

Subject: OMB Proposal Clearance Request – Follow-up Summary Report

You recently submitted an OMB clearance request for a Compliance Check Questionnaires that was approved OMB approval number 1545-2071. As a requirement, a summary report to include the information below should be submitted to our office, Special Products Section, Tax Forms & Publications Division, within 60 days after the completion of survey questionnaires. **Please provide a brief summary (1-2 pages/outline format). Do not include tables, graphs, charts, etc., since they are not included in the report to OMB.**

- 1) **OMB #:** 1545-2071
- 2) **Title of Study:** Governmental Bond Financing Questionnaire
- 3) **Purpose:** To address policies, practices, and recordkeeping of governmental issuers benefitting from tax-exempt financing in such key areas as use of proceeds, use of property, arbitrage, expenditures, and other requirements.
- 4) **Findings:** A slight majority of the respondents indicated they had written procedures to ensure continued compliance with applicable federal tax law requirements (55% to 62%, depending on the requirement). However, analysis of the narrative responses suggested that only 20% either had implemented written specific procedures (8%) or an ad hoc process (12%) to ensure effective monitoring of post-issuance compliance.

Most (65%) of the respondents indicated they assigned an official the primary responsibility of monitoring post-issuance compliance. Another 38% indicated a staff person has responsibility for monitoring compliance. Approximately 65% of the respondents reported that they provide some level of related training.

Almost all (94%) of the respondents indicated they maintained books and records necessary to substantiate compliance.

- 5) **Actions taken or lessons learned:** While the respondents generally recognized the importance of effective post-issuance compliance procedures, there may be significant gaps or divergent practices in the implementation of such procedures. Although nearly all respondents reported that they maintained written policies and practices, about half of the respondents failed to describe their written procedures and guidelines. Gaps in record maintenance and written procedures and practices is consistent with our past examination experience of bond issues and may increase risk of noncompliance.

Industry stakeholder associations have shown strong support for the importance of implementing effective post-issuance compliance processes.

Through ongoing partnership with Chief Counsel, Treasury, and the TE/GE Advisory Committee, we will actively continue to promote post-issuance compliance monitoring, while exploring opportunities to reduce overall taxpayer burden in the tax-exempt bonds industry.

- 6) **Total Number of requests** (questionnaires sent) **or attempts for taxpayer participation:** 200
- 7) **Total Number of questionnaires returned or participants in focus group, etc.:** 175
- 8) **Date the data collection began** (date only): 01/26/2009
- 9) **Date the data collection ended** (date only): 07/06/2009
- 10) **Response Rate:** 87.5%
- 11) **Actual Burden Hours: Need Burden Hours:** (Estimate 12 hours per response by 175) Estimated total of 2,100 hours.
- 12) **Cost:** N/A

The above information is needed to prepare a report requested by OMB that explains what was accomplished during the OMB clearance period under which these surveys were approved. The information you provide should not exceed two pages, if possible. If you have any questions, please contact me at (202) 622-3634 or RJoseph.Durbala@irs.gov.