

State Auditors Robert M. Ward and John C. Geragosian

Testimony in Favor of House Bill 5247

An Act Implementing the Recommendations of the Auditors of Public Accounts

Government Administration and Elections Committee

February 22, 2016

Senator Cassano, Representative Jutila, Senator McLachlan, Representative Smith and members of the Government Administration and Elections Committee. We would like to thank the committee for raising **HB 5247, An Act Implementing Certain Recommendations of the Auditors of Public Accounts**. We are strongly in favor of this legislation.

During the course of auditing state and quasi-public agencies, our auditors discover issues that merit the attention of the General Assembly. This bill implements several of the changes that were recommended in our annual report. That report can be accessed on our website (<http://www.cga.ct.gov/apa/>).

This bill is similar to the final language in a bill from last year that passed this committee and the House unanimously. There are a couple of new sections we would like to highlight:

Section 12 would require approval by the Attorney General of any payments by state agencies related to non-disparagement agreements or those made to departing state employees for the purpose of avoiding litigation. This language corresponds to Recommendation 14 in our 2015 annual report.

During the course of our audits, we have found large payments made by state agencies to departing state employees. Upon further investigation and discussion with agency personnel, we determined the payments (many of which were in excess of \$100,000), were made for the purpose of avoiding costs associated with litigation or as part of non-disparagement agreements.

Based upon our review of the employment files made available to us, we determined that the Office of the Attorney General had not expressly approved these payments. Requiring the approval of the Attorney General on payments of this nature will assist in protecting the state's interests by providing independent scrutiny of these payments and consistency among state agencies.

Section 13 would modify the language in Section 4a-80 of the General Statutes to include as part of the required list sent to the commissioner of the Department of Revenue Services, all persons paid by any public agency's third-party administrator that utilizes state accounts and/or funds for the purchase of goods and services on the state's behalf. This language corresponds to Recommendation 15 in our 2015 annual report.

A more comprehensive listing of persons paid via state funding for providing goods and services on behalf of the state would assist the Department of Revenue Services (DRS) in its tax administration responsibilities. This would identify vendors that owe the state taxes.

In our most recent audit of the Department of Administrative Services (DAS), its third-party administrator for workers' compensation payments was not reporting individual payment information to DRS to assist in tax collection. Because the administrator is making these payments using state funds and fulfilling a state function, we believe the payment information should be reported to DRS.

The sections repeated from last year's bill can be briefly summarized as follows:

Section 1 allows the Auditors of Public Accounts to delay reporting certain matters that are part of an ongoing investigation.

Section 2 allows aggregate reporting of certain matters.

Section 3 requires that agencies allow the Auditors of Public Accounts to determine whether it can perform audits before engaging an outside audit firm.

Section 4 provides that human resources directors of state agencies are mandated to report known ethics violations.

Sections 5 and 6 establish a timeline for required foundation reports and further provide that if a foundation fails to carry out a required audit in a timely fashion, the Auditors of Public Accounts may conduct such audit.

Section 7 requires UConn construction projects to go to the lowest responsible bidder.

Section 8 requires the audit of the Bradley Enterprise Fund to be performed biennially rather than annually.

Section 9 incorporates the Probate Courts into the whistleblower statute and adds whistleblower protections to employees of shellfish bed lessees. Please note that the shellfish employees were not part of our annual report.

Sections 10, 11 and 14 are technical. These issues are addressed on page 31 of our 2015 annual report.

Thank you again for raising this important legislation. As always, we are available to you to answer any questions you may have about this legislation or the work our office does.