



Senate Bill No. 247

Public Act No. 26-109

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 4-40b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) For the purposes of this section, "state agency" means any department, board, council, commission, institution or other executive branch agency of state government, including, but not limited to, each constituent unit and each public institution of higher education. On and after October 1, [2018] 2026, no state agency shall make a payment in excess of fifty thousand dollars to an employee resigning or retiring from employment with such state agency for the purposes of avoiding costs associated with potential litigation or pursuant to a nondisparagement agreement or pursuant to any other agreement that prohibits an employee from working while continuing to be paid the employee's regular salary and benefits, unless such payment (1) is made for administrative leave authorized by the Office of Labor Relations pending a disciplinary investigation, (2) is made pursuant to [(1)] (A) a settlement agreement entered into by the Attorney General on behalf of the state agency, [or (2)] (B) an authorization by the Governor pursuant to section 3-7, (C) a collective bargaining agreement such employee is

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subject to, or (D) an employment contract, or (3) is otherwise required by state or federal law.

(b) No settlement agreement, [or] nondisparagement agreement or other agreement, as described in subsection (a) of this section, may prohibit an employee from making a complaint or providing information in accordance with section 4-61dd or sections 4-276 to 4-280, inclusive.

Sec. 2. Section 4-37f of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026, and applicable to any agreement entered into or renewed on or after said date*):

The executive authority of each state agency for which a foundation is established shall, in accordance with a policy adopted by the board of trustees of the constituent unit for each state agency which is a constituent unit or which is a public institution of higher education under the jurisdiction of the constituent unit, ensure that, or the executive authority of each state agency for which a foundation is established for the principal purpose of coordinated emergency recovery shall ensure that:

(1) The foundation [shall have] has a governing board to oversee its operation;

(2) If the state agency is a constituent unit, the following persons [shall] serve as nonvoting members of the governing board of the foundation unless the bylaws of the foundation provide that they be voting members: The executive authority of the constituent unit, or [his] such executive authority's designee, a student enrolled at an institution under the jurisdiction of the constituent unit, who [shall be] is elected by the students enrolled at the institutions under the jurisdiction of the constituent unit, and a member of the faculty of any such institution,

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who [shall be] is elected by the faculty of the institutions under the jurisdiction of the constituent unit. Elections pursuant to this subdivision shall be conducted in accordance with procedures for such elections established by the board of trustees of the constituent unit;

(3) If the constituent unit is the Connecticut State Community College or the Connecticut State University System, the purposes of the foundation [shall be] are limited to providing funding for (A) scholarships or other direct student financial aid, and (B) programs, services or activities at one or more of the institutions within its jurisdiction;

(4) If the state agency is a public institution of higher education, the following persons [shall] serve as nonvoting members of the governing board of the foundation unless the bylaws of the foundation provide that they be voting members: The executive authority of the institution, or [his] such executive authority's designee, a student enrolled at the institution, who [shall be] is elected by the students enrolled in the institution, and a member of the faculty of the institution, who [shall be] is elected by the faculty of the institution. Elections pursuant to this subdivision shall be conducted in accordance with procedures for such elections established by the governing board of the constituent unit which has jurisdiction over the institution;

(5) The governing board of the foundation [shall] annually [file] files with the state agency an updated list of the members and officers of such board;

(6) The salaries, benefits and expenses of officers and employees of the foundation [shall be] are paid solely by the foundation, unless such officers or employees are state employees receiving salaries, benefits and expenses paid by the state pursuant to an agreement entered into under subdivision (10) of this section;

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(7) The foundation [shall use] uses generally accepted accounting principles in its financial record-keeping and reporting and [shall] does not engage in any prohibited act, as described under section 21a-190h of the Solicitation of Charitable Funds Act;

(8) A foundation which has in any of its fiscal years receipts and earnings from investments totaling two hundred fifty thousand dollars per fiscal year or more, or a foundation established for the principal purpose of coordinated emergency recovery that operated in response to an eligible incident, as defined in section 4-37r, during the fiscal year or with funds that exceeded two hundred fifty thousand dollars in the aggregate, [shall have] has completed on its behalf for such fiscal year a full audit of the books and accounts of the foundation. A foundation which has receipts and earnings from investments totaling less than two hundred fifty thousand dollars in each fiscal year during any three of its consecutive fiscal years beginning October 1, 2018, shall have completed on its behalf for the third fiscal year in any such three-year period a full audit of the books and accounts of the foundation, unless such foundation was established for the principal purpose of coordinated emergency recovery and had completed on its behalf such an audit for any year in any such three-year period. For each fiscal year in which an audit is not required pursuant to this subdivision financial statements shall be provided by the foundation to the executive authority of the state agency. Each audit under this subdivision shall be (A) conducted by an independent certified public accountant or, if requested by the state agency with the consent of the foundation, the Auditors of Public Accounts, (B) conducted in accordance with generally accepted auditing standards, and (C) completed, and a copy of such audit submitted, in accordance with this section, not later than six months after the end of the applicable fiscal year. The auditor shall submit (i) a report that includes an opinion regarding the financial statements and a management letter, and (ii) a report that includes an opinion on conformance of the operating procedures of the foundation with the

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provisions of sections 4-37e to 4-37i, inclusive, and recommendations for any corrective actions needed to ensure such conformance. Each audit report shall disclose the receipt or use by the foundation of any public funds in violation of said sections or any other provision of the general statutes. The foundation shall provide a copy of each audit report completed pursuant to this subdivision to the executive authority of the state agency and the Attorney General. Each financial statement required under this subdivision shall include, for the fiscal year to which the statement applies, the total receipts and earnings from investments of the foundation and the amount and purpose of each receipt of funds by the state agency from the foundation. As used in this subdivision, "fiscal year" means any twelve-month period adopted by a foundation as its accounting year;

(9) If the state agency is The University of Connecticut and the foundation has an endowment fund with a market value that is greater than one million five hundred thousand dollars, the foundation [shall] annually [provide] provides the following, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to higher education, the speaker of the House of Representatives, the president pro tempore of the Senate, the majority leader of the House of Representatives, the majority leader of the Senate, the minority leader of the House of Representatives and the minority leader of the Senate:

(A) A list of the current members and officers of the governing board of the foundation; (B) a copy of the most recent annual report of the foundation; (C) a copy of the most recent audited financial statements, management letter and audit reports of the foundation that are required under subdivision (8) of this section; (D) a copy of the written agreement between the state agency and the foundation that is required under subdivision (10) of this section; (E) a copy of the written policy required under section 4-37j; (F) a copy of any conflicts of interest policy of the foundation; (G) a copy of the foundation's most recently filed Internal

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Revenue Service form 990, including all parts and schedules that are required to be made available for public inspection under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time; (H) a copy of the bylaws of the foundation; (I) a report of the total number and average size of disbursements made to each public institution of higher education for (i) undergraduate and graduate scholarships, fellowships and awards, (ii) program and research support, (iii) equipment, and (iv) facilities construction, improvements and related expenses; (J) as to any employee of the public institution of higher education for whom the foundation contributes some or all of the salary, wages or fringe benefit expenses, a report listing the position of each such employee and, for each position, the amount of the financial reimbursement by the foundation to the public institutions of higher education for such employee's salary, wages or fringe benefit expenses; (K) the identity of any person, firm, corporation or other entity donating funds or other things of value to the foundation, unless the donor has requested that such donor's identity not be publicly disclosed; and (L) a list of all deanships, professorships, chairs, schools, institutes, centers or facilities of the state agency that were named in recognition of foundation donors upon the approval of the board of trustees of the state agency during the preceding fiscal year. The information delivered under this subdivision shall constitute a public record and shall be disclosed in accordance with the Freedom of Information Act, as defined in section 1-200. Nothing in this subdivision shall require the disclosure of the identity of any person, firm, corporation or other entity that donated or made a commitment to donate funds or other things of value to the foundation prior to July 1, 2017;

(10) There [shall be] is a written agreement between the state agency and the foundation that (A) addresses any use by the foundation of the agency's facilities and resources including, but not limited to, office space, storage space, office furniture and equipment, utilities,

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photocopying services, computer systems and the maintenance by the state agency of the books and records of the foundation, provided any such books and records maintained by the state agency shall not be deemed to be public records and shall not be subject to disclosure pursuant to the provisions of section 1-210, (B) provides that the state agency shall have no liability for the obligations, acts or omissions of the foundation, (C) requires the foundation to reimburse the state agency for expenses the agency incurs as a result of foundation operations, if the agency would not have otherwise incurred such expenses, including whether any portion of the expenses, salaries or benefits of state employees providing services to the foundation are to be reimbursed by the foundation and, if so, in what amount, (D) in the case of foundations established for a constituent unit of the state system of higher education or for a public institution of higher education, requires the foundation to establish and adhere to an investment policy and a spending policy that are consistent with sections 45a-535 to 45a-535i, inclusive, (E) on and after July 1, 2017, if the state agency is The University of Connecticut, provides that (i) the total cash compensation to be paid in a fiscal year by the state agency to the foundation shall decrease from the amount paid in the preceding fiscal year or the amount paid in the fiscal year ending June 30, 2016, whichever is greater, by (I) one million dollars when the market value of the foundation's endowment fund as of January first of the preceding fiscal year is equal to or greater than five hundred million dollars but less than seven hundred million dollars, (II) one million five hundred thousand dollars when the market value of such fund as of January first of the preceding fiscal year is equal to or greater than seven hundred million dollars but less than nine hundred million dollars, or (III) three million dollars when the market value of such fund as of January first of the preceding fiscal year is equal to or greater than nine hundred million dollars but less than one billion two hundred fifty million dollars, (ii) no cash compensation shall be paid by the state agency to the foundation when the amount in such foundation's endowment fund as of January first of the preceding fiscal

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year is equal to or greater than one billion two hundred fifty million dollars, (iii) if the market value of the foundation's endowment fund as of January first of the preceding fiscal year decreases below any of the thresholds stated in subclause (I), (II) or (III) of clause (i) of this subparagraph, then the amount of the cash payment to the foundation shall be increased to equal the same amount that was paid to the foundation prior to exceeding the threshold in subclause (I), (II) or (III) of clause (i) of this subparagraph, until the July first following a January first on which the market value of the foundation's endowment fund again exceeds such threshold, and (iv) in any fiscal year, if the two-year average of total gifts and commitments reported by the foundation, pursuant to subparagraph (B) of subdivision (9) of this section, for the preceding two fiscal years is not less than five times the average total cash compensation paid by the state agency during the same period, the provisions of clauses (i) to (iii), inclusive, of this subparagraph shall not be applicable to the cash compensation paid by the state agency to the foundation in such fiscal year, (F) on and after July 1, 2017, requires the foundation to use reasonable efforts to raise gifts and commitments each fiscal year for student support, including, but not limited to, scholarships, assistantships, fellowships, awards and prizes, that equal not less than fifteen per cent of the total amount of all gifts and commitments raised by the foundation in the same fiscal year, and (G) provides that if the foundation ceases to exist or ceases to be a foundation, as defined in section 4-37e, (i) the foundation shall be prohibited from using the name of the state agency, (ii) the records of the foundation, or copies of such records, shall be made available to and may be retained by the state agency, provided any such records or copies which are retained by the state agency shall not be deemed to be public records and shall not be subject to disclosure pursuant to the provisions of section 1-210, and (iii) there are procedures for the disposition of the financial and other assets of the foundation. If the state agency is a constituent unit, the board of trustees of the constituent unit shall approve such agreement. If the state agency is a public institution

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of higher education, the board of trustees of the constituent unit which has jurisdiction over the institution shall approve such agreement; and

(11) If the foundation is established for the principal purpose of coordinated emergency recovery, the Department of Emergency Services and Public Protection [~~shall be~~] is deemed the state agency for purposes of this section, and the deputy commissioner of said department with jurisdiction over the Division of Emergency Management and Homeland Security [~~shall be~~] is deemed the executive authority for purposes of this section.

Sec. 3. Subsection (b) of section 2-90 of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(b) Said auditors [~~, with the Comptroller,~~] shall, at least annually and as frequently as they deem necessary, audit the books and accounts of the Treasurer, including, but not limited to, trust funds, as defined in section 3-13c, and certify the results to the Governor. The auditors shall, at least annually and as frequently as they deem necessary, audit the books and accounts of the Comptroller and certify the results to the Governor. They shall examine and prepare certificates of audit with respect to the financial statements contained in the annual reports of the Treasurer and Comptroller, which certificates shall be made part of such annual reports. In carrying out their responsibilities under this section, said auditors may retain independent auditors to assist them.

Sec. 4. Subsection (a) of section 4e-6 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) The board shall conduct audits of state contracting agencies, triennially, to ensure compliance with statutes and regulations concerning procurement. In conducting each such audit, the board shall have access to all contracting and procurement records [~~]~~ and may

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interview any and all personnel responsible for contracting, contract negotiations or procurement. [and may enter into an agreement with the Auditors of Public Accounts to effectuate such audit.]

Sec. 5. Section 2-90d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

On and after October 1, [2021] 2026, any state agency proposing to enter into or amend a contract for the purchase of auditing services of any value shall [(1)] notify the Auditors of Public Accounts of such contract at least fifteen days prior to entering into or amending such contract. [, and (2) not enter into or amend such contract until the Auditors of Public Accounts have advised the agency whether the auditing services could be provided by said auditors.] Any such state agency shall (1) ensure that any such contract requires the entity providing such auditing services to provide any information related to the audit to the Auditors of Public Accounts upon request, and (2) provide a copy of such audit to the Auditors of Public Accounts upon request. As used in this section, "state agency" has the same meaning as provided in section 4-37e and "contract" does not include any personal service agreement subject to the provisions of section 4-216, as amended by this act.

Sec. 6. Section 4-216 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) No state agency may execute a personal service agreement having a cost of more than fifty thousand dollars without the approval of the secretary. A state agency may apply for an approval by submitting the following information to the secretary: (1) A description of the services to be purchased and the need for such services; (2) an estimate of the cost of the services and the term of the agreement; (3) whether the services are to be [on-going] ongoing; (4) whether the state agency has contracted out for such services during the preceding two years and, if

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so, the name of the contractor, term of the agreement with such contractor and the amount paid to the contractor; (5) whether any other state agency has the resources to provide the services; (6) whether the agency intends to purchase the services by competitive negotiation and, if not, why; and (7) whether it is possible to purchase the services on a cooperative basis with other state agencies. In the case of a proposed personal services agreement for audit services, the agency shall notify the Auditors of Public Accounts of [a] any proposed personal services agreement for audit services. [and give said auditors an opportunity to review the application and advise the agency whether such audit services are necessary and, if so, could be provided by said auditors] The state agency shall ensure that any such agreement requires the entity providing such auditing services to provide any information related to the audit to the Auditors of Public Accounts upon request, and the state agency shall provide a copy of such audit to the Auditors of Public Accounts upon request.

(b) Each personal service agreement having a cost of more than fifty thousand dollars shall be based on competitive negotiation or competitive quotations, unless the state agency purchasing the personal services determines that a sole source purchase is required and applies to the secretary for a waiver from such requirement and the secretary grants the waiver. The secretary shall adopt guidelines for determining the types of services that may qualify for such waivers. The qualifying services shall include, but not be limited to, (1) services for which the cost to the state of a competitive selection procedure would outweigh the benefits of such procedure, as documented by the state agency, (2) proprietary services, (3) services to be provided by a contractor mandated by the general statutes or a public or special act, and (4) emergency services, including services needed for the protection of life or health. The secretary shall post any approvals of requests for a waiver received under this section on the State Contracting Portal. Not later than January 15, 2024, and annually thereafter, the secretary shall

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submit a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations and the budgets of state agencies and government administration and the State Contracting Standards Board listing any such waiver requests received during the prior year and the justification for the grant or denial of such request.

Sec. 7. Section 1-123 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) [The] Not later than six months after the end of its fiscal year, the board of directors of each quasi-public agency shall [annually] submit [a] an annual report to the Governor and the Auditors of Public Accounts. Such report shall include, but need not be limited to, the following: (1) A list of all bond issues for the preceding fiscal year, including, for each such issue, the financial advisor and underwriters, whether the issue was competitive, negotiated or privately placed, and the issue's face value and net proceeds; (2) a list of all projects other than those pertaining to owner-occupied housing or student loans receiving financial assistance during the preceding fiscal year, including each project's purpose, location, and the amount of funds provided by the agency; (3) a list of all outside individuals and firms receiving in excess of five thousand dollars in the form of loans, grants or payments for services, except for individuals receiving loans for owner-occupied housing and education; (4) a complete set of financial statements; (5) the cumulative value of all bonds issued, the value of outstanding bonds, and the amount of the state's contingent liability; (6) the affirmative action policy statement, a description of the composition of the agency's work force by race, sex, and occupation and a description of the agency's affirmative action efforts; and (7) a description of planned activities for the current fiscal year.

(b) For the quarter commencing July 1, 2010, and for each quarter thereafter, the board of directors of each quasi-public agency shall

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submit a report to the Office of Fiscal Analysis. Such report shall include, but not be limited to, for each fund and account of the agency: (1) The beginning fiscal year balance; (2) all funds expended and all revenue collected by the end of the quarter; and (3) total expenditures and revenues estimated at the end of the fiscal year. For the purposes of this subsection, "expenditures" and "revenues" have the same meaning as provided in section 4-69.

(c) For the quarter commencing July 1, 2010, and for each quarter thereafter, the board of directors of each quasi-public agency shall submit a personnel status report to the Office of Fiscal Analysis. Such report shall include, but not be limited to: (1) The total number of employees by the end of the quarter; (2) the positions vacated and the positions filled by the end of the quarter; and (3) the positions estimated to be vacant and the positions estimated to be filled at the end of the fiscal year.

Sec. 8. Section 4d-9 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

There shall be a Technical Services Revolving Fund in the Department of Administrative Services for the purchase, installation and utilization of information and telecommunication systems, as such terms are defined in section 4d-1, for budgeted agencies of the state. The Commissioner of Administrative Services and the Secretary of the Office of Policy and Management shall jointly be responsible for the administration of said fund. Said commissioner and said secretary shall regularly review said fund using generally accepted accounting principles and the Auditors of Public Accounts shall conduct an annual comprehensive financial review of said fund as part of the audit of the annual comprehensive financial report issued by the Comptroller.

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Governor's Action:
Approved June 4, 2026