



General Assembly

Substitute Bill No. 5275

February Session, 2024



**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 Section 4-231 of the general statutes is repealed and the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 nonstate entity to (1) maintain records concerning
31 state 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 Section 4-232 of the general statutes is repealed and the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

PD *Joint Favorable Subst.*