



State of Connecticut

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Testimony

Government Administration and Elections Committee

February 26, 2018

Testimony in Support of Senate Bill 180 An Act Requiring Executive and Legislative Review of Certain Quasi-Public Agency Contracts & Senate Bill 179 An Act Requiring A Performance Audit of Certain Government Programs

Senator McLachlan, Senator Flexer, Representative Fox, Representative Devlin and members of the Government Administration and Elections Committee, thank you for the opportunity to submit testimony in favor of Senate Bill 180 and Senate Bill 179

Senate Bill 180 An Act Requiring Executive and Legislative Review of Certain Quasi-Public Agency Contracts

Senate Bill 180 An Act Requiring Executive and Legislative Review of Certain Quasi-Public Agency Contracts aims would bring more transparency to the state's quasi-public agencies. By requiring the submission of certain contracts to the Attorney General, I believe this legislative proposal will help to ensure that all quasi-public agency employment contracts, consulting contracts and separation agreements be reviewed in great detail and be in the best interest of the state of Connecticut. It also would require that any of these contracts or agreements with an annual cost of over \$100,000 also be submitted to the appropriate General Assembly committee for review.

In recent years some specific contracts and agreements have raised concerns amongst lawmakers including:

- Over \$376,000 in severance payments made to four senior level managers at Access Health CT who were secretly "involuntarily termina[ed]" by CEO James Wadleigh between 2015 and 2017. Each of them received at least six months of salary and benefits pursuant to separation agreements that were not reviewed by any other state entity. Some of these agreements also reportedly included nondisclosure language, calling for employees to not disclose the terms of their settlement and to "not make any disparaging or defamatory statements" about Access Health CT.
- The \$250,000 severance payment made to the former president and executive director of the Connecticut Housing Finance Authority that was revealed and questioned in a review by the Auditors of Public Accounts.
- The severance agreement made between Anne Noble and the Connecticut Lottery Corporation including a continued role at the Lottery Corp. following the hacking of the 5 Card Cash game

and Noble's resignation. Multiple questions surrounding this agreement have been raised regarding who currently employs Ms. Noble, whether she holds the license necessary to work for the Lottery Corp., and what is the basis for a severance arrangement that allows an individual to continue to earn employment credit to become fully vested and receive retirement benefits. Questions have also come up following the release of emails through a Freedom of Information request which refer to a related Department of Consumer Protection Investigation being kept "under wraps."

Finally, I also have significant questions about state separation agreements with employees as reported on by the state auditors in their 2016 Annual Report. This report referenced payments, some exceeding \$100,000, made to state employees as part of non-disparagements and non-litigation agreements for the purposes of avoiding litigation. According to the report, these agreements were neither reviewed nor approved by the state Attorney General or the Governor. However, [Connecticut General Statute Sec. 3-7 \(c\)](#), states that the Attorney General must recommend and the Governor must authorize the compromise of any claim against the state or any agency or department of the state. While I believe the auditors' findings appear to be limited to state agencies, this certainly raises questions about not only what is occurring in state agencies, but also in quasi-public agencies that have less oversight. This bill before the committee today would help ensure that any future separation agreement that is similar to what the auditors have found occurring behind closed doors before will have proper oversight moving forward.

Senate Bill 179 An Act Requiring A Performance Audit of Certain Government Programs

Senate Bill 179 An Act Requiring A Performance Audit of Certain Government Programs would utilize a performance audit to use objective evidence based criteria to evaluate whether a state program is effectively and efficiently achieving its goals. It involves an in depth examination that goes beyond the traditional financial audit. Performance audits provide the data and information necessary to improve program performance and reduce costs. Taxpayers and policy makers deserve to know whether state resources are being used efficiently and producing quantifiable results.

The Auditors of Public Accounts used to have a full performance audit unit that was forced to close due to funding cuts. However, when they did conduct performance audits, those audits resulted in significant findings and recommendations for improving agency operations and efficiency. Audited programs included pharmaceutical purchasing and DAS billing and collection services. Audit recommendations improved financial accountability as well as public safety and produced real savings.

While I understand that fully reinstating the performance audit unit may not be realistic given current budget restraints, the proposal in SB 179 to require performance audits of government assistance and incentive programs would be a good start. When taxpayer money is used to subsidize or support a private enterprise, with the goal of creating economic growth and jobs, we need to know that we are getting a good return on that investment.

This is an area where government is penny wise and pound foolish. A small investment in improving our performance audit capabilities will yield large improvement in government accountability, operations and efficiencies.

Len Fasano
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