

**Government Administration and Elections Committee
JOINT FAVORABLE REPORT**

Bill No.: SB-175

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE AUDITORS OF

Title: PUBLIC ACCOUNTS.

Vote Date: 3/9/2018

Vote Action: Joint Favorable Substitute

PH Date: 2/26/2018

File No.: 90

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SPONSORS OF BILL:

Government Administration and Elections Committee

REASONS FOR BILL:

To implement the recommendations regarding government administration contained in the annual report of the Auditors of Public Accounts.

Substitute Language:

RESPONSE FROM ADMINISTRATION/AGENCY:

Carol Carson, Executive Director, Office of State Ethics

Ms. Carson argued that adding a reporting requirement for officials in charge of agency human resources helps Connecticut in its goal of ensuring an ethical government because these officials are often aware of information about Ethics Code violations.

The Office of State Ethics also praises the efforts of the Auditors of Public Accounts to strengthen the enforcement of state ethics laws. OSE suggests an amendment in the Code of Ethics for Lobbyists to state that lobbyists are prohibited from providing lobbying services to state and quasi-public agencies.

Judicial Branch, State of Connecticut

The Judicial Branch suggested a minor technical change. They suggested separating each of the penalties listed into different subsections so that they could track the number of instances of each offense, and differentiate them for statistical purposes.

Robert J. Kane and John C. Geragosian State Auditors, Auditors of Public Accounts

The auditors summarized the following sections of the bills.

Section 1 Allows the Auditors of Public Accounts time to delay their reports on certain matters if there is an ongoing investigation.

Section 2 Allows aggregate reporting of certain matters. It also requires state and quasi-public agencies to report data breaches to our office and the Office of the State Comptroller. The auditors found instances where there were data breaches involving personally identifiable information where it was not promptly reported. This section would address personally identifiable information which is currently not specifically addressed in current law.

Section 3 Human resources directors of state agencies would be mandated to report known ethics violations.

Sections 4 and 5 Establishes a timeline for required foundation reports. It also provides that the Auditors of Public Accounts may conduct an audit if a foundation fails to carry out a required audit in a timely fashion. Finally, it creates a new change that increases the audit threshold for small foundations from \$100,000 to \$250,000 (the threshold has not been changed in over 30 years).

Section 6 Allows the Auditors to audit the Bradley Enterprise Fund biennially rather than annually.

Section 7 Requires quasi-public agencies to report a complete set of financial statements rather than a balance sheet showing all revenues and expenditures.

Section 8 Limits agency payments to employees resigning or retiring from employment with such state agency for the purposes of avoiding costs associated with potential litigation or pursuant to a non-disparagement agreement unless such payment is made pursuant to a settlement agreement entered into by the Attorney General on behalf of the state agency, or an authorization by the Governor. Additionally, any non-disparagement agreement cannot prohibit an employee from making a complaint or providing information in accordance with the whistleblower or false claims act.

Section 9 (NEW) Requires the secretary of OPM to immediately notify the Auditors of any application that the secretary receives for approval of a sole source purchase of audit services. It would allow the auditors the opportunity to review the application and to advise the secretary as to whether such services are necessary and, if their office could provide those services.

Section 10 Eliminates conflicting language related to the Surety Bail Bond Examination Account clarifying that the funds in the account can lapse.

Sections 11-15 (NEW) Eliminates a redundant audit requirement related to the Capital Region Development Authority (CRDA). The CRDA audit the auditors currently performs would address the requirements of the contracted audit.

Sections 16-20 (NEW) Amends Part III of the State Code of Ethics to allow the Office of State Ethics to receive complaints and investigate alleged violations of state or quasi-public agencies retaining lobbyists.

Section 21 Amend the statute related to retired rehired state employees to limit the amount of days a retiree can work to 120 days. This change brings the statute into agreement with labor agreements, Office of Labor Relation Notices, Governor Rell's Executive Order No. 27-A, and Governor Malloy's Executive Order No. 3.

Section 22 Reduces the required amount in the Brokered Transaction Guaranty Fund from \$500,000 to \$100,000. In the last 20 years, there have been no claims against the fund. The fund has maintained the statutory maximum balance of \$500,000 for an extended period.

Section 23 (NEW) Requires the Commissioner of Early Childhood to make recommendations to the Education Committee on how to implement a precertification process for prospective employees of day care centers or group day homes in lieu of the current background check requirement.

The auditors found that there were delays in obtaining background checks submitted for prospective child day care employees (averaging approximately 150 days) in several state and federal audits. Current law allows prospective employees to begin employment after submitting background check documentation, but before receiving the results of the background check.

Public Act 17-2 of the June Special Session (Section 174) stated "No such prospective employee shall have unsupervised access to children in the child care center or group child care home until such comprehensive background check is completed and the Commissioner of Early Childhood permits such prospective employee to work in such child care center or group child care home." This is a step in the right direction.

However, there are still flaws in the current system of processing background checks because some day care centers employ child care workers for several months without a completed background check. The current system creates an unreasonable risk that unqualified individuals are providing child care services. Therefore, the General Assembly should consider adopting a precertification or license processing system for prospective employees similar to other professions monitored by the state.

Section 24 Repeals language that is unnecessary in regards to the county sheriff system.

NATURE AND SOURCES OF SUPPORT:

None expressed.

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Susan Tufts

Date: 3/29/2018