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A new day at the ICA

By Colin McNickle

Pittsburgh's oft-criticized and once investigated financial oversight board appears to have overcome its past difficulties and is operating in a much-improved fashion, say researchers at the Allegheny Institute for Public Policy.

"Things appear to be turning around," say Eric Montarti, a senior policy analyst at the Pittsburgh think tank, and Jake Haulk, its president (*in Policy Brief Vol. 17, No.46*).

It was in 2004 that the Pennsylvania General Assembly authorized two boards to help the city avoid bankruptcy, the Act 47 team and the Intergovernmental Cooperation Authority (ICA). But in 2016, the latter came under scrutiny following media reports of poor record-keeping and alleged financial irregularities, not to forget a quorum-less board.

While an investigation resulted in no criminal charges against the ICA or its former executive director, investigators cited inadequate records, "specious" hiring practices and a general lack of transparency.

The Legislature responded with mandates for better record-keeping, more regular audits and greater transparency. Additionally, the ICA's board was, in March 2016, returned to its full complement of five. It was the reconstituted board that ousted the then-executive director at the close of May that same year.

More specifically, the ICA was criticized for failing to, per Section 207 of Act 11, forward audits to the state House and Senate Appropriations committees and failing to publish its financial statements in *The Pennsylvania Bulletin*, the commonwealth's weekly "official gazette for information and rulemaking."

So, has the agency worked to rectify past deficiencies?

Montarti and Haulk, citing information from the ICA's current executive director, say the most recent audit – covering fiscal years 2015 and 2016 and received in mid-September – has been submitted to the respective legislative committees. (The audit could not be completed in a timely legal fashion because of document seizures related to the investigation.)

The House Appropriations Committee, both majority and minority members, confirm receipt of the report. The Senate Appropriations Committee majority, citing recent staff transitions, said it could not locate its copy of the audit. The latter's minority did not respond to the receipt request.

“While it is not known what levels of scrutiny the committees will give the audit, the fact that they have it is a much better situation than the situation when the ICA was not submitting audits,” the Allegheny Institute scholars say.

That audit, by the way, shows the ICA ended fiscal 2016 with a net position of \$19 million, most of that in gambling money held for the city.

As for publishing those financial statements in *The Bulletin*, as of the Nov. 11 edition, nothing had appeared. The ICA boss says the submission is forthcoming. The report likely will model those filed by the Pennsylvania Intergovernmental Cooperation Authority (PICA), which has been overseeing Philadelphia's finances for years.

“It is encouraging to see a full board, a functioning website and requirements being carried out by the executive director,” Montarti and Haulk say.

“Perhaps this bodes well for the ICA, city relations going forward and the city's financial health.”

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