess of five thousand dollars in the form of
56 loans, grants or payments for services, except for individuals receiving
57 loans for owner-occupied housing and education; (4) a balance sheet
58 showing all revenues and expenditures; (5) the cumulative value of all
59 bonds issued, the value of outstanding bonds, and the amount of the
60 state's contingent liability; (6) the affirmative action policy statement, a
61 description of the composition of the agency's work force by race, sex,
62 and occupation and a description of the agency's affirmative action
63 efforts; and (7) a description of planned activities for the current fiscal
64 year. Not later than thirty days after receiving copies of such report
65 from the board of a quasi-public agency, the Legislative Program
66 Review and Investigations Committee shall prepare an assessment of
67 whether the report complies with the requirements of this section and
68 shall submit the assessment and a copy of the report to the joint
69 standing committee of the General Assembly having cognizance of
70 matters relating to the quasi-public agency.

71 Sec. 4. (NEW) (*Effective July 1, 2003*) No quasi-public agency, as
72 defined in section 1-120 of the general statutes, shall contract with the
73 same person, firm or corporation to conduct financial audits of such
74 agency for more than six consecutive fiscal years of the agency. The
75 provisions of this section shall apply to fiscal years of quasi-public
76 agencies beginning on or after July 1, 2003.

This act shall take effect as follows:

Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2004</i>
Sec. 3	<i>July 1, 2004</i>
Sec. 4	<i>July 1, 2003</i>

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Auditors	GF - None	None	None
CT Resources Recovery Authority; Various Quasi-Publics	Various - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill as amended requires the Auditors of Public Accounts to perform compliance audits on each quasi-public agency annually. It is anticipated that the Auditors can perform such audits within their normal budgetary resources, however should the Auditors incur costs the bill enables the agency to pass any costs along to the quasi-public agencies. Thus it is anticipated that the quasi-public agencies will not incur costs.

Additionally, any workload increase to the Connecticut Resources Recovery Authority and municipalities on the special committee established by the bill, is anticipated to be minimal and handled within the routine duties of each.

House "A" makes a variety of changes that have no fiscal impact.

OLR Bill Analysis

sHB 6486 (as amended by House "A")*

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE CONCERNING THE CONNECTICUT RESOURCES RECOVERY AUTHORITY AND OTHER QUASI-PUBLIC AGENCIES**SUMMARY:**

This bill shifts the responsibility for the annual compliance audits each quasi-public agency must complete from the agency's board of directors to the state auditors of public accounts. It requires the auditors to forward duplicate copies of each agency's compliance audit report to the Legislative Program Review and Investigations Committee (LPRIC). Each agency's board of directors must send duplicate copies of its annual report to the committee as well. In both cases, the committee must determine that the report meets statutory requirements before sending a copy to the legislative committee of cognizance for the quasi-public agency.

The bill requires the Connecticut Resources Recovery Authority's (CRRA) board of directors to establish a special study committee with affected municipalities before the termination of a waste management project contract to study the disposal options available after the conclusion of the existing agreement.

The bill limits to six consecutive fiscal years, beginning with FY 2003-04, the period that a quasi-public agency can contract with the same person, firm, or corporation for its financial audits.

*House Amendment "A" ties the formation of the CRRA study committee to the date the project bonds mature rather than when the contract expires, sets the size of the committee and its representation, and establishes a deadline for its final action.

EFFECTIVE DATE: July 1, 2003 for the CRRA study committee and the limitation on financial audit contracts, and July 1, 2004 for the provisions on the compliance audit and annual reports.

COMPLIANCE AUDIT REPORTS

The bill makes auditors of public accounts responsible for the annual compliance audit for each quasi-public agency, rather than each agency's board of directors, which contracts for an audit under current law. The auditors can perform the audit themselves or contract for it with an outside person or firm. In either case, the agency must pay for it.

The auditors must submit each audit report to the governor, who currently receives them (as do the auditors), and send two copies to LPRIC as well. The committee has 30 days to determine whether the report complies with statutory requirements and send its assessment and a copy of the audit to the legislative committee with cognizance over the quasi-public agency. Currently, the committees of cognizance receive the reports directly from the boards.

ANNUAL REPORT

The bill requires each quasi-public agency's board to give two copies of its annual report that goes to the governor and the auditors to LPRIC, instead of one copy to the legislative committee of cognizance. LPRIC has 30 days to review whether the annual report meets statutory requirements and send its assessment and a copy of the report to the legislative committee with cognizance over the agency.

CRRA STUDY COMMITTEE

The bill requires the CRRA board of directors to establish a study committee at least three years before the maturity date of the last outstanding bond for a waste management project. The committee has five representatives of CRRA and up to five jointly designated by the municipalities that have the contract with the authority for solid waste disposal services. At least two years before the last maturity date, the committee must present its options for disposal services after the contract expires. The committee must consider private sector management as a possibility, among other things.

BACKGROUND

Quasi-Public Agencies

The statutory quasi-public agencies covered in the bill are the Connecticut Development Authority, Connecticut Innovations, Inc., Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, CRRA, Connecticut Hazardous Waste Management Service, Connecticut Port Authority, Capital City Economic Development Authority, and Connecticut Lottery Corporation.

Legislative History

On April 23, the House referred the bill to the Finance, Revenue and Bonding Committee, which reported it without any change on May 1. On May 6, the House referred it to the Legislative Management Committee, which reported it without change on May 12.

COMMITTEE ACTION

Program Review and Investigations Committee

Joint Favorable Substitute Change of Reference
Yea 11 Nay 0

Government Administration and Elections Committee

Joint Favorable Report
Yea 16 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Report
Yea 42 Nay 0

Legislative Management Committee

Joint Favorable Report
Yea 19 Nay 0