



Executive Order Calls for Groups on Improper Payments & Single Audit

On November 23, President Obama issued Executive Order 13520 – “Reducing Improper Payments and Eliminating Waste in Federal Programs.” While the reduction of improper payments has been a goal of the federal government for some time, the Executive Order is a directive intensifying efforts already underway to reduce payment error, including coordinating federal, state and local government action to identify and eliminate improper payments.

Of particular interest to NASACT members is Section 4 of the order, which directs the U.S. Office of Management and Budget to work with state and local stakeholders. The order requires OMB to establish, within 30 days, a working group of federal, state and local officials charged with making recommendations, in consultation with the Council of Inspectors General for Integrity and Efficiency (CIGIE), to improve the effectiveness of the single audit. Particularly, the recommendations are to “address, among other things, the effectiveness of single audits in identifying improper payments and opportunities to streamline or eliminate single audit requirements where their value is minimal.”

The order additionally establishes a workgroup of federal, state and local officials to make recommendation on actions to improve incentives and accountability for state and local governments for reducing improper payments.

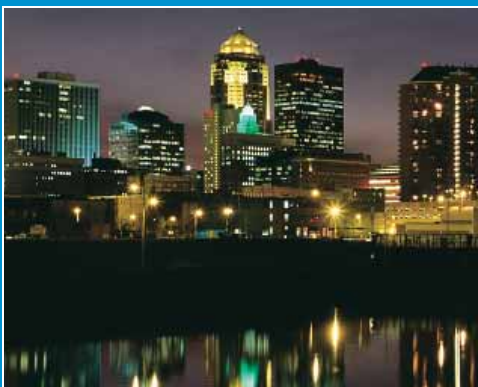
The director of OMB will develop policy recommendations designed to reduce improper payments, and designated Senate-

confirmed agency representatives will be held accountable for meeting targets established by the order. A full copy of the executive order on reducing improper payments is available at www.whitehouse.gov/the-press-office/executive-order-reducing-improper-payments.

OMB Asks for Your Input on the Reduction of Improper Payments

To meet the goals of the Executive Order, the OMB has established Partner4Solutions.gov to gather solutions and best practices to improve service delivery, payment accuracy, administrative efficiency, and reduce access barriers in federally funded assistance programs. States and local governments are already addressing these issues head-on and have identified many innovative approaches. Partner4Solutions.gov offers an opportunity for taxpayers, program participants, and federal, state, and local program administrators to provide their input and begin a dialogue to better understand some of the on-the-ground best practices in this area.

NASACT will remain involved as OMB works to fulfill the intent of the Executive Order and keep members apprised of developments. For additional information about NASACT’s role in efforts to identify improper payments, contact Cornelia Chebinou, director of NASACT’s Washington office, at cchebinou@nasact.org. ■



Register Now!

2010 NASC Annual Conference

March 24-26, 2010 ■ Des Moines, Iowa

Join NASC president Calvin McKelvogue (IA) for the twenty-ninth annual conference of the National Association of State Comptrollers. The Program Committee is currently working to finalize the agenda (see page 3 for more details). Registration is open, so register now!

New at www.nasact.org

The following new items have been posted on NASACT's website at www.nasact.org:

- Responses from the National State Auditors Association to the following proposed statements on auditing standards from the American Institute of Certified Public Accountants:
 - (1) *Audits of Group Financial Statements (Including the Work of Component Auditors)*
 - (2) *Related Parties (Redrafted)*
 - (3) *Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures (Redrafted)*
 - (4) *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*
 - (5) *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement*

The files can be found at www.nasact.org/nsaa/positions/aicpa.cfm.

- Responses to technical inquiries by state comptrollers on the topics of "Interfund Borrowing" and "OPEB Annual Required Contribution" at www.nasact.org/nasc/technical/index.cfm.

NSAA Seeks Peer Review Team Members

The National State Auditors Association's Peer Review Program is anticipating a busy year, with 15 reviews scheduled in 2010. NSAA is seeking members, team leaders, and concurring reviewers to serve on peer review teams.

Potential team members should visit www.nasact.org/nsaa/peerreview/index.cfm and complete the "Team Member Qualifications Form." Complete and submit the "Team Member Qualifications Form" by December 31, 2009. Questions may be directed to Fay Kurkij at fkurkij@nasact.org or (859) 276-1147.

NASACT Lifetime Member, Grady Patterson, Jr., Dies at 85

NASACT lifetime member and former state treasurer of South Carolina, Grady Patterson, Jr., died on December 7 at age 85 of natural causes.

Mr. Patterson was elected state treasurer in 1966. He went on to serve seven terms. He was defeated in 1994 but re-elected in 1998.

Mr. Patterson was a fighter pilot in World War II, leaving active duty in 1946. He was recalled to active duty in the Korean War and during the Berlin crisis. He was active in the S.C. Air National Guard for 40 years, earning the rank of lieutenant general.

He was a longtime supporter of NASACT, serving as the Association's president in 1976.

Mr. Patterson was buried with military honors in Elmwood Cemetery in Columbia, South Carolina. ■

Mark Your Calendar: Upcoming Conference/Information Sharing Calls

To get information about joining a NASC group, contact Kim O'Ryan at koryan@nasact.org.

To join an NSAA group or the NASACT Committee on Accounting, Reporting and Auditing, contact Glenda Johnson at gjohnson@nasact.org.

Summaries of past calls and resources from these groups can be found at www.nasact.org (you must log in to the site to view the information).

National Association of State Comptrollers

- NASC ARRA Information Sharing Call – December 23
- NASC Multi State Consortium – January 7
- NASC Statement 51 Workgroup – January 13
- NASC Transparency – January 26
- NASC E-Commerce – January 27
- NASC ERP – February 4
- NASC State Government Payroll – February 10
- NASC Travel and Purchase Card – February 17

National State Auditors Association

- NSAA Human Resources – January 28

National Association of State Auditors, Comptrollers & Treasurers

- NASACT Committee on Accounting, Reporting and Auditing – February 23

Association Notes

NASC to Meet in Des Moines in March 2010

By Kim O’Ryan, Association Manager

The National Association of State Comptrollers will hold its twenty-ninth annual conference in Des Moines, Iowa, on March 24-26, 2010.

Clark Partridge, comptroller of Arizona, is working with the Program Committee to develop a program that will address many of the issues being faced by state governments. The committee has reviewed the results of the topics survey and is developing the program to meet the needs and interests of the respondents.

The program will include a state budget update from Scott Pattison, executive director of the National Association of State Budget Officers. David Bean, director of research and technical services for the Governmental Accounting Standards Board, will provide a GASB update. Stan Czerwinski (or a representative), from the Government Accountability Office, will speak about the Recovery Act and audit documentation. The program will also include sessions about the effect of ARRA upon the management of government programs, shared services implementation, the impact

of budget issues on internal controls, and other relevant topics.

The program includes a roundtable each day of the conference. The roundtables will address federal and state issues such as the three percent withholding, the treasury offset program, and the OMB A-133 pilot; ARRA issues, including the data model and auditing; and general issues such as transparency and accountability, ACH payments, and ethical dilemmas. The roundtables are an excellent opportunity for the attendees to bring up issues and share problems and solutions with their peers.

The conference site is the Embassy Suites Des Moines on the River. The conference room rate is \$139 (single or double, plus taxes). Please visit www.nasact.org to find more information about the hotel along with registration and other information.

The registration fees for NASC’s conference are:

- NASACT members and staff: \$300
- Other governmental personnel: \$350
- Non-governmental personnel: \$550
- Spouse or guest attending the conference: \$150

Questions about the program may be directed to Kim O’Ryan (koryan@nasact.org); questions about the hotel may be addressed to Donna Maloy (dmaloy@nasact.org). Kim and Donna may also be reached at (859) 276-1147. ■

Schedule of Events

Tuesday, March 23

NASACT Executive Committee
NASC’s Committee on Accounting and Financial Reporting
NASC’s Executive Committee

Wednesday, March 24

NASC’s conference, all day

Thursday, March 25

NASC’s conference, until 3:00 p.m.
NASC’s business meeting, afternoon

Friday, March 26

NASC’s conference, ending at 12:00 noon

State Comptrollers: Submit Your Topics Now for the 2010 Roundtables

There will be three roundtables at the 2010 NASC Annual Conference. Below is a summary of topics planned thus far. To submit topics you would like to discuss, email them to Kim O’Ryan at koryan@nasact.org.

Wednesday, March 24

Wednesday’s roundtable will focus on federal/state issues. Current topics include:

- 3% withholding on payments to corporations
- Income offset programs
- U.S. Office of Management and Budget’s A-133 pilot

Thursday, March 25

Thursday’s roundtable will cover Recovery Act issues. Current topics include:

- Data model and auditing
- Guest speaker from the U.S. Government Accountability Office (invited)

Friday, March 26

Friday’s roundtable will cover general issues. Current topics include:

- ACH payments
- Transparency and accountability
- Ethical dilemmas
- Interfacing with the legislature and politicians



Nebraska's Paul Carlson Announces Retirement from State

Paul Carlson, Nebraska's state accounting administrator, will be retiring from his position effective January 15, 2010. Mr. Carlson will be moving to Los Angeles to accept a position as the vice president of administrative services at Los Angeles City College, one of nine community colleges in the

Los Angeles area.

He will continue representing state governments and the interests of NASACT, as well as the interests of higher education, on the Internal Revenue Service's ACT Committee (Advisory Committee on Tax Exempt and Government Entities) until his term ends.

Mr. Carlson is a past president of the National Association of State Comptrollers and a past member of the NASACT Executive Committee. He has been a very active member of both NASC and NASACT.

Wes Mohling will serve as interim state accounting administrator in Nebraska until a permanent successor is named. ■

GAO Seeks Candidates for Yellow Book Advisory Council

The U.S. Government Accountability Office is currently seeking three individuals who are qualified to serve on the Comptroller General's Advisory Council on Government Auditing Standards. Generally, the advisory council is comprised of auditors; however, this year the council does have a vacancy in the area of preparer or user.

Members of the advisory council provide continuing advice and guidance on issues related to Government Auditing

Standards. Candidates need to have demonstrated knowledge about auditing standards and the government and not-for-profit environment. The term is four years.

The advisory council meets as necessary, generally once or twice a year. Between meetings, council members are asked to provide input or comments on initiatives in process. Travel and per diem expenses that members incur to attend meetings are reimbursed by the GAO.

If you are interested in this opportunity, please email Kinney Poynter at kpoynter@nasact.org; include a full biography with your expression of interest. Emails must be received by the close of business on Thursday, January 7, 2010. ■

NSAA Seeks Input on AICPA EDs

The American Institute of Certified Public Accountants, through the Auditing Standards Board, has issued several exposure drafts as part of its clarity project. The ASB is seeking comments from all interested parties. The Audit Standards and Reporting Committee of the National State Auditors Association will be issuing an association response to each of

the proposals. The documents may be downloaded from the AICPA's website at www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Exposure+Drafts+of+Proposed+Statements/.

Comments for inclusion in NSAA's responses should be sent to Sherri Rowland, NSAA association director, at srowland@nasact.org, by the dates indicated in the chart below. Sherri may also be reached at (859) 276-1147. ■

Proposal Name	Description	Deadline to submit comments to AICPA	Deadline to include your comments in NSAA's response letter
Proposed SASs entitled <i>Terms of Engagement</i> and <i>Written Representations</i>	The proposed SAS <i>Written Representations</i> would supersede SAS No. 85, <i>Written Representations</i> . No comparable extant SAS to the proposed SAS <i>Terms of Engagement</i> in its entirety exists. The proposed SAS <i>Terms of Engagement</i> would supersede paragraphs .03-.10 of SAS No. 84, <i>Communications Between Predecessor and Successor Auditors</i> . Additionally, some of the content in the proposed SAS <i>Terms of Engagement</i> is contained in paragraphs .08-.10 of AU section 311, <i>Planning and Supervision</i> . AU section 311 would be superseded in its entirety by the proposed SAS <i>Planning an Audit</i> .	January 15	December 28
Proposed SAS entitled <i>Analytical Procedures</i>	This proposed SAS would supersede SAS No. 56, <i>Analytical Procedures</i> .	May 3	April 2

News From Washington

OMB Releases New Guidance for ARRA Job Calculations

The U.S. Office of Management and Budget has released updated Recovery Act guidance concerning jobs counting and data quality. The guidance makes two very important changes concerning jobs calculation:

- Simplification of jobs calculation: Total hours worked in jobs funded by ARRA divided by total hours in a full-time schedule (520) for the quarter.
- Quarterly, not cumulative, reporting: Jobs are to be reported on a quarterly not cumulative basis. (Keep in mind that other 1512 reporting such as for expenditure data will still be done on a cumulative basis.)

The guidance also provides more detailed information for federal agencies in the area of data quality reviews. While this information is directed at federal agencies, states may wish to carefully review this information and incorporate some of the recommendations or requirements into their own data quality review plans.

The new guidance is posted to the OMB website at www.whitehouse.gov/omb/assets/memoranda_2010/m10-08.pdf.

RATB Offers Holiday Reporting Extension

The Recovery Accountability and Transparency Board is allowing an additional five days for reporting due to the shortened reporting period resulting from the holidays and weekend. While the hard deadline for reporting is still January 10, recipients will be allowed to report until January 15 without having their reports flagged as late. Reports made after January 15 will be considered late and flagged.

Provide Your Feedback

NASACT members are strongly encouraged to pass along any observations on the guidance so that feedback may be shared with the OMB and RATB before the holidays. The OMB and RATB are very interested in pinpointing implementation issues. Comments may be sent to Cornelia Chebinou, NASACT's Washington office director, at cchebinou@nasact.org. ■

Khuzami Tells Judiciary of SEC's New Objectives and Plans

At a recent Senate hearing, Robert Khuzami, director of the Division of Enforcement at the U.S. Securities and Exchange Commission, told the Senate Judiciary Committee of the commission's plans for the coming year. Although the hearing focused on "Mortgage Fraud, Securities Fraud and the Financial Meltdown: Prosecuting Those Responsible," some issues dealing with the muni market and the needs of the SEC were touched upon. Mr. Khuzami said:

- To better combat financial crime and respond to the financial crisis, the SEC joined the President's newly-established interagency Financial Fraud Enforcement Task Force. The Task Force's leaders, along with representatives from a broad range of federal agencies, regulatory authorities, and inspectors general, will work with state and local authorities to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, address discrimination in the lending and financial markets, and recover proceeds of financial crimes for victims.

- The SEC has created five new national specialized investigative groups dedicated to high-priority areas of enforcement:
 1. Asset management (including hedge funds and investment advisers).
 2. Market abuse (large-scale insider trading and market manipulation).
 3. Structured and new products (including various derivative products).
 4. Foreign corrupt practices act cases.
 5. Municipal securities and "pay-to-play" issues.
- Current proposed legislation to regulate over-the-counter derivatives would improve the Division of Enforcement's access to information about trades through uniform audit trails, greater transparency, and recordkeeping and reporting requirements.
- The SEC needs far more resources to improve its ability to protect investors.

Khuzami joined in SEC Chairman Mary Schapiro's request for a self-funding mechanism that will allow the SEC to acquire the resources and stability to police the world's most sophisticated financial markets. His full testimony and the hearing details can be found at <http://judiciary.senate.gov/hearings/hearing.cfm?id=4215>. ■

NASACT Washington Update For comprehensive coverage of NASACT's Washington-based activities, check out the *Washington Update* at www.nasact.org. Please note that the *Update* is only published when Congress is in session. The most recent *Update* was issued on Monday, December 21. The *Washington Update* will return when Congress returns from its holiday recess in January 2010. ■

GAO Releases Latest Recovery Act Reports in December

On Thursday, December 10, the U.S. Government Accountability Office released its latest reports on the use by states of funds through the American Recovery and Reinvestment Act.

The first report, “Recovery Act: Status of States’ and Localities’ Use of Funds and Efforts to Ensure Accountability,” is the fourth in a series responding to a mandate under the Recovery Act. As of November 27, 2009, \$69.1 billion, or about one quarter of the approximately \$280 billion of total Recovery Act funds for programs administered by states and localities, had been paid out. The largest programs were the Medicaid Federal Medical Assistance Percentage, the State Fiscal Stabilization Fund, and highways. As in past reports, this one focused on 16 states and the District of Columbia. The report makes the following recommendations:

- To strengthen efforts to track the use of funds, demonstrate results, and increase outreach to states and localities that administer Recovery Act programs, GAO continues to recommend, as stated in its July report, that the director of the U.S. Office of Management and Budget (1) clarify what constitutes appropriate quality control and reconciliation by prime recipients, especially for subrecipient data; and (2) specify who should provide formal certification and approval of data reported. Per the GAO’s comments on recipient reporting of jobs data, the OMB should work with the Recovery Accountability and Transparency Board and federal agencies to re-examine review and quality assurance processes, procedures, and requirements in light of experiences and identified issues with the first round of recipient reporting and consider whether additional modifications need to be made and if additional guidance is warranted.
- As GAO noted in its July report, reporting on Recovery Act performance results is broader than the employment-related reporting required by the act. The director of OMB—perhaps through the Senior Management Councils—should clarify what other program performance measures recipients are expected to report on to demonstrate the impact of Recovery Act funding.
- To strengthen efforts to track the use of funds, demonstrate results, and increase outreach to states and localities that administer Recovery Act programs, GAO continues to recommend, as stated in its April report, the addition of a master schedule for anticipated new or revised federal Recovery Act program guidance and a more structured, centralized approach

to making this information available, such as what is provided at www.recovery.gov on recipient reporting.

The full report can be found at www.gao.gov/new.items/d10231.pdf.

The second report, entitled “States’ Use of Highway and Transit Funds and Efforts to Meet the Act’s Requirements,” was presented as testimony by GAO before the House Committee on Transportation and Infrastructure. The report addresses (1) the uses of Recovery Act highway funding, including the types of projects states have funded and efforts by DOT and the states to meet the requirements of the act, and (2) the uses of Recovery Act transit funding and how recipients of Recovery Act funds are reporting information on the number of jobs created and retained under section 1512. The report focused on highway fund usage, using 16 states and the District of Columbia as statistical baselines. The report found:

“About 10 percent of funds has been obligated to replace and improve bridges, while 9 percent has been obligated to construct new roads and bridges. ...both state and federal officials believe the states are on track to obligate all highway funds by the March 2010 one-year deadline. However, two factors may affect some states’ ability to meet the requirement. First, many states are awarding contracts for less than the original cost estimates; this allows states to have funds de-obligated and use the savings for other projects, but additional projects must be identified quickly. Second, obligations for projects in sub-allocated areas, while increasing, are generally lagging behind obligations for statewide projects in most states and lagging considerably behind in a few states.”

The report goes on to note that there is still confusion by recipients about the definition of “jobs created” and “jobs saved.” Highlighting transit agencies in particular, the report notes a quirk within the reporting requirements that provides two conflicting calculations for the transit agencies to follow. Per the section 1201(c) reporting requirement, transit agencies were not to report any jobs created or sustained from the purchase of buses. However, per the section 1512 recipient reporting requirement, transit agencies were required to report jobs created or retained from bus purchases, as long as these purchases were directly from the bus manufacturers and not from dealer lots. GAO’s detailed recommendations on how to alleviate this issue can be found on pages 23-25 of the report.

The full 30-page report can be found at www.gao.gov/new.items/d10312t.pdf. ■

House Passes Unemployment Benefit/Medicaid Extension

The House recently passed six-month extensions of unemployment insurance and Medicaid benefits to state governments to carry them through the spring. The unemployment insurance is an extension of the stimulus provisions, funding states with approximately \$41 billion. The Medicaid extension is also a stimulus provision aimed at shifting more of the cost onto the federal government and providing relief for states. This extension is projected to cost around \$23 billion. The Senate will take up the measures when members return from the winter recess. ■

Tennessee Announces 100 Percent Compliance by Local Governments with GASB No. 34

Tennessee Comptroller of the Treasury Justin Wilson recently announced that Tennessee is now one of the very few states where there is 100 percent compliance by local governments with Governmental Accounting Standards Board Statement No. 34.

The purpose of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, was to make government financial statements more user-friendly for people who access government financial information, to help states and local governments make better operating decisions, and to make it easier to compare financial information from different state and local governments. GASB Statement No. 34 was issued in June 1999 and is considered one of the most far-reaching—if not the most far-reaching—accounting standard ever issued by GASB. This standard is extremely detailed and difficult to implement.

Tennessee implemented Statement No. 34 for the fiscal year ended June 30, 2002, as required by the standard. However, due to the complexity of the standard, many local governments in

Tennessee had difficulty complying and were not initially able to present financial statements in conformity with generally accepted accounting principles.

In the announcement of the accomplishment, Comptroller Wilson stated:

In 2003, my predecessor as comptroller, John Morgan, suggested a process for helping local governments achieve compliance with GASB Statement No. 34, and in May 2004, the General Assembly established a special joint committee that focused on financial accounting and reporting standards. The committee recommended legislation, later approved by the General Assembly, known as the Local Government Modernization Act of 2005. The purpose of the legislation was and is to ensure that local governments in Tennessee maintain adequate accounting records and comply with GAAP. Compliance with GAAP would help ensure local governments maintain their bond ratings.

When I became comptroller, I made 100 percent compliance a priority of this office. As of June 30, 2009, every county and city in Tennessee has implemented this standard, a remarkable accomplishment for which each and every Tennessean can be proud. ■

FAF Announces Appointments to GASAC and GASB

Benison to Represent NASACT

The Financial Accounting Foundation recently announced the appointment of five new members to the Governmental Accounting Standards Advisory Council effective January 1, 2010. The GASAC is responsible for advising the Governmental Accounting Standards Board on technical issues, project priorities, and other matters that affect standard setting for state and local governments' accounting and financial reporting.

Members of the GASAC are chosen from a broad cross section of the GASB's state and local government constituencies, including preparers, attestors, and users of financial information. They are selected based on their professional expertise and in consideration of the need to bring a wide variety of constituent views to the table.

The following is a list of the newly appointed members (and the constituent organizations that nominated them) slated to begin their terms on the GASAC effective January 1, 2010:

- Martin J. Benison, comptroller, Commonwealth of Massachusetts (nominated by NASACT).
- Dominic Colafati, chief budget examiner, state of New York (nominated by the National Association of State Budget Officers).
- Gary VanLandingham, director, Office of Program Policy Analysis and Government Accountability, Florida State Legislature (nominated by the National Conference of State

Legislatures).

- Mary-Katherine C. Sells, vice president, First Southwest (nominated by the National Federation of Municipal Analysts).
- Jim Reardon, commissioner of Finance and Management, state of Vermont (nominated by the National Governors Association).

Marcia Taylor Re-Appointed to GASB

FAF also announced in mid-November that Marcia L. Taylor, CPA, has been appointed to a second five-year term as a member of the GASB, beginning July 1, 2010. Ms. Taylor's new five year term extends until June 30, 2015.

Appointed to her first term with the GASB on July 1, 2005, Ms. Taylor has served as the assistant manager of Mt. Lebanon, Pennsylvania, since 1990. Previously, she was the town's director of finance and worked on the audit staff of a national accounting firm. A certified government finance manager, she is a member of the American Institute of Certified Public Accountants, the Pennsylvania Institute of Certified Public Accountants, the International City/County Management Association, the Government Finance Officers Association, and other professional organizations. She earned a master's degree in public management from the H. John Heinz School of Public Policy at Carnegie-Mellon University in Pittsburgh, and a B.S.B.A. in accounting from Bucknell University in Lewisburg, Pennsylvania. ■

Fraud News to Use

Provided courtesy of the Oregon State Controller's Office

Fraud Exposure

Every organization is exposed to the risk of fraud in each process that involves human interaction. The extent of the fraud exposure depends on the inherent risks in the business processes; the presence of effective internal controls to prevent or detect fraud; and the honesty and integrity of those involved in the processes.

IT Risks

Technology has made many business operations much more efficient and streamlined. However, the increasingly digital environment in which we do business has also made it much easier for individuals to access confidential information for personal or malicious use. Much, if not most, of the most valuable information within an organization is collected, created, used, stored, maintained, disclosed, and discarded in a digital format.

Data can be at risk from individuals with authorized access, as well as outside threats.

Individuals within an organization who have legitimate access to information, systems, and networks, can pose a significant risk should they choose to use the information in an inappropriate manner.

There can be an increased risk resulting from technical staff who not only have access to systems but the ability to use their knowledge to sabotage systems or networks. There are several areas that can pose increased risk for fraud when it comes to technology. Some of these include:

- Access to systems or data for personal gain.
- Changes to system programs or data for personal gain.
- Fictitious billings for services or misappropriations of employee, customer, or company confidential data for personal gain.

Evaluating Fraud Potential

According to the Institute of Internal Auditors' Global Technology Audit Guide (GTAG) 13, there are two basic approaches to evaluating fraud schemes from the perspective of a fraud perpetrator. These include the "control weaknesses" approach and the "key fields" approach. Both approaches are designed to address who has the potential to commit fraud, what action the perpetrator would need to take, and what the indicators would be. Brainstorming with employees from key operational areas can also be a useful technique for assessing fraud risks and can be used with both approaches.

Using Technology as a Fraud Detection Tool

Although technology can increase risks in some areas, there are also several ways in which technology can be used to help prevent and detect fraud. Data analysis technology enables users to review data and obtain insights into the operating effectiveness of internal controls and to identify indicators of fraud risks or actual fraudulent activities.

According to the IIA's GTAG 13, there are a number of analytical techniques that can be highly effective in detecting fraud.

- Calculation of statistical parameters to identify outlying transactions that could indicate fraud (i.e., averages, standard deviations, highest and lowest values).
- Classification of data to find patterns and associations of groups of data elements.
- Stratification of numeric values to identify unusual values (i.e., excessively high or low values).
- Joining different data sources to identify inappropriately matching values such as names, addresses, and account numbers in disparate systems.
- Duplicate testing to identify simple and complex duplications of business transactions such as payments, payroll, claims, or expense report line items.
- Validating data entry dates to identify posting or data entry time that are inappropriate or suspicious. ■

Fraud Facts Newsletter – Free for Members!

Would you like your staff or agencies in your state to know more about fraud facts and repercussions? The Oregon State Controller's Office publishes a monthly newsletter called "First Friday Fraud Facts" that aims to promote awareness of the potential for fraud in the public sector and the costs and ramifications. The information above is excerpted from this newsletter. Now you can use this newsletter to promote fraud issues within your office. All you need to do is change a few items in the file and it will be print-ready for distribution to your office or division.

The file is formatted in Microsoft Publisher. If you would like to receive a copy of the newsletter for distribution to your staff, please email your request to Glenda Johnson at gjohnson@nasact.org. If you have already expressed interest in receiving the fraud newsletter, you do not need to contact NASACT again; it will automatically be sent to you each month. ■

2010

- March 23 ■ NASACT Executive Committee Meeting, Des Moines, IA
March 24-26 ■ NASC Annual Conference, Des Moines, IA
April 19-21 ■ NSAA/NASC Middle Management Conference, Oklahoma City, OK
April 25-27 ■ Tennessee Training Seminar, Chattanooga, TN
May 3-4 ■ Tennessee Training Seminar, Nashville, TN
May 6-7 ■ Tennessee Training Seminar, Jackson, TN
May 13-14 ■ Tennessee Training Seminar, Morristown, TN
June 15-18 ■ NSAA Annual Conference, Carefree, AZ
August 7-11 ■ NASACT Annual Conference, Charleston, WV
August 8 ■ NASACT Executive Committee Meeting, Charleston, WV

Explore NASACT's Training Options for Member Education

Each year, NASACT plans a number of annual conferences for itself as well as the National State Auditors Association, and the National Association of State Comptrollers. Some members may not realize that NASACT also has other training opportunities that may be of value to states.

Tennessee Training Seminars

NASACT has worked in conjunction with the Tennessee Office of the Comptroller of the Treasury for years to develop the annual Tennessee Training Seminars. The NASBA CPE-accredited seminars feature two days of training specifically geared towards improving the skills of accountants and auditors in regional CPA firms and government agencies that perform audits of governmental entities.

The training includes sessions from the Tennessee Office of the Comptroller of the Treasury, as well as general information about government auditing and accounting that will enhance the skills of the target audience.

Would you like to have this kind of training opportunity in your state? If so, call Kinney Poynter, NASACT's executive director, at (859) 276-1147 to discuss the possible options.

Audio Conference CDs

NASACT conducts quarterly audio conferences on topics of general interest to members. In 2009, NASACT held the following audio conferences:

- January 28: Ethics in Work and Life
- April 29: Fund Balance Reporting & Governmental Fund Type Definitions
- July 16: ARRA Administrative Costs: Understanding the Alternatives
- December 3: ARRA Reporting Round 2: What Worked, What Didn't & What's Next

Even if you were not able to attend these audio conferences, your staff can still take advantage of the information shared in each by purchasing CDs of the events through NASACT's bookstore. Visit www.nasact.org and click on Bookstore to see the complete CD collection of NASACT's audio conferences from 2009 and past years.

As always, if you ever have an idea for an audio conference topic or for how NASACT can help enhance your state's training efforts, please let us know! ■

NASACT News

DECEMBER 2009

R. Kinney Poynter
Executive Director

Cornelia Chebinou
Washington Office Director

Glenda Johnson
Communications Manager

National Association of State Auditors, Comptrollers and Treasurers

Headquarters Office
449 Lewis Hargett Circle, Suite 290
Lexington, KY 40503-3590
P (859) 276-1147, F (859) 278-0507

Washington Office
444 N. Capitol Street, NW, Suite 234
Washington, DC 20001
P (202) 624-5451, F (202) 624-5473

Online
www.nasact.org

NASACT Officers

Glen B. Gainer, III
President
State Auditor, West Virginia

Nancy K. Kopp
First Vice President
State Treasurer, Maryland

Barbara J. Hinton
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