NASACT PRESIDENT’S MESSAGE

BY WILLIAM G. HOLLAND, PRESIDENT OF NASACT, 2014-15

This August my term as President of the National Association of State Auditors, Comptrollers and Treasurers will come to an end, and in December I will be retiring from the post I have held for the past 23 years as Illinois' auditor general. Looking back over my career, I can see that my involvement with NASACT has been a critical component of my professional development, providing a source of information, an outlet for feedback, and a foundation of professional colleagues. In my role as President, I have also enjoyed working closely with the many dedicated individuals who make this organization one of the finest member-service groups in the country.

This year, NASACT celebrates its 100-year anniversary and its activities during 2015 once again prove the necessity and relevancy of its mission. Together, we have accomplished much over the past 12 months:

• NASACT has provided numerous training opportunities and technical resources for members, including workshops, conferences and webinars on salient topics.
• NASACT has been active in issues surrounding public pensions, including assisting states in implementing Governmental Accounting Standards Board Statements 67 and 68 and promoting plain-English pension resources.
• NASACT partnered with the National Association of State Treasurers to provide input to GASB regarding changes to SEC Rule 2a-7 and the impacts on local government investment pools.
• NASACT representatives testified at GASB hearings, responded to multiple due process documents from GASB, and provided information to members of Congress on pension issues.
• Through the Transparency Information Sharing Group and the work group tasked with implementing NASACT’s Voluntary Interim Financial Reporting: Best Practices for State Governments, NASACT has remained a leader in transparency-related issues.

I strongly encourage the nearly 40 new members joining NASACT during 2015 to get involved with the organization. And to my friends and colleagues, thank you and what an honor it has been to join you in the profession of accountability. I look forward to seeing you all at the Annual Conference in Chicago next month.

WILLIAM G. HOLLAND, AUDITOR GENERAL OF ILLINOIS

William G. Holland was elected president of NASACT in August at the 2014 annual conference. Holland is the longest serving auditor general in Illinois history, having been in the position since 1992. He is a past president of the National State Auditors Association, and his office has won several NSAA Excellence in Accountability Awards. He is a recipient of NSAA’s William R. Snodgrass Distinguished Leadership Award, given for his distinctive leadership and contributions in state government auditing, and a two-time recipient of NASACT’s President’s Award. He will retire from his post as auditor general of Illinois at the end of this year.
NASACT 2015 AT A GLANCE

Saturday, August 22
10:30 a.m. - 5:00 p.m. — Registration
4:00 - 10:00 p.m. — Hospitality Suite

Sunday, August 23
7:00 a.m. — 5K Fun Run/Walk
9:00 - 11:00 a.m. — Brunch at the House of Blues
10:00 a.m. - 5:00 p.m. — Registration
12:00 - 1:00 p.m. — Committee on Accounting, Reporting and Auditing
1:30 - 3:30 p.m. — NASACT Executive Committee
4:00 p.m. — New Member Reception
6:00 - 9:00 p.m. — President’s Night Reception at the Signature Room at the John Hancock Center

Monday, August 24
9:30 a.m. - 2:30 p.m. — Guest Program: Architectural Tour
8:00 a.m. - 3:50 p.m. — Conference Sessions
4:05 p.m. — Business meetings of NASC and NSAA, meeting of state treasurers
6:30 - 9:30 p.m. — Dinner Cruise on Lake Michigan

Tuesday, August 25
9:00 a.m. - 3:00 p.m. — Guest Program: Millenium Park & The Art Institute
8:35 a.m. - 3:35 p.m. — Conference Sessions
3:45 p.m. — NASACT Business Meeting
6:00 p.m. — Centennial Celebration, Including Inaugural Induction of NASACT Hall of Fame & Recognition of NASACT’s Past Presidents

Wednesday, August 26
8:35 - 11:00 a.m. — Conference Sessions
11:00 a.m. — Concluding Remarks

DON’T FORGET THE TRAVEL ASSISTANCE PROGRAM!

NASACT members in good standing are eligible to receive up to $2,000 in travel assistance to attend the conference. The assistance will be provided as a reimbursement following the conference. The travel assistance form will be available on NASACT’s website with the other downloadable materials prior to the conference.
NASACT 2015 ANNUAL CONFERENCE PREVIEW

KEYNOTE SPEAKERS AT THE ANNUAL CONFERENCE:

NASACT 2015
August 22-26, 2015
Chicago, Illinois

THE IMPORTANCE OF BEING FUNNY: THE ROLE OF HUMOR IN OUR PRIVATE AND PROFESSIONAL LIVES

DR. AL GINI
Professor of Business Ethics, Chair of the Department of Management in the School of Business Administration, Loyola University Chicago
Humor can act as both a sword and shield to defend and protect us against life. Humor can, at times, detox if not completely explain some of the unsolvable mysteries of life. Humor may not be able to offer definitive answers, but it can arrest and defang our certainty. Dr. Gini is convinced that laughter offers perspective, reinforces our humanity, and encourages hope. His attempt will be to offer a serious presentation on humor that is also seriously funny!

THE CHALLENGES KEEP COMING—FISCAL AND OTHERWISE: WHAT FINANCIAL MANAGERS CAN DO TO MAKE A DIFFERENCE

GENE DODARO
Comptroller General, U.S. Government Accountability Office
Comptroller General Dodaro will discuss some of the major fiscal and other challenges confronting the nation and outline the critical nature of involvement by the financial management community in helping to address these challenges.

WHY WASHINGTON RARELY WORKS AND CAMPAIGNS NEVER STOP: LOOKING AT HOW THE ELECTED AND THE ELECTORATE HAVE CHANGED

RON ELVING
Senior Washington Editor and Correspondent, NPR News
Ron Elving will tap into his experience as a senior Washington editor and correspondent to discuss the current political and legislative environment and what it means for the future. He will focus on the changes in House and Senate process, the tyranny of money and the media and the ways constituents and constituencies participate in Washington today. He will also cover the 2016 presidential contest and the struggle for control of Congress.

PATTERNS MATTER IN ANALYTICS

CYNTHIA STORER
Hear how the use of analytics and examining data to find meaningful patterns can make a difference from CIA analyst Cynthia Storer, who was featured in the HBO documentary Manhunt: The Inside Story of the Hunt for Bin Laden.

OTHER FEATURED TOPICS WILL INCLUDE:

• IT Trends and Emerging Issues
• ERP Implementation, Maintenance & Improvements
• Winning the War for Talent
• Using Payment Data to Make Good Decisions
• Government's Move to the Cloud
• GASB Pension Standards
• Big Data and What it Means for Government
• The DATA Act and the Opportunities it Presents
• OMB’s Uniform Grant Guidance and the Recent Changes
• New Chip Technology in Payment Cards: The Pros & Cons
• Emerging Issues Roundtable Sessions
IRS PROPOSES RULES FOR TAX ADVANTAGED SAVINGS ACCOUNTS FOR DISABILITY UNDER SECTION 529A

In December 2014, Congress passed the Achieving a Better Life Experience Act of 2014 (ABLE Act). The act allows states to establish a tax advantaged savings account under Section 529A to help individuals and families finance disability needs. The ABLE Act is built on the basis of the current 529 education savings plans that help families save for college.

On June 19, the Internal Revenue Service issued proposed regulations titled Guidance Under Section 529A: Qualified ABLE Programs, to implement the provisions of the ABLE Act. Similar to a section 529 college savings program, a qualified ABLE program is to be established and maintained by a state. The assets accumulate on a tax-free basis and although the federal law sets forth the authority to establish these tax advantaged accounts, each state must develop their own regulations before making the accounts available. At least 30 states have adopted ABLE Act regulations even before the implementation regulations have been finalized. The Treasury Department and the IRS intend to provide transition relief to enable those state programs and accounts to be brought into compliance with the requirements in the final regulations including providing sufficient time after issuance of the final regulations in order for changes to be implemented.

The proposed regulations provide that a designated beneficiary of an ABLE account be the eligible individual who establishes the account. As an eligible individual may not be able to establish the account themselves, the IRS clarifies that the eligible individual’s agent/power of attorney or his or her parent or guardian may establish the account.

To be eligible the individual must be someone who becomes disabled before age 26 and (1) receives Social Security Disability Insurance (SSDI) or SSI or (2) files a disability certification under rules proposed by the IRS.

The total amount of annual contributions cannot exceed the annual gift tax exclusion amount (currently $14,000). Distributions of qualified disability expenses are tax-free and generally not counted in determining eligibility for many federal means-tested programs.

Under the statute, qualified expenses would include education; housing; transportation; employment training and support; assistive technology and personal support services; health, prevention, and wellness; financial management and administrative services; legal fees; expenses for oversight and monitoring; and funeral and burial expenses. The ABLE Act also allows the IRS to qualify other expenses by regulation.

In its proposal, the IRS takes a broad view of the term “qualified disability expense,” to include not only expenses which are medical necessities but also those that can improve the quality of life. Unfortunately, however, the proposal places responsibility for verifying eligibility status on the state programs, and even though the ABLE Act was established based on Section 529 college savings plans, the administrative requirements are quite a bit more rigorous and burdensome. Additionally, the proposal would require users of the ABLE accounts to file two new reporting forms to designated beneficiaries and the IRS on an annual basis. Form 1099-QA would be used for distributions and Form 5498-QA would be used for contributions.

The regulations are detailed and should be reviewed for specific requirements and criteria. State treasurers and other state agencies establishing ABLE plans are encouraged to comment.

Public comments are due on September 21, 2015. The IRS also announced a public hearing scheduled for October 14, 2015. Comments may be submitted electronically, by mail, or hand delivered to the IRS. The proposal and more information is available at www.federalregister.gov/articles/2015/06/22/2015-15280/guidance-under-section-529a-qualified-able-programs.

Provide Your Input The regulations are detailed and should be reviewed for specific requirements and criteria. State treasurers and other state agencies establishing ABLE plans are encouraged to comment. Public comments are due on September 21, 2015. The IRS also announced a public hearing scheduled for October 14, 2015. Comments may be submitted electronically, by mail, or hand delivered to the IRS. The proposal and more information is available at www.federalregister.gov/articles/2015/06/22/2015-15280/guidance-under-section-529a-qualified-able-programs.
GAO ISSUES TWO REPORTS EXPLORING HOW STATES HANDLE MEDICAID

The U.S. Government Accountability Office recently released two new reports examining the fiscal accountability relationship between states and the federal government. The first report, “Medicaid Demonstrations: More Transparency and Accountability for Approved Spending Are Needed,” looks to address some of the concerns GAO has regarding the long-term sustainability of the $500 billion joint federal-state Medicaid program. Medicaid “demonstrations” are experimental or pilot projects to test new ways of providing services, which now account for nearly one-third of total Medicaid expenditures.

In the report, GAO looked at 25 states’ demonstrations, finding that two types of non-coverage-related expenditure authorities—state-operated programs and funding pools—were significant in the amounts of spending approved. GAO found that the Department of Health and Human Services allowed five states to spend up to $9.3 billion in Medicaid funds to support over 150 state-operated programs. The programs were wide-ranging in nature, such as workforce training, housing and public health programs, and operated by a wide range of state agencies, such as educational institutions, corrections, aging and public health agencies, and could have received funding from other sources. GAO also found that HHS allowed eight states to spend more than $26 billion to establish capped funding pools through which states could make payments to hospitals and other providers for a range of purposes, including payments to incentivize hospital infrastructure or other improvements.

The report can be found at www.gao.gov/products/GAO-15-715T.

GAO followed this report with an examination of service utilization patterns for beneficiaries in managed care. More than half of the estimated 65 million Medicaid beneficiaries are enrolled in managed care plans, a health care delivery model where states contract with managed care organizations to provide covered services for a set cost. To complete this report, GAO looked at data in 19 states, and calculated service utilization rates for adult and child beneficiaries enrolled in comprehensive managed care plans by state, service category, and length of enrollment.

GAO noted that the various state-specific factors—such as differences in beneficiary health status and provider supply—could contribute to variation in service utilization across the states. An example in an unnamed state was cited, where the state’s managed care organizations were limited to certain geographical areas, thus the geographic variation in provider access can affect the type and amount of services used by beneficiaries in Medicaid managed care.

This report can be found at www.gao.gov/products/GAO-15-481.

NOTICE OF SEARCH FOR CANDIDATES FOR APPOINTMENT AS AUDITOR GENERAL OF ILLINOIS

The Illinois Legislative Audit Commission will accept applications through August 19, 2015, from persons who wish to be considered for appointment as the auditor general of the state of Illinois. The auditor general is a constitutional officer charged with the audit of the public funds of the state.

Applicants must be experienced and competent in governmental auditing, financial management, or government operation and knowledgeable of state government. The current salary is $154,127.

After screening and interviews, the commission will recommend a candidate(s) to the general assembly for appointment to a 10-year term. An affirmative vote of three-fifths of the members of each house of the general assembly is required for appointment.

Those interested should complete the application for auditor general (found at http://ilga.gov/commission/lac/lac_home.html), and together with a cover letter and resume, submit all materials to arrive no later than August 19, 2015, to:

AuditCommission@ilga.gov
or
Legislative Audit Commission
622 Stratton Building
Springfield, Illinois 62706

The term of the present auditor general will expire December 31, 2015.
ASSOCIATION NOTES

WHAT’S NEW AT www.nasact.org?

- Technical inquiries from state comptrollers (members only content at www.nasact.org/member_content):
  - Financial Accounting/Payroll System Training Facilities
  - IRS Audit for Backup Withholding
  - SWCAP Software
  - Proportionate Share Calculation

CALL FOR RESOLUTIONS

Please submit topics for resolutions for consideration at the upcoming business meetings to be held in conjunction with the 2015 NASACT Annual Conference this August 22-26.

- NASACT Business Meeting – will be held Tuesday, August 25
- NASC Business Meeting – will be held Monday, August 24
- NSAA Business Meeting – will be held Monday, August 24

If you have a topic you wish to submit, please email it to Glenda Johnson at gjohnson@nasact.org by Friday, August 7.

GASB EDs: MEMBER INPUT NEEDED

Through the Committee on Accounting, Reporting and Auditing, NASACT will be providing association responses on two recent exposure drafts from the Governmental Accounting Standards Board.

The GASB has asked for comments on all matters in the EDs. Please explain the reasons for your views, including alternatives. Where possible, please provide a paragraph reference for your comments.

The EDs can be downloaded at www.gasb.org.

Accounting and Financial Reporting for Certain External Investment Pools

- GASB comment deadline: August 30
- NASACT comment deadline: **August 10**

Accounting and Financial Reporting for Irrevocable Split-Interest Agreements

- GASB comment deadline: September 18
- NASACT comment deadline: **August 28**

Blending Requirements for Certain Component Units

- GASB comment deadline: October 2
- NASACT comment deadline: **September 11**

Please email your input for NASACT’s letters to Kim O’Ryan (koryan@nasact.org) or Sherri Rowland (srowland@nasact.org).

UPCOMING INFORMATION SHARING CALLS

**JULY**
- NSAA HR Information Sharing – July 29

**AUGUST**
- NSAA Pension Audit Issues – August 6
- NASC Payroll Info Sharing – August 12
- NASC Travel & P-Card Info Sharing – August 19

**SEPTEMBER**
- NASACT Pension Implementation Work Group – September 3

**OCTOBER**
- NASC Electronic Payments Information Sharing – October 20
- NSAA HR Information Sharing – October 28

**NOVEMBER**
- NASC Payroll Information Sharing – November 18
- NASC Travel & P-Card Information Sharing – November 25

GET INVOLVED!

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

NSAA ANNOUNCES 2015-16 COMMITTEES

Dianne E. Ray, state auditor of Colorado and president of the National State Auditors Association, has finalized the 2015-16 NSAA committee chairs, vice chairs and members. Complete committee rosters and resources are available at www.nasact.org/comms_groups (members only content, you must be logged into the site to view).

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<td>Randy Roberts (AZ)</td>
<td>Staci Henshaw (VA)</td>
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<td>Courtney Carraway (NC)</td>
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<td>E-Government</td>
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<td>Shelly Fanson (MI)</td>
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<td>William R. Snodgrass Award</td>
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REGISTER NOW FOR NSAA’S IT WORKSHOP & CONFERENCE!

The 2015 IT Workshop and Conference is scheduled for September 22–25 in Hartford, Connecticut. The workshop will be held on Tuesday, September 22, with the conference following on September 23–25. A draft conference agenda is available now at www.nasact.org/2015_nsaa_it.

**CONFERENCE HOTEL** – The Hilton Hartford Hotel is located in the heart of the central business and dining district, within walking distance of over 30 restaurants.

A special negotiated rate of $139/night, single or double occupancy, has been offered for the 2015 IT Workshop and Conference. To reserve your room, call (800) 754-7941 and ask for the NSAA IT Conference rate. This rate will be available until the cutoff date of August 22, 2015. After this date, rooms will be available on a rate- and space-available basis only.

**GETTING THERE** – The Hilton Hartford Hotel is just 15 minutes from the Bradley International Airport. Taxi service to or from the airport costs around $40 each way.

**REGISTRATION FEES AND CPE** – Registration fees are $150 for the workshop and $395 for the conference per attendee. 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/2015_nsaa_it. 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.
NEWS FROM AROUND THE NATION

MEMBER NEWS

FLORIDA

On July 1, 2015, Sherrill Norman was sworn in as the new auditor general for the state of Florida. She replaces David Martin who retired after almost eight years in that position.

Ms. Norman began her career with the Florida Auditor General's Office as an entry-level auditor in 1990. During her years with the office she has held a variety of auditing positions ranging from public accounts auditor to deputy auditor general of state government audits. Ms. Norman has a bachelor of science in accounting from Florida State University and is a licensed CPA in Florida.

NEW YORK

Eric Mostert was recently named to serve as state treasurer of New York.

Mr. Mostert has served as the Treasury Division's chief financial officer since 2011 and previously served as director of budget and accounting services. Mr. Moster has also worked in the Governor’s Office of Employee Relations and at the NYS Senate.

He attended Plattsburgh State University and earned a master's of public administration degree from the Rockefeller College of Public Affairs and Policy at the State University at Albany.

Mr. Mostert replaces Aida Brewer.

NEW JERSEY

Robert A. Romano was sworn in as acting state treasurer in New Jersey on July 6, 2015.

From 2010 until July of 2015, he served as deputy state treasurer, providing senior-level assistance to former State Treasurer Andrew Sidamon-Eristoff in the management and operation of all aspects of the Department of the Treasury’s activities. He advised the state treasurer regularly on issues relating to procurement, pensions and benefits, property management, public finance, investor disclosure information, unclaimed property and the N.J. Lottery.

He also supervised the work of several division directors, represented the state treasurer on several boards and commissions, and acted as Treasury’s liaison with the Division of Law.

From 2004 to 2010, Mr. Romano served as assistant attorney general in charge of financial affairs. He also served as an assistant attorney general at the Division of Law from 2000 to 2003 and as a deputy attorney general section chief from 1995 to 2000.

Mr. Romano is a member of the bars in New York and New Jersey. He earned his juris doctorate degree from Rutgers Law School in Newark—graduating with honors. He earned his master of arts degree from the University of Michigan and his bachelor of arts degree (Phi Beta Kappa) from Rutgers College in New Brunswick.

PENNSYLVANIA

On June 26, Timothy Reese was confirmed as state treasurer of Pennsylvania. Mr. Reese is a businessman and an investor. He launched the National Minority Angel Network in 2012, which focuses on investing in women, minority and veteran-owned companies.

Mr. Reese will serve the remaining months left in the term of former Treasurer Rob McCord. A new state treasurer will be elected in 2016.

OTHER MEMBER NEWS

Changes in a few more offices have occurred recently. More details about these changes will be printed in the newsletter as they become available.

- Montana: Cody Pearce is the new state accountant in Montana. Ms. Pearce replaces Julie Feldman.
- Nebraska: Jerry Broz is the new state accounting administrator in Nebraska. Mr. Broz replaces Hari Kadavath.
- New Jersey: David Ridolfino is the new director of the New Jersey Office of Management and Budget. Mr. Ridolfino replaces Charlene Holzbauer.
- Virgin Islands: Valdemier Collins is the new director of treasury in the Virgin Islands. He replaces Angel E. Dawson, Jr.

CHANGES IN YOUR OFFICE?

Email personnel changes to Pat Hackney at phackney@nasact.org.
CALENDAR

2015

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

2016

March 16-18  |  NASC Annual Conference, Salt Lake City, UT
April 12-14  |  NASACT Middle Management Conference, Austin, TX
June 13-16  |  NSAA Annual Conference, Avon, CO
August 13-17  |  NASACT Annual Conference, Indianapolis, IN

2017

March 15-17 |  NASC Annual Conference, Harrisburg, PA
August 19-23 |  NASACT Annual Conference, Salt Lake City, UT

NASACT ANNOUNCES 2015-16 CORPORATE ASSOCIATE MEMBERS

BY DONNA MALOY, CONFERENCE MANAGER

NASACT wishes to thank our 2015–16 Corporate Associate Program members. These corporate partners are a valuable part of the NASACT community. They not only provide financial support but also their experiences and expertise. To find out more about any of our Corporate Associate Program members, visit www.nasact.org/caps.

PLATINUM LEVEL
Accenture
CGI
Deloitte

McGladrey LLP
SAP
Streamlink Technologies
The Hackett Group
Visa
Workday

GOLD LEVEL
Bronner Group
Oracle Corporation

ACL
Berry Dunn
CherryRoad Technologies
Ernst & Young
Kronos
Plante & Moran, PLLC
Sjoberg Evashenk Consulting
Standard & Poor’s

SILVER LEVEL
CliftonLarsonAllen
Eide Bailly LLP
Grant Thornton
Infor
ISG (Information Services Group)
KPMG
MasterCard

ACL
Berry Dunn
CherryRoad Technologies
Ernst & Young
Kronos
Plante & Moran, PLLC
Sjoberg Evashenk Consulting
Standard & Poor’s