



National Association of State Auditors, Comptrollers and Treasurers

WASHINGTON UPDATE

444 N. Capitol Street NW, Suite 234 ♦ Washington, DC 20001 July 06, 2010

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GAO: Recovery Act Results Not Explained Well to the Public

On Monday, June 28th, the Government Accountability Office (GAO) released a report on the extent to which descriptions of awards found on Recovery.gov foster a basic understanding of award activities and expected outcomes. GAO found that there seems to be a level of ambiguity surrounding the award activity, and has recommended that the Office of Management and Budget (OMB) revise recipient reporting guidance. GAO recommends that OMB revise the “Recipient Reporting Data Model” to provide recipients with clearer general instructions and examples for narrative fields aimed at fostering more complete information on the use of Recovery Act funds. The report also goes on to recommend that OMB should periodically review the narrative fields submitted by recipients to determine whether the information provides a basic understanding of the uses of the funds and expected outcomes. If OMB determines that the information does not provide a basic understanding, OMB should determine what actions to take and encourage agencies to develop or improve program-specific guidance. Additionally, OMB should work with the Recovery Board on their assessments of department and agencies data quality reviews to ensure the adequacy of the reviews and further reinforce that agency actions meet transparency goals.

The summary page and full report can be found at:

<http://www.gao.gov/products/GAO-10-581>

Financial Regulatory Reform Vote Pushed Back Until After Recess

Although legislation addressing financial regulatory reform was slated to be voted on last week and delivered to the President’s

desk by July 4th, unexpected delays will cause the measure to be voted upon when Congress returns from the Independence Day recess. Two key events prompted the delay: the death of Senator Robert Byrd (D-WV), who’s “Yeah” vote was desperately needed in the Senate to reach the 60-vote super majority and the re-opening of the conference committee to address a controversial \$19 billion bank fee. Although the House passed the measure, the Senate must revisit the bill when they return in mid-July.

Improper Payments Hearing Delayed

The Senate Homeland Security and Governmental Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security was scheduled to hold a hearing last Thursday to focus on “Preventing and Recovering Government Payment Errors.” Nonetheless, a crowded Senate schedule and a memorial to the late Senator Robert Byrd (D-WV) caused the hearing to be postponed. A new date for the hearing has not been set although the importance of such topics as agency payment issues, auditing, and commentary on the recent passage of S. 1508/H.R. 3393 (the Improper Payments Elimination and Recovery Act) will likely cause the Subcommittee to revisit the matter.

House Passes Unemployment Extension; Awaits Senate Action

Late last week, the House passed an extension of unemployment benefits that would extend such benefits through November 30th. The bill, passed on a 270-153 vote, now moves to the Senate where action on the measure will not take place until after the July 4th recess. Senate Majority Leader Harry Reid outlined the Senate’s plans for the unemployment extension, saying “We

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will vote on this measure again once there is a replacement named for the late Sen. Byrd," indicating action on filling the open Senate seat could happen soon.

SEC Approves Pay-to-Play Rules

In an effort to curtail what the Securities and Exchange Commission (SEC) views as a major problem, the Commission held an open meeting last week and voted to curb the practice of "pay to play." Pay-to-Play occurs when campaign contributions are made to elected officials to influence the awarding of lucrative contracts for the management of public pension plan assets and similar government investment accounts.

The new rule will:

- Prohibit an adviser from providing advisory services for compensation — either directly or through a pooled investment vehicle — for two years, if the adviser or certain of its executives or employees make a political contribution to an elected official who is in a position to influence the selection of the adviser.
- Prohibit an adviser and certain of its executives and employees from soliciting or coordinating campaign contributions from others — a practice referred to as "bundling" — for an elected official who is in a position to influence the selection of the adviser. It also would prohibit solicitation and coordination of payments to political parties, when the adviser is pursuing business from public entities.
- Prohibit an adviser from paying third-party solicitors who are not "regulated persons" subject to prohibitions against making contributions. Such "regulated persons" would be limited

to registered investment advisers and to broker-dealers subject to pay to play restrictions.

According to the SEC fact sheet, the pension, retirement and college savings plans overseen by state, local and county governments are substantial. Public pension plans hold more than \$2.6 trillion of assets and represent one-third of all U.S. pension assets, while college savings plans (529 plans) hold approximately \$100 billion in assets.

The rule was approved by unanimous vote. To view the archived webcast, please go to:

<http://www.sec.gov/news/press/2010/2010-116.htm>