

Government Administration and Elections Committee

JOINT FAVORABLE REPORT

Bill No.: SB-1071

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE AUDITORS OF

Title: PUBLIC ACCOUNTS.

Vote Date: 3/31/2021

Vote Action: Joint Favorable Substitute

PH Date: 3/24/2021

File No.:

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SPONSORS OF BILL:

The Government Administration and Elections Committee

REASONS FOR BILL:

This bill seeks to implement the recommendations made by the Auditors of Public Accounts in their 2020 annual report. Recommendations include revisions of current statute to help streamline the state audit process and provide for better public transparency. Some of the changes include adjustments to the statutes governing state contracting, new deadlines for the real property surplus process administered by the Department of Administrative Services, and explicitly prohibits agencies from denying the auditors access to the agency's records.

RESPONSE FROM ADMINISTRATION/AGENCY:

John C. Geragosian, State Auditor, Auditors of Public Accounts: Mr. Geragosian's testimony highlighted the intent of all the sections contained in this bill. Section 1 was incorporated to strengthen the Auditors of Public Accounts access to state and quasi-public agency records. Section 2 of the bill mandates that agreements with private contractors include language requiring the contractor to provide related records and information to the contracting agency. Section 3 modernized the state auditing statutes and requires private contractors carrying out state business to provide more information to the Auditors of Public Accounts. Section 4 requires state agencies contracting for audit services to notify the Auditors of Public Accounts about said contract. Section 5 amends statute to clarify the definition of private special education provider and what constitutes special education services. Section 6 amends statute to remove certain references to management function placed on the Auditors of Public Accounts. Section 7 amends statutes to establish deadlines for DAS in terms of the real property surplus process. Section 11 amends statutes to extend the Code of Ethics for Public Officials to the employees of consultants or independent

contractors. The Auditors of Public Accounts' testimony reviewed several other sections of the bill that mainly involved statutory revision. Attached to the Auditors of Public Accounts' testimony is a copy of their 2020 Annual Report.

Department of Administrative Services (DAS): DAS expressed support for the bill. In particular, DAS referenced Section 7 of the bill, which reduces the timeframe that municipalities have to notify DAS of its intention to purchase or decline a piece of property. Additionally, DAS supports Section 2 of the bill, which contains language requiring that any contract between a contracting agency and a contractor contain a provision authorizing the state contracting authority to access any data concerning the agency that is using the contractors. Specifically, DAS recommends that the word "agency" in line 16 be replaced by the word "contract." DAS believes that this clarification will ensure that any relevant agency data collected by the contractor is a result of its performance under the terms and scope of the specified contract.

Peter Lewandowski, Executive Director, Office of State Ethics (OSE): The Office of State Ethics provided testimony in support of the bill. OSE cited Section 11 of the bill, which amends the Code of Ethics for Public Officials to extend prohibited activities that currently apply to consultants and independent contractors to the employees hired by such consultants and independent contractors. OSE emphasized the goal of the amendment, which is to prevent the potential for self-dealing by the employees of consultants and independent contractors. Such employees could be inclined to steer a state agency to purchase goods or services from an entity that could be of financial benefit to them. OSE contends that this amendment would help to protect the state from any malfeasance or improper business steering.

NATURE AND SOURCES OF SUPPORT:

None expressed.

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Trevor Hoffman

Date: 03/31/2021