NASC 2014 Annual Conference Recap

The National Association of State Comptrollers held its thirty-third annual conference on March 12-14, 2014. Host Kim R. Wallin, state controller of Nevada and president of NASC, welcomed attendees to Reno, Nevada, for the conference. Over 150 were in attendance.

The conference addressed a range of topics and included several roundtable sessions. A complete list of conference sessions can be found on page 14 of this newsletter. PowerPoint presentations are available at www.nasact.org/conferences_training/nasc/annualconference.cfm.

Awards

On Wednesday, March 12, President Wallin hosted a special conference banquet in Nevada’s capital Carson City. Attendees were first treated to a small reception at the state’s Supreme Court building, where they were provided with refreshments and an opportunity to take a short tour of the capitol building. Attendees were then shuttled to the governor’s mansion for dinner and an awards presentation. President Wallin presented two awards:

- **Glen B. Gainer III**, state auditor of West Virginia, received a President’s Award for his long-standing support of NASC, his fellow state comptrollers, and the broader community of government financial managers.
- **Vicki Smith**, payroll policy coordinator in the Texas Office of the Comptroller, received a Distinguished Service Award. She was recognized for her long-standing support and active participation as a leader with NASC’s Payroll Information Sharing Group.

**Resolutions**

During NASC’s business meeting on Thursday, March 13, a resolution was approved to recognize President Wallin, thanking her for her service during her presidency of NASC and wishing her well in all future endeavors.

**Mexico Exchange Program**

A delegation from the Mexico state comptroller’s association, the CPCE-F, also participated in the conference. The delegation included Julián Alfonso Olivas Ugalde, secretary of the Ministry of Public Administration; Juan Gorraez Enrile, controller of Queretaro and national coordinator of the CPCE-F; and Juan Pablo Yamuni, state controller of Sinaloa and assistant coordinator of the CPCE-F. The group gave a short presentation during the NASC business meeting to update NASC on the activities of the CPCE-F and national issues in Mexico.

**Acknowledgements and 2015 Conference**

NASC wishes to thank all those who helped with the conference, especially Kim Wallin, state controller of Nevada, and her staff, and David Von Moll, state comptroller of Virginia and chair of the NASC Program Committee. NASC also wishes to thank all the speakers and moderators. 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 Richmond, Virginia, on March 11-13, 2015, at the Omni and will be hosted by NASC’s new president, David Von Moll.

NASC Approves 2014-15 Executive Committee

At a business meeting on Thursday, March 13, NASC members approved a new Executive Committee. Left to right: new committee member Alan Skelton (GA); Diane Langham (MS), Past President Kim R. Wallin (NV); Thomas L. White, Jr. (AL); Cynthia Cloud (WY); Secretary/Treasurer Anna Maria Kiehl (PA); President David A. Von Moll (VA); and Vice President John C. Reidhead (UT).

Full information about the Executive Committee may be found at www.nasact.org/nasc/committees/executive/index.cfm.
Register Now for Pension Webinar!

NASACT is pleased to announce a webinar scheduled for Tuesday, April 1, to discuss “Pension Issues: Remaining Implementation Challenges and New Audit Guidance.”

The Governmental Accounting Standards Board’s new pension standards (Statements 67 and 68) present various implementation challenges for employers, pension plans and auditors. For the first time, employers will recognize their share of the pension amounts for all benefits provided through the plan, including the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. A major challenge faced by each employer participating in a multiple-employer plan is how the employer will obtain the necessary information to support the amounts to be reported in its financial statements. Similarly, the employer’s auditors will be challenged to obtain sufficient appropriate evidence to opine on the pension amounts included in employer financial statements.

The American Institute of Certified Public Accountants just released two new white papers providing guidance on auditing multiple-employer cost sharing plans. The AICPA is continuing its work on audit guidance pertaining to multiple-employer agent plans, and that guidance is expected soon.

The April 1 webinar will discuss:

- Information needed by the employer and the employer’s auditors to record pension amounts.
- Status of the AICPA’s proposed recommendations for plans to communicate pension information.
- Impact of AICPA’s proposed recommendations on implementation timelines.
- New AICPA audit guidance for pension information including plan auditor responsibility for test work on census data.

Featured speakers at the webinar will be Jeff Markert, CPA, KPMG, and Greg Driscoll, CPA, KPMG. Participants will be given an opportunity to ask questions and share experiences during the last 25 minutes of the audio conference.

APRIL 1 – Pension Issues: Remaining Implementation Challenges and New Audit Guidance

CPE: 2 credits  
Time: 2:00 - 3:50 p.m. Eastern time  
Cost: $299.00 per group (unlimited attendance) or $50 per person  
Register: Register today or find more details at www.nasact.org!

State Auditors to Meet in Saint Paul, Minnesota, in June 2014

Minnesota State Auditor and NSAA President Rebecca Otto will host the 2014 NSAA Annual Conference in Saint Paul this June 10-13. Committees will meet on June 10; the conference sessions will begin on Wednesday, June 11.

The Conference Hotel

This year’s annual conference will be held at The Saint Paul Hotel. The negotiated room rate is $149/single or double plus applicable taxes. To book a room, contact the hotel by calling (651) 292-9292 and referencing the National State Auditors Association. The cut-off date for this special rate is May 19, 2014.

After this date, rooms will be offered only on a space- and rate-available basis. The room block sometimes sells out, so those interested in attending should make hotel reservations early.

Technical Agenda

President Otto is currently working with staff to finalize the technical agenda. Confirmed topics include:

- Pension audit issues.
- Standards updates, including grant reform and other updates from the Office of Management and Budget and the Governmental Accounting Standards Board.
- Ethics and innovation.
- Envisioning the “state audit office of the future.”

Travel Assistance and Scholarships

All NSAA members in good standing are eligible to receive up to $750 in travel assistance to help cover costs to attend the conference. Additionally, all new state auditors will be offered free registration (a $575 value).

More Information

Additional information about the conference, including a draft agenda is posted at www.nasact.org. Questions about the conference may be directed to Sherri Rowland at srowland@nasact.org or (859) 276-1147.
NASACT Expresses Concern Over GASB No. 68 and Agent Multiple-Employer Pension Plans

On March 7, NASACT sent a letter to the American Institute of Certified Public Accountants to express concern over auditing guidance currently being developed by the AICPA for agent multiple-employer pension plans for state and local governments. The letter can be downloaded at www.nasact.org.

Background

The Governmental Accounting Standards Board issued Statements 67 and 68 in June 2012. These new standards call for significant changes in accounting and financial reporting for state and local government pension plans.

NASACT’s concerns are related specifically to Statement 68 and provisions related to agent multiple-employer pension plans. Under the new GASB standards, employers participating in multiple-employer plans must now report their share of the plan’s cumulative net pension liability in their own financial statements. Accordingly, employers’ auditors must now obtain adequate evidence to support an opinion on information that is produced independently by pension plans that in many states, are independently governed, managed and audited. This is especially challenging for auditors of governments that participate in more than one multiple-employer pension plan and auditors of government multiple-employer pension plans.

The AICPA recently completed two papers addressing audit issues pertaining to cost-sharing plans. Unfortunately, the guidance for agent plans has not yet been finalized. Further, NASACT members are concerned that the guidance under consideration for agent plans will include a requirement for the pension plan to engage an auditor to issue a SOC 1, type 2 report on the allocation of inflows (i.e., contributions, investment income, etc.) and outflows (i.e., benefit payments, administrative expenses, etc.) of the plan to the individual employer accounts.

Many state pension plans have a June 30, 2014, fiscal year end, and this period will most commonly be the liability measurement date for participating governments who will implement GASB 68 for their June 30, 2015, financial statements. Accordingly, to comply with AT Section 801, the plan auditor should already be performing procedures for a SOC 1, type 2 engagement. This is not happening, since the guidance has not yet been finalized or released. This condition creates serious consequences for participating employer auditors who will likely have to modify audit opinions for thousands of participating employers through no fault of the employers or their auditors.

March 7 Letter to the AICPA

In the March 7 letter, NASACT urged the AICPA’s Auditing Standards Board to consider flexibility and the use of professional judgment in the final guidance issued for agent multiple-employer plans. Further, if the AICPA guidance is to be issued as proposed, NASACT requested that the AICPA ask the GASB for a delay in the agent multiple-employer plan requirements of Statement 68.

Resolution to the AICPA and the GASB

Subsequent to the March 7 letter, NASACT’s Executive Committee approved a resolution addressed to the AICPA and the GASB. The resolution urged the AICPA and the GASB to work cooperatively to find an appropriate alternative plan pertaining to agent multiple-employer pension plans without the unintended and detrimental consequence of modified audit opinions on the financial statements of governments participating in agent multiple-employer pension plans. The resolution is available for download at www.nasact.org.

GASB Declines to Delay Implementation Date of Pension Standards

On March 24, the GASB voted unanimously not to delay the implementation date of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Key factors the Board considered in this decision included:

- Delaying the new standards would not necessarily address the concern about a modified audit opinion. It appears, based on feedback received, that many governments would face a similar prospect of a modified audit opinion even if governments were to follow the previous pension standards.
- Pension plans are already well into the process of implementing the associated pronouncement, Statement No. 67, Financial Reporting for Pension Plans. If the implementation of Statement 68 were postponed, some governments would now incur the added cost of engaging an actuary to provide information under the old standards in addition to the information already obtained under the new standards.
- The financial statement users who provided feedback to the GASB expressed a strong preference not to delay Statement 68. They stated that a clearly worded modification would not negatively impact their analyses of government finances.
- Concerns about the effort required to implement Statement 68, particularly with regard to governments in some cost-sharing multiple-employer pension plans, are real and significant. However, the Board was fully aware of these issues when it originally considered the costs and benefits associated with establishing the original implementation date. No new evidence has been brought forth to date that would result in reconsideration.
Treasury Releases Final Rules on Information Reporting in Accordance with the Affordable Care Act

This month the U.S. Treasury Department and the Internal Revenue Service issued two final information reporting rules in accordance with the Affordable Care Act (ACA): the first about information reporting of minimum essential coverage and the other about information reporting by applicable large employers (ALEs) on health insurance coverage. The final rules provide guidance to employers subject to the information reporting requirements under section 6056 of the Internal Revenue Code (employers with at least 50 full-time employees, including full-time equivalent employees) and providers of minimum essential health coverage (health insurance issuers, certain sponsors of self-insured plans, government agencies, and other parties that provide health coverage) that are subject to the information reporting requirements of section 6055 of the Code.

Section 6055: Minimum Essential Coverage

The ACA requires that non-exempt individuals have the choice of maintaining minimum essential health coverage or paying an individual shared responsibility payment with their income tax returns.

Section 6055 requires information reporting by any provider of minimum essential health coverage. Minimum essential health coverage includes health insurance coverage offered in the individual market, an employer-sponsored plan, or a government-sponsored program. Health insurance issuers are the parties responsible for reporting, therefore states that are sponsors of self-insured health coverage are responsible for reporting under section 6055.

The reporting allows taxpayers to establish and the IRS to verify minimum essential coverage and months of enrollment during the calendar year.

The items that must be reported in accordance with section 6055 include:

- Name, address, and employer identification number (EIN) of the person required to file the return.
- Name, address and taxpayer identification number (TIN) of the covered employee.
- Name, address, and TIN of each covered dependent.
- The calendar months of coverage for each covered individual.
- Other information as specified.

The employer must furnish this information annually to both the IRS and each covered employee, along with other information that the IRS may specify.

Section 6056: Applicable Large Employers

Section 6056 requires ALE’s to report to the IRS information about their compliance with the employer shared responsibility provisions of section 4980H of the Code and about the health care coverage they have offered employees. In addition, that information will be used to administer and ensure compliance with the eligibility requirements for the employer shared responsibility provisions and the premium tax credit.

ALE’s will have to provide information to both the government and the employee. Reports to employees are due by January 31 of the year following the calendar year of coverage. Reports to the government are due annually by March 31 (if filed electronically) of the year following the calendar year of coverage.

The regulations provide that every ALE will report the following information on the section 6056 information return:

- The name, address and EIN of the ALE member; the name and telephone number of the ALE’s contact person; and the calendar year for which the information is reported.
- A certification as to whether the ALE offered to its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan by calendar month.
- The number of full-time employees for each month during the calendar year.
- For each full-time employee, the months during the calendar year for which coverage under the plan was available.
- For each full-time employee, the employee’s share of the lowest-cost monthly premium (self-only) for coverage providing minimum value offered to that full-time employee under an eligible employer-sponsored plan, by calendar month.
- The name, address, and TIN of each full-time employee during the calendar year and the months, if any, during which the employee was covered under an eligible employer-sponsored plan.

In addition, the following information will be reported using “indicator codes:”

- Whether the employer’s coverage meets the minimum value standard and if the employee could enroll their spouse.
- Total number of employees by calendar month.
- Whether the employee’s effective date of coverage was affected by a permissible waiting period, by calendar month.
- Whether the ALE member had no employees or otherwise credited any hours of service during a particular month, by calendar month.
- Whether the ALE member is a person that is a member of an aggregated group and if so the name and EIN of each employer member of the aggregated group constituting the applicable large employer on any day of the calendar year for which the information is reported.
- Whether the appropriately designated person is reporting on behalf of an ALE member that is a governmental unit or an agency or instrumentality thereof for the purposes of Section...
Budget Proposal and Tax Reform Proposal Contain Provisions that Could Affect States and Locals

In late February and early March, two proposals were released that include numerous items of interest to state and local governments. The first proposal came from House Ways and Means Committee Chairman Dave Camp outlining his plan for tax reform. While Chairman Camp’s discussion draft includes numerous items that could increase state tax revenue, it also includes provisions that could increase costs for state and local governments. Of note, Chairman Camp is proposing to:

- Repeal the deduction for state and local income taxes and for real property tax.
- Maintain the exemption for governmental bonds but provide for a 10 percent surtax for those taxpayers making more than $400,000. Deductions and exemptions, including the exemption for municipal bonds, would be included in the calculation of modified adjusted income.
- Tax private activity bonds.
- Eliminate the ability of states to reduce debt service costs by reissuing bonds at a lower rate (advance refundings).
- Repeal tax credit bond programs such as the Qualified Zone Academy Bond Program (QZABs) and the Clean Renewable Energy Bond Program (CREBs). Existing bondholders would not be affected, but no new bonds could be issued.
- Remove the tax advantages for banks entering into bank qualified debt transactions, therefore jeopardizing the tool used by small issuers to achieve lower interest rates.

Although any real action on the discussion draft is unlikely, state and local public interest organizations are taking note, as any of these proposals could be part of future tax legislation intended to raise revenue.

President Obama is proposing to impose a 28 percent cap on deductions for taxpayers making more than $200,000 ($250,000 jointly) in his FY 2015 budget proposal. This would include tax-exempt bond interest. Additionally the President is proposing a national infrastructure bank to support infrastructure projects at both the national and regional levels.

As in past budget proposals, the FY 2015 proposal would create an America Fast Forward Bond Program (AFFs) based on the Build America Bonds Program (BABs). AFFs are direct pay subsidy bonds that could be used for short-term capital needs as well as longer-term governmental capital projects and also can be issued by 501(c) (3) nonprofits. The proposal states that AFF subsidized bonds would not be subject to sequestration unlike the BABs program, whose subsidies were subject to a significant haircut due to sequestration. In addition to many technical changes to certain bond programs, the proposal would remove the volume cap on private activity bonds for water projects and simplify the arbitrage restrictions and increase the small issuer arbitrage rebate exemption to $10 million.

Full Proposals


ACA Reporting Rules (continued from page 4)

6056, and the name, address and identification number of the appropriately designated person.

- Whether the ALE member is a contributing employer to a multi-employer plan.
- Whether, with respect to a full-time employee, the employer is not subject to an assessable payment under section 4980H due to the employer’s contributions to a multiemployer plan.
- If a third party is reporting for an ALE member with respect to the ALE member’s full-time employees, the name address and identification number of the third party.

Effective Dates and Combined Reporting

Both Section 6055 and Section 6056 reporting requirements take effect in 2015, which means that the first required information returns will be filed in 2016. The final regulations also allow employers subject to both sections to utilize a single form (1094-C transmittal/1095-C employee statement) for information reporting. Therefore, employers that self-insure can use one form for reporting under section 6055 and 6056.
The results are in! The 2014 Washington office survey is now complete. Twenty-two offices from 17 states participated. Responses to the survey are an invaluable asset to the Washington office, as they help prioritize issues of importance to members and help shape the association’s efforts for the upcoming year.

Five Most Important Issues

(Rated on a scale of 1 to 5, with 5 being “very important.”)

1. Public sector pension plans/defined benefit plans. (4.57)
2. Public sector pension plans/disclosure. (4.52)
3. Proposals to amend the Single Audit Act or A-133. (4.33)
4. Timely disclosure of financial reports. (4.14)
5. DATA Act/federal transparency initiatives. (4.05)

Five Least Important Issues

1. Federal intervention/bankruptcy for states. (2.89)
2. Government Accountability and Transparency Board. (3.36)
3. Treasury offset issues. (3.39)
4. SEC/MSRB scope creep (regulation of the municipal market). (3.56)
5. Cash Management Improvement Act issues. (3.62)

Quotes from the Survey

*Explain any issues you are having with federal agencies.*

- The resolution of single audit findings continues to be delayed.
- The needs of the states and pass-through entities should be considered as changes are made to the Federal Audit Clearinghouse.

*What is the best thing in financial management going on in your state today?*

This question gives respondents a chance to highlight some of the good things happening across the nation:

- Movement towards more electronic systems for processing transactions.
- Trying to coordinate banking contracts among agencies to gain better pricing and increase agency efficiencies.
- Merging financial perspectives with broader management duties.
- Internal control work on “control environment.”
- Creating broader “performance management” process that supports good financial management and results orientation.

*How can we better serve your office?*

- Continue to provide industry updates and changes as well as valuable information and resources we need to do our jobs in auditing state government.
- Hearing about issues/regs pertaining to state health insurance exchanges.

*Are there any other Congressional or regulatory issues that the Washington office should address?*

- Reducing the role of the federal government. Decentralizing funding and programs to the state (e.g., transportation, Medicaid, education, etc.).

Questions about the survey or requests for the complete survey results may be directed to Neal Hutchko, policy analyst, at (202) 624-5451 or nhutchko@nasact.org.

ACA Reporting Rules (continued from page 5)

For employees who receive qualifying offers for all 12 months of the year, employers will need to report only the names, addresses, and TINs of those employees and the fact that they received a full-year qualifying offer. Employers will also give the employees a copy of that simplified report or a standard statement indicating that the employee received a full-year qualifying offer.

For employees who receive a qualifying offer for fewer than all 12 months of the year, employers will be able to simplify reporting to the IRS and to employees for each of those months by simply entering a code indicating that the qualifying offer was made.

To provide for a phase-in of the simplified option, employers certifying that they have made a qualifying offer to at least 95 percent of their full-time employees (plus an offer to their families) will be able to use an even simpler alternative reporting method for 2015. Those employers will be able to use the simplified, streamlined reporting method for their entire workforce, including for any employees who do not receive a qualifying offer for the full year. Those employers will provide employees with standard statements relating to their possible eligibility for premium tax credits.

**Full-Time Employees**

Employers have the option to avoid identifying in the report which employees are full-time, and instead to just include in the report those employees who may be full-time. To take advantage of this option, the employer must certify that it offered affordable, minimum value coverage to at least 98 percent of the employees on whom it is reporting.

**Final Rules and Fact Sheet**

States should review the complete rules for more details on the required reporting.

- **Essential Minimum Coverage, Section 6055:** https://www.federalregister.gov/articles/2014/03/10/2014-05051/information-reporting-of-minimum-essential-coverage
- **Applicable Large Employers, Section 6056:** https://www.federalregister.gov/articles/2014/03/10/2014-05050/information-reporting-by-applicable-large-employers-on-health-insurance-coverage-offered-under
Plan Now to Attend the 2014 NASACT Annual Conference!

Join NASACT President James B. Lewis, Hector Balderas and Ricky Bejarano for the 2014 NASACT Annual Conference in Santa Fe, New Mexico, this August 9-13. The NASACT Training and Professional Development Committee has distributed the conference topics survey and will be working in the next few months to develop the technical agenda.

Conference Hotel: The Eldorado Hotel

The conference will be held at the El Dorado Hotel located in heart of Santa Fe near the historic Plaza and surrounded by rich culture, history and art. This year’s conference rate is $189/night plus applicable tax. To reserve your room, call (800) 955-4455 and ask for the NASACT Annual Conference rate.

Don’t Forget the Travel Assistance Program!

NASACT principals in good standing (or their designees) are eligible to receive up to $2,000 to attend the conference. These funds can be used to cover travel or registration costs. All funds will be provided in the form of reimbursements after the conference.

Special Activities

Our hosts are planning a number of special activities, including a reception at the historic La Fonda on the Plaza Hotel, a Santa Fe landmark. A guest program will also be offered where guests will enjoy a walking tour of historic Santa Fe and a day trip to Chimayo.

More Information

Watch for more details coming soon! Questions about the conference may be directed to Donna Maloy at dmaloy@nasact.org or (859) 276-1147.
New at www.nasact.org

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

- NASC technical inquiries on the following topics at www.nasact.org/nasc/technical/index.cfm (members only content):
  - Merchant Card Master Services Agreement
  - Monthly Closing Periods
  - Turbo Tax Request for W-2s
  - W-2 Reporting
  - Taxable Fringe Benefits Policy
  - Approval for Travel Reimbursement

- NASACT’s resolution to the AICPA and GASB regarding GASB Statement No. 68 and agent multiple-employer pension plans.

- NASACT’s letter to the AICPA regarding concerns related to GASB Statement No. 68 and agent multiple-employer pension plans and audit guidance.

NASACT Seeks Input on Two GASB EDs

The Governmental Accounting Standards Board recently issued an exposure draft entitled The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The GASB is proposing reducing the GAAP hierarchy to two categories of authoritative GAAP.

The Board has asked for comments on all matters in this proposed statement, including reasoning behind expressed views and alternatives that could be considered. Where possible, please provide a paragraph reference with comments.

The ED can be downloaded from the GASB’s website at www.gasb.org.

NASACT will be preparing an association position on this ED. The GASB’s deadline for comments is December 31, 2014. To include your comments in NASACT’s association response, email them to Kim O’Ryan (koryan@nasact.org) or Sherri Rowland (srowland@nasact.org) by Friday, October 17.

The GASB also recently issued the ED Implementation Guide No. 20XX-1.

The Board has asked for comments on all matters in this proposal, including reasoning behind expressed views and alternatives that could be considered. The Board would especially appreciate comments regarding:

1. Guidance that is proposed to be removed that you believe should be retained in the Guide.
2. Guidance that is included in the proposed Guide that you believe should be excluded from the Guide.
3. Guidance that is included in the proposed Guide that you believe is in conflict with or contradicts other GASB pronouncements.
4. Whether you believe that the proposed modifications to the questions and answers are appropriate.

Where possible, please provide a paragraph reference for comments. The ED can be downloaded from the GASB’s website at www.gasb.org.

NASACT will be preparing an association position on this ED. The GASB’s deadline for comments is December 31, 2014. To include your comments in NASACT’s association response, email them to Kim O’Ryan (koryan@nasact.org) or Sherri Rowland (srowland@nasact.org) by Friday, October 17.

Due to the size of the Implementation Guide ED, NASACT would like to have at least two volunteers to review each of the chapters. If you would like to volunteer, please contact Sherri or Kim.

Get Involved!
For information on participating in any of these calls, contact NASACT’s headquarters office at (859) 276-1147.

Upcoming Information Sharing Calls

March
- NASACT Pension Implementation Work Group – March 27

April
- NSAA Pension Audit Issues Work Group – April 17
- NSAA Human Resources Information Sharing – April 30

May
- NASC Payroll Information Sharing (expanded call, includes the Internal Revenue Service) – May 14
- NASC Travel and P-Card Information Sharing (expanded call, includes presentations from Visa and MasterCard) – May 21
2014 NASACT Member Satisfaction Survey: Results Are In!

To inform the strategic planning process, NASACT conducts a yearly membership satisfaction survey. The 2014 survey was conducted in January:

- 61 members responded (37 audit offices, 20 comptroller offices and four treasurer offices).
- Responses were submitted by 29 state principals and 32 deputy-level staff.
- The responses were quite positive, with 98 percent of respondents indicating that they are satisfied with their membership in NASACT.

The survey asked respondents the question: In light of the current economic condition in the states, is there anything NASACT can do to assist you or your office? Open-ended responses to the question included:

- Continue to provide training through webinars as this provides CPE and learning opportunities without the associated travel costs.
- The travel assistance is wonderful and does allow us to justify attending. The travel assistance program is a great addition and has been very valuable (this comment was made six times).
- Continue providing continued education and training seminars in the area of auditing, investments, etc.
- The timing of the conferences tends to occur during the busy CAFR season, which means it is quite unlikely we can attend.
- For the next few years, minimize fee increases (e.g., amounts charged the states for training events, the technical services program, and peer review services).
- NASACT strikes a good balance between providing affordable opportunities and earning enough revenue to sustain operations. Obviously, scholarships in addition to travel subsidies would help the members and their budgets, but the members must support NASACT as well.

The survey responses were reviewed by NASACT’s Strategic Planning Committee in February and by NASACT’s Executive Committee in March. Questions about the 2014 NASACT member satisfaction survey or requests for the complete results may be directed to Glenda Johnson at gjohnson@nasact.org.
NASACT Executive Committee
Meeting Highlights

By Glenda Johnson, Communications Manager

The NASACT Executive Committee met on March 11, 2014. The meeting was held in Reno, Nevada, in conjunction with the annual conference of the National Association of State Comptrollers. James B. Lewis, state treasurer of New Mexico and president of NASACT, presided. Highlights from committee reports follow below.

- **Training and Professional Development:** President Lewis, chair, reported that planning is underway on the technical program for the 2014 NASACT Annual Conference. The conference will be held in Santa Fe, New Mexico, on August 9-13. The state hosts are working to plan several special events for conference attendees, including an event at the New Mexico History Museum and several other historic sites.

- **Committee on Accounting, Reporting and Auditing:** Alan Skelton, state accounting officer of Georgia and chair, reported that the committee continues to hold its regularly scheduled calls, including updates from the Governmental Accounting Standards Board. Of note, the committee expects the GASB to release three exposure drafts in April on (1) accounting and financial reporting for OPEB, (2) financial reporting for OPEB plans and (3) accounting and reporting for pensions and reporting for pension plans that are administered through trusts that meet specified criteria. Additionally, GASB recently released an exposure draft of the implementation guide for comment. NASC members will be reviewing the guide in sections and offering comments. States wishing to volunteer to review sections of the guide should email Kim O’Ryan at koyryan@nasact.org.

- **Pension Standards Implementation Work Group:** Greg S. Griffin, state auditor of Georgia and chair, reported that the group continues holding informational conference calls to help states implement GASB Statements 67 and 68. The group enjoys participation from 48 states and Guam.

- **Pension Audit Work Group:** Kinney Poynter, executive director, reported that the state auditors formed a work group to directly address the audit-specific issues related to the implementation of GASB’s pension standards.

- **Financial Management and Intergovernmental Affairs Committee:** David Von Moll, state comptroller of Virginia and vice-chair, reported on the many issues the committee monitors. Among other items, he reported on:
  - The U.S. Office of Management and Budget’s recently issued grand reforms. The final guidance was issued on December 26 and has since been followed by clarifying Q&A documents.
  - Recent Congressional activity related to the Digital Accountability and Transparency Act. The act seemed to be picking up momentum, however, following requested changes to the legislation by OMB, the momentum has halted for now.
  - Activities of the Government Accountability and Transparency Board, which held its first public meeting in January. NASACT and other government groups testified to convey association members’ perspectives on the board’s activities.
  - Issues related to the Affordable Care Act.
  - Municipal market disclosure issues.
  - Tax reform efforts and effects on states.

- **Interim Disclosures Implementation Work Group:** Following the release of NASACT’s “Best Practices on Interim Disclosure” last August, an implementation group was formed. Several states have volunteered to pilot implementing the best practices. Any state wishing to volunteer should contact Cornelia Chebinou at cchebinou@nasact.org.

- **Resolutions:** Roger Norman, legislative auditor of Arkansas and chair, reported. At a conference call on February 28, 2014, the NASACT Executive Committee requested that staff draft a resolution requesting a delay in the effective date of GASB Statement No. 68. The request for a delay would apply to multiple-employer agent plans only and would not include cost-sharing plans.
  
  Mr. Norman presented the draft resolution prepared by staff for discussion. There was much discussion, and the Executive Committee asked staff to make several revisions, most notably changing it to ask both the GASB and the AICPA to work together to address issues caused by the timing of the implementation of GASB 68 prior to the issuance of definitive audit guidance on the matter. The resolution was finalized by the Executive Committee on Tuesday, March 18. It is available for download at www.nasact.org.
  
  Mr. Poynter reported that at the February 28 conference call the Executive Committee also asked staff to draft a letter to the AICPA to express concerns over the timing of the issuance of audit guidance related to GASB No. 68 and agent multiple-employer pension plans for state and local governments. That letter was crafted and was sent to the AICPA on March 7 (see related article on page 3).

- **Membership:** Mr. Poynter reported. NASACT has had several new members in FY 2014. Two former members were approved for lifetime membership in NASACT:
  - **Former State Auditors:**
    - David A. Vaudt (Iowa)
    - Bruce Hartman (Indiana)
  
  - **Budget:** Debbie Davenport, auditor general of Arizona and chair, provided the FY 2014 financial report and presented for approval by the committee the FY 2015 budget. A motion was made and unanimously approved to accept the proposed budget for FY 2015.

(continued, next page)
Provencher Leaves State Treasurer Post in New Hampshire

Catherine Provencher will step down from her post as New Hampshire’s state treasurer at the end of March to become the chief financial executive for the University System of New Hampshire. Her resignation is effective March 28.

Ms. Provencher has been state treasurer for seven years and has a career in state government spanning over 28 years.

Ms. Provencher has served as the Eastern regional vice president for the National State Treasurers Association. She has also been a member of the Executive Committee of the College Savings Planning Network.

In her new role with the university system she will be responsible for coordinating finances at all campuses in the system and will lead a finance, budget and audit division in her office.

Following her resignation, Gov. Maggie Hassan released a statement that included the following:

“While it is difficult to see her depart, I know that she will be a tremendous asset to the University System and will help guide the system toward an even stronger future. I wish Catherine the very best, and I will consult with legislative leaders and work quickly with the Executive Council to appoint a highly qualified individual to serve until a new treasurer is elected.”

McCoy Resigns State Controller Position in North Carolina

North Carolina Controller David McCoy will retire at the end of March after a career in public service of more than 30 years. Mr. McCoy announced his retirement on March 3, citing health and family issues. He is leaving with one year remaining in his seven year appointment. In addition to serving as state controller, Mr. McCoy’s state government career includes being transportation secretary and state budget director.

Before joining state government, Mr. McCoy was on the faculty and staff at the University of North Carolina at Chapel Hill. Since 1985, he has continued to serve as an adjunct assistant professor teaching various courses and providing community service.

Current Gov. Pat McCrory will name Mr. McCoy’s replacement, and the nominee must be confirmed by the General Assembly.

Executive Committee (continued from page 9)

- **Strategic Planning:** William G. Holland, auditor general of Illinois and chair, reported. He presented an overview of results from the recent membership satisfaction survey; based on those results, the committee recommended no changes to NASACT’s activities or strategic plan.

  He presented a benefits study report conducted in December 2013. The report showed that NASACT is competitive in most areas for employee benefits. The committee recommended changes to the long- and short-term disability programs to make them more competitive. The Executive Committee approved the recommendations.

  Mr. Holland presented a report outlining a new logo and branding options for the association. The Executive Committee chose a new logo system that will be applicable for NASACT, the National State Auditors Association and the National Association of State Comptrollers. Staff will work to refine the logo system and implement it in the coming months.

- **Time and Place:** Calvin McKelvogue, chief operating officer in Iowa’s State Accounting Enterprise and chair, said that the committee has been searching for a location for the 2016 NASACT Annual Conference. The committee received proposals from two states interested in hosting. The Time and Place Committee recommended and the Executive Committee approved holding the 2016 conference in Indianapolis, Indiana.

- **Other Association Activities:** Mr. Poynter reported on the following general association activities:

  - NASACT continues its benchmarking program. Some new states have expressed interest in participating.
  - NASACT has been developing a new website which should be ready for launch this summer.
  - NASACT is participating in several cooperative projects including with the Government Accountability Office on the audit requirements of the Affordable Care Act and in the Association of Government Accountant’s Partnership on Intergovernmental Management and Accountability.

- **Next Meeting or More Information:** The next meeting of the NASACT Executive Committee will be held on Sunday, August 10, in conjunction with the 2014 NASACT Annual Conference in Santa Fe, New Mexico.

  Committee minutes (members only content) are available at www.nasact.org/nasact/committees/executive/index.cfm.

  Questions about the content of this article may be directed to Glenda Johnson at gjohnson@nasact.org or Kinney Poynter at kpoynter@nasact.org.
March 2014

GASB Proposes New GAAP Hierarchy and Exposes Full Implementation Guide for Comment

The Governmental Accounting Standards Board (GASB) recently issued an exposure draft, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The hierarchy of generally accepted accounting principles (GAAP)—or “GAAP hierarchy”—comprises the types of guidance that state and local governments follow when preparing financial statements. The GAAP hierarchy lists the order of priority for pronouncements to which a government should look for guidance.

The GASB also issued an accompanying proposed implementation guide, Implementation Guide No. 20xx-1, which is a culmination of all implementation guidance to date. The Board’s decision to elevate the level of the implementation guidance in the GAAP hierarchy would require that implementation guides be exposed for a period of broad public comment, as with other GASB pronouncements.

The deadline for commenting on the documents is December 31, 2014.

Toolkit Created to Help State and Local Government Employers Implement New Pension Standards

The GASB has released a new online pension implementation toolkit. The toolkit is designed to help preparers, auditors and users of state and local government financial reports understand and apply the revised pension accounting and financial reporting standards for employer governments that the GASB approved in June 2012. The toolkit is available at no cost on the GASB website. The GASB created a separate toolkit in 2013 for pension plans implementing the new standards.

GASB Issues Guidance for Implementing Pensions Standards

The GASB recently published an implementation guide for the new GASB standards regarding accounting and financial reporting for pensions. The Guide to Implementation of GASB Statement 68 on Accounting and Financial Reporting for Pensions is an authoritative resource designed to assist preparers and auditors of state and local government financial statements as they implement the Statement. A separate implementation guide to Statement 67 on reporting by pension plans was published last year. Both guides are available to download free from the GASB website.

GASB Performance Measures: 2013 Technical Inquiry Activities

The GASB recently posted a report detailing the results of its technical inquiry activities in 2013, in which nearly 1,600 inquiries were addressed with an overall inquirer satisfaction rating of 98.5%.

Board Meeting Highlights

The GASB held a public meeting January 21 and 22, 2014, to discuss issues associated with its projects on Other Postemployment Benefits (OPEB), Leases, Conceptual Framework—Measurement, Fair Value Measurement and Application, and Fiduciary Responsibilities. This article addresses key decisions made by the Board during its deliberations on these projects. (For complete minutes of the Board meeting, visit the project pages devoted to each project on the GASB website.)

GASB Meets with Leases Task Force

The GASB met with its Leases Task Force on January 23, 2014, in Flushing, New York. The Leases Task Force discussed the Board’s tentative decisions regarding the scope of the project, lease classification, and lessee recognition and measurement. The Board also received input from task force members about lessor accounting and disclosures to help guide future Board meetings on these topics. An exposure draft is expected to be issued in November 2014. Click here for more information on the Lease Accounting project.

Looking for Cost-Effective Training? Check out NASACT’s Training Seminars Program!

Through the Training Seminars Program, NASACT members can schedule specialized training seminars tailored to meet targeted staff training needs. Experienced consultants conduct the sessions, which can cover topics ranging from auditing and accounting to human resources and information technology. An all-inclusive seminar fee covers consultant fees and expenses, as well as planning services provided by NASACT. The state hosting the training coordinates on-site logistics and provides CPE credit. To find out more, contact Kathleen Young at (859) 276-1147 or kyoung@nasact.org.
Calendar of Events

2014
April 8-10  ■ NASACT Middle Management Conference, Salt Lake City, UT
April 24-25  ■ Tennessee Government Auditing Training Seminar, Chattanooga, TN
April 28-29  ■ Tennessee Government Auditing Training Seminar, Nashville, TN
May 1-2  ■ Tennessee Government Auditing Training Seminar, Jackson, TN
May 12-13  ■ Tennessee Government Auditing Training Seminar, Morristown, TN
June 10-13  ■ NSAA Annual Conference, Saint Paul, MN
August 10  ■ NASACT Executive Committee Meeting, Santa Fe, NM
August 9-13  ■ NASACT Annual Conference, Santa Fe, NM
September 30 - October 3  ■ NSAA IT Workshop & Conference, Grand Rapids, MI

2015
March 10  ■ NASACT Executive Committee Meeting, Richmond, VA
March 11-13  ■ NASC Annual Conference, Richmond, VA
June 9-12  ■ NSAA Annual Conference, Little Rock, AR
August 23  ■ NASACT Executive Committee Meeting, Chicago, IL
August 22-26  ■ NASACT Annual Conference, Chicago, IL
September 22-25  ■ NSAA IT Workshop & Conference, Hartford, CT

Take Advantage of NASACT’s Travel Assistance Program  By Donna Maloy, Conference Manager

NASACT’s Travel Assistance Program now makes it easier than ever for members to attend the annual conferences. Through the program, NASACT principal members in good standing (or their designees) are eligible to receive:

• Up to $750 for the 2014 NASC Annual Conference.
• Up to $750 for the 2014 NSAA Annual Conference.
• Up to $2,000 for the 2014 NASACT Annual Conference.

The travel assistance may be used to cover expenses related to conference attendance (all reimbursements will be processed after the conferences).

For those planning to submit a reimbursement request for the 2014 NASC Annual Conference, visit www.nasact.org/conferences_training/nasc/conferences/AnnualConferences/2014AnnualConference/Materials.cfm to download the reimbursement request form.

Also, be sure to take advantage of this benefit to attend the 2014 NSAA Annual Conference scheduled for June 10-13 in Saint Paul, Minnesota, and the 2014 NASACT Annual Conference scheduled for August 9-13 in Santa Fe, New Mexico.

Questions about NASACT’s Travel Assistance Program may be directed to Lori Slagle at lslagle@nasact.org.
Below is the list of sessions presented during the recent NASC 2014 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 address.

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

UPDATE OF OMB ACTIVITIES
• Karen Lee, Chief, Office of Federal Financial Management, Office of Management and Budget

ERP E-PROCUREMENT AND VENDOR SELF-SERVICE
• Dale Kress, Product Manager, CGI Advantage Procurement
• Ed Ross, Controller (KY)
• Thomas L. White, Jr., State Comptroller (AL)

COPING WITH AN AGING WORKFORCE – A BENEFITS CHALLENGE
• Ray Ellason, Vice President of Distribution/Development, NTA Life

ROUNDTABLE 1: FEDERAL-STATE ISSUES
• Moderator: David A. Von Moll, State Comptroller (VA)

ERP GOVERNANCE MODELS AND STRATEGIES: HOW STATES MANAGE CRITICAL POST-IMPLEMENTATION ERP DECISIONS AND KEEP ALL PLAYERS ON THE SAME TEAM
• Keith Johnson, Director, State and Local Government, Oracle
• Lynne Bajema, State Comptroller (OK)
• Jan I. Sylvis, Chief of Accounts (TN)
• Kristopher Knight, Director, Division of Accounting (DE)
• David A. Von Moll, State Comptroller (VA)
• Kathy Sheppard, Deputy Comptroller (MA)
• Alan Skelton, State Accounting Officer (GA)

ETHICS AND THE WORKPLACE
• Robert Childree, Director, Global Public Sector, State and Local Government Practice, Grant Thornton

IMPLEMENTING THE UPDATED COSO FRAMEWORK IN A STATE COMPTROLLER’S OFFICE
• Eric Berman, Partner, Eide Bailly

ENSURING EFFECTIVE INTERNAL CONTROLS DURING ERP AND OTHER ENTERPRISE SYSTEM IMPLEMENTATIONS
• Nick DeSanti, Account Executive, SAP
• Anna Maria Kiehl, State Comptroller/Chief Accounting Officer (PA)

GASB UPDATE
• David A. Vaudt, Chairman, Governmental Accounting Standards Board
• David Bean, Director of Research and Technical Services, Governmental Accounting Standards Board

IMPLEMENTATION ISSUES FOR THE NEW GASB PENSION STANDARDS
• Jeffrey Markert, Partner, KPMG

MOVING FROM PAPER TO ELECTRONIC: GETTING SERIOUS ABOUT INITIATING AND RECEIVING PAYMENTS ELECTRONICALLY
• Jerry Breef, Director, eChannel Executive, Bank of America Merrill Lynch
• Janet Guthrie, Director, Segment Solutions, Card Products, Bank of America Merrill Lynch

ROUNDTABLE 2: OPERATIONAL EFFECTIVENESS
• Moderator: John C. Reidhead, Director, Division of Finance (UT)

“MONEYBALL” UNDER THE DOME: GOVERNMENT ANALYTICS FOR PUBLIC OFFICIALS
• Mark Howard, Senior Manager, Accenture
• Martin Benison, Comptroller of the Commonwealth (MA)

EARLY PAYMENT DISCOUNTS VERSUS CHARGE CARD REBATES
• Greg Hamilton, Vice President, Public Sector Business Development, MasterCard

FROM DATA TO IMPACT: HARNESSING PERFORMANCE DATA TO TRANSFORM GOVERNMENT EFFECTIVENESS
• Jitinder Kohli, Director, Deloitte Consulting LLP
• Christopher Rose, Principal, Deloitte Consulting LLP
• Brandy Manek, Deputy Director of Budget, Policy and Legislative Relations, Office of Management and Enterprise Services (OK)

USING DATA ANALYTICS AS A MANAGEMENT TOOL TO IDENTIFY ORGANIZATIONAL RISK
• Sean Walker, Managing Principal, State and Local Government, CliftonLarsonAllen
• Ryan Merryman, Senior Manager, Forensic and Valuation Services, CliftonLarsonAllen

GAO’S GREEN BOOK
• James R. Dalkin, Director, U.S. Government Accountability Office

FRAUD: WHO HAS THE KEYS TO YOUR FINANCIAL BACK DOOR?
• Christopher Funk, Treasury Product Consultant, Wells Fargo Bank
• Vincent Milazzo, Deputy Treasurer for Cash Management, Office of the State Treasurer (NV)

ROUNDTABLE 3: GENERAL TOPICS
• Moderator: Cynthia I. Cloud, State Auditor (WY)
NASC Annual Conference Recap

Martin J. Benison (MA, fifth from the left), chaired a meeting of the Governmental Accounting Standards Advisory Council, which was held in conjunction with the NASC conference.

Nevada Gov. Brian Sandoval stopped by the banquet held at the Governor’s Mansion on Wednesday night. Shown above: Kinney Poynter, Kim Wallin (NV) and Gov. Sandoval.

NASC President Wallin recognized the Executive Committee members and presented them each with a token of appreciation during the banquet.

Glen B. Gainer III (WV) was presented with a President’s Award from NASC President Wallin. The award recognized his long-standing support of NASC and its members.

Vicki Smith (TX) was presented with a Distinguished Service Award by President Wallin. The award recognized Ms. Smith’s service to NASC’s Payroll Information Sharing Group.

GASB Chairman David Vaudt opened the GASB Update session, providing an overview of the GASB’s current agenda and upcoming areas of focus.
NASC Annual Conference Recap

Several members of a delegation from the Mexico Comptrollers Association, the CPCE-F, attended the conference this year, participating throughout.

Kinney Poynter, Juan Enrile (CPCE-F), Kim Wallin (NV), Julian Olivas (CPCE-F) and Juan Yumani (CPCE-F) chat before the beginning of a roundtable session.

Incoming NASC President David Von Moll (VA) led the first roundtable session, which focused on federal-state issues.

At the end of the NASC business meeting, David Von Moll (VA) presented a plaque of appreciation to Kim Wallin (NV), thanking her for her service as NASC’s president in 2013-14.

NASC held three roundtable sessions, giving members an opportunity to discuss various issues in detail with their peers from around the country.

An ERP panel featured speakers from six states, who shared their various experiences with attendees.