
OLR Bill Analysis

sSB 1071

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE AUDITORS OF PUBLIC ACCOUNTS.

SUMMARY

This bill makes various changes in statutes about state auditors, auditing, and other related topics. Among other things, the bill:

1. explicitly prohibits state agencies from denying the auditors access to their records or accounts (§ 1);
2. (a) requires certain new or amended state contracts to contain a provision allowing the agency to access any relevant data upon demand, at no additional cost, and in the agency's prescribed format and (b) similarly allows the auditors access to this data when auditing the agency (§§ 2 & 3);
3. requires state agencies to notify the auditors at least 15 days before contracting for auditing services and prohibits agencies from entering into these contracts until the auditors advise whether they can perform the work instead (§ 4);
4. specifies that private providers of special education services are subject to auditing requirements regardless of whether they receive state or local funds directly or indirectly (§ 5);
5. eliminates provisions (a) requiring the state auditors to approve an annual report by the Connecticut Retirement Security Authority and (b) authorizing the state auditors to prescribe the authority's accounting methods and rendering of periodical reports (§ 7);
6. reduces the (a) amount of time by which a municipality must notify the Department of Administrative Services (DAS) of its

intention to acquire surplus state property from 120 days to 60 days and (b) maximum extension that DAS may grant on this deadline from 60 days to 30 days (§ 8);

7. conforms certain quasi-public statutes to the general biennial audit requirement (§§ 6, 9-11 & 14-15);
8. extends provisions on prohibited activities that apply to state-hired consultants and independent contractors under the ethics code to also apply to people they employ (§ 12);
9. requires DAS, when reviewing final plans any phase of a school building project for conformity with certain requirements (e.g., the State Building Code), to also review them for conformity with school safety infrastructure criteria (§ 13);
10. replaces references to the Office of the Ombudsman within the Department of Children and Families with its Office of Community Relations (§§ 16 & 17); and
11. repeals a provision requiring state auditors to audit Bradley Enterprise Fund reimbursements to the Department of Emergency Services and Public Protection (§ 18).

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2021, except the change to surplus property deadlines is effective July 1, 2021.

§§ 2 & 3 — DATA ACCESS UNDER STATE CONTRACTS

State Agency Access (§ 2)

Beginning October 1, 2021, the bill requires any executed, renewed, or amended contract between a state contracting agency and a contractor to contain a data access provision. This provision must authorize the state agency to access any contract-related data that the contractor possesses or controls upon demand and in the agency's prescribed format at no additional cost.

It applies to any executive branch agency, board, commission,

department, office, institution or council. It does not apply to the judicial branch, legislative branch, or the offices of the secretary of the state, state comptroller, attorney general, or state treasurer, with respect to their constitutional functions, or any state agency with respect to contracts specific to the constitutional and statutory functions of the state treasurer's office.

Auditors' Access (§ 3)

Under current law, the state auditors must audit, on a biennial basis or as frequently as they deem necessary, the books and accounts of each officer, department, commission, board, and court of state government; all institutions supported by the state; and all public and quasi-public bodies, politic and corporate, created by public or special act of the General Assembly and not required to be audited or subject to reporting requirements under the municipal auditing act.

The bill expands this requirement to also include an audit of records of operations and activities and systems and data of these entities. It specifies that each audit may include an examination of any relevant information about the department, commission, board, or court of state government being audited that is possessed or controlled by a private entity contracted with these entities. The bill requires this information to be provided upon demand in a format prescribed by the auditors at no cost to the auditors or the department, commission, board or court.

§ 4 — AUDITING CONTRACTS

Beginning October 1, 2021, any state agency must notify the state auditors at least 15 days before entering into or amending a contract to purchase auditing services. It prohibits agencies from entering into or amending such a contract until the auditors have advised whether they can provide the auditing services instead. The bill applies this requirement to each state board, authority, commission, department, office, institution, council or other agency of the state, including public higher education institution.

It excludes personal service agreements that (1) have a cost between \$20,000 to \$50,000 and a term of up to one year and (2) cost more than

\$50,000 or exceed a one-year term. Under existing law, the Office of Policy and Management secretary must immediately notify the state auditors of any application that she receives for approval of a non-competitively bid personal service agreement for audit services. She must give the auditors the opportunity to advise her as to whether the services (1) are necessary and, if so, (2) could be provided by the auditors (CGS § 4-215).

§ 12 — CONFLICTS OF INTEREST FOR CONSULTANTS AND INDEPENDENT CONTRACTORS

Currently, the law addressing conflicts of interest involving consultants and independent contractors is limited to those hired by state agencies. The bill similarly extends these prohibitions to persons employed by these consultants and independent contractors. The prohibited activities include:

1. using the person's contractual authority, or any confidential information acquired in the performance of the contract, to obtain financial gain for the person, their employee, or their immediate family member;
2. accepting another state contract that would impair the person's independent judgment in the performance of the existing contract; or
3. accepting anything of value based on an understanding that the actions of the person on behalf of the state would be influenced.

Current law similarly prohibits a person from giving anything of value to a consultant or independent contractor hired by the state based on an understanding that the actions of such consultant or independent contractor would be influenced. Under the bill, this prohibition extends to giving anything of value to a consultant's or an independent contractor's employee under these circumstances.

BACKGROUND

Related Bills

sSB 1015 (§ 4), favorably reported by the Government

Administration and Elections Committee, contains the same surplus property provision as in (§ 8).

sHB 6426 (§ 2) (File 87), favorably reported by the Transportation Committee, amends the same statute being repealed by (§ 18).

sHB 6574, favorably reported by the Government Administration and Elections Committee, contains the same ethics code expansion to people hired by state-hired consultants and independent contractors (§ 12).

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/31/2021)