

# DEVELOPING AND ADMINISTERING INTERNAL CONTROLS FOR BOND ACCOUNTABILITY

May 5, 2017  
Capitol Event Center  
Sacramento, California

## Agenda

This one-day seminar focuses on a framework for developing and administering an internal control system to account for and report on the expenditure of bond proceeds. The seminar focuses on the principles of a control system to provide for the prudent management and disbursement of public funds and applies these to bond administration. The program will incorporate tools developed by the Task Force on Bond Accountability convened by California State Treasurer John Chiang.

**8:00 AM**    **Registration and Continental Breakfast**

**8:30 AM**    **Welcome and Opening Remarks**

*Mark Campbell, Executive Director, CDIAC*

### SESSION ONE

**8:45 AM**    **Internal Controls Framework, Part One: Developing the Control Environment and Risk Assessment**

It is the responsibility of the governing body and management to institute and maintain a control environment that promotes a properly functioning internal control system as well as to provide management and staff the resources and incentive to do so. This session focuses on how the governing body provides clear direction – setting the “tone at the top” – and the resources essential to maintaining the internal control system, including the commitment to hiring and developing competent staff, management philosophy and operational style, agency organizational structure, and delegating authority for disbursement of bond funds. This session will also address developing a risk assessment of internal and external sources once clear objectives have been made by a conscientious management.

**9:45 AM**    **Break**

## **SESSION TWO**

### **10:00 AM Internal Controls Framework, Part Two: Developing Control Activities, Information and Communications, and Monitoring**

Once the control environment and risk assessment for bond fund accountability has been determined, an agency can ensure that the objectives of the bond program are met. This session will discuss the framework for developing control activities, information and communications, monitoring, information sharing and communication protocol, and periodic review and reporting of bond activities.

## **SESSION THREE**

### **11:15 AM Enhancing an Agency's Internal Control Activities**

The effectiveness of internal controls is a function of the staff's ability to mitigate risks through the use of an appropriately designed internal control system. Speakers will describe the various steps involved, focusing on administering controls for governmental funds and bond funds. Participants will work in groups and be presented with an example of an internal control system and will begin to compare it to the best practices recommendations of the Task Force.

### **12:30 PM Luncheon for All Attendees and Speakers**

## **SESSION FOUR**

### **1:30 PM A Dive into the Controlling Documents: Bond Documents to Bond Accountability**

This session addresses the controlling documents that guide officials and their staff in implementing and administering bond oversight and transparency. In addition, speakers will discuss the differences that affect bond oversight and reporting when a conduit issuer is utilized, including the need for shared oversight and responsibilities. The session continues the group discussion from the previous session and will include discussion of the Task Force's Review Checklist, a tool intended to assist issuers with compliance requirements associated with bond issuance and treatment of bond proceeds.

### **2:45 PM Break**

## **SESSION FIVE**

### **3:00 PM Administering Ongoing Monitoring**

This session covers the internal and external oversight that helps to ensure that controls are effective and that the processes and procedures are consistently and appropriately applied. Speakers will give more detail to the framework described earlier, which agencies may adopt to maintain a system of controls over time. This includes financial accounting practices, disclosure reporting to taxpayers, post-issuance audits, implementation of a bond oversight committee and training of staff. Speakers will conclude the group discussion with the comparison of the monitoring practices utilized in the case study internal control system with the Task Force best practices recommendations.

**4:30 PM Close of Workshop**

**SPEAKER PANEL:**

*Julia Cooper, Director of Finance, City of San Jose*

*Sharon Winslow Erickson, City Auditor, City of San Jose*

*Susan Goodison, Business Services Manager, Department of Utilities, City of Sacramento*

*Scott P. Johnson, CPA, CGMA, Partner, State & Local Government Advisory Services, MGO*

*Nadia Sesay, Director, Office of Public Finance, Controller's Office, City and County  
of San Francisco*

**RECOMMENDED READINGS:**

[Task Force on Bond Accountability, Task Force Final Report- December 14, 2015](#)