

# Task Force on Bond Accountability

1

## **Where We've Been**

# Task Force on Bond Accountability

2

## Scope of Work

- Identify range of practices
- Evaluate practices
- Establish best practice guidelines
- Recommend administrative practices that institutionalize and operationalize the use of guidelines
- Promote adoption of best practice guidelines
- Consider legal, administrative, and organizational strategies to increase transparency and oversight of the administration of bond proceeds

# Task Force on Bond Accountability

3

## Scope Item 1. Identifying the range of practices

- ❖ Speaker presentations
  - ❖ Staff research and reports
  - ❖ Case studies
  - ❖ Task Force member expertise
- 
- Trustee, special districts administrator, local government finance officer, county tax collector/treasurer, state auditor, auditor/financial consultants, local agency oversight committees
  - City and county, special district, school district case studies
  - Senate Committee and State Controller's Office reports
  - Reference materials cited in staff reports

# Task Force on Bond Accountability

4

## Scope Item 1. Identifying the range of practices

Practices were deemed to be the internal controls applied to the administration, accounting, and reporting of expenditures of bond proceeds.

---

Internal Controls are defined by the GAO as processes used by management to help an entity achieve its objectives.

- To operate effectively and efficiently
- To provide reliable information
- To comply with applicable laws and regulations

# Task Force on Bond Accountability

5

## Scope Item 1. Identifying the range of practices

These practices, with respect to the administration of bond proceeds, are defined by processes, standards, and structure.

### Processes

- Administrative and accounting policies
- Debt policies
- Statutory and regulatory requirements
- Bond documents, i.e. indentures, resolutions, tax certs.

### Administrative and Accounting Standards

- Annual financial audit program
- Performance audit program
- Oversight and transparency requirements

# Task Force on Bond Accountability

6

## Scope Item 1. Identifying the range of practices

- Structure
  - Roles and Responsibilities
  - Legal and administrative authority
  - Data collection and reporting
  - Monitoring

# Task Force on Bond Accountability

7

## Scope Item 2. Evaluating Practices

- ❖ GFOA Elected Officials Guide to Internal Controls
- ❖ GAO Green Book and Internal Control Management and Evaluation Tool
- ❖ State Auditors reports
- ❖ State Controller's Audit of ABAG
- ❖ Senate Governance and Finance Committee Report on ABAG
- ❖ Task Force presentations
- ❖ Task Force member expertise
- ❖ Other resources identified in staff reports

# Task Force on Bond Accountability

8

## Scope Item 2. Evaluating Practices

*GAO's Standards for Internal Control in the Federal Government*, known as the Green Book, provides an analytical framework for understanding and evaluating internal controls.

- The standards are organized by five components of internal control.
  - ✓ Control Environment
  - ✓ Risk Assessment
  - ✓ Control Activities
  - ✓ Information and Communication
  - ✓ Monitoring

# Task Force on Bond Accountability

9

## Scope Item 3. Establishing Guidelines

To provide administrative and accounting controls that enable public agencies to achieve their objectives, BUT at the same time are:

- Reflective of differences between issuers, types of proceeds, and project purposes
- Do not create a state mandate
- Among other considerations

**RECOGNIZING THAT THESE GUIDELINES MUST BE**

- Institutionalized and operationalized into the processes, policies, and structures of public agencies

# Task Force on Bond Accountability

10

## **Where We're Going**

# Task Force on Bond Accountability

11

## Scope Item 3. Establishing Guidelines

### Alternative Approaches

- Evaluate practices against standards, including GAO Green Book
- Conduct problem-based review of practices using materials already gathered by Task Force
- Continue to identify problems and solutions using Task Force approach or other methods, including forming subordinate work groups or procuring consultant services

# Task Force on Bond Accountability

12

## Scope Item 3. Establishing Guidelines

- Evaluate practices against standards, including GAO Green Book
- Identify areas of practice defined by processes, administrative and accounting standards, and structure
  - Determine common practices recognizing differences in issuers, proceeds, and purposes
  - Assess the control activities, information and communication, and monitoring programs used by public agencies to administer bond proceeds
  - Recommend best practices

# Task Force on Bond Accountability

13

## Scope Item 3. Establishing Guidelines

Conduct problem-based review of practices using materials already gathered by Task Force

- Compile and analyze the problems and solutions identified through presentations, case studies, reports, and staff research
- Recommend best practices or identify opportunities for additional analysis and best practice development

# Task Force on Bond Accountability

14

## Scope Item 3. Establishing Guidelines

Continue to identify problems and solutions through enhanced methods

- Conduct additional Task Force meetings
- Harness the expertise of Task Force members through work group activity
- Obtain guidance from consultants through service contracts