The National State Auditors Association held its thirty-fifth annual conference on June 12-14, 2013, in Monterey, California. NSAA’s committees met on Tuesday, June 11, just prior to the conference. On the opening morning NSAA President and California State Auditor Elaine Howle welcomed attendees and emphasized the theme of the conference sessions, innovation, asserting that auditors can be innovative too!

Keynote speakers on Wednesday and Thursday addressed different aspects of innovation as it applies to the state government audit community. To kick things off, David Walker, founder and CEO of the Comeback America Initiative and former comptroller general of the U.S., discussed “The Nation’s Fiscal Challenge and a Way Forward.” The national dilemmas outlined in Mr. Walker’s presentation are not new and are not ones that can be easily or quickly addressed. He said that “government has grown too big, promised too much, and waited too long to restructure” and that the federal government should be more innovative and accountable; he also offered his ideas on how to realize the potential. On Tuesday, Allen Fazio, VP of global business technology strategy with Disney Theme Parks and Resorts, shared with attendees his thoughts on “Innovation to Enhance Customer Satisfaction.” See page 2 of this newsletter for a complete list of the conference sessions.

Several awards were announced during the conference including the William R. Snodgrass Distinguished Leadership Award. There were two recipients of this prestigious award this year: Walter Kucharski, former Virginia auditor of public accounts and past president of NSAA, and Randy Roberts, senior technical director with the Arizona Office of the Auditor General. Each has a long list of contributions to NSAA and to the larger state government accountability community. Also, President Howle honored outgoing GASB Chairman Robert Attmore with a Lifetime Achievement Award, citing his longstanding support of government accountability, transparency and excellence, as well as his long and successful career of service to his fellow state auditors and the broader state government community.

NSAA’s 2013 Excellence in Accountability Awards were also presented at the conference. Four winners were selected this year: Kentucky Auditor of Public Accounts (special project winner); Kansas Legislative Division of Post Audit (large performance audit winner); Illinois Office of the Auditor General (small performance audit winner); and North Carolina Office of the State Auditor (forensic report winner). Representatives from each office attended to make a presentation on their winning entry. See page 5 for summaries of the award-winning entries.

NSAA wishes to thank all those who helped with the conference, especially Elaine Howle and several staff from her office: Margarita Fernandez, Glen Fowler, Dana Bralley and Edna Aguada. The annual conference is a highlight each year for NSAA, and active involvement by the state audit community is the reason for that: thanks to all who participated and attended. Last but not least, thanks to this year’s conference sponsors: ACL, CliftonLarsonAllen, KPMG and TeamMate Audit Management Systems.
Below is a complete list of the sessions and speakers from the 2013 NSAA Annual Conference. To download the presentations or speaker bios, visit http://www.nasact.org/conferences_training/nsaa/conferences/AnnualConferences/2013AnnualConference/Materials.cfm. Questions may be directed to Sherri Rowland at srowland@nasact.org.

**COMEBACK AMERICA: THE NATION’S FISCAL CHALLENGE AND A WAY FORWARD**
- The Honorable David M. Walker, Founder and CEO of the Comeback America Initiative and former Comptroller General of the United States

**DATA ANALYTICS/USING TECHNOLOGY FOR AUDITING**
- Paul Albano, Director, Medicaid and Health Care Audits, Office of the Auditor of the Commonwealth (MA)
- Alexandra Alland, BSI Director, Office of the Auditor of the Commonwealth (MA)
- Kleber Gallardo, Consultant, Office of the Auditor of the Commonwealth (MA)
- Paul McLaughlin, IT Director, Office of the Auditor of the Commonwealth (MA)

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

**WEB-BASED REPORTING: INCREASING PUBLIC ACCESS AND GOVERNMENT ACCOUNTABILITY**
- Sarah Bragonje, Auditor, Office of the State Auditor (CA)
- Jeremy Evans, Programmer, Office of the State Auditor (CA)

**EMERGING ISSUES ROUNDTABLE**
- Moderator: William G. Holland, Auditor General (IL)

**INNOVATION TO ENHANCE CUSTOMER SATISFACTION**
- Allen Fazio, VP of Global Business Technology Strategy, Disney Theme Parks & Resorts

**HR ROUNDTABLE: NEW APPROACHES TO RECRUITING AND RETAINING STAFF**
- Rebecca Otto, State Auditor (MN)
- Glen Fowler, Recruiting and Training Manager, Office of the State Auditor (CA)

**INVERSITY: A HIGHER EDUCATION VIEW OF INNOVATION IN SOCIAL RELATIONSHIPS AND DATA**
- John Hill, Higher Education Evangelist, LinkedIn

**PERSPECTIVES FROM OUR USERS**
- Sen. Dean Florez, Ret., President and CEO, 20 Million Minds Foundation
- Mark Funkhouser, Director, Governing Institute

**GASB AND AICPA UPDATE**
- Robert H. Atmmore, Chairman, Governmental Accounting Standards Board
- David Bean, Director of Research, Governmental Accounting Standards Board
- David Vaudt, Chairman-Elect, Governmental Accounting Standards Board
- Jeff Markert, Partner, KPMG, and Chairman, AICPA State and Local Government Expert Panel

**STANDARDS UPDATE: CLARITY/GROUP AUDITS, SINGLE AUDIT, GREEN BOOK**
- Randy Roberts, Senior Technical Director, Office of the Auditor General (AZ)
- Tammie Brown, Audit Manager, U.S. Department of Health and Human Services
- Jim Dalkin, Director, U.S. Government Accountability Office

**PRESENTATIONS FROM NSAA’S EXCELLENCE IN ACCOUNTABILITY AWARD WINNERS**
- **Special Project Winner: Accountability and Transparency for Special Districts**
  - Adam Edelen, Auditor of Public Accounts (KY)
- **Performance Audit (Large) Winner: JJA: Evaluating the Kansas Juvenile Correctional Complex, Part I**
  - Scott Frank, Legislative Post Auditor (KS)
- **Performance Audit (Small) Winner: Management Audit of the Dept. of State Police’s Administration of the Firearm Owner’s Identification Card Act**
  - William G. Holland, Auditor General (IL)
  - David King, Director – Special Investigations, Office of the State Auditor (NC)
- **Travel Assistance Requests Due July 12**
  - State auditors wishing to receive travel assistance for the conference should submit requests by July 12 to Lori Slagle at lslagle@nasact.org or fax by fax to (859) 278-0507. The reimbursement form is available at www.nasact.org/conferences_training/nsaa/conferences/AnnualConferences/2013AnnualConference/AnnualConference.cfm.

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**2014 NSAA Annual Conference**
- **June 10-13, 2014**
- **Saint Paul, Minnesota**

Rebecca Otto, state auditor of Minnesota and president of NSAA, will host the 2014 NSAA Annual Conference, in Saint Paul at The Saint Paul Hotel. It’s not to early to mark your calendar for next year’s conference!
Plan Now to Attend NASACT 2013!

Join NASACT president Martin J. Benison and our other Massachusetts hosts for the 2013 NASACT Annual Conference in Boston, Massachusetts, this August 10-14. The NASACT Training and Professional Development Committee has lined up an excellent technical agenda. Keynote sessions will include:

- The Massachusetts Healthcare Experience
- State CFO Panel
- Data/Cyber Security: The Redcoats are Coming!
- Congressional and Legislative Update
- The Muni Market: Views from the Municipal Securities Rulemaking Board and the National Federation of Municipal Analysts

Conference Hotel

The conference will be held at the Seaport Hotel which is located on the bustling Boston waterfront in the Seaport District and offers dazzling city and harbor views. This year’s conference rate is $185/night plus applicable tax. To reserve your room, call (617) 385-4000 and ask for the NASACT Annual Conference group rate. The deadline to receive the conference rate is July 9. You are encouraged to make your hotel reservations early, as sometimes the room block sells out.

Special Activities

Our hosts are planning a number of special activities, including a reception at the John F. Kennedy Presidential Library and Museum and a BBQ at Fenway Park. A guest program will also be offered where guests will be treated to some of Boston’s rich history and a lunch cruise on Boston harbor.

Travel Assistance for Members

This year NASACT’s travel assistance program has been expanded to offer members (or their designees) a free registration to attend the conference (a $700 value) and up to $1,000 in travel assistance. Take advantage of this program to attend NASACT’s premier event of the year (or use the program to bring someone else from your office to participate too!).
Senate Finance Committee Continues Tax Reform Discussions
State and Locals Continue to Stress the Importance of the Municipal Bond Tax Exemption

Sen. Finance Committee Chairman Max Baucus (D-MT) and ranking member Orrin Hatch (R-UT) continue to hold weekly committee discussions in an effort to develop a proposal to reform the existing tax code. Over the past several months the committee has released a series of papers addressing various aspects of the tax system in the United States, including ideas to amend or change the current tax code.

Members of the state and local government community have been paying particular attention to ideas that will remove or limit the tax exemption for municipal bonds and have weighed in with committee members to stress the importance of municipal bonds as a vital, low-cost financing tool for the development of infrastructure, schools and affordable housing. Senate Finance Committee staff issued a white paper on May 15 that indicates the tax exemption could be in jeopardy. The May 15 paper describes various tax reform proposals and includes options to limit, replace or repeal the current exemption for municipal bond interest. Specifically, the paper lists the following proposals (and if and where they have been previously recommended):

- Repeal the deduction (Congressional Budget Office, “Reducing the Deficit: Spending and Revenue Options,” 2011; President’s Advisory Panel on Tax Reform, “Final Report,” 2005; estimated in 2011 to raise $862 billion over 10 years).

- Limit the value of the deduction to, for example, 28 percent of each dollar deducted (FY 2014 Administration Budget Proposal).

- Cap the deduction at, for example, two percent of adjusted gross income (testimony of Frank Sammartino before the Finance Committee, April 25, 2012; Congressional Budget Office, “Reducing the Deficit: Spending and Revenue Options,” 2011; Feldstein, “It’s Time to Cap Tax Deductions,” 2013; estimated in 2011 to raise $629 billion over 10 years).


More information on this issue may be obtained by contacting NASACT’s Washington Office at (202) 624-5451 or emailing Cornelia Chebinou (cchebinou@nasact.org) or Neal Hutchko (nhutchko@nasact.org).

Help Preserve the Municipal Bond Tax Exemption... Contact Your Congressional Leaders Today!

In an effort to continue to educate Congress on the importance of maintain the current exemption for municipal bond tax exemption to state and local financing, NASACT has been participating in a coalition hosted by the U.S. Conference of Mayors. State and local government officials are being asked to contact their Congress members to relay the importance of the tax exemption and provide information on the number of projects that the bonds have helped finance in their state or locality. If you would like more information, contact NASACT’s Washington Office as described above.

OMB Issues Agency Guidance on USASpending.gov Data Quality

The U.S. Office of Management and Budget recently released a memorandum to federal agency chief financial officers concerning the quality of data reported by federal agencies to USASpending.gov. The 2006 Federal Funding Accountability and Transparency Act (FFATA) requires that federal agencies report information on federal awards (federal financial assistance and expenditures) and that the information be made available to the public via a single, searchable website. USASpending.gov was launched by OMB in 2007 to meet the requirements of FFATA; unfortunately, the website has been plagued with data quality issues since its inception. The DATA quality memo provides guidance to federal CFOs on ensuring data reliability and quality.

The memorandum from Norman Dong, acting OMB controller, requires that immediate action be taken to improve the reliability of spending data through two specific actions. First, agencies are to assign financial assistance award identification numbers that are unique within the federal agency and second, the agencies are to identify and implement a process that will compare USASpending.gov data with data in an agency’s financial system. The memorandum also states that OMB will continue to explore avenues for establishing automated data reporting methods that will link current financial and award systems.

For the assignment of a Federal Award Identification Number (FAIN), OMB sets an October 2013 date for implementation and
GAO Report Cites State Models to Help Improve Performance.gov

Using some state models as examples of leading practices, the U.S. Government Accountability Office recently examined performance measures at the federal level, specifically on Performance.gov. GAO is mandated to review the Government Performance and Results Modernization Act of 2010, which requires Performance.gov to provide program and performance information in a manner accessible to the public and members and committees of Congress. GAO’s report examines the extent to which Performance.gov incorporates leading practices for the development of federal websites.

GAO collected information from several state and local performance-reporting websites to gather lessons learned that were relevant to the design and development of Performance.gov. To focus the review on performance-reporting websites, GAO only selected state websites that presented performance information through web pages and not transparency websites designed to make available information on state finances and the distribution of state expenditures. GAO reviewed the following state government websites:

- Alaska: Alaska Departmental Performance Indicators
- Indiana: Results.IN.gov
- Louisiana: Louisiana Performance Accountability System
- Maryland: Maryland StateStat

GAO learned from the review that state governments emphasize making regularly-updated and understandable information on goals and performance widely accessible for potential users of the information. These regular updates in turn increase oversight and lead to a greater focus within government on the activities and efforts necessary to improve performance. GAO concluded:

“...the limited outreach to a broader set of potential audiences and the lack of usability testing to date means that the Office of Management and Budget (OMB) does not know whether Performance.gov meets users’ needs or how the website could be further developed. Not tracking all recommended performance metrics, particularly those measuring user satisfaction or establishing appropriate goals for certain metrics, may also make it more difficult to analyze the effectiveness of the website and to identify and prioritize potential improvements.”

The full GAO performance-measure report can be found at www.gao.gov/assets/660/655059.pdf.

Intergovernmental Partnership Releases Call-to-Action Guide

The Association of Government Accountants’ Intergovernmental Partnership has released a call-to-action guide designed to help promote trust in government by limiting government requirements to those that are essential. NASACT was represented on this project by Thomas Salmon, former state auditor of Vermont, and Kinney Poynter, executive director.

The document offers three practical decision tools to help government officials write laws, regulations or guidance. The tools provide a common way to evaluate the appropriateness and clarity of requirements, and the nature of data needed to assess programs. The tools include:

- Tool 1: Determining Whether a Requirement Should be Included in a Law, Regulation or Guidance
- Tool 2: Promoting Clarity through Plain Writing
- Tool 3: Obtaining and Protecting Good Data


USASpending.gov Data Quality

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requires agencies to use the FAIN on all federal award documents. Also by October 2013 federal agencies are to develop a process to validate USA Spending.gov information with data in an agency’s financial system. Further, each agency must report the accuracy rate, based on its validation process, of USA Spending.gov information within 60 days of each quarter beginning in October 2013. By November 2014 OMB will require that federal agencies provide assurances that the USA Spending.gov data is correct (according to the accuracy percentage) and has adequate internal controls, and that the agency has implemented processes for assuring completeness and accuracy of USA Spending.gov data.

In conclusion, the memorandum states that OMB will continue to work with stakeholders on future federal spending transparency efforts including ensuring complete, accurate and timely information. OMB anticipates that more comprehensive guidance will be forthcoming. As FFATA also requires that first-tier recipients report spending information, it is possible that data quality efforts will be required of award recipients. Federal awards include grants, sub-grants, loans, awards, cooperative agreements and other forms of financial assistance as well as contracts, subcontracts, purchase orders, task orders and delivery orders.
Association Notes

NSAA Announces 2013 Excellence in Accountability Awards

The National State Auditors Association’s Excellence in Accountability Awards Program was created to recognize excellence in auditing in the state government audit community. The program has four award categories: large performance audits (2,500 or more hours to complete), small performance audits (less than 2,500 hours to complete), forensic reports, and special projects.

At the recent NSAA annual conference, Awards Committee Chair Paul Townsend, legislative auditor of Nevada, presented the awards to representatives from Illinois, Kansas, Kentucky and North Carolina. The winning award summaries and supporting documents may be viewed at www.nasact.org/nsaa/awards_recognition/winners.cfm.

Small Performance Audit Winner: Illinois

Seven states submitted reports for consideration in the small performance audit category. The Illinois Auditor General’s audit “Management Audit of the Department of State Police’s Administration of the Firearm Owner’s Identification (FOID) Card Act” was chosen to receive an award.

Before a resident of Illinois can purchase a firearm from a licensed dealer, they must pass a background check and receive a FOID card. The award-winning audit found fundamental flaws with the state’s system of reporting individuals with disqualifying mental health issues; these flaws not only undermined the effectiveness of the Illinois FOID card system but also impaired the effectiveness of the federal background checks.

Subsequent to the audit, the State Police and the Department of Human Services accepted all the audit report’s recommendations and took immediate action to address the most serious problems in the audit report. The Illinois General Assembly passed a bill, later signed into law, that also addressed the findings in the audit report. Additionally, the audit received extensive media coverage and widespread attention from both sides of the gun control issue. The audit was cited in a July 2012 report from the U.S. Government Accountability Office examining states’ reporting of mental health records and was cited in articles examining national problems facing mental health gun control checks.

Auditor General William G. Holland and Performance Audit Director Jim Schlouch accepted the award and shared an overview of the audit in a presentation to NSAA’s members.

Large Performance Audit Winner: Kansas

Thirteen states submitted reports for consideration in the large performance audit category. The judges selected the Kansas Legislative Post Auditor’s report “JJA: Evaluating the Kansas Juvenile Correctional Complex, Part I,” to receive an award.

The audit found that officials at the Kansas Juvenile Correction Complex (KJCC) did not take adequate steps to ensure the safety of juvenile defenders and staff. The audit identified numerous issues, including:

- Inadequate supervision, leading to injuries and misconduct.
- Lax security permitting access to unauthorized areas.
- Inadequate efforts to keep prohibited items out of the facility.
- Employment of staff with previous felony or drug convictions.
- Inadequate training for staff and inadequate disciplinary actions for staff committing violations of policy.
- The establishment of a culture, both at KJCC and its oversight agency (Juvenile Justice Authority, or JJA), that favored convenience and expediency over safety and security.

The audit report, which included over 30 recommendations, resulted in considerable media coverage.

Subsequent to the audit, JJA agreed to provide the Legislative Post Audit Committee with monthly progress reports, showing progress in efforts to improve security practices and facility management.

Although the audit dealt specifically with one of the two facilities managed by JJA, implementing the report’s recommendations at JJA’s other facility had the potential for

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2013 Winners Recognized at Annual Conference

The 2013 NSAA Excellence in Accountability Awards were presented during a lunch presentation at the NSAA Annual Conference on June 13 in Monterey, California. Shown left to right: Frank Dziepak, Steve Bass and David King from the North Carolina Office of the State Auditor; Jim Schlouch and William G. Holland from the Illinois Office of the Auditor General; and Scott Frank from the Kansas Office of the Legislative Post Auditor. Far right: Paul Townsend, Nevada legislative auditor and chair of the Excellence in Accountability Awards Committee.
**NSAA Excellence in Accountability Awards**

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system-wide change. In January 2013, the governor issued an Executive Reorganization Order abolishing the JJA, subsuming its functions within the state’s Department of Corrections.

Scott Frank, legislative post auditor, accepted the award for his office and gave an overview of the audit during a conference presentation.

**Special Project Winner: Kentucky**

Five projects were submitted for consideration in the special project category. The judges selected the Kentucky Auditor of Public Accounts’ (APA) project titled “Accountability and Transparency for Special Districts” to receive an award.

In March 2012, the Kentucky APA began a massive undertaking to study the state’s special districts (entities such as libraries, fire departments and public health districts). Prior to this effort, it was not known how many special districts existed, where they were located, how much money flowed through them, or whether they were in compliance with state law. What the project found was a $2.7 billion layer of “ghost government” that lacks transparency and oversight, a situation further hampered by more than 1,000 laws and regulations by which the special districts are supposed to be governed.

The project has resulted in a publicly-searchable database that makes basic financial information about the state’s special districts available to citizens and public watchdog groups. The report included dozens of recommendations, all of which ultimately made their way into a reform package that has been passed by the state’s house and awaits a vote in the senate.

Among other things, the package does the following to provide greater oversight to over 1,200 special districts:

- Creates a new definition for special districts to include all existing special districts, as well as entities that have similar characteristics but were not previously included.
- Establishes a centralized, online, publicly-accessible registry which will include administrative and financial information for special purpose governmental entities.
- Establishes standard audit requirements for special purpose governmental entities.
- Establishes a process for a special purpose governmental entity to be administratively dissolved.
- Requires the Department for Local Government to provide education about the new reporting and ethics provisions to the governing bodies and employees of special purpose governmental entities.
- Requires the adoption of a budget and annual publication of the location of financial and audit records by each special purpose governmental entity.

Auditor of Public Accounts Adam Edelen attended the conference to give an overview of the winning audit during a conference presentation.

**Forensic Report Winner: North Carolina**


In 1999, 12 historically minority colleges and universities in North Carolina established the University Consortium in partnership with the North Carolina Department of Public Instruction. Complaints from parents let to an internal audit of the University Consortium, which identified problems with management and oversight, including the existence of an unauthorized bank account. That is when OSA was brought in to conduct an investigative report.

The winning report detailed how a former university employee diverted more than $1 million from an outreach program aimed at reducing the minority student achievement gap to an undisclosed bank account. From this undisclosed account, the former university employee converted nearly $300,000 to personal use over a six-year period. Another former university official received nearly $62,000 from the bank account without providing any services to the University Consortium. The report’s findings were referred to the North Carolina Attorney General’s Office as well as the North Carolina State Bureau of Investigation. In September 2012, a grand jury indicted the two former officials on embezzlement charges.

The investigative report’s 14 findings and recommendations led not only to the criminal indictments of two former university officials, but also provided North Carolina Central University and the 16-campus University of North Carolina System with a blueprint for improving the financial accountability of university outreach programs. For example, the report recommended that the university determine the proper classification and placement of the University Consortium. In addition, the report recommended that the University review all campus entities to determine whether other education, research, or service activities should be classified as centers or institutes and submitted to the University of North Carolina System for approval and on-going review. The report also recommended that the UNC System consider directing all UNC member institutions to conduct a similar review of all campus entities.

**Acknowledgements**

A number of people helped make the awards program a success this year. NSAA wishes to thank Paul Townsend for chairing the committee and Doris Flores Brooks, Guam’s public auditor, for serving as vice-chair. NSAA wishes to thank the 18 people from 18 states who volunteered to serve as judges for the awards. And NSAA also wishes to thank the offices who submitted audits and projects for consideration. Participation in the program grows each year and is indicative of the quality work that NSAA member offices are conducting around the nation.

Questions about the awards program may be directed to Sherri Rowland at srowland@nasact.org.
New at www.nasact.org

The following new items have been posted on NASACT’s website:

- NASACT’s response to grant reform proposals from the U.S. Office of Management and Budget at www.nasact.org.
- A NASC technical inquiry on the following topic at www.nasact.org/nasc/technical/index.cfm (members only content): FOIA Requests.
- Observations from Gerry Boaz (TN) from the meetings of the Governmental Accounting Standards Board held on February 19-21 and April 2-4 (members only content).
- Revisions to NSAA’s Peer Review Manual and checklists at www.nasact.org/nsaa/peerreview/index.cfm (members only content).

NASACT Seeks Member Input on GASB Documents

NASACT is seeking member input on the following documents issued recently by the Governmental Accounting Standards Board:

Preliminary Views on Fair Value Measurement and Application

It is the GASB’s preliminary view that investments generally should be measured at fair value. The GASB proposes expanding the disclosures to include the levels of input a government uses to measure fair value and the judgments made to arrive at those inputs. A public hearing is scheduled for November 1, 2013.

The GASB is seeking input on the five issues in the Questions for Respondents that are located on page viii of the PV. The Board has asked for comments on all matters in this document including comments on any aspects with which you agree as well as any with which you disagree. The PV can be downloaded from the GASB’s website at www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1175804830991.

Exposure Draft on Measurement of Elements of Financial Statements

The GASB is proposing two approaches to measuring assets and liabilities (initial amounts and remeasured amounts). The GASB also is proposing four measurement attributes (historical cost, fair value, replacement cost and settlement amount). A public hearing is scheduled for November 1, 2013.

The Board has asked for comments on all matters in this proposed concepts statement including comments on any aspects with which you agree as well as any with which you disagree. The ED can be downloaded from the GASB’s website at www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1175804830991.

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Provide Your Input for NASACT’s Response Letter

NASACT will be preparing an association position on both of these documents.

The GASB’s deadline to submit comments on these documents is September 30, 2013. To include your comments in NASACT’s response letters, please send input to Kim O’Ryan (koryan@nasact.org) or Sherri Rowland (srowland@nasact.org) no later than Friday, September 6.

Upcoming Information Sharing Calls

July

- NASACT Pension Work Group – July 24
- NSAA Human Resources Information Sharing – July 31

August

- NASC Payroll Information Sharing – August 21
- NASC Travel and P-Card Information Sharing – August 28
2013-14 NSAA Executive Committee Elected

NSAA members voted unanimously to approve a new Executive Committee at the NSAA business meeting held on Thursday, June 13. Shown left to right: Elaine Howle (CA), immediate past president; Roger Norman (AR), president-elect; Dianne Ray (CO); Rebecca Otto (MN), president; Paul Townsend (NV), and Stacey Pickering (MS). Not pictured: David Martin (FL), secretary/treasurer.

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NSAA Business Meeting Highlights

Elaine Howle, California state auditor and president of the National State Auditors Association, called to order an NSAA business meeting on the afternoon of Thursday, June 13. The meeting was held in conjunction with the 2013 NSAA Annual Conference in Monterey, California.

President Howle welcomed everyone and then went straight into the business of the meeting. Select committee reports are summarized below.

- **Audit Standards and Reporting:** Randy Roberts, senior technical director in the Arizona Office of the Auditor General and chair of the committee, reported that the American Institute of Certified Public Accountants’ State and Local Government Expert Panel has concerns related to the implementation of Statements No. 67 and 68 from the Governmental Accounting Standards Board. At issue is whether multiple employer plans are going to be able to provide accurate and timely information to the participating plans on their share of the overall net pension liability and (1) how auditors of the participating plans will be able to audit the liability figure provided by the plan, (2) what evidence auditors would receive from the plan and (3) how they can rely on that evidence to issue an opinion. The AICPA’s Expert Panel is concerned that there are going to be a lot of modified or disclaimers of opinion on the financial statements of the participating employers. NSAA will likely need to collaborate with the state comptroller community to decide what, if any, actions need to be taken.

- **Human Resources:** Rebecca Otto, state auditor of Minnesota and chair, reported that the committee continues to hold quarterly information sharing calls. The calls enjoy high participation from member offices and always result in lively conversation. Recent calls have featured topics including team building, using HR as a strategic business partner, staff recognition and advancement opportunities, internship programs, recruitment, and the use of technology in hiring. The next call will be held on July 26.

- **Peer Review:** President Howle, who was also chair of this committee, reported that the committee has undertaken an extensive re-write of the Peer Review Manual in the past year as a result of updates to auditing standards; this work is still ongoing. At a meeting on June 11, the committee decided to form a sub-committee to examine two issues: (1) options for states to manage their peer review bank deficiencies and (2) percentage of coverage for reviews. Additionally, the committee determined that a full-day of bank credit shall be given for team members for the day of the exit interview on an NSAA peer review.

- **Performance Audit:** Mr. Townsend, vice-chair, reported on behalf of Steve Eells, state auditor of New Jersey and chair. Like the HR Committee, this one too continues to host regular information sharing calls during which members may discuss topics of interest. Recent calls have featured topics including critical thinking, outsourcing services and proving/disproving savings, using statistically valid sampling, risk assessment, and best practices in criteria development.

- **Resolutions:** William Holland, auditor general of Illinois and chair, presented six resolutions for consideration. The following resolutions were approved unanimously by NSAA’s members:
  1. Recognizing Elaine Howle for her service to NSAA as its president in 2012-13.
  2. Recognizing Robert Attmore for his service as chairman of the Governmental Accounting Standards Board and a lifetime of achievement.
  3. Recognizing David Vaudt for his service to NSAA and to the state of Iowa as auditor of state prior to his recent selection to serve as the next GASB chairman.
  4. Recognizing Marion Higa, retired state auditor of Hawaii.
  5. Recognizing Brian Sonntag, retired state auditor of Washington.
  6. Recognizing Marcia Buchanan, who recently retired from the U.S. Government Accountability Office, for her service to NSAA and to the broader government community.

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Register Now for NASACT’s Next Webinar: GASB Review–2013

As fiscal year-end for most state governments quickly approaches and a new year begins, it is an opportune time for financial statement preparers and auditors to get a refresher on standards that will be effective for June 30, 2013, financial statements as well as recently released statements from the Governmental Accounting Standards Board that will require attention in fiscal year 2014.

NASACT’s next webinar will provide “must know” guidance from recently-issued GASB statements including:

- Statement No. 69, Government Combinations and Disposals of Government Operations.

Also included will be coverage on previously-issued GASB statements that are effective for June 30, 2013 and 2014. For 2013, these statements include:

- Statement No. 60, Service Concession Arrangements.
- Statement No. 62, Codification of AICPA and FASB Pronouncements.

Statements effective for 2014 are:

- Statement No. 65, Items Previously Reported as Assets and Liabilities.
- Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62.

Join GASB Chairman-Elect David A. Vaudt, GASB, Director of Research David R. Bean, and other GASB staff for this informative two-hour training session, which will include Q&A during the last 25 minutes.

This webinar is presented by NASACT in conjunction with the Association of Government Accountants and the Association of Local Government Auditors.

### Wednesday, July 10 • GASB Review–2013 • 2:00 - 3:50 p.m. ET

- CPE: Two credits
- Cost: $299.00 per group (unlimited attendance) or $50 per person
- Register: Register at www.nasact.org

NSAA Business Meeting Recap (continued)

- **Single Audit**: David Martin, auditor general of Florida and chair, reported that the committee provided input for NASACT’s response to the U.S. Office of Management and Budget on proposed grant reforms. The committee met on Tuesday, June 11. At that meeting, the committee heard an update from Tammie Brown from the U.S. Department of Health and Human Services. Ms. Brown reported that OMB is still deliberating potential changes, including the possible addition of a mandatory auditor rotation requirement. The committee will put itself at OMB’s disposal to review any tentative changes and provide input. It is expected that final grant reforms will be released by December 31.

- **Time and Place**: Ms. Otto, chair and incoming president, reported that the 2014 NSAA Annual Conference will be held in Saint Paul, Minnesota, on June 10-13 at the Saint Paul Hotel.

- **Snodgrass Award**: President Howle reminded the group that she chose two recipients for 2013 William R. Snodgrass Leadership Awards: Walter Kucharski, former Virginia auditor of public accounts, and Mr. Roberts from Arizona. These awards were announced during lunch on Thursday, June 13.

- **Nominating**: Mr. Holland, chair, presented the committee report. The following Executive Committee members were unanimously approved by NSAA’s members for 2013-14:
  - President: Rebecca Otto, Minnesota
  - President-Elect: Roger Norman, Arkansas
  - Secretary/Treasurer: David Martin, Florida
  - Past President: Elaine Howle, California
  - Paul Townsend, Nevada
  - Dianne E. Ray, Colorado
  - Stacey E. Pickering, Mississippi

- **Next Meeting/More Information**: The next NSAA business meeting will be held Monday, August 12, in conjunction with the 2013 NASACT Annual Conference in Boston. Questions about this recap may be directed to srowland@nasact.org.
Dianne Ray and Stacey Pickering Join NSAA Executive Committee

Dianne Ray, state auditor of Colorado, and Stacey Pickering, state auditor of Mississippi, were elected by members of the National State Auditors Association recently as the newest members of the NSAA Executive Committee.

Ms. Ray has more than 23 years of specialization in governmental/non-profit accounting and auditing. She possesses in-depth knowledge of Colorado’s state and local governments and has established effective relationships with elected officials, executive directors, and business and community leaders.

Prior to her appointment as state auditor, she was deputy state auditor. She began her career at the Office of the State Auditor in 2002 as director of the Local Government Audit Division.

Ms. Ray participates in various professional organizations, including the American Institute of Certified Public Accountants, the Colorado Society of Certified Public Accountants and the Government Finance Officers Association. In addition, she is a member of the board of the Colorado Housing and Finance Authority.

Ms. Ray holds a bachelor of science degree in accounting from Arizona State University and a master of public administration degree from the University of Colorado. She is a licensed certified public accountant in Colorado and Arizona.

Mr. Pickering was elected as Mississippi’s forty-first state auditor in 2007 and re-elected in 2011, receiving over 75 percent of the vote in the November general election. Since 2008, he has recovered more than $8 million in embezzled, misappropriated and misspent taxpayer money on behalf of Mississippians.

In June 2012, Mr. Pickering was honored with an NSAA Excellence in Accountability Award for his work on accountability and oversight of the American Recovery and Reinvestment Act. In 2009, and again in 2013, the Department of Defense honored him with a Patriot Award from its Mississippi Committee on Employer’s Support of the Guard and Reserve in recognition of his extraordinary support of its employees who serve in the Mississippi National Guard and Reserve.

Mr. Pickering currently serves on the Domestic Working Group for the Office of the Comptroller General of the United States. He is a chaplain in the Mississippi Air National Guard of the 253rd Air Support Squadron. He is also a dedicated troop leader for Boy Scouts of America.

Charles Robinson Named State Treasurer of Arkansas

Arkansas Governor Mike Beebe recently named Charles Robinson to be Arkansas’ state treasurer. Mr. Robinson will serve the remaining 19 months of a term left vacant by the resignation of Martha Shoffner on May 21.

“Charlie’s name is synonymous with integrity in Arkansas government,” Beebe said. “His long tenure of steady leadership is a big reason the Division of Legislative Audit has the sterling reputation it maintains today. I have no doubt that he will bring those same virtues to his tenure as treasurer.”

Mr. Robinson worked for 34 years in the Division of Legislative Audit, serving 28 years as the legislative auditor before retiring in 2007. He received his accounting degree from Arkansas Tech University and his M.B.A. from the University of Arkansas. He has been a member of the American Institute of Certified Public Accountants and the Association of Certified Fraud Examiners.

Mr. Robinson will serve as treasurer until January of 2015. He is not eligible to run for election as treasurer.
2013 Calendar of Events
Register for these events at www.nasact.org.

2013

July 10  ■ Webinar: GASB Review - 2013
August 11  ■ NASACT Executive Committee Meeting, Boston, MA
August 10-14  ■ NASACT Annual Conference, Boston, MA
September 30-October 3  ■ NSAA IT Workshop and Conference, Raleigh, NC

2014

March 11  ■ NASACT Executive Committee Meeting, Reno, NV
March 12-14  ■ NASC Annual Conference, Reno, NV
June 10-13  ■ NSAA Annual Conference, Saint Paul, MN
August 9-13  ■ NASACT Annual Conference, Santa Fe, NM

Register Now for IT Workshop & Conference!
By Donna Maloy, Conference Manager

The 2013 IT Workshop and Conference is scheduled for September 30–October 3, 2013, in Raleigh, North Carolina. The workshop, which will cover topics including forensics/forensics in the cloud, data hiding, on-site triage and triage tools, will be held on Monday, September 30. The conference will follow on Tuesday, October 1 through noon on Thursday, October 3. Conference topics will include linking IT audit risks to financial statement risks, how to use FISCAM to support IT audits, ACL fraud detection, systems implementation project management, using COBIT 5 as audit criteria, and many more!

• Conference Hotel – The Sheraton Raleigh Hotel is located in downtown Raleigh, which has many restaurants, museums and nightlife options within walking distance. A special negotiated rate of $91/night has been offered for the workshop and conference.

• Getting There – The hotel is located 15 miles from Raleigh-Durham Airport (RDU). Shuttle and taxi service is available.

• Registration Fees and CPE – Registration fees are $150 for the workshop and $395 for the conference. Eight continuing education credits will be given for the workshop and 19 credits for the conference.

• Additional Information – Complete hotel information and online registration are available on NASACT’s website at www.nasact.org. A draft agenda will be posted soon.

Questions about the conference program may be addressed to Sherri Rowland at srowland@nasact.org. Questions about registration or the conference hotel may be addressed to Donna Maloy at dmaloy@nasact.org.

IT Conference Format Change: Please Note!
The IT Workshop and Conference has in the past been held on Tuesday through Friday. Please note that the conference format has changed for 2013: it will now be held on Monday through Thursday.
A team from the Massachusetts Office of the Auditor of the Commonwealth shared a presentation on “Data Analytics/Using Technology for Auditing.”

President Howle selected Randy Roberts (AZ) to receive one of two William R. Snodgrass Leadership Awards. Walter Kucharski (not in attendance) was also named to receive an award.

Illinois Auditor General William G. Holland and Jim Schlouch, audit director, received an Excellence in Accountability Award from Awards Committee Chairman Paul Townsend (NV).

NSAA President Elaine Howle presented outgoing GASB Chairman Robert Attmore with an NSAA Lifetime Achievement Award on Wednesday, June 12.

Glen Fowler (CA) and Rebecca Otto (MN) led the annual human resources roundtable.

Paul Townsend (NV) presented an Excellence in Accountability Award to Kentucky Auditor of Public Accounts Adam Edelen on the morning of his presentation to conference attendees.
NSAA Annual Conference Recap

North Carolina’s Steve Bass, David King and Frank Dziepak accepted their office’s Excellence in Accountability Award from Paul Townsend (NV), Awards Committee chairman.

The representatives from North Carolina presented an overview of their award-winning forensic report on the last morning of the conference.

Scott Frank (KS) described his office’s audit report evaluating the Kansas Juvenile Correctional Complex.

At lunch on Thursday, June 13, Scott Frank (KS) accepted an Excellence in Accountability Award in the “large audits” category.

Outgoing GASB Chairman Robert Attmore addressed the NSAA conference one last time before his retirement at the end of June.

Ron Jones (AL) introduced those participating on the GASB Update panel: David Vaudt, David Bean, Jeff Markert and Robert Attmore.
David Vaudt, former Iowa auditor of state, will become chairman of the GASB effective July 1.

Rebecca Otto (MN) presented outgoing NSAA President Elaine Howle (MN) with a plaque of appreciation for her service as president in 2012-13.

Rebecca Otto (MN) becomes NSAA’s president; Elaine Howle (CA) will remain on the Executive Committee as immediate past president.

Kentucky Auditor of Public Accounts Adam Edelen explained how his office identified over 1,200 “special districts” in Kentucky and set up an online system to track their activity.

Jim Schlouch (IL) provided details about his office’s award-winning small performance audit.

Illinois Auditor General William G. Holland provided background on the award-winning audit examining the administration of the state’s firearm owner identification system.