

Connecticut Nonprofit Human Services Cabinet

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Children's League of Connecticut

Connecticut AIDS Resource Coalition

Connecticut Association for Community Action

Connecticut Association for Human Services

Connecticut Association of Area Agencies on Aging

Connecticut Association of Nonprofits

Connecticut Coalition Against Domestic Violence

Connecticut Coalition to End Homelessness

Connecticut Community Providers Association

Connecticut Consortium of Legal Services

Connecticut Council of Family Service Agencies

Connecticut Sexual Assault Crisis Services

Connecticut Women's Consortium

Easter Seals Connecticut

End Hunger Connecticut!

Human Services Council

Oak Hill

Planned Parenthood of Connecticut

The Connection, Inc.

Wheeler Clinic

Testimony before the Planning & Development Committee March 6, 2009

In support of: HB 6591: AAC Connecticut State Single Audit Revisions

The CT Nonprofit Human Services Cabinet is a statewide coalition comprised of 20 nonprofit human service associations and organizations representing approximately 800 providers. Its mission is to advance a strong and unified nonprofit human services system to effectively meet community needs. The Cabinet has worked with state agencies on critical contracting issues and business practices that impact over 1,900 Purchase of Services (POS) Contracts valued at approximately \$2 billion annually. Members play a vital role in addressing the critical health and human services needs that face so many Connecticut residents – they provide the safety net that *anyone* can find themselves in need of in the blink of an eye.

The Cabinet **supports** HB 6591, An Act Concerning Connecticut State Single Audit Revisions. This measure proposes to increase the amount of state financial assistance that must be expended in order to trigger a state single audit. Raising the amount to \$300,000, up from \$100,000, is a positive change that will help alleviate a significant burden for some nonprofits that contract with the state, as well as for contracting state agencies.

As referenced above, nonprofit providers hold a substantial number of POS contracts with the state. As the law is currently written, each contracting agency that expends state funding in excess of \$100,000 in any fiscal year is subject to a state single audit, which is a private auditor's verification that the nonprofit spent state dollars on what it reported spending those dollars on. Elements of compliance include: allowed and un-allowed activities, eligibility, matching/level of effort/earmarking, reporting, sub-recipient monitoring and Special Tests and Provisions. The state single audit process is onerous, complex and extremely demanding for both the nonprofit and the accounting professional conducting the audit. Furthermore, as is made clear in HB 6591, this extensive audit is the responsibility of the nonprofit and can be quite costly.

Nonprofit human service providers welcome a high level of accountability. As a sector, providers are required to respond to multiple levels of scrutiny and strict standards for all aspects of operations from a variety of state and national perspectives. We do not feel this high level of transparency or accountability will be compromised by adopting a higher state single audit threshold. All POS human services contractors must complete a Core Human Services Contract, which allows a state agency access to all contract related data and documents, a copy of the IRS form 990, annual reports, and requires mandatory reporting of abuse or neglect. The IRS form 990 is required to be filed by nonprofits with annual gross receipts over \$25,000 and provides a great amount of detail and safeguards for both the state and the public. Furthermore, other funding sources such as foundations or the United Way may require audits of funding recipients.

The Nonprofit Cabinet urges support and passage of HB 6591. Thank you for the opportunity to submit testimony.

Please contact Liza Andrews, Nonprofit Cabinet Project Director with questions at landrews@ctnonprofits.org or (860) 525-5080.