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Testimony in support of:

HB: 6930 An Act Concerning the Social Equity Council's Recommendations Regarding Social Equity Plans, Strategic Planning, Ethics, License Renewal Fees and Financial Assistance Applications

Senator Maroney, Representative Lemar, Senator Cicarella, Representative Rutigliano, and other distinguished members of the Insurance and Real Estate Committee:

Thank you for the opportunity to testify on this very important bill.

Last summer, Governor Lamont requested that my office perform an audit of the finances and operations of the Social Equity Council to ensure that it was using resources appropriately and within the relevant statutes and regulations.

After reviewing financial transactions and interviewing Council staff and licensees, my office found significant issues with the social equity plan application process, long wait times and a fractured working relationship between Council members and staff.

That report provided ten recommendations to improve the governance practices, decision-making processes, financial management and program effectiveness of the Social Equity Council. Six of the recommendations were to the legislature and four were organizational.

Legislative Recommendations

1. Eliminate subjectivity by establishing objective, clear criteria and consistent procedures to evaluate applicants.
2. Strengthen internal controls.
3. Require annual ethics training for Council members and staff, and establish an ethics code.
4. Draft a strategic plan.
5. Statutorily define how the Council shall use appropriated funds.
6. Create a review timeframe for the Canna-business Revolving Loan Program.

Operational Recommendations

1. Formalize the review process to increase transparency and remove ambiguity.
2. Increase internal communication.
3. Retain all supporting documentation related to the contracting process.
4. Increase communication with external stakeholders

I am grateful to the SEC's new Executive Director Brandon McGee and board chair Andrea Comer for adopting our operational recommendations in their recently-announced Strategic Plan. I am also grateful to this committee for including many of these in this bill today.

Requiring ethics training for council members, cutting down application processing times and developing a clear road map through strategic planning are all steps toward regaining the public's trust.

However, I strongly encourage the committee to add the following recommendations included within our report in your final bill:

- Eliminate ambiguity and subjectivity in the social equity plan process by statutorily defining a finite list of equity goals.
- Request that the council develop a written internal control policy for proper financial management and oversight.
- Establish a clear roadmap and standards by which the SEC can use appropriated funds for DIA reinvestment and require a community feedback process in identifying programs.

With the changes proposed in this bill and my Office's report, along with the new Executive Director, I am confident that the SEC will be best positioned to fulfill its mission tasked by the legislature four years ago.

All the best,



Sean Scanlon
State Comptroller