



## State Auditors Meet to Discuss a Challenging Professional Environment

By Glenda Johnson, Communications Manager

The National State Auditors Association held its thirty-second annual conference on June 15-18, 2010. Conference host Debbie Davenport, auditor general of Arizona and president of NSAA, welcomed attendees to the conference and to her state on the opening morning of the conference, Wednesday, June 16. The conference was preceded on June 15 by a full day of meetings by NSAA's committees. Over 80 NSAA members and guests were in attendance at the conference.

Although it did not dominate the conference as in 2009, the American Recovery and Reinvestment Act was still a prominent topic on the technical agenda. The conference opened with a session from Gene Dodaro, acting comptroller general of the U.S. Government Accountability Office. Dodaro discussed GAO's strategic plan, new and ongoing responsibilities for GAO, economic trends, and international standards coordination. His session contained a message that state auditors have heard in the past: the American economy still has underlying long-term fiscal and financial management issues that need to be addressed.

A clear theme that emerged as the conference attendees participated in roundtable sessions and Q&A opportunities was an overriding sense of frustration. An onslaught of standards revisions, increased accountability requirements, delayed guidance, and state budget cuts seem to be taking their toll on the morale of the state audit community.

The conference also included standards updates from the Governmental Accounting Standards Board and GAO as well as a session from the Recovery Accountability and Transparency Board about efforts to use data analysis to detect fraud.

A complete list of conference sessions can be found on page 2 of this newsletter. PowerPoint presentations are available at [www.nasact.org/conferences\\_training/nsaa/conferences/AnnualConferences/2010AnnualConference/Materials.cfm](http://www.nasact.org/conferences_training/nsaa/conferences/AnnualConferences/2010AnnualConference/Materials.cfm).

Several special awards were presented during the conference, including the William R. Snodgrass Distinguished Leadership Award. Bruce Myers, legislative auditor of Maryland and longtime NSAA and NASACT supporter, was presented with the Snodgrass Award during a luncheon held on Thursday, June 17. President Davenport, who presented the award, cited Myers' steadfast support of NSAA and NASACT, his involvement in committees and conferences, as well as his leadership on a national level to promote accountability and government auditing excellence.

NSAA's 2010 Excellence in Accountability Awards were also presented at the conference. Four winners were selected this year. In the special project category, an award was presented to the Colorado Office of the State Auditor. In the performance audit (large) category, an award was presented to the Pennsylvania Department of the Auditor General. Two awards were given in the performance audit (small) category: to the Ohio Office of the Auditor of State and the Kansas Division of Legislative Post Audit. (See page 9 for summaries of the award winning audits and projects.)

NSAA wishes to thank all those who helped with the conference, especially Debbie Davenport and Randy Roberts from Arizona. NSAA also wishes to thank all speakers and moderators, as well as those attending. The 2011 NSAA Annual Conference will be held in Williamsburg, Virginia, on June 14-17. ■



### Bruce Myers Receives the 2010 William R. Snodgrass Distinguished Leadership Award

Bruce Myers was selected as the recipient of the 2010 William R. Snodgrass Distinguished Leadership Award. The award was presented by President Debbie Davenport at the 2010 NSAA Annual Conference held in Arizona. Myers has been the legislative auditor of Maryland since 1997 and has been actively involved in NSAA and NASACT during his tenure. To see a list of past award winners, visit [www.nasact.org/nsaa/awards\\_recognition/winners.cfm](http://www.nasact.org/nsaa/awards_recognition/winners.cfm).

# 2010 NSAA Annual Conference Recap

Below is a complete listing of sessions and speakers from the recent NSAA annual conference. To download the presentations, visit [www.nasact.org/conferences\\_training/nsaa/](http://www.nasact.org/conferences_training/nsaa/)

[annualconference.cfm](http://annualconference.cfm). Presentations from conferences from the past several years may also be found at this address. ■

## ANTICIPATING AND MEETING ACCOUNTABILITY CHALLENGES IN A DYNAMIC ENVIRONMENT

- Gene Dodaro, Acting Comptroller General, U.S. Government Accountability Office

## YELLOW BOOK UPDATE: 2010 EXPOSURE DRAFT

- Marcia Buchanan, Assistant Director, Financial Management and Assurance, U.S. Government Accountability Office
- Jim Dalkin, Director, Financial Management and Assurance, U.S. Government Accountability Office

## RATB: DATA ANALYSIS FOR FRAUD DETECTION

- Nancy DiPaolo, Assistant Director, Congressional & Intergovernmental Affairs, Recovery Accountability & Transparency Board

## IMMIGRATION ISSUES - PROBLEMS, FACTS AND FIXES

- Neville W. Cramer, INS Special Agent-in-Charge (retired) and Author, *Immigration Chaos - Solutions to an American Crisis*

## EMERGING ISSUES ROUNDTABLE

- Moderator: William G. Holland, Auditor General (IL)

## CONSEQUENCES OF POLICIES AND EVENTS ON THE ECONOMY

- Dr. Stephen Happel, Professor of Economics, Arizona State University College of Business

## LIVING WITH THE RECOVERY ACT: STATE AUDITORS' PERSPECTIVES

- Elaine Howle, State Auditor (CA)
- Beth Wood, State Auditor (NC)

## GASB UPDATE

- Robert Attmore, Chair, Governmental Accounting Standards Board
- David Bean, Director of Research, Governmental Accounting Standards Board

## SINGLE AUDITS AND IMPROPER PAYMENTS: THE FUTURE?

- Elliot P. Lewis, Assistant Inspector General for Audit, U.S. Department of Labor
- Susan Ragland, Director, Financial Management & Assurance, U.S. Government Accountability Office
- Phyllis Anderson, Assistant Director, Financial Management & Assurance, U.S. Government Accountability Office

## STATE OF THE STATES: STATE FISCAL OUTLOOK

- Scott Pattison, Executive Director, National Association of State Budget Officers

## PRESENTATIONS FROM NSAA'S EXCELLENCE IN ACCOUNTABILITY AWARD WINNERS

### Department of Public Welfare's Special Allowance Program

- Janet Ciccocioppo, Senior Audit Manager, Department of the Auditor General (PA)

### Fiscal Health Analysis of Colorado School Districts, August 2009

- Dianne Ray, Deputy State Auditor, Office of the State Auditor (CO)

### City of North Canton

- Betsy Bashore, Assistant Chief Auditor, Office of the Auditor of State (OH)
- Kristi Erlewine, Senior Audit Manager, Office of the Auditor of State (OH)

## 2011 NSAA Annual Conference ■ June 14-17, 2011 ■ Williamsburg, Virginia



It's not too early to put next year's NSAA Annual Conference on your calendar!

Walt Kucharski, Virginia's auditor of public accounts and president of NSAA, will host the conference, which will be held at the Woodlands Hotel in Colonial Williamsburg, Virginia.

Go ahead and mark your calendar now... you won't want to miss it!

# Register Now for NASACT 2010 in Charleston!



The 2010 NASACT Annual Conference is scheduled for August 7-11 in Charleston, West Virginia. Our conference hosts, Glen Gainer, president of NASACT and state auditor; John Purdue, state treasurer; Ross Taylor, state comptroller; and Aaron Allred, legislative auditor, invite you to the beautiful state of West Virginia for several days of professional networking and informative conference sessions. The registration brochure is now available at [www.nasact.org](http://www.nasact.org).

**Travel Assistance Program:** NASACT principals (or designees) may receive a reimbursement for up to \$1,000 to attend the NASACT annual conference! See the conference brochure at [www.nasact.org](http://www.nasact.org) for details. ■

## General Session Highlights

NASACT's annual conference will feature four general sessions designed to stimulate conversation and steer thinking towards solutions to some of today's most pressing issues for the business of government.



### Leading in Challenging Times

**Tom Ridge**, Former Governor, Congressman and Secretary of Homeland Security, CEO, Ridge Global, and Senior Advisor, Deloitte

One of the world's most visible leaders, Tom Ridge understands that leadership, both individual and collective, requires that we think differently about its meaning and methods. Drawing from a remarkable career, Ridge will pull from his experiences in Vietnam, the U.S. Congress, the Pennsylvania statehouse, the U.S. Cabinet and as CEO of his own company to discuss how to achieve goals and serve missions that will undoubtedly confront change, crisis, opportunity and growth.



### Anticipating and Meeting Accountability Challenges in a Dynamic Environment

**Gene Dodaro**, Acting Comptroller General, U.S. Government Accountability Office

The Acting Comptroller General of the United States will discuss trends from GAO's recently updated Strategic Plan for serving the Congress and related GAO work, as well as give an update on GAO's latest Recovery Act reports and future plans.



### The Unexpected Consequences of Transparency

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

As we move down the transparency highway, are your vendor authentication and validation process and internal controls adequate? Auditor Gainer will discuss the process used by conspirators who attempted to steal the identity of multiple corporations and defraud numerous states, including West Virginia, using the Internet and public information.



### Managing When Your Back Is Against the Wall

**Dr. Marla Sanchez**, Founder and CEO, Spectrum Development, Inc.

As the head of your organization, do you feel like you have been managing with your "back against the wall?" With the economic crisis that we have experienced and the resulting budget cuts, layoffs and furloughs, it's certainly understandable if you've felt this way. This session will offer helpful tips on managing employees during these difficult times to keep producing high-quality work, while at the same time, maintaining high levels of morale.

## POST CONFERENCE WORKSHOP Economic Summit: Survival Post Recovery Act

**Wednesday, August 11 ■ 8:30 – 11:45 a.m. ■ FREE of charge ■ 3 CPE credits will be offered**

Join West Virginia Governor Joe Manchin III for a half-day forum analyzing the current economic crisis facing most states and identifying strategies for the future, including financial survival after the American Recovery and Reinvestment Act. Governor Manchin has invited other governors in the region to participate. Representatives from the National Governors Association and the National Association of State Budget Officers Association also have been invited to attend and provide their perspectives. The bond rating community also will be present to discuss the impact the current economic downturn is having on states' bond ratings, and the impact this is having on states' ability to raise capital. Register today for the annual conference and the Economic Summit at [www.nasact.org](http://www.nasact.org)! ■

# NSAA Business Meeting Highlights

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**D**ebbie Davenport, auditor general of Arizona and president of the National State Auditors Association, called to order an NSAA business meeting on the afternoon of Thursday, June 17. The meeting was held in conjunction with the 2010 NSAA Annual Conference in Arizona.

President Davenport welcomed everyone. Association members then heard committee reports and various updates as summarized below.

■ **Audit Standards and Reporting:** Randy Roberts, professional practice director, Arizona, and chair, reported that the American Institute of Certified Public Accountants continues to issue exposure drafts as part of its clarity project. Because the project is taking more time than expected, the implementation date for the clarity project standards has been pushed back to FY 13 (calendar year 2012). The audit guides will be updated, and a video will be created to aid in implementation. He also alerted the group that an exposure draft of *Government Auditing Standards* is expected very soon.

■ **Auditor Training:** Sherri Rowland, association director, provided the report. The 2010 Middle Management Conference was held in Oklahoma City, Oklahoma; the 2011 Middle Management Conference will be held in Portland, Oregon. The dates and hotel will be determined in the near future.

■ **Auditor's Education Foundation:** Walt Kucharski, auditor of public accounts in Virginia and chair, reported that in FY 2010 six scholarships were given for the IT conference, one for the workshop, one for middle management, and three for the NSAA annual conference.

■ **E-Government:** Karen Helderman, audit director with the Virginia Office of the Auditor of Public Accounts and chair, reported that the committee is currently working to establish the technical agenda for the 2010 NSAA IT Workshop and Conference. The conference will be held September 28 through October 1 in Tallahassee, Florida. The committee is looking for a location for 2011.

■ **Human Resources:** Rebecca Otto, state auditor of Minnesota and chair, reported on recent activities of the Human Resources

Committee. The committee continues to hold quarterly information sharing conference calls on the last Thursday in January, April, July and October. The next call of the committee will be held on July 29, at 3:00 p.m. Eastern time. The topic will be "Hiring and How to Avoid the Legal Land Mines." She invited everyone to participate. Additionally, she gave an overview of a roundtable discussion held at the HR Committee meeting on Tuesday, June 15, sharing a number of topics for future calls including social media policies, the development of vision and mission statements, and recruiting.

■ **Peer Review:** Elaine Howle, state auditor of California and chair, reported. In the past year the committee has worked to make a number of changes to the NSAA Peer Review Manual. The committee is watching for standards revisions that will necessitate significant additional changes in the near future. The committee explored the possibility of conducting off-site peer reviews with the objective of helping members save money. However, after much analysis, the committee deemed on-site peer reviews to be most appropriate to ensure review quality and the continued excellence of the program. The committee also explored an issued involving the use of NSAA's peer review checklists by offices that do not participate in NSAA's program. It was determined that language should be developed and required to be included in any reports by states using NSAA's checklists but not participating in its peer review program. Lastly, Ms. Howle reported that the committee is looking for peer review team members for reviews scheduled in October and November 2010. She encouraged states to provide staff.

■ **Performance Audit:** Deborah Loveless, assistant director with the Tennessee Comptroller of the Treasury and vice chair, reported on the committee's activities. The committee will continue with its plan to host quarterly information sharing calls and will be establishing a regular schedule for the calls soon.

■ **Resolutions:** On behalf of Ron Jones, chief examiner of Alabama and chair, President Davenport put forth four resolutions for consideration by the members:

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## 2010-11 NSAA Executive Committee Elected

**N**NSAA members voted unanimously to approve a new Executive Committee. Shown left to right: Elaine Howle (CA); Jan Mueller (WI), president-elect; Rebecca Otto (MN); Walt Kucharski (VA), president; Thomas Salmon (VT); Debbie Davenport (AZ), immediate past president; and David Vaudt (IA), secretary/treasurer.

1. Acknowledging Ms. Davenport's service during her year as president of NSAA.
2. Recognizing Ernest Almonte for his contributions to NSAA and his accomplishments in the industry of state government auditing.
3. Recognizing Lynn Canton for her contributions to NSAA and wishing her well in future endeavors.
4. Recognizing the contributions of Hugh Monaghan, Jr. to the profession of government auditing and remembering his legacy.

A motion was made to approve the four resolutions; it was seconded and unanimously approved.

■ **Single Audit:** David Vaudt, state auditor of Iowa and chair, reported that he, President Davenport, along with Kinney Poynter, NASACT's executive director, participated in a workgroup to examine the role of the Single Audit in identifying improper payments. The workgroup has submitted its report to the U.S. Office of Management and Budget and made several recommendations (see page the article on page 6 for an overview of the report's recommendations).

■ **Time and Place:** Jan Mueller, state auditor of Wisconsin and chair, reported that she would be happy to host the 2012 NSAA Annual Conference in Madison, Wisconsin. She will work with

staff to select a conference hotel and identify dates. The 2011 conference will be hosted by Walt Kucharski in Williamsburg, Virginia, on June 14-17.

■ **Nominating:** Bruce Myers, legislative auditor of Maryland and chair, put forth a motion to approve the following slate of Executive Committee members for 2010-11:

- President: Walter Kucharski, Virginia
- President-Elect: Jan Mueller, Wisconsin
- Secretary/Treasurer: David Vaudt, Iowa
- Immediate Past President: Debbie Davenport, Arizona
- Elaine Howle, California
- Rebecca Otto, Minnesota
- Thomas Salmon, Vermont

The motion was seconded and passed unanimously.

■ **Next Meeting/More Information:** The next NSAA business meeting will be held Monday, August 9, in conjunction with the 2010 NASACT Annual Conference in Charleston, West Virginia. Questions about the content of this recap may be directed to Glenda Johnson at [gjohnson@nasact.org](mailto:gjohnson@nasact.org).

Complete minutes from the meeting will be available in the near future and will be posted at [www.nasact.org/nsaa/aboutus/meetings.cfm](http://www.nasact.org/nsaa/aboutus/meetings.cfm). ■

## National Performance Management Advisory Commission Releases Framework for Public Sector Performance Management

The National Performance Management Advisory Commission, a collaborative effort of 11 leading public sector management organizations, has released its final report, *A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving*.

The commission developed the framework to help state, provincial, and local governments, many of which are operating under severe resource constraints, to continually improve the results they provide to the public.

The framework identifies seven performance management principles and describes how incorporating these principles into governmental processes and decision making in planning, budgeting, management, and evaluation can lead to learning and improvement, enhanced

accountability, and, ultimately, better results for the public.

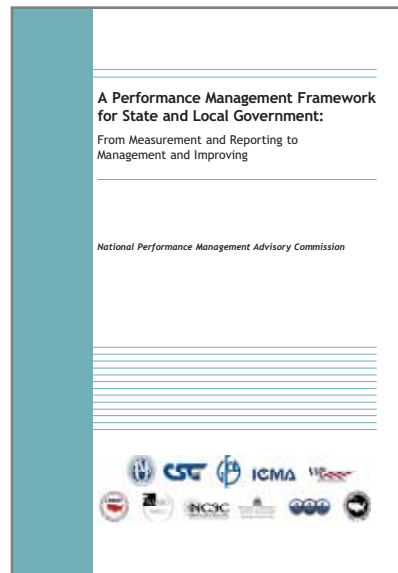
The framework was issued after two years of research by the commission and a four-month public review period. The report provides a model for public sector performance management, describes performance management concepts and practices, outlines the benefits of performance management, offers guidelines for governments to use in implementing performance management systems, and presents case studies from governments that practice performance management.

For more information on the commission or to download a copy of the full report, please visit [www.pmcommisison.org](http://www.pmcommisison.org). You may also download it at [www.nasact.org](http://www.nasact.org). ■

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*Sponsoring organizations include the Association of School Business Officials International, Council of State Governments, Government Finance Officers Association, International City/County Management Association, National Association of Counties, National Association of State Auditors,*

*Comptrollers and Treasurers, National Association of State Budget Officers, National Center for State Courts, National Conference of State Legislatures, National League of Cities, and U.S. Conference of Mayors.*



## Improper Payments Workgroups Issue Final Reports

Pursuant to Executive Order 13520, Reducing Improper Payments, a series of workgroups were established to examine various factors affecting improper payments. NASACT was represented on two of these workgroups: the Single Audit Workgroup and the Incentives and Accountability Workgroup. Each of these groups has issued a final report to the U.S. Office of Management and Budget for consideration.

### Single Audit Workgroup Recommendations

Representing NASACT on the Single Audit Workgroup were Debbie Davenport, auditor general of Arizona, and David Vaudt, state auditor of Iowa. Also participating was Kinney Poynter, executive director of NASACT.

In its report, the Single Audit Workgroup made several recommendations in four key areas:

#### Instilling Federal Leadership

- Establish an accountable agency official for single audit in each grant-making agency.
- Improve interagency coordination.
- Conduct further study on the appropriate division of single audit responsibilities between federal agency management and the office of inspector general.
- Provide agency contacts for non-federal entities.

#### Managing Risk

- Increase the focus on the top 150 non-federal entities that expend the most federal funding.
- Conduct further study on how single audit could be more efficiently implemented for non-federal entities accountable for smaller federal awards.
- Streamline the types of compliance requirements that must be tested.
- Shorten the single audit cycle.
- Establish a centralized process to ensure that single audit reports are submitted.

#### Using the Single Audit Report Effectively

- Digitize single audit reports.
- Improve the identification of high-risk findings.
- Develop metrics to track the effectiveness of the single audit.
- Establish an interagency analysis of single audits.
- Broaden the follow-up of single audit findings to look at the entire federal program.
- Expand the role of the Federal Audit Clearinghouse to provide central support of the audit follow-up process.
- Enhance the follow-up of cross-cutting findings that affect multiple federal agencies.
- Conduct a pilot to coordinate single audit and the improper payments identification processes for high-risk programs.

- Conduct further study of actions that may need to be taken when known questioned costs could result in improper payments.
- Conduct a study on how to make Single Audit reports publicly available.

#### Amend the Stated Purpose of the Single Audit Act

- Pursue an amendment to the fifth stated purpose of the Single Audit Act to require that federal agencies not only rely upon and use audit work done pursuant to the Single Audit Act, but that they act upon the results of single audits.

### Incentives and Accountability Workgroup Recommendations

Representing NASACT on the Incentives and Accountability Workgroup were Glen B. Gainer III, state auditor of West Virginia; Kim Wallin, state controller of Nevada; and Martin Benison, comptroller of Massachusetts.

In its report, the Incentives and Accountability Workgroup made ten recommendations, including seven on incentives and three on accountability, and suggested several pilot program initiatives.

#### Incentives

Due to budgetary pressures, the capacity of state and local governments to invest in technological infrastructure and engage in critical integrity efforts is limited. As such these entities have limited resources for investments in information technology and primarily rely on federal administrative funds for integrity efforts. With this in mind, primary among the workgroup's recommendations were three suggestions that OMB Circular A-87 be revised to:

- Acknowledge the evolution in information technology business models.
- Allow costs for expenses associated with unsuccessful efforts to collect improper payments (i.e., bad debt).
- Highlight the importance of oversight, monitoring, and auditing costs by removing it from the general "administrative cost" category and establishing a separate category for these activities.

The workgroup further recommended that:

- Where there are program specific administrative costs limitations (i.e., caps), those limitations be reviewed for adequacy. For programs with caps deemed inadequate, that caps be eliminated, or at a minimum that administrative caps be increased.
- Entities only be required to return to the federal government improper payments actually recovered and allowed to retain a portion of improper payments recovered and dedicate that funding to activities that reduce improper payments.

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### GAO Report on Government Credit Card Fees Released This Month

With nearly every level of government in the United States using some sort of credit card/debit card program, a report this month from the U.S. Government Accountability Office on interchange fees provides an interesting look into the resistance that governments, specifically federal agencies in this instance, are facing in negotiations with Visa and MasterCard. The report, “Federal Agencies Benefit from Card Acceptance, but Have Limited Ability to Control Interchange Fee Costs,” provides a detailed examination of how a credit/debit card customer, even one as large as the federal government, struggles to keep interchange fees in line. The GAO report pointed out that federal entities have attempted to negotiate with the card networks to lower interchange rates, but with limited success. The report found that non-federal merchants also have experienced little success in negotiating with card networks to lower these fees.

Starting on Page 12 of the report, GAO outlines some of the major problems agencies are having with the interchange fees. The report notes that some agency officials did not believe they could negotiate effectively with the largest card networks—MasterCard and Visa—for lower interchange rates, mainly because one of the primary ways to negotiate lower rates is to refuse to accept a network’s card. Many of the agency officials told GAO that consumers expect to be able to use various cards to make payments, so simply not accepting a particular card brand is not in the best interest of the public. GAO also found that the Treasury Department’s Financial Management Service (FMS) has been trying to negotiate a better fee structure based on the lack of risk faced by the card issuers, but has been rebuffed:

“FMS officials told us that they tried to negotiate lower interchange rates with both Visa and MasterCard by stating

that some factors that were included in rate determinations did not necessarily apply to federal government transactions. For example, FMS officials argued that the federal entities that participate in the Card Acquiring Service pose less risk than other merchant types and that there is no risk of delinquency on the part of the Treasury. FMS officials stated that their negotiations were not successful and that they were not able to negotiate lower interchange rates.”

One of GAO’s more interesting findings was described on Page 15 of the report, which detailed an interview with MasterCard and Visa:

“According to these [credit card] officials, government payments are a market in which they hope to increase card acceptance and transaction volumes; thus, the interchange rates that they set for government transactions are lower than those of many other merchant categories. Additionally, officials at MasterCard and Visa told us that opportunities exist for merchants, including federal entities, to negotiate for lower interchange rates... Officials from both networks explained that they have staff dedicated to developing customized arrangements with merchants and that these negotiations involve identifying mutually beneficial arrangements. [However], we found it difficult to assess whether federal entities could negotiate rate reductions based on their relative transaction volume or aggregate card revenues, because we could not identify any publicly available data we could use to determine how the federal government’s total transaction volume or aggregate card revenues compared with other large merchants.”

The link to GAO’s entire interchange fee report can be found at [www.gao.gov/new.items/d10821t.pdf](http://www.gao.gov/new.items/d10821t.pdf). ■

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### Improper Payments Workgroup Reports

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- The federal government increase its support for and provide adequate training, including the expedition of the launch of the Office of Personnel Management’s Grants Management Professional series.
- Entities be given flexibility to identify and resolve improper payments during states of emergency.

#### Accountability

To promote stewardship of public resources at all levels of federal program management and administration, the workgroup proposed three accountability recommendations:

- The creation of a workgroup to identify opportunities for data sharing across programs and among various governmental levels.

- The expansion of the Treasury Offset Program.
- That federal programs be required to develop a National Error Rate based exclusively on violations of federal requirements and separately measure errors for unique state and local government requirements.

OMB is currently reviewing the reports. Many of the recommendations of the groups will require further study and perhaps consideration of pilot projects suggested in the reports.

In addition to the workgroups on Single Audit and Incentives and Accountability, OMB will examine reports from six other workgroups: Guidance, Access, Publishing Website, Internal Controls, Improve Information Sharing, and Enhance Contractor Accountability.

To request a copy of the final reports from the Single Audit Workgroup or the Incentives and Accountability Workgroup, email Sherri Rowland at [srowland@nasact.org](mailto:srowland@nasact.org) or Kim O’Ryan at [koryan@nasact.org](mailto:koryan@nasact.org) or call (859) 276-1147. ■

### IRS Tax Exempt and Government Entities Advisory Committee Meets – Finalizes Compliance Checklist

The Internal Revenue Service's Advisory Committee (ACT) on Tax Exempt and Government Entities (TE/GE) met this month and presented numerous recommendations to IRS staff that would increase efficiency and reduce burdens for the TE/GE community. Of particular relevance to NASACT members is the second phase of the federal-state-local government compliance verification checklist for public employers and improvements to the voluntary closing agreement program for tax-exempt, tax credit and direct pay bonds.

The federal-state-local compliance verification checklist is a follow up to the checklist prepared by the 2008-09 sub-committee. The checklist was developed and further refined, after review by state and local employers across the country, to provide public employers with a tool to verify compliance with applicable federal laws and regulations. Specifically, the workgroup that developed the checklist and tested it with state and local employers recommends that the tool be turned into a web-based checklist to allow the ability to save and modify information at different times. The hope is that the checklist will become a permanent part of the federal, state and local government online toolkit. Explanatory notes are included in the draft because of the complexity of the laws. A simple answer of yes cannot assure the employer that they are in compliance with the law.

The checklist reviews the following categories to assist employers in improving compliance with federal employment tax issues:

- Worker classification (independent contractor vs. employee).
- Social Security coverage (Section 218 agreements and mandatory Social Security coverage).

- Medicare qualified government employees and Medicare exempt employees.
- Retirement plan coverage (as a substitute for SS coverage).
- Fringe benefits.
- Other tax compliance issues including information reporting, vendor payments, back-up withholding and timeliness of return filing.
- Social Security benefit offsets for public employees.

The results of the state and local review of the checklist revealed that over 90 percent of the respondents felt that the checklist helped to identify a state or local government's compliance with federal employment taxes.

The IRS representatives also heard recommendations for improvements to the voluntary closing agreement program for tax-exempt, tax credit and direct pay bonds. The recommendations include changes to the Internal Revenue Manual regarding the Voluntary Closing Agreement Program (VCAP) and the Streamlined Voluntary Closing Agreement Program (SVCAP) and include more workable rules for correction of violations of rules applicable to direct pay bonds. Specific recommendations include:

- Providing clear assurances that VCAP and SVCAP closing agreements would be more favorable than closing agreements used to resolve examinations.
- Relax eligibility requirements that seem unnecessary and that could dissuade issuers from using VCAP and SVCAP.
- Provide assurances that permit self-correction of violations with minimal required IRS action.
- Allow for special procedures for de minimus violations.

A copy of the ACT's 2010 report and recommendations can be accessed at [www.irs.gov/pub/irs-tege/tege\\_act\\_rpt9.pdf](http://www.irs.gov/pub/irs-tege/tege_act_rpt9.pdf). ■

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### NASACT Joins Other Groups in Supporting Stable Net Asset Value

NASACT recently sent a letter to U.S. Treasury Secretary Timothy Geithner strongly supporting the ability of money market funds to offer a stable per-share net asset value (NAV). NASACT follows other groups including the Government Finance Officers Association and National Association of State Treasurers that have approved policies or letters supporting a stable NAV for money market funds.

Money market funds currently maintain a stable net asset value—typically \$1.00 per share, which provides investors with a cash management vehicle and low-risk investment. The U.S. Securities and Exchange Commission has indicated that

it may pursue more fundamental changes to money market mutual funds, which may include a floating NAV, mandatory redemptions-in-kind, “real time” disclosure of market values, or a bifurcated regulatory structure (stable NAV and floating NAV). The President's Working Group on Financial Markets also may suggest significant changes to money market mutual funds, including a floating NAV and private emergency liquidity facilities.

State governments depend on money market funds in two ways: as secure, liquid, and convenient instruments for cash management, and as purchasers of short-term securities issued by governmental bodies. Both of these roles would be seriously undermined by any policy that forces money market mutual funds to abandon the stable NAV. ■

### Four States Win NSAA Excellence in Accountability Awards

The National State Auditors Association's Excellence in Accountability Awards Program was created to recognize excellence in auditing in the state government audit community. The program has three award categories: large performance audits (2,000 or more hours to complete), small performance audits (less than 2,000 hours to complete), and special projects.

At the recent NSAA annual conference, awards were presented to the winners. Several of the award winners also gave presentations at the conference. The PowerPoint presentations may be downloaded at [www.nasact.org/conferences\\_training/nsaa/conferences/AnnualConferences/2010AnnualConference/Materials.cfm](http://www.nasact.org/conferences_training/nsaa/conferences/AnnualConferences/2010AnnualConference/Materials.cfm). The winning entries may be viewed at [www.nasact.org/nsaa/awards\\_recognition/winners.cfm](http://www.nasact.org/nsaa/awards_recognition/winners.cfm).

### Small Performance Audit

Nine states submitted reports for consideration in the small performance audit category. While each of the nine submissions had their own strengths, the judges chose two entries: from the **Kansas Division of Legislative Post Audit** and from the **Ohio Office of Auditor of State**.

The Kansas report was entitled "Surplus Computer Equipment: Determining Whether State Agencies Effectively Remove Software and Agency Data From Surplus Computers."

The audit revealed that state agencies were not fulfilling their responsibilities to purge data from surplus computers before disposing of them. The audit found sensitive or confidential data including thousands of social security numbers in deleted documents. The actions taken as a result of the audit eliminated the risk that someone would buy those computers and then recover the documents and use those numbers. Changes in agency procedures resulting from the audit sharply reduced the risk of similar problems in the future.

The winning small performance audit in Ohio was entitled "City of North Canton." The city was seeking assistance in identifying cost savings and operational improvements after the loss of a major employer, translating to a 12 percent loss of revenue. The performance audit identified a potential annual savings of \$1.16 million and annual revenue enhancements of \$122,400. This represented about 5.4 percent of the city's 2007 revenues and 7.4 percent of its 2008 revenues. While the city was originally forecasted to have a deficit of \$11.2 million by 2012, implementation of the performance audit recommendations extended the city's solvency for two years and reduced its 2012 deficit to \$5.5 million.

Since the public release of the audit, the city has acted on many of the performance audit recommendations and has maintained a balanced budget through 2010, despite decreasing revenues. Early identification of revenue shortfalls and action on performance audit recommendations has helped the city mitigate its revenue loss and ensure service continuity to its residents.

### Large Performance Audit

Eleven states submitted reports for consideration in the large performance audit category. The judges selected the **Pennsylvania Department of the Auditor General's** report entitled "Department of Public Welfare's Special Allowance Program" to win an award.

In accordance with state law, welfare recipients participating in employment and training programs are eligible to receive special allowances to offset expenses like books, tools, clothing, transportation and child care. Once the special allowance is paid, agency management does not require welfare recipients to submit receipts to substantiate whether the items purchased or services rendered were the same items initially approved for the special allowance payments.

The completed performance audit disclosed that the special allowance program was rife with mismanagement and poor oversight, creating an environment for potential fraud and abuse that could cost taxpayers tens of millions of dollars.

Subsequently, the state agency agreed with the four findings cited in the audit and has written a plan to address all 32 recommendations made through the audit. The agency is also implementing new regulations, developing a campaign aimed at education and training, and committing to reports that will allow the public to follow progress as the program is reformed.

### Special Project Award

Eight projects were submitted for consideration in the special project category. The judges selected the **Colorado Office of the State Auditor's** project entitled "Fiscal Health Analysis of Colorado School Districts, August 2009" to win an award.

The report provided a set of financial indicators that can be used to evaluate the financial health of Colorado's school districts. Such financial trend analysis serves as an early warning system to allow prompt action when there is an indication of financial stress.

This analysis represented the first time information from the school districts' audited financial statements had been centrally compiled and used to conduct fiscal analysis. The report served as a baseline to see how school districts are performing financially over the period through the latest audited fiscal year. The intent in performing this analysis was to assist school districts' administrators, governing boards, and taxpayers in understanding financial information and in communicating the information to the appropriate parties for further investigation and action, as necessary.

### Acknowledgements

A number of people helped make the awards program a success this year. NSAA wishes to acknowledge each state that submitted an entry. The field was very competitive, and all states are encouraged to participate in 2010.

Many thanks also go to the committee members and volunteer judges. Volunteering to serve as a judge is an excellent way to get audit ideas for your own office! ■

## New at [www.nasact.org](http://www.nasact.org)

- Visit [www.nasact.org/nasact/positions/GASB.cfm](http://www.nasact.org/nasact/positions/GASB.cfm) to view observations by Gerry Boaz (TN), on behalf of NASACT, of meetings of the Governmental Accounting Standards Board held on March 29-31, 2010, and May 11-13, 2010.
- Visit [www.nasact.org/nasc/technical/index.cfm](http://www.nasact.org/nasc/technical/index.cfm) to find responses to technical inquiries by state comptroller's offices on the following topics:
  - Intangible Asset Capitalization Thresholds
  - EPA Revolving Funds in the CAFR

## Sign Up for the New Faster Financial Reporting Workgroup

The NASACT Committee on Accounting, Reporting and Auditing is forming a workgroup on Faster Financial Reporting. This group will explore what can be done to facilitate faster financial reporting in the states. State auditors and state comptrollers are requested to participate. If you are interested in participating, please contact Kim O'Ryan at [koryan@nasact.org](mailto:koryan@nasact.org).

## Auditing in the States Now Available

The 2010 edition of *Auditing in the States: A Summary* is now available at [www.nasact.org/nsaa/publications/auditing](http://www.nasact.org/nsaa/publications/auditing). You must be logged in to view this publication.

## DRAFT Compliance Supplement Available for Planning Purposes

The DRAFT 2010 Compliance Supplement is available. This is not the official 2010 Compliance Supplement and should be used only for planning purposes for FY10 single audits.

Download the files at [www.nasact.org/downloads/2010\\_Final\\_Draft\\_Compliance\\_Supplement.zip](http://www.nasact.org/downloads/2010_Final_Draft_Compliance_Supplement.zip)

NASACT members will be alerted as soon as the official 2010 Compliance Supplement is available.

## GASB Notes

### Financial Reporting Entity

The GASB will be holding a public hearing on an exposure draft of *The Financial Reporting Entity* on August 3 in Norwalk, Connecticut; however, telephone participation will also be allowed.

If you would like to participate, please email Kim O'Ryan by 5:00 p.m. Eastern on June 30.

## GASB Notes (cont.)

### Service Concession Arrangements

On June 17, GASB issued a revised exposure draft on *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this project is to provide accounting and financial reporting guidance for service concession arrangements (SCAs), which are a subset of public-private partnerships. This involves determining whether existing authoritative guidance is sufficient to address the accounting and financial reporting issues resulting from SCAs, or whether new standards are necessary to address these issues.

The ED can be downloaded from the GASB's website at [www.gasb.org](http://www.gasb.org).

NASACT will be preparing an association position on this ED. In order to meet the GASB's deadline, please send your comments to Kim O'Ryan at [koryan@nasact.org](mailto:koryan@nasact.org) or Sherri Rowland at [srowland@nasact.org](mailto:srowland@nasact.org) no later than Friday, July 23, 2010.

### Pension Accounting and Financial Reporting

On June 16, the Governmental Accounting Standards Board issued a preliminary views document on *Pension Accounting and Financial Reporting By Employers*. The document presents the board's current views on what it believes are the most fundamental issues related to recognition and measurement of pension obligations by state and local government employers. The purpose of the document is to obtain comments from constituents on those views before developing more detailed proposals for changes to existing accounting and financial reporting standards. Public hearings are scheduled for three different locations in October.

The PV can be downloaded from the GASB's website at [www.gasb.org](http://www.gasb.org).

NASACT will be preparing an association position on this PV. In order to meet the GASB's deadline, please send your comments to Kim O'Ryan at [koryan@nasact.org](mailto:koryan@nasact.org) or Sherri Rowland at [srowland@nasact.org](mailto:srowland@nasact.org) no later than Friday, August 20, 2010.

### Statement No. 59: *Financial Instruments Omnibus*

On June 24, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2010, with earlier application encouraged. ■

# Association Notes

## NASACT Announces July Webinar: Government Auditing Standards, 2010 Revision

NASACT, in conjunction with the Association of Government Accountants and the Association of Local Government Auditors, is pleased to announce the latest in its series of training events addressing timely issues in government auditing and financial management.

The U.S. Government Accountability Office is currently revising *Government Auditing Standards*, the first major revision to the standards since 2007.

During this webinar, you will learn about the major revisions proposed in the exposure draft and the reasons behind the proposed revisions. Specifically, GAO staff will discuss the following proposals:

- Revising independence standards and outlining an independence assessment framework.
- Revising financial audit standards to streamline and converge with standards from the American Institute of Certified Public Accountants.
- Defining an audit as providing “reasonable assurance.”
- Eliminating agreed-upon procedures and review level attestation engagements.

Please join us for this timely and informative training event. In addition to hearing scheduled segments from our speakers, you will be able to ask questions during a live Q&A session. This webinar offers something for all government accountability professionals. ■

### Government Auditing Standards: 2010 Revision

**Date:** Wednesday, July 21, 2010

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

**Speakers:**

- Marcia Buchanan, Assistant Director, Financial Management and Assurance Team, Government Accountability Office
- Jim Dalkin, Director, Financial Management and Assurance Team, Government Accountability Office

**CPE:** Two credits

**Cost:** \$249.00 per site (unlimited attendance)

**Register:** Sign up today for this webinar at [www.nasact.org](http://www.nasact.org).

**Questions?** Questions may be directed to Adrian Puryear at [apuryear@nasact.org](mailto:apuryear@nasact.org)

### NASACT Upgrades Webinar Service

NASACT has upgraded the webinar service to allow participants to listen to the broadcast via a computer. The broadcast will continue to be offered via audio feed over a phone line for those who prefer that method. When you register for the webinar, you will be able to choose your method of audio delivery: by computer or via phone.

#### Ask Questions During the Webinar Using the “Raise Your Hand” Tool: It’s Easy!

When you sign in to the webinar, a toolbar will load on the right side of the computer screen. This toolbar includes a Raise Your Hand tool (a hand icon) as well as a text box. There are three ways to ask questions during NASACT’s webinars.

- 1. Raise Your Hand (Using Computer Only):** Click on the hand icon in the toolbar. You will then be entered into the queue to ask your question (this option requires a computer with a microphone). You will be verbally prompted when it is your turn to ask your question.
- 2. Raise Your Hand (Using Phone Line and Computer):** Click on the hand icon in the toolbar. You will then be entered into the queue to ask your question (this option requires a phone line). You will be verbally prompted when it is your turn to ask your question using the phone. To ask questions using the phone line, you must still utilize the Raise Your Hand tool in order to enter the question queue.
- 3. Text Toolbar:** You may ask questions at any time using the text box in your toolbar.



### Frank Serves as Interim Legislative Auditor in Kansas; Jones Joins NASACT Executive Committee

Following the departure of Barb Hinton, former legislative auditor in Kansas, Scott Frank will serve as interim legislative auditor until a permanent successor is named.

Mr. Frank has been with the Kansas Legislative Division of Post Audit for 11 years. In the past he has managed the division's education, IT security, and data mining audit functions. In addition to managing numerous audits of the state's K-12 education system, Mr. Frank has also overseen a number of audits covering a variety

of other topics, including the operations of the State Fire Marshal's Office, and the use of special sales tax bonds to finance economic development projects.

He holds a B.S. in management information systems from Kansas State University, and a M.S. in business administration from the University of Kansas.



Ms. Hinton was also previously second vice president of NASACT's Executive Committee. Rolling on to the committee to fill the vacancy will be Ronald L. Jones, state examiner in Alabama.

Mr. Jones is a longtime member of NASACT and a past president of the National State Auditors Association. He will complete the remainder of Ms. Hinton's term as second vice president and will succeed accordingly into other positions on NASACT's Executive Committee. ■

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### Norment Receives David M. Walker Excellence in Government Award

Richard V. Norment, assistant to Tennessee Comptroller of the Treasury Justin P. Wilson, is one of this year's winners of the David M. Walker Excellence in Government Performance and Accountability Award.

Every two years, the National Intergovernmental Audit Forum seeks nominations for people who work in government accountability offices at the local, state and federal levels. Mr. Norment was selected as this year's recipient from state government based on his demonstrated leadership in improving

government performance and accountability

He received the award at the NIAF's biennial meeting in San Antonio May 19.

As assistant to the comptroller, Mr. Norment serves in a key management position for the state of Tennessee. Mr. Norment's division is responsible for auditing all 95 of Tennessee's counties. Mr. Norment was also appointed in December of 2005 to serve as the strategic planning coordinator for the Comptroller's Office. Mr. Norment has spent his entire professional career with the Comptroller's Office, joining the Division of County Audit as a financial and compliance auditor soon after graduating from college. He held various supervisory positions within the division before being promoted to his current position. ■

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### Three in PA Office of Budget Receive Governor's Awards

Three Pennsylvania Office of the Budget employees have received Governor's Awards for Excellence from Governor Edward G. Rendell. They are Rich Cardamone, director of the Bureau of Commonwealth Accounting, Office of Comptroller Operations; Danny Novak, assistant director, Division of Federal Accounting in the Bureau of Commonwealth Accounting; and Christian Soura, chief of performance measures for the Office of the Budget. Mr. Soura was recognized for his work as senior advisor for Recovery Implementation in the Office of Administration.

They are among 22 employees who received this prestigious award from Governor Rendell at a ceremony in May.

Mr. Cardamone, Mr. Novak and Mr. Soura, along with three

employees from Pennsylvania's Office of Administration, were honored for developing a multi-agency approach to prepare and submit federally mandated reports that detail the state's use of American Recovery and Reinvestment Act funding. As a result of the processes and information technology systems the group developed, Pennsylvania successfully complied with this federal mandate. In addition, data integrity was significantly improved, 276 reports were submitted accurately and on time, and Pennsylvanians were given unprecedented visibility into the impact of their tax dollars.

The project that Cardamone, Novak and Soura developed with their Office of Administration colleagues is also significant because the new system retrieves data from numerous computer programs already in use in many agencies. This project will be a prototype for accessing and consolidating information from many data sources to create timely and useful reports. ■

*Do you have news to share via the NASACT News about personnel or happenings in your state? If so, submit your story ideas, press releases, photos, etc., to Glenda Johnson at [gjohnson@nasact.org](mailto:gjohnson@nasact.org).*

## Fraud News to Use

Provided courtesy of the Oregon State Controller's Office

### Billing Scheme Overview

**B**illing schemes occur when an employee causes their employer to issue a payment for an illegitimate or overstated charge. This typically takes the form of invoices for fictitious goods or services, inflated invoices, or invoices for personal expenses. In general, most billing schemes involve charges for services, rather than goods, as it is easier to conceal services that are not performed than goods that are not received.

Billing schemes are one of the most common methods of perpetrating fraud, ranking second only to corruption. There are several factors that contribute to this:

- There is no risk of removing assets from the organization because a payment is "willingly" issued.
- Expending funds is a common occurrence within an organization, so it is often easier to conceal billing schemes.
- Frequently there are weaknesses in controls that can be exploited by an employee. In general, billing schemes go undetected for an average of approximately two years and have a median loss of about \$100,000.
- Technological advances allow for easy fabrication or alteration of supporting documentation.

In addition to being one of the most widely perpetrated frauds, a report from the Association of Certified Fraud Examiners, *2008 Report to the Nation on Occupational Fraud & Abuse*, ranks billing schemes as the fourth highest in average loss of dollars.

### Red Flags

There are several red flags that are often found in cases involving billing schemes. Some of these include:

- Unexplained increases in services performed.
- Payments to unapproved vendors.
- Missing or incomplete supporting documents.
- Inflated prices.

### Prevention

There are many controls that can be put in place to help prevent billing schemes. Some of the most common include:

- Segregation of duties between purchase requests, purchasing goods and services, purchase authorization, merchandise receipt, payment authorization, and vendor payment processing.
- Requiring appropriate documentation for ALL transactions.
- Appropriate supervisory approval for payments.
- Promptly logging in goods received.
- Marking invoices and supporting documentation as "paid" so they cannot be re-submitted for duplicate payment.
- Ensuring that employees are aware of the red flags and detection methods.

### Detection

In addition to controls that can be utilized to prevent billing schemes, there are controls that can be used to detect these instances of fraud. One area that organizations can address is to ensure a careful examination of vendor invoices. Watch for:

- Invoices containing items not typically used or purchased by the organization, unusually high prices, quantities that are inconsistent with organizational needs, or invoices payable to individuals.
- Invoices not prepared or printed professionally. This can be increasingly difficult to spot. Be aware of missing information, such as phone or fax number, invoice number, or tax ID number.
- Sequentially numbered invoices from the same vendor.
- Invoices that do not appear to have come in the mail (i.e., no creases or folds).
- Invoices that do not appear on the same paper or format as typically used by the vendor. ■

## Fraud Facts Newsletter – Free for Members!

**W**ould 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](mailto: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

- July 21 ■ Webinar: Revised Government Auditing Standards
- August 7-11 ■ NASACT Annual Conference, Charleston, WV
- August 8 ■ NASACT Executive Committee, Charleston, WV
- August 8 ■ NASACT Committee on Accounting, Reporting & Auditing, Charleston, WV
- September 28 - October 1 ■ NSAA IT Workshop and Conference, Tallahassee, FL

## 2011

- March 23-25 ■ NASC Annual Conference, Phoenix, AZ
- June 14-17 ■ NSAA Annual Conference, Williamsburg, VA
- August 13-17 ■ NASACT Annual Conference, Burlington, VT

## NASACT Announces the 2010–2011 Corporate Associates Program Members

By Donna Maloy, Conference Manager

NASACT wishes to thank the members of the 2010-2011 Corporate Associates Program. These corporate partners are a valuable part of our organization. They not only provide financial support to the organization, they also provide their experience and expertise by participating in our annual conference. Many of these companies will be present at this year's annual conference in Charleston, West Virginia. We ask that NASACT members take a moment and meet them. There will be several networking opportunities at the conference.

### Platinum Level

- CGI
- Oracle Corporation
- Deloitte

### Gold Level

- Accenture
- SAP
- Citi
- Visa

### Silver Level

- Bank of New York Mellon
- Grant Thornton
- KPMG
- Salvaggio, Teal & Associates
- Ernst & Young
- IBM
- MasterCard
- US Bank

### Bronze Level

- Bank of America
- CedarCrestone
- JPMorgan Chase & Co.
- PNC
- Standard & Poor's
- Bottomline Technologies
- The Hackett Group
- Kronos
- Public Financial Management

For those corporate associates who participated in last year's corporate associates program, thank you. For our new corporate associate members, welcome! We look forward to working with you over the coming year. ■

## NASACT News

### MAY 2010

**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](http://www.nasact.org)

## NASACT Officers

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*President*  
*State Auditor, West Virginia*

**Nancy K. Kopp**  
*First Vice President*  
*State Treasurer, Maryland*

**Ronald L. Jones**  
*Second Vice President*  
*Chief Examiner, Alabama*

**Martin J. Benison**  
*Secretary*  
*Comptroller, Massachusetts*

**James B. Lewis**  
*Treasurer*  
*State Treasurer, New Mexico*

The next issue of *NASACT News* will be published in May 2010. To submit articles, photos or ideas, contact Glenda Johnson by May 7 at [gjohnson@nasact.org](mailto:gjohnson@nasact.org) or phone at (859) 276-1147.

# NSAA Annual Conference Recap



Debbie Davenport (AZ), accepted a plaque of appreciation from Walt Kucharski (VA) in recognition of her service as NSAA's president in 2009-10.



Pat Davidson (AK) presented an Excellence in Accountability Award to Dianne Ray (CO) for her office's winning special project.



Pat Davidson (AK) presented an Excellence in Accountability Award to Betsy Bashore (OH) and Kristi Erlewine (OH) for their office's winning small performance audit.



Pat Davidson (AK) presented an Excellence in Accountability Award to Janet Ciccioppo (PA) for her office's winning large performance audit.



William G. Holland (IL) led a roundtable discussion on emerging issues in state audit offices.



(L-R) Joe Christensen (UT), Gerry Boaz (TN), Tom Barnickel (MD) and Randy Roberts (AZ) chat about changes to auditing standards during a break.

# NSAA Annual Conference Recap



(L-R) Bruce Myers (MD) and Paul Townsend (NV) take a moment to chat during a conference break.



(L-R): Bill Doss (MS), Russell Hinton (GA) and Beth Wood (NC).



Jim Dalkin and Marcia Buchanan from the U.S. Government Accountability Office discuss what to expect in the next revision of the Yellow Book.



Neville Cramer and Debbie Davenport (AZ) prepare for Mr. Cramer's session on immigration issues.



Beth Wood (NC) and Elaine Howle (CA) discussed their approaches to auditing Recovery Act dollars.



Elliott Lewis, chair of the Improper Payments Workgroup on Single Audit discussed recommendations made in the workgroup's final report.