The National Association of State Comptrollers held its thirtieth annual conference on March 23-25, 2011. Host Clark Partridge, state comptroller and president of NASC, welcomed attendees to the conference and to his state. The conference was preceded on March 22 by several meetings including those of NASACT’s Executive Committee, the Committee on Accounting and Financial Reporting, and NASC’s Executive Committee. Over 130 attendees were at the conference.

The conference delved into topics including the fiscal outlook for states; the U.S. Treasury Department’s new offset program, aimed at helping states collect delinquent debt; reporting under the Federal Funding Accountability and Transparency Act; and ERP implementations. There were several opportunities for discussion about the implementation of the controversial three percent withholding requirement. Representatives from the Internal Revenue Service participated by phone in a roundtable session to discuss implementation regulations; however, soon into the discussion it became apparent that until the final regulations are issued, there will be no clear guidance for states. NASACT continues to support repeal of the three percent withholding requirement (see related article on page 3).

The conference also included a standards update from the Governmental Accounting Standards Board, as well as sessions on implementing GASB Statement No. 54, internal control, risk management, and federal deficit reduction.

In addition to a roundtable session to discuss FFATA and the three percent withholding implementation, state comptrollers held roundtable sessions on transparency and general management issues (budget challenges, faster financial reporting, staffing difficulties, succession planning, etc.).

A complete list of conference sessions can be found on page 2 of this newsletter. PowerPoint presentations are available at www.nasact.org/conferences_training/nasc/annualconference.cfm.

Several special awards were presented during the conference. President Partridge presented a Distinguished Service Award to John Reidhead (UT) in recognition of his state’s timely completion of its CAFR and the simultaneous early implementation of GASB Statement No. 54. He presented a President’s Award to John Radford (OR) for his service as a member of the board of trustees of the Financial Accounting Foundation; to Paul Christofferson (MT) for his leadership on NASC committees and work groups; and to Kim Garnero (AK) for her leadership during her time with the association.

During NASC’s business meeting on Thursday, March 24, resolutions were passed honoring Sadie Rodriguez-Hawkins, who retired from the state of Washington last fall, honoring Leila Malatesta (MS), who will retire at the end of May, and thanking President Partridge for his service to the association as its president in 2010-11.

NASC wishes to thank all those who helped with the conference, especially Clark Partridge. NASC also wishes to thank all speakers and moderators, as well as those attending. Special gratitude goes to each corporate partner at the conference for their financial support and technical expertise.

The next NASC annual conference will be held in Oklahoma City on March 21-23, 2012.

NASC Members Elect 2012 Executive Committee

During the NASC business meeting, state comptrollers elected the 2012 Executive Committee. Shown left to right: David McDermott (CO); Brenda Bolander (OK), president; Clark Partridge (AZ), past president; Kim Wallin (NV), secretary/treasurer; David Von Moll (VA); Richard Eckstrom (SC), vice-president; and John Reidhead (UT). Not pictured: Donna Jones (ID).
Below is a list of sessions from the recent NASC annual conference. To download handouts, PowerPoint presentations and speaker biographies from the conference, visit www.nasact.org/conferences_training/nasc/annualconference.cfm. Resources from past NASC annual conferences may also be found at this web address.

### STATE OF THE STATES: STATE FISCAL OUTLOOK
- Scott Pattison, Executive Director, National Association of State Budget Officers

### TREASURY OFFSET PROGRAM
**Helping States Collect Delinquent Debt**
- Alyssa W. Riedl, Director, Treasury Offset Division, Financial Management Service, U.S. Treasury
- Horace Tate, Manager, TOP Systems and Data Management Branch, Financial Management Service, U.S. Treasury

### GASB UPDATE
- David Bean, Director of Research and Technical Services, Governmental Accounting Standards Board
- Robert Attmore, Chairman, Governmental Accounting Standards Board

### IMPLEMENTATION OF GASB STATEMENT NO. 54
- Lisa Pusich, State Accountant, Division of Finance (AK)
- Marcie Handy, Assistant Comptroller (UT)
- Chris Sforza, Assistant Director, Financial Accounting and Reporting Section, Department of Administration (WV)
- Jane Shinn, Financial Reporting Specialist, Financial Accounting and Reporting Section, Department of Administration (WV)

### COMPTOLLERS’ ROUNDTABLE 1: FEDERAL/STATE ISSUES
**FFATA**
- Gil Tran, U.S. Office of Management and Budget (via phone)
- Dana James, U.S. Office of Management and Budget (via phone)
- Karen Lee, U.S. Office of Management and Budget (via phone)

**Treasury Offset/Reciprocal Agreements**
- Alyssa Riedl, U.S. Treasury
- Horace Tate, U.S. Treasury

**3% Withholding/1099 Reporting**
- Paul Marmalejo, Internal Revenue Service (via phone)
- Bill Reed, Internal Revenue Service (via phone)
- Tennille Francis, Internal Revenue Service (via phone)

### THE EXTRAORDINARY KANSAS FINANCIAL MANAGEMENT IMPLEMENTATION
- Kent Olson, Director, Division of Accounts and Reports (KS)
- J.D. Williams, Vice President, Oracle

### CROSS JURISDICTION COLLABORATION
- David Wilson, Managing Director, Canada and U.S. State and Local Government Client Service Group, Accenture
- Antonio Oftele, Executive Director, Leadership for a Networked World

### DEFICIT REDUCTION REPORT FROM A MEMBER OF THE BIPARTISAN POLICY COMMISSION
- Robert N. Campbell, III, State Government Leader, Deloitte, LLP
- Thomas M. Davis, III, Former Member of Congress (1995-2008) and U.S. Sector Leader, Federal Government Relations, Deloitte, LLP

### A NEW APPROACH TO ERP ACQUISITIONS
- Graeme Finley, Director, Global Public Sector, Grant Thornton
- Mike Reyna, Project Executive Director, Financial Information Systems for California (FISCAL) (via phone)

### TREASURY TRANSFORMATION
- D. Clark Partridge, State Comptroller (AZ)
- Nancy Bennett, Assistant Director, Arizona State Retirement System
- Doris Dixon, SVP, Senior Product Consultant, Bank of America
- Dawn Haddock, Treasury Solutions Officer, Bank of America

### FIVE REASONS WHY BUSINESS INTELLIGENCE IS CRITICAL IN THE NEW GOVERNMENT ECONOMY
- Will Greer, Vice President, SAP Government and Higher Education
- Jason Beal, Beal Solutions

### COMPTOLLERS’ ROUNDTABLE 2: TRANSPARENCY
- Dr. Phineas Baxandall, Senior Analyst for Tax and Budget Policy, U.S. Public Interest Research Group
- Dr. Byron Schlomach, Director, Center for Economic Prosperity, Goldwater Institute

### THE SECRET SAUCE: THE RECIPE FOR SUCCESSFUL ERP IN THE PUBLIC SECTOR
- Dan Berry, Deputy Comptroller, Division of Payroll, Accounting and Revenue Services (NY)
- Martin Benison, Comptroller (MA)
- Caroline Rapking, Vice President, Global Public Sector, CGI
- Elizabeth Newman, Senior Manager, KPMG

### THE EVOLVING WORLD OF RISK MANAGEMENT
- Leila Malatesta, Director of Fiscal Management (MS)
- John Farrell, Partner, KPMG

### MINNESOTA’S INTERNAL CONTROL INITIATIVE
- Jeanine Kuwik, Internal Control and Accountability Director (MN)

### COMPTOLLERS’ ROUNDTABLE 3: GENERAL ISSUES
NASACT Needs Your Help to Repeal Three Percent Withholding

While repeal of the 1099 reporting requirement (see article on page 4) will ease reporting on payments between $600 and $10,000 (the proposed threshold of the three percent withholding law), governments will still be required to report and withhold three percent on most payments for goods and services unless Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 is repealed. The provision, effective for payments beginning January 1, 2012, requires governments (including political subdivisions exceeding aggregate payments of $100 million or more for goods and services) to withhold three percent on payments for most goods and services and remit those monies to the U.S. Treasury.

NASACT and many other state and local governments and businesses have been seeking repeal of the three percent provision. However, more grassroots support is necessary to push Congress into taking action. Staff of the House Ways and Means Committee, which has jurisdiction over the matter, have stated that individual letters and phone calls to members of Congress would help build momentum for repeal. NASACT previously sent a request to members and is again seeking your assistance. Letters and phone calls to Congressional members seeking their co-sponsorship of the repeal bills would help elevate the issue on The Hill.

There are repeal bills in both chambers: H.R. 674, sponsored by Wally Herger (R-CA) and Earl Blumenaur (D-OR), currently has 73 co-sponsors, and S. 164, sponsored by Senators Scott Brown (R-MA), Olympia Snowe (R-ME) and Amy Klobuchar (D-MN), has only six co-sponsors. S. 89, sponsored by Senators David Vitter (R-LA), Richard Burr (R-NC), Jim Inhofe (R-OK), Johnny Isakson (R-GA) and Roger Wicker (R-MS), would also repeal the troubling provision.

Your assistance is necessary to bring to light the negative effects of the three percent withholding provision on states.

A draft letter template for writing to your representatives and senators is available on NASACT’s website at www.nasact.org/washington/announcements.cfm. Please include in your letter specific information about potential costs to your state, as Congressional members have requested cost estimates when discussing the provision previously.

Contact information for senators can be found at www.senate.gov and for representatives at www.house.gov. Please copy any correspondence to the NASACT Washington office at cchebinou@nasact.org so that a compendium of letters can be maintained and NASACT staff can follow up with the individual congressional offices. Questions may be addressed to Cornelia Chebinou or Neal Hutchko at (202) 624-5451.

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Congressional Members who have signed onto bills include:


Take Action! Contact Your Congressional Leaders to Repeal the Three Percent Withholding Law

What can you do?

1. Visit www.nasact.org/washington/announcements.cfm to download a template letter requesting support of legislation that will repeal the three percent withholding requirement.

2. Send letters to your state representatives and senators.

3. Include specific information about potential costs to your state as a result of the three percent withholding requirement.

4. Send a copy of your letters to Cornelia Chebinou at cchebinou@nasact.org or by fax to (202) 624-5473 for follow up by NASACT staff with individual congressional offices.
President Signs Bill Repealing Expanded 1099 Reporting

On April 14, President Obama signed the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011, which would repeal a provision in the Health Care Reform law that expanded 1099 reporting. The business community identified expanded 1099 reporting as overly burdensome, thus the repeal comes as no surprise, with both Congress and the Administration identifying job creation as the crux of the economic recovery. The President announced in a speech at George Washington University that the group will meet frequently with hopes to have a plan on deficit reduction as early as June. The goal of the deliberations will be to agree on a legislative framework for comprehensive deficit reduction.

In that same speech, the President referenced several of the deficit commission’s proposals on finding savings in Medicare and Medicaid. Broadly, the President seeks to cut annual spending in domestic programs and proposes additional cuts in defense spending. Additionally, the President is proposing further saving through cuts in health care programs and through reforming the tax code with proposals like those in the Administration’s 2012 budget proposal that limit itemized deductions for the wealthiest two percent of Americans. Finally, the President is proposing a trigger to assure that the nation’s debt is on a declining path as a share of the economy. If targets are not met by 2014, the President is proposing automatic spending cuts (both in direct spending and spending through the tax code).

President to Form New Deficit Reduction Working Group

President Obama has reached out to House and Senate leaders announcing his intention to appoint 16 lawmakers to look at reducing the deficit. The new working group will be headed up by Vice President Joe Biden. Last year, the President established an 18-member fiscal commission which developed recommendations that could not garner enough support in Congress to make any real progress.

While criticism of the new plan has already surfaced, leaders are beginning to select participants. Two committee chairmen have been named to lead Senate Democrats: Appropriations Chair Daniel Inouye of Hawaii and Finance Committee Chair Max Baucus of Montana. In the House, Democrats have selected James Clyburn of South Carolina and Chris Von Hollen of Maryland. Republican designees include House Majority Leader Eric Cantor of Virginia and Senate Minority Whip Jon Kyl of Arizona.

Some State Treasurers and Comptrollers See Revenue Gains and Signs of Economic Recovery

By Neal Hutchko, Policy Analyst

Lost in all of the media noise surrounding the averted federal government shutdown this month, as well as the misinformed calls for states to be able to declare bankruptcy, several state treasurers and comptrollers have recently announced consistent revenue gains, an indication that an economic recovery is underway. Although the media tends to focus on bad news, there are some recent positive headlines from across the nation.

- In the Lone Star State, Texas Comptroller Susan Combs announced this month that state sales tax revenue has increased for 12 straight months. The production of oil and gas has played a significant role in the collections increase. She noted that strong consumer and business spending helped increase revenues in large sectors of the Texas economy.
- In the Constitution State, Connecticut Comptroller Kevin Lembo announced in an April report that fuel cell and aerospace technology export sectors are leading the state’s economic rebound. His report noted that national corporate profits grew at 36.8 percent in 2010, the strongest rate of growth since 1950. Connecticut is expected to end the fiscal year with a general fund surplus of approximately $116.4 million, which is nearly $60 million more than was projected in February.
- In the Sooner State, Oklahoma Treasurer Ken Miller said that all major tax categories have increased, spurred on by oil and natural gas production taxes. Over a 12-month period, Oklahoma has seen an increase of 5.2 percent in gross collections.
- In the Golden State, California Comptroller John Chiang announced that personal income tax revenue surged $1.2 billion above estimates, an indication that employment, income and hours were not only stabilizing, but gaining.
- In the Peach State, the Georgia Department of Revenue released monthly and quarterly reports on April 8. March 2011 revenues rose $107 million, or 10.7 percent, as compared to March 2010. This surge was influenced by individual income tax collections: March 2011 income tax revenues increased by $43 million, or 12.5 percent, from March 2010. For the fiscal quarter comprised of January through March 2011, the state saw $372 million in revenue, or 12.4 percent, over the same quarter last year.
The NASACT Executive Committee held a meeting on March 22, 2011. The meeting was held in Phoenix, Arizona, in conjunction with the annual conference of the National Association of State Comptrollers. Nancy K. Kopp, state treasurer of Maryland and president of NASACT, presided. Highlights from committee reports follow.

- **Training and Professional Development**: Thomas Salmon, state auditor of Vermont and lead host for the 2011 NASACT Annual Conference, reported via phone that the committee is working on the technical agenda. The conference will be held August 13-17 at the Hilton Burlington. NASACT will again be offering the Travel Assistance Program, through which members in good standing may request up to $1,000 to help them (or a designee) attend the conference. Additionally, all new state auditors, state comptrollers and state treasurers may also utilize up to $1,000 of travel assistance and will be offered a complimentary registration (a $600 value) to the conference during their first year of service.

- **CARA**: Kinney Poynter provided the report for NASACT’s Committee on Accounting, Reporting and Auditing. The committee continues to hold its regularly scheduled calls, including updates from the Governmental Accounting Standards Board. One issue the committee is closely following is economic condition reporting and fiscal sustainability.

- **FMIAC**: Clark Partridge, state comptroller of Arizona and chair, gave an update on the activities of the Financial Management and Intergovernmental Affairs Committee. He reported that the committee saw a major success last fall when cell phones were removed from the definition of listed property.

  The committee is still working toward repeal of the three percent withholding requirement. Final regulations for implementation have still not been issued.

  He reported that last year, NASACT participated in two of several OMB workgroups to examine issues surrounding improper payments. Recommendations from all the workgroups are now being examined by a “super workgroup.” Mr. Partridge and Randy Roberts, professional practice director in the Arizona Office of the Auditor General, are participating on the super workgroup on behalf of NASACT. It is hoped that the work of the group may result in some positive changes to the single audit process.

  Mr. Partridge reminded the committee about the Public Pension Transparency Act. A version of the act has been introduced in both the House and Senate. The legislation would require reporting by state governments other than that required by GASB, a step that the states view as a clear overreach.

  The committee is closely monitoring recent news promoting the desire for state bankruptcy protection, impending municipal defaults and unfunded pension liabilities. NASACT and several peer organizations, along with the Big 7, developed a fact sheet to try and clear up misconceptions on these issues. The fact sheet is being distributed in Washington and is also posted on the websites of the groups.

  The U.S. Treasury has announced a new initiative aimed at helping identify state debts owed and payments that will be offset. A letter regarding the program was sent to comptrollers.

  The SEC was scheduled to have six field hearings to explore the state of the municipal market. Although four of the six hearings were cancelled, the SEC still plans to write a report for Congress on the state of the muni market. It is widely known that the SEC is pushing for repeal of some protections afforded muni issuers provided under the Tower Amendment. The SEC would also like to have more authority over the market, which is a pressing concern for states.

  President Obama issued a memorandum to federal agencies requiring that they coordinate and collaborate with state and local governments to identify regulatory and administrative requirements that can be streamlined, reduced or eliminated. The memorandum requires the Office of Management and Budget to develop a process for carrying out the directives within 180 days. OMB wants to set up a call with the states to coordinate.

- **GASMO**: Mr. Partridge, chair, gave a report on activities of the Government Accounting Standards and Market Oversight Committee. The effort to find a sustainable source of funding for GASB is nearing its end. The Financial Industry Regulatory Authority will establish a support fee, which will be used to fund GASB. The new process is expected to begin later in the year.

  In conjunction with the new funding model, the FAF has drafted a memorandum of understanding that will give the government trustees more responsibility for reviewing GASB’s annual budget. The Big 7 is currently reviewing the MOU.

- **International**: James Lewis, state treasurer of New Mexico and chair, reported that he and Mr. Poynter have an upcoming meeting at the U.S. State Department to discuss opportunities to collaborate on international projects.

- **Membership**: Brenda Bolander, state comptroller of Oklahoma and chair, reported that NASACT has several new members as a result of the last round of elections. New member kits were sent to all new members, and mentors have been assigned to the new state auditors and state comptrollers. The committee will meet soon to discuss additional outreach efforts.

- **Budget**: William G. Holland, auditor general of Illinois and chair, provided the FY2011 financial report and presented for approval by the committee the FY2012 budget. A motion was made and unanimously approved to accept the proposed budget for FY2012.

- **Strategic Plan**: Sharon Russell (AL) provided the committee report by phone on behalf of committee chair Ron Jones, Alabama’s state examiner. The Strategic Planning Committee met in February via conference call to discuss the 2011 membership satisfaction survey results, the strategic plan, and other topics.

(article continued, next page)
The membership satisfaction survey was conducted in January 2011. Results were quite positive, with 98 percent of respondents indicating satisfaction with their membership in NASACT.

NASACT’s current strategic plan is approved for FY2011 through FY2013. No changes to the plan were recommended.

Some other issues the committee discussed during the February call include:

**Travel Assistance Program**

The Travel Assistance Program, designed to help NASACT principals (or their designees) attend the annual conference, is scheduled to sunset following the 2011 annual conference in Vermont. The Strategic Planning Committee discussed whether the program should be continued, altered or ended as planned.

After much deliberation, the Strategic Planning Committee recommended to the Executive Committee that beginning with the FY2012 NASACT dues, $1,000 of the dues will be used to support travel to the NASACT annual conference. This should be continued for as long as feasible. (Note: there will be no dues increase; rather, the travel assistance will become a benefit of paying NASACT dues.)

A motion to approve this approach was made, seconded, and approved unanimously.

**Future Dues**

NASACT last experienced an increase in dues in 2003, when some states experienced a substantial increase. The committee discussed mechanisms by which the dues could be increased incrementally over time to account for rising costs in a way that would not be burdensome to states. It was proposed that NASACT develop a reserve policy and use that policy to inform discussions about any future dues increases.

A motion to approve this approach was made, seconded, and approved unanimously.

**Corporate Associates Program**

NASACT’s Corporate Associates Program has not been reviewed since 2003. The Strategic Planning Committee reviewed the program and recommended the addition of several benefits for the platinum and gold levels of the program. The benefits would go into effect in FY2013.

A motion to approve the addition of benefits was made, seconded, and approved unanimously.

**Time and Place:** Martin Benison, comptroller of Massachusetts and chair, reported that the proposed location for the 2012 NASACT Annual Conference is Seattle, Washington. The proposed location for the 2013 NASACT Annual Conference is Boston, Massachusetts.

A motion to approve these locations was made, seconded, and approved unanimously by the Executive Committee.

**FAF Trustee/GASB Board Selection Task Force:** Mr. Poynter reported that the five-year term of John Radford, state controller of Oregon, on the Financial Accounting Foundation’s board of trustees will end in December 2011. NASACT will be seeking a candidate to fill the seat.

**GASAC:** Mr. Benison, who is chair and NASACT’s representative on the Governmental Accounting Standards Advisory Council, said that he recently did a survey of the GASAC to help identify priorities. He will provide a summarization of those priorities to NASACT’s members.

**Administrative Items:** Mr. Poynter provided an update on various other association activities:

- NASACT’s contract for benchmarking services with The Hackett Group is up for renewal on November 30, 2011; NASACT will be issuing an RFP for the program this summer.
- NASACT renewed its contract with the Association of Local Government Auditors to provide administrative services in September 2010. The new contract expires in 2013.
- NASACT, the Association of Government Accountants, and Grant Thornton are partnering on a research project to examine current issues facing chief financial officers in government.
- NASACT has joined the National Institute of Governmental Purchasing, and other public sector organizations, in an effort to improve public procurement. A state comptroller or treasurer is needed to represent NASACT in this effort.

The Executive Committee will hold its next meeting on August 14 in conjunction with the 2011 NASACT Annual Conference in Burlington, Vermont.

Questions about the content of this article or the meeting may be directed to Glenda Johnson at gjohnson@nasact.org.
NASC Business Meeting Highlights

By Kim O’Ryan, NASC Association Manager

The National Association of State Comptrollers held a business meeting on March 24 in Phoenix, Arizona, in conjunction with the 2011 NASC Annual Conference. President Clark Partridge (AZ) welcomed everyone and recognized Cynthia Cloud, Wyoming state auditor (new member and first time attendee at the conference).

Committee Reports

- **Program Committee**: Brenda Bolander (OK), chair, recognized the members of the committee and thanked them for their work.

- **Middle Management Conference**: Kim Wallin (NV), co-chair, reported that the 2011 Middle Management Conference will be held on April 13-15 in Portland, Oregon. Ms. Wallin recognized and thanked the members of the committee. She also encouraged members to send staff to the conference.

- **Advisory Committee for State Comptrollers: Technical Activities and Functions**: Leila Malatesta (MS), co-chair, reported that the committee will begin meeting early in the summer to make revisions to the questions for the short-term and long-term portions of the book. The short-term portion does not need a lot of revisions; however, the long-term portion of the book needs to be shortened. The committee currently consists of Ms. Malatesta and Meredith Hackney (ID). NASC will be looking for volunteers to join this committee.

- **Committee on the Financial Plan**: Richard Eckstrom (SC), chair, informed the group that NASC activities for FY2011 are projected to result in a change of net assets of over $14,000. This is mainly due to the conference sponsorships and benchmarking services being over budget. The FY2012 NASC Financial Plan projects a deficit of approximately $16,000.

- **Committee on Outreach**: Leila Malatesta, member of the committee, informed the group that NASC has the following nine new members:
  - Charlie Daniels, state auditor (AR)
  - Kevin Lembo, comptroller (CT)
  - Bruce Coppa, state comptroller (HI)
  - Judy Baar Topinka, state comptroller (IL)
  - Tim Keen, director, Office of Budget and Management (OH)
  - Steve Barnett, state auditor (SD)
  - Cynthia Cloud, state auditor (WY)
  - Jeff Atwater, chief financial officer (FL)
  - James Schowalter, commissioner, Management and Budget (MN)

- **Committee on Accounting and Financial Reporting**: David McDermott (CO), co-chair, reported that earlier in the week, Jan Sylvis (TN) provided a report from the Governmental Accounting Standards Board during a meeting of the Committee on Accounting and Financial Reporting. The Board is currently addressing issues including fiscal sustainability, pensions, and derivative instruments. The committee has responded to the following GASB documents:
  - An exposure draft (revised), *Accounting and Financial Reporting for Service Concession Arrangements (SCAs)*. A response was sent to GASB on August 16, 2010.
  - A preliminary views document, *Pension Accounting and Financial Reporting by Employers*. A response was sent to GASB on September 17, 2010. Mr. McDermott also testified at a public hearing on October 13, 2010 via conference call.

In addition, members are currently considering:


(article continued, next page)

NASC 2012 Conference Planned for Oklahoma City

At the NASC business meeting in March, the first order of business for incoming president Brenda Bolander (OK) was to present a plaque of appreciation to Clark Partridge (AZ) for his service to the association during his time as president and for hosting the 2011 conference. She also reminded the state comptrollers that she will be hosting the 2012 NASC Annual Conference next March 21-23 in Oklahoma City.
**NASC Business Meeting Recap**
(continued from previous page)

**Federal Tax Reporting Work Group:** Michael Keays (NE) said that he co-chairs the group with Trudy Vidal (OR). The group consists of members from 32 states. At past meetings, Cornelia Chebinou provided updates of the legislation related to the three percent withholding issue and 1099 reporting. The group has also discussed how each state is going to handle the additional workload from the new reporting requirements.

**Nominating:** The committee nominated David Von Moll (VA), John Reidhead (UT) and Donna Jones (ID) to serve as new members of NASC’s Executive Committee. The 2012 committee roster put forth for vote was:

– Brenda Bolander (OK), president
– Richard Eckstrom (SC), vice president
– Kim Wallin (NV), secretary/treasurer
– Clark Partridge (AZ), immediate past president
– David McDermott (CO)
– David Von Moll (VA)
– John Reidhead (UT)
– Donna Jones (ID)

The new committee was unanimously approved.

**Resolutions:** Mr. Reidhead reported for the Resolutions Committee. He put forth three resolutions for consideration and approval by NASC’s members:

– Recognizing Ms. Malatesta, who will retire at the end of May.
– Recognizing Sadie Rodriguez-Hawkins, who retired last fall.
– Thanking Mr. Partridge for his leadership during his year as NASC’s president.

**Site:** Mr. Von Moll, chair of the Site Committee, reported that the 2012 NASC Annual Conference will be held in Oklahoma City, Oklahoma, March 21-23.

**Other Business**

Mr. Partridge led a discussion about the need for an information sharing group to discuss accounts payable issues. Georgia is attempting to eliminate paper from the accounts payable process and asked about the possibility of a group to explore the topic. Several of those present indicated that they would be interested in participating. An email will be sent out to the state comptrollers asking about interest in this group. A volunteer to co-chair the group will also be needed.

**NASACT Announces Webinar on Government Auditing Standards**

The U.S. Government Accountability Office is currently revising *Government Auditing Standards*, the first major revision to the standards since 2007. Final release of the 2011 edition is expected in early summer.

NASACT’s next webinar, which will be held on May 4 from 2:00-3:50 p.m. Eastern time, will highlight key revisions from the 2007 Yellow Book and the changes and comments received on the 2010 exposure draft. The revisions reflect major developments in the accountability and audit profession and emphasize specific considerations applicable to the government environment, including:

- Revising independence standards and adopting a blended conceptual and rules-based approach to the determination of independence.
- Revising financial audit standards to streamline and converge with standards from the American Institute of Certified Public Accountants.

Please join us for this timely and informative training event. In addition to hearing scheduled segments from the speaker, participants will be able to ask questions during a live question and answer session.

**Register today at www.nasact.org!**

**Date:** Wednesday, May 4, 2011

**Time:** 2:00 - 3:50 p.m. Eastern Time

**Speaker:** Marcia Buchanan, Assistant Director, Financial Management and Assurance, U.S. Government Accountability Office

**CPE:** Two credits

**Cost:** $249.00 per group (unlimited attendance) or $50 per person

**Learning Objectives:**

- Identify the major revisions of *Government Auditing Standards*.
- Identify how the new requirements differ from the previous standards.
- Apply new *Government Auditing Standards* to audits.

Registration is now open at www.nasact.org/conferences_training/events.cfm. Questions about this event may be directed to Pat Hackney or AJ Puryear at (859) 276-1147.
Plan Now to Attend NASACT2011!

Join NASACT President Nancy Kopp and our Vermont hosts for the 2011 NASACT Annual Conference in Burlington, Vermont, this August 13-17. The NASACT Training and Professional Development Committee is currently working on the technical program. Watch for additional details coming soon!

Conference Hotel - Hilton Burlington

The Hilton Burlington is located on the shores of Lake Champlain in the heart of downtown with easy access to recreation, arts, history, shopping and entertainment. The negotiated rate for this year’s conference is $158/night plus applicable taxes. This offer is guaranteed until the cut-off date of July 21, 2011. To book, call (802) 658-6500 and reference the NASACT Annual Conference.

Don’t Forget the Travel Assistance Program!

NASACT principals (or their designees) in good standing are eligible to receive up to $1,000 in travel assistance to attend the annual conference. The funds may be used to cover registration or travel costs. Additionally, all new state auditors, state comptrollers and state treasurers will be offered up to $1,000 in travel assistance and complimentary registration (a $600 value).

Visit www.nasact.org/conferences_training/events.cfm for more information!

Schedule of Events

Saturday, August 13
Golf at Basin Harbor Golf Club
Hospitality Open House

Sunday, August 14
5K Fun Run/Walk along Lake Champlain
NASACT Executive Committee Meeting
NASACT CARA Meeting
Evening Reception at Barn at Lang Farm

Monday, August 15
Conference Sessions and Guest Program
NASC, NSAA and Treasurer Meetings
Dinner Cruise on Lake Champlain

Tuesday, August 16
Conference Sessions and Guest Program
NASACT Business Meeting
State Night Dinner at the Hilton

Mark Your Calendar!

On May 11, the NASC State Government Payroll call will last from 1:00-4:00 p.m. Eastern time. The call will include presentations from states, a roundtable session, and a discussion with staff from the IRS.

On May 18, the NASC Travel and Purchase Card call will last from 1:00-4:00 p.m. Eastern time. The call will include a presentation from a state, a roundtable session, and presentations from Visa and MasterCard.

April 2011
- NSAA Human Resources Information Sharing – April 28

May 2011
- NSAA Performance Audit Information Sharing – May 5
- NASC State Government Payroll Information Sharing – May 11
- NASC Travel and Purchase Card Information Sharing – May 18

June 2011
- NASACT Committee on Accounting, Reporting and Auditing – June 7
- NASC Federal Tax Reporting Work Group – June 7
- Statement 54 Work Group – June 15

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For information on participating in one of these conference calls, contact NASACT’s headquarters office at (859)176-1147.
New at www.nasact.org

- NASACT’s response letter to the GASB’s ED on Derivative Instruments: Application of Hedge Accounting Termination Provisions may be found at www.nasact.org/nasact/positions/GASB.cfm.

- The following NASC technical inquiries are now available at www.nasact.org/nasc/technical/index.cfm (must be a member to view):
  - Expanding Purchasing Card Usage
  - Travel Per Diem

NSAA Seeks Input on AICPA ED’s

Omnibus Statement on Auditing Standards

The AICPA’s ASB has released for comment an exposure draft of a proposed statement on auditing standards (SAS) entitled Omnibus Statement on Auditing Standards—2011. This proposed SAS would amend the following SASs:

- SAS No. 117, Compliance Audits
- SAS No. 118, Other Information in Documents Containing Audited Financial Statements
- Clarified SAS Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards
- Clarified SAS Modifications to the Opinion in the Independent Auditor’s Report
- Clarified SAS Reports on Application of Requirements of an Applicable Financial Reporting Framework
- Clarified SAS The Auditor’s Communication With Those Charged With Governance (Redrafted)
- Clarified SAS Audit Documentation (Redrafted)

On page 7 of the ED is an issue for consideration relating to the appendix to SAS No. 117. This appendix lists AU sections that are not applicable to compliance audits. As such, conforming changes are necessary to align the appendix with the clarified SASs. The conforming changes refer only to the requirements of the relevant AU sections. The ASB believes that because application paragraphs provide guidance on the application of the requirements, the applicability of the application paragraphs would be dependent on the applicability of the requirements paragraphs and therefore need not be separately stated. The ASB is seeking comments on omissions from the list, including any need for references to application material not applicable to compliance audits.

The ED can be downloaded from the AICPA’s website at www.aicpa.org/Research/ExposureDrafts/AccountingAuditing/Pages/ExposureDrafts_ASB.aspx.

Through the Audit Standards and Reporting Committee, NSAA will be responding to this ED. Please send your comments for inclusion in NSAA’s letter to Sherri Rowland at srowland@nasact.org by Friday, April 22.

February 28, 2011, Ethics Omnibus

The AICPA’s Professional Ethics Executive Committee has issued an ED entitled Omnibus Proposal, Professional Ethics Division, Interpretations and Rulings. This ED includes more than 30 proposed new, revised and deleted interpretations, ethics rulings and definitions. This ED includes the following:

- Proposed new interpretations under Rule 101
- Proposed new definition of Confidential Client Information
- Proposed revision to Applicability
- Proposed revision to Conceptual Framework for AICPA Independence Standards
- Proposed revision to Interpretations under Rule 101
- Proposed revision to an Ethics Ruling under Rule 301
- Proposed revision to an Ethics Ruling under Rule 101
- Proposed deletions of Ethic Rulings under Rules 101, 203, 501, 502 and 505


Through the Audit Standards and Reporting Committee, NSAA will be responding to this ED. Please send your comments for inclusion in NSAA’s letter to Sherri Rowland at srowland@nasact.org by Friday, April 29.

April 4, 2011, Ethics Omnibus

The AICPA’s Professional Ethics Executive Committee has issued an ED entitled Omnibus Proposal, Professional Ethics Division, Interpretations and Rulings. This ED contains three new proposed ethics interpretations under Rule 501, Acts Discreditable, of the AICPA Code of Professional Conduct, and one new proposed definition, “Member in Business and Industry.”

The ED can be found at www.aicpa.org/InterestAreas/ProfessionalEthics/Community/ExposureDrafts/Pages/ExposureDrafts.aspx.

Through the Audit Standards and Reporting Committee, NSAA will be responding to this ED. The PEEC’s comment deadline is June 5, 2011. To include your comments in NSAA’s response, send them to Sherri Rowland at srowland@nasact.org by Monday, May 16.
GAO Releases April 2011 State and Local Fiscal Outlook Report

Since 2007, the U.S. Government Accountability Office has published long-term fiscal simulations for the state and local government sector. These simulations show that, like the federal government, the state and local sector faces persistent and long-term fiscal pressures. GAO’s model projects the level of receipts and expenditures for the sector until 2060 based on current and historical spending and revenue patterns. GAO assumes the current set of policies in place across federal, state and local governments remains constant. The model simulates the long-term fiscal outlook for the state and local sector as a whole, and while the model incorporates the Congressional Budget Office’s economic projections, adjustments are made to capture the budgetary effects of near-term cyclical swings in the economy.

The state and local government sector continues to face near- and long-term fiscal challenges that grow over time. The fiscal challenges confronting the state and local sector add to the nation’s overall fiscal difficulties. Although the sector’s near-term fiscal picture has improved slightly since GAO’s March 2010 update, the economic downturn has created an unprecedented fiscal situation for states as revenues declined in tandem with the economy. Since most state and local governments are required to balance their operating budgets, the declining fiscal conditions shown in GAO’s simulations suggest that governments would need to make substantial policy changes to avoid growing fiscal imbalances.

AICPA Accepting Nominations for Outstanding CPA in Gov’t Award

Do you know a CPA colleague or client working at the local, state or federal level of government who deserves recognition for his/her outstanding work? The American Institute of Certified Public Accountants encourages you to acknowledge and celebrate those working in government who have made a significant contribution to their organizations by nominating them for the AICPA Outstanding CPA in Government Award. The nomination period is now through May 14, 2011. The award will be presented in August at the AICPA’s National Governmental Accounting and Auditing Conference in Washington on August 22, 2011.

Please, contact Cortney McCullough at cmccullough@aicpa.org for more information.

U.S. Public Interest Research Group Releases Transparency Report

In March, the U.S. Public Interest Research Group, or PIRG, released its second report ranking states’ use of transparency websites. The report is titled Following the Money 2011: How the 50 States Rate in Providing Online Access to Government Spending Data. In the report, states were given “A” to “F” grades based on characteristics of their online transparency systems. According to the report, 40 states make online transparency websites available. In 2010, at least 14 states began new sites or made significant improvements to existing sites.

Receiving A grades in the report were Kentucky, Texas, Indiana, Arizona and Louisiana. Receiving B grades were Massachusetts, North Carolina, Ohio and Oregon. The full report may be downloaded at www.uspirg.org.

NASACT Announces Upcoming Webinars: Mark Your Calendar!

- May 4 – Government Auditing Standards, 2011 Revision
- July 20 – GASB Update: Standards You Need to Know

If you have an idea for a webinar topic, email kpoynter@nasact.org. Also, to find CDs with audio and materials from past webinars, visit NASACT’s Online Bookstore at www.nasact.org/bookstore/index.cfm.
State Auditors: Sign Up Today for NSAA 2011!

By Donna Maloy, Conference Manager

Walter Kucharski, Virginia’s auditor of public accounts and president of the National State Auditors Association, invites you to attend the 2011 NSAA Annual Conference to be held in Colonial Williamsburg, Virginia, June 15-17. The conference will be preceded by a day of meetings by NSAA’s committees on June 14.

The Program

The Program Committee has been working to develop a program that includes topics such as single audit issues, the Office of Management and Budget’s “super workgroup” and other initiatives; updates from the U.S. Government Accountability Office and the Governmental Accounting Standards Board; leadership; and legal issues in leading public employees in the wake of social networking. U.S. Comptroller General Gene Dodaro, Yellow Book expert Marcia Buchanan, and Scott Pattison, executive director of the National Association of State Budget Officers, are among the distinguished speakers who will be at the conference.

The Conference Hotel

This year’s annual conference will be held at The Williamsburg Woodlands Hotel located in Colonial Williamsburg, Virginia. The negotiated room rate for the 2011 NSAA Annual Conference is $129/night for a standard room (two double beds) or a king suite for $149/night plus applicable taxes. To book your room, contact the hotel by calling (800) 261-9530 and indicating that you are with the National State Auditors Association. To get this special rate, you must call before the cut-off date of May 13, 2011. After this date, rooms will be offered only on a space- and rate-available basis.

Travel Assistance

To help state auditors attend the conference, NASACT is offering up to $750 of travel assistance to each state auditor in good standing (or designee). Additional assistance may be available for new state auditors from NSAA. For more information on assistance opportunities, email Sherri Rowland at srowland@nasact.org.

More Information

The draft program agenda, complete hotel information and online registration are now available on NASACT’s website at www.nasact.org. Questions about the program can be addressed to Sherri Rowland at srowland@nasact.org. All other questions can be addressed to Donna Maloy at dmaloy@nasact.org. Make plans now to attend!
Jan Sylvis (TN, center), member of the GASB, provided a GASB update at the meeting of NASC’s Committee on Accounting and Financial Reporting.

John Radford (OR, left) received a President’s Award from NASC President Clark Partridge (AZ) in recognition of his service on the Financial Accounting Foundation’s board of trustees.

John Reidhead (UT, left) received a Distinguished Service Award in recognition of Utah’s early implementation of GASB No. 54 and the completion of the state’s CAFR in 141 days after FYE.

Leila Malatesta (MS), who will be retiring at the end of May, gave several committee reports and was recognized with a resolution during the NASC business meeting.

NASC President Clark Partridge (AZ) presented a Certificate of Appreciation to Greg Vokoun (AZ, left) for his service on NASC’s Multi-State Consortium on Internal Control.

Michael Keays (NE, left) received a Certificate of Appreciation from NASC President Clark Partridge (AZ) for his service as co-chair of NASC’s Federal Tax Reporting Work Group.
NASC Annual Conference Recap

Jeanine Kuwik (MN) provided an overview of her office’s internal control initiative during a conference session.

David McDermott (CO, center) discussed staffing challenges during tough economic times at one of the three roundtable sessions of the conference.

Kim Wallin (NV) talked about her state’s experiences during the transparency roundtable session.

Martin Benison (MA) during a roundtable session.

John Reidhead (UT, center) moderated the transparency roundtable.

John Radford (OR, left) and his wife Leah (far right) reminisced with NASC Past President and lifetime member Bob Rocha (former comptroller of Arizona) and his wife Rose (center left).