



General Assembly

February Session, 2024

**Raised Bill No. 5275**

LCO No. 655



Referred to Committee on PLANNING AND DEVELOPMENT

Introduced by:  
(PD)

***AN ACT CONCERNING AUDITS OF CERTAIN NONSTATE ENTITIES  
RECEIVING STATE FINANCIAL ASSISTANCE.***

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

1 Section 1. Section 4-231 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2024*):

3 (a) (1) Each nonstate entity [which] that expends a total amount of  
4 state financial assistance equal to or in excess of [three] five hundred  
5 thousand dollars in any fiscal year of such nonstate entity beginning on  
6 or after July 1, [2009] 2024, shall have either a single audit or a program-  
7 specific audit made for such fiscal year, in accordance with the  
8 provisions of subdivision (2) or (3) of this subsection, as applicable, and  
9 the requirements of regulations adopted pursuant to section 4-236.

10 (2) If the total amount of state financial assistance expended in any  
11 such fiscal year is for a single program, such nonstate entity may elect  
12 to have a program-specific audit made in lieu of a single audit, provided  
13 [a] no grant agreement or [a] statutory or regulatory provision  
14 governing the program of state financial assistance [does not require]  
15 requires a financial statement audit of such nonstate entity.

16 (3) If the total amount of state financial assistance expended in any  
17 such fiscal year is for more than one program, such entity shall have a  
18 single audit made for such fiscal year.

19 (b) Notwithstanding any provision of the general statutes or any  
20 regulation adopted under any provision of the general statutes, each  
21 nonstate entity that expends total state financial assistance of less than  
22 [three] five hundred thousand dollars in any fiscal year of such nonstate  
23 entity beginning on or after July 1, [2009] 2024, shall be exempt with  
24 respect to such fiscal year from complying with any statutory or  
25 regulatory requirements concerning financial or financial and  
26 compliance audits that would otherwise [be applicable] apply to such  
27 nonstate entity.

28 (c) No provision of this section shall be deemed to exempt a nonstate  
29 entity from complying with any statutory or regulatory provision  
30 requiring [the] such state entity to (1) maintain records concerning state  
31 financial assistance, or (2) provide access to such records to a state  
32 agency.

33 Sec. 2. Section 4-232 of the general statutes is repealed and the  
34 following is substituted in lieu thereof (*Effective July 1, 2024*):

35 (a) Each nonstate entity [which] that is required to be audited  
36 pursuant to sections 4-230 to 4-236, inclusive, shall designate an  
37 independent auditor to conduct such audit. Not later than thirty days  
38 before the end of the fiscal period for which the audit is required, the  
39 nonstate entity shall file the name of such auditor with the cognizant  
40 agency designated pursuant to section 4-235. If a nonstate entity fails to  
41 make such filing, the cognizant agency may designate an independent  
42 auditor to conduct the audit. A nonstate entity shall be responsible for  
43 paying the costs of any audit conducted by an independent auditor  
44 designated by a cognizant agency.

45 (b) (1) Upon the completion of [the] an audit [,] pursuant to sections  
46 4-230 to 4-236, inclusive, [the] each nonstate entity shall file a copy of the  
47 audit report with the cognizant agency designated pursuant to section

48 4-235 and, if applicable, state grantor agencies and pass-through  
49 entities. Once filed, such report shall be made available by the nonstate  
50 entity for public inspection. Copies of the report shall be filed not later  
51 than thirty days after completion of such report, if possible, but not later  
52 than six months after the end of the audit period. The cognizant agency  
53 may grant an extension of not more than thirty days, if the auditor  
54 conducting the audit and the chief executive officer of the nonstate  
55 entity jointly submit a request in writing to the cognizant agency that  
56 includes the reasons for such extension and an estimate of the time  
57 needed for completion of such audit, [at least] not less than thirty days  
58 prior to the end of such six-month period. If the reason for the extension  
59 relates to deficiencies in the accounting system of the nonstate entity,  
60 the request shall be accompanied by a corrective action plan. The  
61 auditor or chief executive officer shall promptly provide any additional  
62 information the cognizant agency may require. Before determining  
63 whether to grant an extension request, the cognizant agency may  
64 require the auditor and officials of the nonstate entity to meet with  
65 representatives of the cognizant agency. No extension granted pursuant  
66 to this subdivision shall extend beyond twelve months after the last day  
67 of the fiscal year to which such audit applies.

68 (2) Any nonstate entity, or the auditor of such nonstate entity, [which]  
69 that fails to have [the] an audit report filed on its behalf [within] not later  
70 than six months after the end of the fiscal year or within the time granted  
71 by the cognizant agency, may be assessed [,] by the Secretary of the  
72 Office of Policy and Management [,] a civil penalty of not less than one  
73 thousand dollars [but not more than] and not to exceed ten thousand  
74 dollars. In addition to, or in lieu of such penalty, the cognizant agency  
75 may assign an auditor to perform [the] an audit of such nonstate entity.  
76 In such case, [the] such nonstate entity shall be responsible for paying  
77 the costs related to [the] such audit. The secretary may, upon receipt of  
78 a written request from an official of the nonstate entity or its auditor,  
79 waive all such penalties if the secretary determines that there [appears  
80 to be] is reasonable cause for the entity not having completed or  
81 provided [the] a required audit report.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2024</i>	4-231
Sec. 2	<i>July 1, 2024</i>	4-232

**Statement of Purpose:**

To increase the threshold for exemption from certain auditing requirements for nonstate entities from three hundred thousand dollars to five hundred thousand dollars, specify the permissible time period for granting extensions to file certain audit reports and make technical changes.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*