



# Office of the State Controller

## OFFICIAL MEMORANDUM

**To:** Chief Fiscal Officers, Vice Chancellors, and Business Managers

**From:** Dr. Linda Combs, State Controller

**Date:** March 22, 2018

**Subject:** 2018 Governmental Accounting Update

I am pleased to announce that on May 10, 2018, the Office of the State Controller will offer a Governmental Accounting Update at NCSU's McKimmon Center in Raleigh. This conference will provide an update of recent activities of the Governmental Accounting Standards Board (GASB) and other topics including fraud in government, uniform grant guidance changes, and professional development. Attendance will qualify for eight hours of CPE credit. The course announcement is attached for your review. Instructor biographies are available on OSC's website (see link below).

The registration fee is **\$65 per attendee** and includes a mini-breakfast and buffet lunch. To register for this conference, visit the Office of the State Controller website at <https://www.osc.nc.gov/2018-osc-governmental-accounting-update-conference>. Please register as soon as possible as the **registration deadline is Thursday April 26, 2018. Payment must be received by this date or you will be removed from the registration.** No request for refunds will be considered after this date.

Payment can be made by credit card, check, or electronic transfer in the Cash Management Control System (CMCS) to **NC State University**. Agencies should register attendees individually (with separate email addresses) but can submit one payment to cover all registration fees. **When registering more than one participant, click "Add another registrant"**. This will allow multiple individuals to be registered and payment made with one credit card.

If you are paying by electronic transfer, please follow the instructions below:

- **NCAS agencies:** Use IGO vendor number 566000756-10. For the cash management transfer – in the description or remit message line include the following required information: each attendee full name, confirmation #, and reference 2018 OSC Governmental Accounting Update Conference.
- **Non-NCAS agencies paying through CMCS:** Use department code 6030 for payment – in the description or remit message line include the following required information: each attendee full name, confirmation #, and reference 2018 OSC Governmental Accounting Update Conference.

If you have questions, please contact Jan Prevo at [jan.prevo@osc.nc.gov](mailto:jan.prevo@osc.nc.gov) or 919-707-0714. We look forward to your participation in the conference, and thank you for your service to our State.

Attachment

SA 18-31

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## 2018 Governmental Accounting Update

### Continuing Professional Education

#### North Carolina Office of the State Controller

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- Date:** May 10, 2018  
8:15 a.m. to 4:45 p.m.
- Location:** The McKimmon Conference and Training Center  
N.C. State University  
1101 Gorman Street  
Raleigh, NC 27606
- Objective:** To provide an update of recent activities of the Governmental Accounting Standards Board (GASB) and other topics including fraud, uniform grant guidance changes, and professional development.
- Content:** Morning Session  
GASB Update – David Bean, GASB (4 CPE hours)
  - GASB 75, OPEB - Employers
  - GASB 81, Irrevocable Split-Interest Agreements
  - GASB 83, Asset Retirement Obligations
  - GASB 84, Fiduciary Activities
  - GASB 86, Certain Debt Extinguishment Issues
  - GASB 87, Leases
  - Current projects including financial reporting model, revenue and expense recognition, and note disclosuresAfternoon Session  
Other Governmental Accounting Topics – Cherry Bekaert (4 CPE hours)
  - Uniform Grant Guidance Changes
  - Case Studies: Fraud in Government
  - Making Sense Out of Change
- Instructors:** David Bean - Director of Research & Technical Activities, GASB  
Carlene Kamradt – Senior Manager, Cherry Bekaert  
Rusty Pounds – Manager, Cherry Bekaert  
Jonathan Kraftchick – Managing Director, Assurance Services, Cherry Bekaert
- CPE Credit Offered:** Eight hours
- Materials:** Will be available in advance on the OSC web page
- Teaching Method:** Lecture
- Mini-breakfast:** Available beginning at 7:30 a.m. (biscuits, muffins, and fruit)
- Lunch:** 12:00 p.m. – 1:00 p.m. (classic meat lasagna, spinach lasagna, salad, and dessert)
- Prerequisites:** Employed by a State agency or institution that is part of the State financial reporting entity (i.e., an entity included in the State's Comprehensive Annual Financial Report)
- Advance Preparation:** None
- Level:** Basic
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**DEVELOPERS:** GOVERNMENTAL ACCOUNTING STANDARDS BOARD <http://www.gasb.org/>  
CHERRY BEKAERT <http://www.cbh.com/about/>

**SPONSOR:** NC Office of the State Controller <https://www.osc.nc.gov/about-osc>



# AGENDA

## *2018 Governmental Accounting Update*

May 10, 2018

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8:15 – 8:20 Call to Order – Michael Euliss, Office of the State Controller,  
Communications/Government Relations/Training Director

8:20 – 8:30 Opening Remarks – Dr. Linda Combs, State Controller

### **Governmental Accounting Standards Board Update (David Bean, Governmental Accounting Standards Board)**

8:30 – 8:45 Overview of the Board and Standards Setting Process

8:45 – 9:00 Overview of Recently Issued Standards and Due Process Documents

9:00 – 9:30 Other Postemployment Benefits

9:30 – 9:45 Irrevocable Split-Interest Agreements

9:45 – 10:10 Fiduciary Activities

10:10 – 10:30 Break

10:30 – 10:55 Leases

10:55 – 11:05 Debt Disclosures and Capitalization of Interest

11:05 – 11:35 Practice Implementation Issues

11:35 – 12:00 Financial Reporting Model and Revenue and Expense Recognition

12:00 – 1:00 Lunch

### **Other Governmental Accounting Topics (Cherry Bekaert LLP)**

1:00 – 1:05 Call to Order – Michael Euliss, Office of the State Controller

1:05 – 1:55 Uniform Grant Guidance Changes – Carlene Kamradt, Cherry Bekaert LLP

1:55 – 2:15 Break

2:15 – 3:30 Case Studies: Fraud in Government – Rusty Pounds, Cherry Bekaert LLP

3:30 – 4:45 Making Sense Out of Change – Jonathan Kraftchick, Cherry Bekaert LLP

Closing Remarks – Michael Euliss, Office of the State Controller

|   |
|---|
| Upcoming Training Dates:<br>July 18, 2018 – 2018 Professional Ethics and Conduct Webcast<br>December 11, 2018 – 2018 OSC Financial Conference |
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**David R. Bean**  
**Director of Research and Technical Activities**

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David R. Bean is the director of research and technical activities for the Governmental Accounting Standards Board. He assigns and provides oversight to the GASB's research, technical, and administrative activities.

Prior to joining the GASB in 1990, David worked in public accounting and government. He also has served as Deputy Chairman of the International Public Sector Accounting Standards Board (IPSASB). He was the lead author on the 1988 *Governmental Accounting, Auditing and Financial Reporting* and was the founder of the *GAAFR Review*. He was the last director of the National Council on Governmental Accounting before the formation of the GASB in 1984.

David is a member of the Government Finance Officers Association, the Connecticut and Illinois Government Finance Officers Associations, the American Institute of Certified Public Accountants, the Illinois CPA Society, the Association of Government Accountants, the National Federation of Municipal Analysts, and the Municipal Analysts Group of New York.



## State of North Carolina

### GASB Update

The views expressed in this presentation are those of Mr. Bean.  
Official positions of the GASB are reached only after extensive due process and deliberations.



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## Who Sets the Standards and How Is It Accomplished?



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## GASB Members

- David A. Vaudt (Chairman)
- Jeffrey J. Previdi (Vice Chairman)
- James E. Brown
- Brian W. Caputo
- Michael H. Granof
- Kristopher E. Knight
- David E. Sundstrom



## GASB Standard-Setting Process

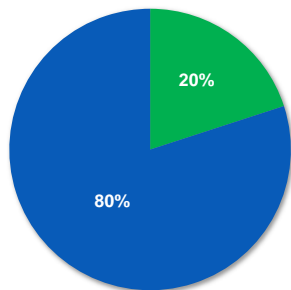


## Due Process Documents

- Invitation to Comment
- Preliminary Views
- Exposure Draft

**GASB**  
2017

### How Are We Funded?



- Voluntary Reserve Fund Contribution (primarily derived from subscriptions & publications and investment income)
- GASB Accounting Support Fees (funds GASB recoverable expenses)

#### GASB 2017 Accounting Support Fee Assessment

Approx. 440 municipal bond broker-dealers  
(per Dodd-Frank)

\$8.3 million (approx. \$52 per firm per day)

## Effective Dates of Standards Being (or to be) Implemented

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### Effective Dates—June 30, 2018

- Statement 75— *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB—Employers)
- Statement 81— *Irrevocable Split-Interest Agreements*
- Statement 85— *Omnibus* (primarily OPEB—bring in line with Statements 78 and 82)
- Statement 86— *Certain Debt Extinguishment Issues*
- Implementation Guide—2017-1, *Implementation Guidance Update—2017*
- Implementation Guide—2017-2, *OPEB Plan Implementation Guide*
- Implementation Guide—2017-3, *OPEB Employer Implementation Guide*



## Effective Dates—June 30

- **2019**
  - Statement 83—*Certain Asset Retirement Obligations*
  - Statement 88—*Certain Debt Disclosures*
  - 2018-1—*Implementation Guidance Update—2018*
- **2020**—Statement 84—*Fiduciary Activities*
- **2021**—Statement 87—*Leases*

## Expected Effective Dates—June 30

### Current GASB Projects

- **2020**
  - Capitalization of Interest Costs
  - Equity Interest Ownership Issues

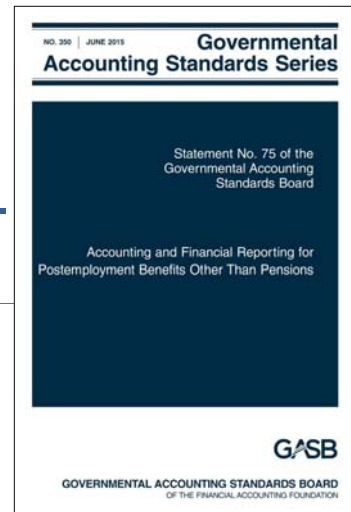
# Blue Covers

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# Other Postemployment Benefits— Employer: Statement 75

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## What Is the Fundamental Approach Employed in Statement 75?

- Fundamental approach for OPEB is the same as required for pensions in Statement 68
  - Viewed in the context of an ongoing, career-long employment relationship
  - Focus on the cost to taxpayers over time of providing government services
  - Accounting-based versus funding-based approach to measurement

## How Is the Liability to Employees for OPEB Measured?

- Based on total OPEB liability—the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service
- Is OPEB administered through a trust that meets the specified criteria?
  - Yes—recognize net OPEB liability (total OPEB liability, net of OPEB plan fiduciary net position)
  - No—recognize total OPEB liability

## Total OPEB Liability: Measurement—Discounting

- Single discount rate that reflects:
  - Long-term expected rate of return on OPEB plan investments to extent that plan fiduciary net position from specified resources is:
    - Projected to be sufficient to make benefit payments
    - Expected to be invested using a strategy to achieve that return
  - Yield or index rate for 20-year, tax-exempt general obligation municipal bond rated AA/Aa (or equivalent) or higher, to extent that conditions for long-term expected rate of return are not met
- Calculated using the same process as required for pensions in Statement 68
- If not administered through a trust in which the specified criteria is met, the tax-exempt municipal bond rate is required to be used

## What Is Reported in Financial Statements?

- Government-wide and other accrual-basis statements
  - Net OPEB liability and deferrals, in the statement of net position
  - However, total OPEB liability if no assets have been set aside in a trust that meets specified criteria
  - OPEB expense allocated among programs and functions, in the statement of activities (total expense disclosed in notes)
- Governmental funds
  - Payable to OPEB plan for contributions/payments normally due and payable but not made prior to FYE, in the balance sheet
  - OPEB expenditure equal to contributions/payments normally due and payable, in statement of revenues, expenditures, and changes in fund balance

## Statement of Net Position

|   |             |         |             |            |
|---|-------------|---------|-------------|------------|
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                    |             |         |             |            |
| Deferred outflows from pensions                           | 3,885,847   | —       | 3,885,847   | 260,406    |
| Deferred outflows from OPEB                               | 640,932     | —       | 640,932     | —          |
| Other deferred outflows of resources                      | 571,764     | —       | 571,764     | 136,418    |
| Total deferred outflows of resources                      | 5,098,543   | —       | 5,098,543   | 396,824    |
| <b>LIABILITIES:</b>                                       |             |         |             |            |
| Accounts payable and accrued liabilities                  | 15,066,744  | 34,730  | 15,101,474  | 3,020,630  |
| Accrued interest payable                                  | 1,079,876   | 90      | 1,079,966   | 175,085    |
| Unearned revenue  | 3,610       | 29,423  | 33,033      | 470,984    |
| Due to PG   | —           | —       | —           | 2,516,160  |
| Due to CUs, net   | 57,631      | —       | 57,631      | —          |
| Estimated disallowance of Federal, State and other aid    | 552,875     | —       | 552,875     | —          |
| Other   | 5,667,595   | (3,754) | 5,663,841   | 223,306    |
| Derivative instruments-interest rate swaps                | 38,759      | —       | 38,759      | 112,842    |
| Noncurrent liabilities:                                   |             |         |             |            |
| Due within one year                                       | 5,884,716   | 79,170  | 5,963,886   | 1,887,437  |
| Bonds & notes payable (net of amount due within one year) | 60,620,270  | —       | 60,620,270  | 3,302,779  |
| Net pension liability                                     | 56,241,371  | —       | 56,241,371  | 3,813,831  |
| Net OPEB liability  | 88,422,672  | —       | 88,422,672  | 7,531,903  |
| Other (net of amount due within one year)                 | 14,822,250  | 220,182 | 15,042,432  | 177,169    |
| Total liabilities   | 273,597,685 | 465,841 | 274,063,526 | 64,849,546 |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                     |             |         |             |            |
| Deferred inflows from pensions                            | 5,386,509   | —       | 5,386,509   | 47,715     |
| Deferred real estate taxes                                | 8,748,771   | —       | 8,748,771   | —          |
| Deferred inflows from OPEB                                | 9,451,365   | —       | 9,451,365   | 694,750    |
| Other deferred inflows of resources                       | 222,812     | —       | 222,812     | 99,710     |
| Total deferred inflows of resources                       | 23,809,457  | —       | 23,809,457  | 842,175    |

## Descriptive Information

### Members by type

|  |              |
|--|--------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 1,307        |
| Inactive employees entitled to but not yet receiving benefit payments    | 142          |
| Active employees   | <u>8,356</u> |
|  | <u>9,805</u> |

### Assumptions used to measure the liability

|                             |   |
|-----------------------------|---|
| Inflation                   | 3.0 percent   |
| Salary increases            | 3.25 percent, average, including inflation  |
| Investment rate of return   | 7.0 percent, net of OPEB plan investment expense, including inflation                                       |
| Healthcare cost trend rates | 9.5 percent for 2019, decreasing 0.5 percent per year to an ultimate rate of 5.5 percent for 2029 and later |

| Asset Class     | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------|-------------------|--|
| Domestic equity | 40%               | 5.8%                                   |
| Fixed income    | 35                | 1.0                                    |
| Private equity  | 20                | 6.0                                    |
| Real estate     | 3                 | 5.9                                    |
| Cash            | 2                 | 0.0                                    |
| Total           | <u>100%</u>       |  |

## Changes in the NOL

|   | Increase (Decrease)            |                                       |  |
|---|--------------------------------|---------------------------------------|--|
|   | Total OPEB<br>Liability<br>(a) | Plan Fiduciary Net<br>Position<br>(b) | Net OPEB<br>Liability/(Asset)<br>(c) = (a) - (b) |
| Balance at June 30, 2016                          | \$ 122,536,000                 | \$ 23,238,000                         | \$ 99,298,000                                    |
| Changes Recognized for the Measurement Period:    |                                |                                       |  |
| Service Cost                                      | 2,528,000                      | -                                     | 2,528,000  |
| Interest on the total OPEB liability              | 8,560,000                      | -                                     | 8,560,000  |
| Changes of benefit terms                          | -                              | -                                     | -  |
| Difference between expected and actual experience | (436,000)                      | -                                     | (436,000)  |
| Changes of assumptions                            | -                              | -                                     | -  |
| Contributions from the employer                   | -                              | 11,037,000                            | (11,037,000)                                     |
| Net investment income                             | -                              | 3,037,000                             | (3,037,000)                                      |
| Administrative expenses                           | -                              | (15,000)                              | 15,000   |
| Benefit payments                                  | (5,673,000)                    | (5,673,000)                           | -  |
| Net Changes during July 1, 2016 to June 30, 2017  | \$ 4,979,000                   | \$ 8,386,000                          | \$ (3,407,000)                                   |
| Balance at June 30, 2017 (Measurement Date)       | \$ 127,515,000                 | \$ 31,624,000                         | \$ 95,891,000                                    |

## Sensitivity Analysis

| Plan's Net OPEB Liability/(Asset) |                                  |                               |
|-----------------------------------|----------------------------------|-------------------------------|
| Discount Rate - 1%<br>(6.00%)     | Current Discount<br>Rate (7.00%) | Discount Rate + 1%<br>(8.00%) |
| \$ 112,777,000                    | \$ 95,891,000                    | \$ 82,033,000                 |

| Plan's Net OPEB Liability/(Asset)                  |  |  |
|--|--|--|
| Discount Rate - 1%<br>(6.2% decreasing<br>to 4.0%) | Healthcare Cost<br>Tread Rates<br>(7.2% decreasing<br>to 5.0%) | Discount Rate + 1%<br>(8.2% decreasing<br>to 6.0%) |
| \$ 78,869,000                                      | \$ 95,891,000  | \$ 116,898,000                                     |

## Deferrals

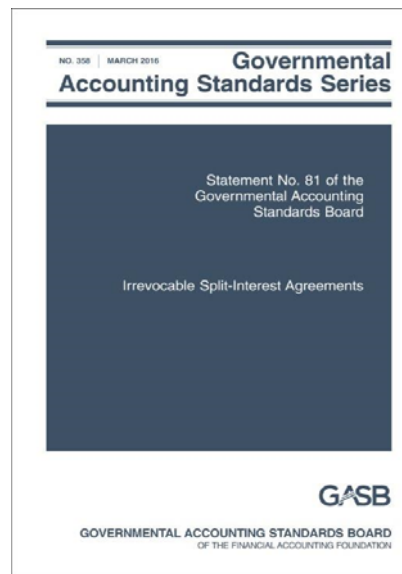
|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                            | \$ 25,970                         | \$ 14,134                        |
| Changes of assumptions  | -                                 | 855                              |
| Net difference between projected and actual earnings on OPEB plan investments | 17,782                            | -                                |
| Total   | <u>\$ 43,752</u>                  | <u>\$ 14,989</u>                 |

Amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in OPEB expense over an additional 5–7 years, as follows:

**Year ended June 30:**

|            |          |
|------------|----------|
| 2019       | \$ 7,064 |
| 2020       | 7,384    |
| 2021       | 6,007    |
| 2022       | 4,482    |
| 2023       | 114      |
| Thereafter | 3,712    |

## Irrevocable Split-Interest Agreements: Statement 81



## Scope

- Irrevocable split-interest agreements for which the government is the intermediary (trustee or agent) and a beneficiary
  - Donor gives resources to government that also is a beneficiary in the agreement
  - Lead interest: payments during the life of the agreement, generally to non-governmental beneficiary (donor or donor’s relative)
  - Remainder interest: assets remaining at termination of the agreement; generally goes to government
  - Life-interests in real estate
- Beneficial interests in resources held and administered by third parties
  - Refers to the right to receive resources in a future reporting period, from resources administered by a 3rd party

## Irrevocable Split-Interest Agreements with Resources Held by Governmental Entity

| Measurement | Asset  | Liability   | Deferred Inflow   |
|-------------|--|---|---|
| Initial     | Resources measured at fair value   | For benefit of <i>nongovernmental</i> beneficiary:<br>• Lead interest—measure directly at settlement amount | For <i>government’s benefit</i> in resources:<br>• Remainder interest—residual amount (assets less liability) |
| Subsequent  | Investments remeasured at fair value; changes in assets will be reflected in deferred inflow | Distributions to lead interest beneficiaries reduce the liability   |   |



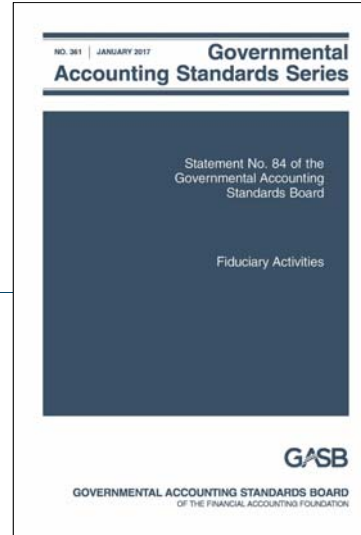
## Third Party Beneficiary

- The government is specified by name as beneficiary in the legal document underlying the donation.
- Donation agreement is irrevocable.
- Donor has not granted variance power to the intermediary with respect to the donated resources.
- Donor does not control the intermediary, such that the actions of the intermediary are not influenced by the donor beyond the specified stipulations of the agreement.
- Irrevocable split-interest agreement establishes a legally enforceable right for the government's benefit (an unconditional beneficial interest).

## Irrevocable Split-Interest Agreements with Resources Held by Third Party

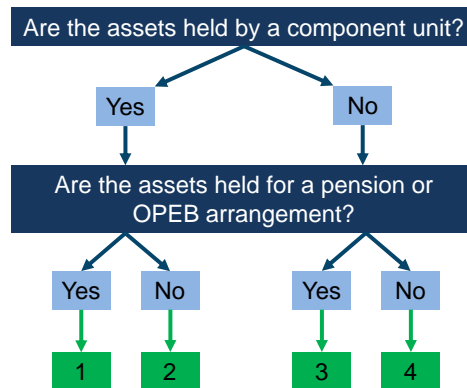
| Measurement | Asset   | Deferred Inflow   |
|-------------|---|-------------------|
| Initial     | Resources initially measured at fair value                          | Same as the asset |
| Subsequent  | Changes in fair value of resources reflected in the deferred inflow |                   |

# Fiduciary Activities: Statement 84



# When Should a Government Report Assets in a Fiduciary Fund?

Four paths to making this determination:



## How Can A Component Unit be a Fiduciary Activity?

- The activity needs to meet the definition of a component unit
  - Legally separate
    - Trusts generally are legally separate
  - Appointment of a majority of the governing body
    - What if there is no governing body?
  - Imposition of will or financial benefit or burden
    - Contributions to a pension or OPEB plan is a financial burden
  - Misleading to exclude

1

## When Are Component Units That Provide Postemployment Benefits a Fiduciary Activity?

- They are one of the following arrangements:
  - A pension plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 67
  - An OPEB plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 74
  - A circumstance in which assets from entities that are not part of the reporting entity are accumulated for pensions as described in paragraph 116 of Statement 73
  - A circumstance in which assets from entities that are not part of the reporting entity are accumulated for OPEB as described in paragraph 59 of Statement 74.

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## When Are All Other Activities a Fiduciary Activity?

All three of the following are met:

- The government **controls** the assets
- Those assets are *not* derived either:
  - Solely from the government's own-source revenues, or
  - From government-mandated nonexchange transactions or voluntary nonexchange transactions with the exception of pass-through grants and for which the government does not have administrative or direct financial involvement
- One of the criteria on the next slide is met

4

## What Are the Other Criteria?

- Assets are
  - Administered through a trust agreement or equivalent arrangement in which the government itself is not a beneficiary,
  - Dedicated to providing benefits to recipients in accordance with the benefit terms, and
  - Legally protected from the creditors of the government.
- Assets are for the benefit of individuals
  - Government does not have administrative involvement with the assets or direct financial involvement with the assets
  - Assets are not derived from the government's provision of goods or services to those individuals.
- Assets are for the benefit of organizations or other governments that are not part of the financial reporting entity
  - Assets are not derived from the government's provision of goods or services to those organizations or other governments.

## When Does a Government Control Assets from a Fiduciary Standpoint?

- A government controls the assets of an activity if:
  - The government *holds* the assets.
  - The government has the ability to *direct* the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended beneficiaries.

## When Does a Government Have Administrative Involvement or Direct Financial Involvement?

- Examples of administrative involvement
  - If it monitors compliance with the requirements of the activity that are established by the government or by a resource provider that does not receive the direct benefits of the activity
  - If it determines eligible expenditures that are established by the government or by a resource provider that does not receive the direct benefits of the activity
  - If it has the ability to exercise discretion in how assets are allocated
- Example of direct financial involvement
  - If it provides matching resources for the activities

## What Changes Have Been Made to the Fiduciary Fund Type?

- New definitions for pension trust funds, investment trust funds, and private-purpose trust funds that focus on the resources that should be reported within each.
  - Trust agreement or equivalent arrangement should be present for an activity to be reported in a trust fund.
- *Custodial funds* would report fiduciary activities for which there is no trust agreement or equivalent arrangement.
  - External portions of investment pools that are *not* held in trust should be reported in a separate column under the custodial fund umbrella

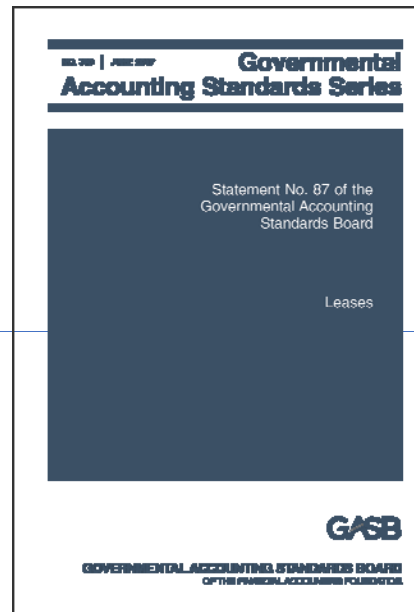
## Where Do Stand-Alone Business-Type Activities Stand?

- A stand alone BTA's fiduciary activities should be reported in separate fiduciary fund financial statements
- Resources expected to be held three months or less can be reported instead in the statement of net position, with inflows and outflows reported as operating cash flows in the statement of cash flows

## What Are Some Implementation Tips?

- Discuss implications of Statement 84 with business-type activities sooner rather than later
- Determine classification and fund category no later than 2018
- Determine how to capture inflow and outflow information for activities previously reported as agency funds
- Watch for implementation guide

## Statement 87: Leases



## What Is the Definition of a Lease?

- A contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified by the contract for a period of time in an exchange or exchange-like transaction.

## What Is Reported in Financial Statements?

- Government-wide and other accrual-basis statements
  - Net OPEB liability and deferrals, in the statement of net position
  - However, total OPEB liability if no assets have been set aside in a trust that meets specified criteria
  - OPEB expense allocated among programs and functions, in the statement of activities (total expense disclosed in notes)
- Governmental funds
  - Payable to OPEB plan for contributions/payments normally due and payable but not made prior to FYE, in the balance sheet
  - OPEB expenditure equal to contributions/payments normally due and payable, in statement of revenues, expenditures, and changes in fund balance



## How Is Control Described in the Context of a Lease?

- Control requires both of the following:
  - The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
  - The right to determine the nature and manner of use of the underlying asset

## What Are the Scope Exclusions to Statement 87?

- Intangible assets (mineral rights, patents, software, copyrights)
  - Except for the sublease of an intangible right-to-use asset
- Biological assets (including timber, living plants, and living animals)
- Inventory
- Service concession arrangements (See GASB Statement 60)
- Assets financed with outstanding conduit debt unless both the asset and conduit debt are reported by lessor
- Supply contracts (such as power purchase agreements that do not convey control of the right to use the underlying power generating facility)

## How Is a Lease Term Determined?

- Starts with the noncancelable period, plus periods covered by lessees' and lessors' options to:
  - Extend the lease, if the option is reasonably certain of being exercised
  - Terminate the lease, if the option is reasonably certain of NOT being exercised
- Excludes "cancelable" periods
  - Periods for which lessee and lessor each have the option to terminate or both parties have to agree to extend
    - Rolling month-to-month leases
- Fiscal funding/cancellation clauses not taken into consideration unless reasonably certain of being exercised

## When Does a Lease Term Need to be Reassessed?

- Reassess the lease term only if one or more of the following occurs:
  - Lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option
  - Lessee or lessor elects to not exercise an option even though previously determined that it was reasonably certain that the lessee or lessor would exercise that option
  - An event specified in the contract that requires an extension or termination of the lease takes place.

## What Is a Short Term Lease?

- A short-term lease is one that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised
  - For a lease that is cancelable either by the lessee or lessor, such as month-to-month or year-to-year leases, the maximum possible term is the noncancelable period including any notice period

## Why Are Short-term Leases Important?

- LESSEE — lease payments recognized as expenses/expenditures based on the payment provisions of the contract
  - No recognition of assets or liabilities associated with the right to use the underlying asset for short-term leases
- LESSOR — lease payments recognized as revenue based on the payment provisions of the contract
  - No recognition of receivables or deferred inflows associated with the lease
- No resource flows recognized during rent holiday periods
- No required disclosures

## How Should Contracts With Multiple Components be Accounted For?

- Separate contracts into lease and nonlease components or multiple lease components
- Allocate consideration to multiple underlying assets if:
  - Differing lease terms, or
  - Are in differing major asset classes for disclosure
- Allocation process:
  - First — use any prices for individual components if price allocation not unreasonable based on contract terms and professional judgment (maximizing observable information)
  - If no prices or if not reasonable, use best estimate based on professional judgment (maximizing observable information)
  - If not practicable to determine best estimate, should account for components as single lease unit

## Leases—Initial Reporting

|               | Assets   | Liability   | Deferred Inflow   |
|---------------|--|---|---|
| <b>Lessee</b> | Intangible asset (right to use underlying asset)—value of lease liability plus prepayments and initial direct costs that are ancillary to place asset in use         | Present value of future lease payments (including fixed payments, variable payments based on index or rate, reasonably certain residual guarantees, etc.) | NA  |
| <b>Lessor</b> | <ul style="list-style-type: none"> <li>• Lease receivable (generally including same items as lessee liability)</li> <li>• Continue to report leased asset</li> </ul> | NA  | Equal to lease receivable plus any cash received up front that relates to a future period |

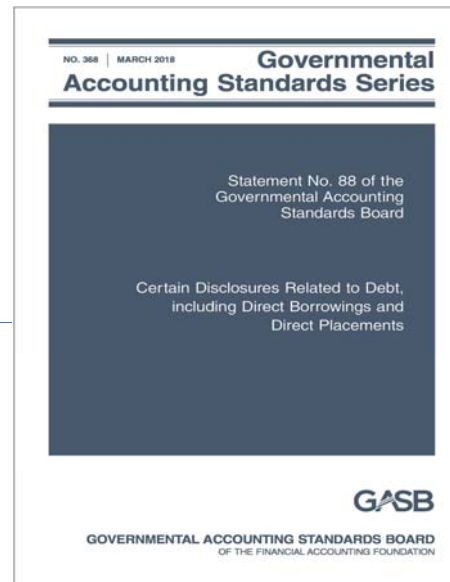
## Leases—Subsequent Reporting

|        | Assets   | Liability   | Deferred Inflow   |
|--------|--|---|---|
| Lessee | Amortize the intangible asset over shorter of useful life or lease term  | Reduce by lease payments (less amount for interest expense) | NA  |
| Lessor | <ul style="list-style-type: none"> <li>• Depreciate leased asset (unless indefinite life or required to be returned in its original or enhanced condition)</li> <li>• Reduce receivable by lease payments (less payment needed to cover accrued interest)</li> </ul> | NA  | Recognize revenue over the lease term in a systematic and rational manner |

## What Are Some Implementation Tips?

- Determine if bond covenants or debt limit provisions need to be modified
- Establish policies now so that those policies can be applied to leases that are currently being entered into and still will be in effect when Statement 87 becomes effective
- Potential policies that could be considered
  - Identify a working threshold for assessing leases
  - Operationalize “reasonably certain”
  - Operationalize allocation procedures for nonlease components
- Develop a system to capture data related to lease terms, estimated lease payments, and other components of lease agreements that could effect the liability being reporting
- Watch for implementation guide

## Debt Disclosures



## What Is the Definition of Debt?

- For purposes of disclosure in notes to financial statements, debt is defined as:
  - A liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.
    - For disclosure purposes, debt does not include leases, except those contracts reported as a financed purchase of the underlying asset, or accounts payable.
    - For purposes of this determination, interest to be accrued and subsequently paid (such as interest on variable-rate debt) or interest to be added to the principal amount of the obligation (such as interest on capital appreciation bonds) does not preclude the amount to be settled from being considered fixed at the date the contractual obligation is established.

## What New Note Disclosures Are Required by Statement 88?

- Summarized information about the following items:
  - Amount of unused lines of credit
    - Not limited to lines of credit associated with debt
  - Assets pledged as collateral for debt
    - Does not include assets constructed with the related debt proceeds
  - Terms specified in debt agreements related to significant:
    - Events of default with finance-related consequences
    - Termination events with finance-related consequences
    - Subjective acceleration clauses.
- Separate information in debt disclosures regarding (a) direct borrowings and direct placements of debt from (b) other debt

## What Are Some Implementation Tips?

- Classify liabilities as debt/non-debt and review with auditor
- Establish mechanism to identify all lines of credit and pledged assets
- Review debt arrangement for specific terms
- Identify direct borrowings and direct placements (if any)

## Implementation Issues

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## Tax Abatements

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## What Is the Definition of a Tax Abatement?

- Statement 77 applies only to transactions meeting this definition:
  - A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which:
    - One or more governments promise to forgo tax revenues to which they are otherwise entitled and
    - Individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

## Sales Taxes Collected (GIC Z.77.2)

- A state government enters into an agreement with a business in which the business commits to open 10 new retail stores within the state.
- The agreement meets all of the aspects of the definition of a tax abatement, according to Statement 77, except that it does not involve taxes for which the business would otherwise be liable.
  - Under the terms of the agreement, the business is allowed to retain 40 percent of the state sales tax collected from its customers in the new stores for the first 5 years of their operation. Those are taxes the business otherwise would remit to the state, but the taxes are being paid by the business' customers.
- Even though the taxes are the obligation of the customers and the business is acting solely as the remitter of the sales taxes, the state government forgoes tax revenues as a result of this agreement. Consequently, this agreement meets the definition of a tax abatement under Statement 77.

## Sales Taxes Normally to be Paid

- A state government enters into an agreement with a company in which the company commits to build a manufacturing plant within the state.
- The agreement meets all of the aspects of the definition of a tax abatement, according to Statement 77, except the taxes foregone are sales taxes that typically would be paid by the company (it is issued a tax exemption certificate)
  - Information on the taxes foregone is not collected by the state

## Nonexchange Transactions

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## Definition of a Nonexchange Transaction

- Transaction in which a government gives (or receives) value without directly receiving (or giving) equal value in exchange

## Licenses and Business Permits (CIG Z.33.2)

- Licenses and permits are generally exchange or exchange-like transactions
- Many license and permit fees are designed specifically to offset the cost of processing the license or permit.
- Business permits are generally exchange or exchange-like transactions because the cost of a license or permit typically does not exceed the value of the services and rights received in exchange (the cost of processing the license or permit and the value of the right to conduct business).

## Recognition of Fines (CIG Z.33.10)

- Undisputed fines should be recognized when payments are made or when the statutory time allowed for dispute lapses, whichever occurs first.
- Disputed fines should be recognized when the appropriate legal authority (for example, court) rules that the fine is valid (legally enforceable) and should be recognized net of estimated refunds from rulings overturned on appeal.
- Legal enforceability generally occurs when the parties pay their fines, when the statutory time allowed for dispute lapses, or, if disputed, when a court later rules that the fine is enforceable.

## Recognition of Grants (CIG Z.33.16)

- A state provides a grant to the city. The city meets all of the eligibility requirements, but the state has not yet appropriated resources for the grant.
- In the absence of a court order requiring the state to pay the grant whether or not the legislature appropriates the resources, the state should appropriate resources before the state can recognize the grant expenditure/expense.
- An appropriation is essential to make the enabling legislation effective for a particular period of time. In these circumstances, . . . a government does not have a liability to transmit resources under a particular program, and a recipient does not have a receivable, unless an appropriation for that program exists and the period to which the appropriation applies has begun

# Capital Assets

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## Capitalize or Expense—Authoritative Guidance

- Capital assets should be reported at historical cost.
- Capital assets includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
- The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use.
  - Ancillary charges include costs that are directly attributable to asset acquisition—such as freight and transportation charges, site preparation costs, and professional fees.
- Donated capital assets should be reported at their estimated fair value at the time of acquisition plus ancillary charges, if any.
- Additional guidance in the modified approach—all expenditures made for those assets (except for additions and improvements) should be expensed in the period incurred

## Capitalization Thresholds (CIG 7.9.5)

- Minimum level for the capitalization of assets
- Different types of assets, subsystems, or networks may have different capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts.
- Qualitative characteristics may also affect capitalization policies.
  - Different thresholds may be established and used for purposes other than financial reporting—for example, for management control purposes or for compliance with laws and regulations
  - Disclosure of capitalization policies, which include capitalization thresholds

## Individual Versus Collective Acquisitions (CIG 7.9.8)

- Purchase 100 computers costing \$1,500 each
- Authoritative pronouncements do not address the manner in which a capitalization policy should be established and applied.
  - Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of record keeping for capital assets.
- It may be appropriate for a government to establish a capitalization policy that would require capitalization of certain types of assets whose individual acquisition costs are less than the threshold for an individual asset. Computers, classroom furniture, and library books are assets that may not meet the capitalization policy on an individual basis, yet might be considered material collectively.

## Estimated Useful Life (CIG 7.14.1)

- Consider an asset's present condition, use of the asset, construction type, maintenance policy, and how long it is expected to meet service and technology demands
  - For an intangible asset, a government also should consider any legal, regulatory, or contractual provisions that may limit the length of the asset's useful life
  - Useful lives should be based upon the government's own experience and plans for the assets
    - Although comparison with other governments or other organizations may provide some guidance, property management practices, asset usage, and other variables (such as weather) may vary significantly between governments
- Componentization [not addressed in CIG]

## Subsequent Review of Useful Life (CIG 7.14.4)

- Periodic review of this useful life is necessary for depreciation to reflect that allocation.
- Many factors may affect the useful life of an asset
  - Planned preventative maintenance may not be performed, resulting in a reduction in the useful life of an asset
  - The use of the asset may have changed, or the asset may have been damaged or impaired by weather or other circumstances
- Any change in useful life is applied prospectively

## Technical Agenda—What Should Be On Your Radar

- Reporting model (reexamination)
- Revenue and expense recognition
- Cloud computing arrangements
- Conduit debt
- Public-private partnerships

## Financial Reporting Model

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## What Has the Board Tentatively Decided Regarding the Definition of Financial Resources?

- Cash, resources that are expected to be converted to cash, and resources that are consumable in lieu of cash.

## Who Appears to Have Lost the Reporting Model Game of Thrones?

- In November 2017, the Board discussed the
  - Current financial resources recognition approach with modifications,
  - Economic resources recognition approach,
  - Presentation outside of the basic financial statements should be pursued further in developing the PV.
- In December 2017, the Board discussed the
  - Long-term financial resources approach
    - As proposed in the ITC
    - With the columnar presentation of capital assets and debt
  - Near-term financial resources recognition approach as proposed in the ITC
  - Short-term financial resources recognition approach as proposed in the ITC
- The Board tentatively decided that none of those alternatives should be pursued during the development of the next due process document.

## What Has the Board Tentatively Decided Would Be the Foundation of the Reporting Model?

- Retaining a shorter time perspective in the governmental fund financial statements is appropriate.
- Governmental fund financial statements should continue to present information that facilitates comparisons with a government's budgetary information.

## So What Is the Proposed Financial Reporting Model?

- Preliminary Views tentatively would propose a one-year (operating cycle) period of availability for governmental funds. The longer period of availability is needed to resolve several issues with the near-term approach, including recognition of prepaid items, inventory, tax and revenue anticipation notes, and certain grant receivables.
- Short-term/long-term approach should be used to determine fund liabilities. This approach most closely reflects the fundamental focus of governmental fund financial statements—that of a short-term view of a governmental net position and resource flows.

# Revenue and Expense Recognition

## What Is the Tentative Scope of the Project?

The project scope broadly encompasses revenue and expense recognition but excludes:

### Current Guidance

- Topics developed considering current conceptual framework
- Examples: pensions and OPEB

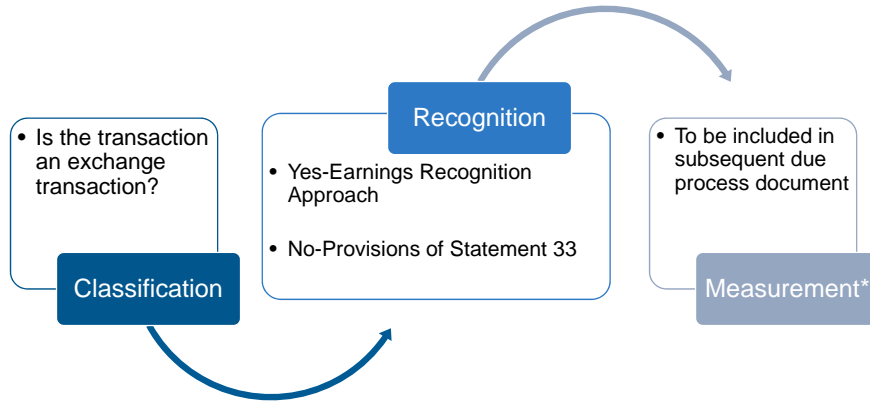
### Financial Instruments

- Topics related to financial instruments
- Examples: investments, derivative instruments, leases

### Capital Assets and Certain Liabilities

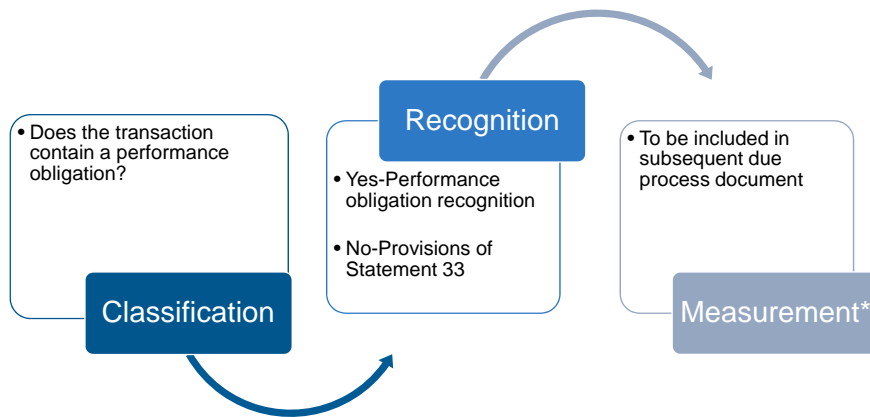
- Revenues and expenses related to capital assets and certain liabilities
- Examples: depreciation, asset retirement obligation

## What Is the Exchange/nonexchange Model?



\*The Invitation to Comment does not include *measurement*

## What Is the Performance Obligation/No Performance Obligation Model?



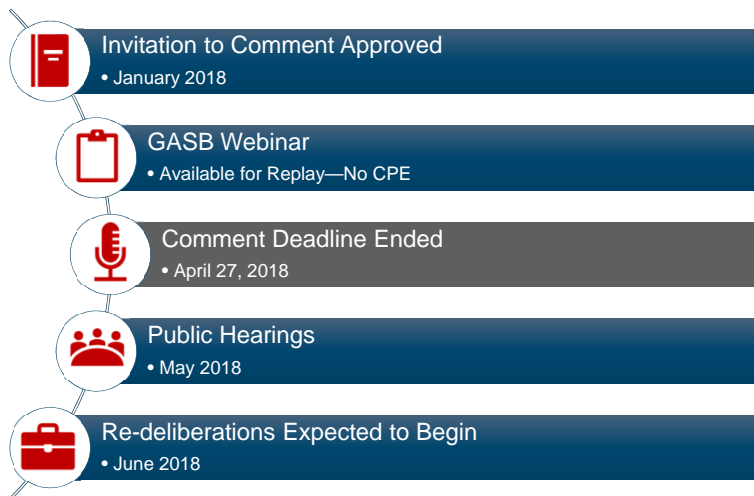
\*The Invitation to Comment does not include *measurement*

## What Is the Definition of a Performance Obligation?

A performance obligation is a promise in a **binding arrangement** between a government and **another party** to provide **distinct goods or services** to a **specific beneficiary**.



## Project Timeline



## Research Agenda

- Note disclosures (reexamination)
- Going concern
- Deferred compensation plans

## Questions?

- Visit [www.gasb.org](http://www.gasb.org)



## Carlene Kamradt, CPA

### Senior Manager

As a Senior Manager with Cherry Bekaert, Carlene is a member of the Firm's Government Contractor Services and Government Services Industry Groups. With more than 15 years in public accounting, she has honed her knowledge in the areas of financial audits and testing of internal controls for government contractors, local governments, and nonprofits. Areas of focus include compliance with Generally Accepted Auditing Standards and Government Auditing Standards, including Single Audits performed under the Uniform Guidance. She serves as a quality reviewer of the Firm's audits of government contractors and local governments. She also provides accounting, consulting, and financial statement review and audit services to local governments and commercial and nonprofit government contractors in a variety of industries.

Carlene assists clients in developing and implementing appropriate internal controls and documenting compliance with federal requirements, including the Federal Acquisition Regulation (FAR). She also assists clients with system reviews, indirect rate structures, incurred cost submissions, and Defense Contract Audit Agency (DCAA) audits. She is a valued speaker and has developed and presented seminars and training sessions on government contracting.

#### Areas of Expertise

- ▶ Federal Acquisition Regulation (FAR) Compliance
- ▶ Government Contracting Accounting & Internal Controls
- ▶ Preparation for DCAA Preaward Surveys & Adequate Accounting System Assessments
- ▶ Financial Reporting, Review and Audit Services for Government Contractors in Accordance with GAAP, FAR, and AASHTO Requirements
- ▶ Financial Reporting and Attest Services for Local Governments and Nonprofit Entities, Including Single Audit

#### Professional Involvement

- ▶ North Carolina Defense Business Association (NCDBA)
- ▶ National Contract Management Association (NCMA)
- ▶ American Institute of Certified Public Accountants (AICPA)
- ▶ North Carolina Association of Certified Public Accountants (NCACPA)

#### Community Involvement

- ▶ Assistant Treasurer, Christus Victor Lutheran Church

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Government

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##### Service Line

Advisory

##### Specialties

Government Contract Consulting

# Uniform Grant Guidance Changes

## SPEAKERS

**Carlene Kamradt**  
Senior Manager, Advisory  
Services

**May 10, 2018**



## Learning Objectives and Agenda

- Describe the overall structure of Uniform Guidance and key points
- List terms and requirements for specific topics
- List ways to determine whether exceptions apply to a particular program
- Describe changes to Uniform Guidance and how to find them





## Federal Award

- ▶ Federal financial assistance that non-federal entities receive directly from federal awarding agencies or indirectly from Pass-Through Entities (PTE)
- ▶ Federal cost-reimbursement contracts under the Federal Acquisition Regulation (FAR) that a non-federal entity receives directly from a federal awarding agency or indirectly from a PTE
  - Terms and conditions set forth in grant agreement, cooperative agreement, other agreement, or cost-reimbursement contracts

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CPAs & Advisors

## Examples of Federal Awards

- ▶ Grants
- ▶ Contracts
- ▶ Cooperative Agreements
- ▶ Loans
- ▶ Loan Guarantees
- ▶ Property
- ▶ Interest Subsidies
- ▶ Insurance
- ▶ Direct Appropriations
- ▶ Endowments
- ▶ Other Non-Cash Assistance
- ▶ Indirect State or Local Gov't Transfers of Federal Funds

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 Cherry Bekaert<sup>LLP</sup>  
CPAs & Advisors

## Streamlining of Related Circulars and Guidance

|              |   |
|--------------|---|
| <b>A-21</b>  | Cost Principles for Educational Institutions  |
| <b>A-50</b>  | Audit Follow-Up, related to Single Audit  |
| <b>A-87</b>  | Cost Principles for State, Local, and Indian Tribal Governments   |
| <b>A-89</b>  | Federal Domestic Assistance Program Information   |
| <b>A-102</b> | Awards and Cooperative Agreements with State and Local Governments  |
| <b>A-110</b> | Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations |
| <b>A-122</b> | Cost Principles for Non-Profit Organizations  |
| <b>A-133</b> | Audits of States, Local Governments and Non-Profit Organizations  |

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## About the Law 2 CFR 200

- ▶ Title 2 in the Code of Federal Regulations (2 CFR) – Grants and Agreements
- ▶ Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

|                  |   |
|------------------|---|
| <b>Subpart A</b> | Acronyms and Definitions                                      |
| <b>Subpart B</b> | General Provisions  |
| <b>Subpart C</b> | Pre-Federal Award Requirements and Contents of Federal Awards |
| <b>Subpart D</b> | Post Federal Award Requirements                               |
| <b>Subpart E</b> | Cost Principles   |
| <b>Subpart F</b> | Audit Requirements  |

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## Appendices

|                      |  |
|----------------------|--|
| <b>Appendix I</b>    | Full Text of Notice of Funding Opportunity   |
| <b>Appendix II</b>   | Contract Provisions for Non-Federal Entity Contracts Under Federal Awards  |
| <b>Appendix III</b>  | Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs) |
| <b>Appendix IV</b>   | Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations                 |
| <b>Appendix V</b>    | State/Local Governmentwide Central Service Cost Allocation Plans   |
| <b>Appendix VI</b>   | Public Assistance Cost Allocation Plans  |
| <b>Appendix VII</b>  | States and Local Government and Indian Tribe Indirect Cost Proposals   |
| <b>Appendix VIII</b> | Nonprofit Organizations Exempted From Subpart E—Cost Principles of Part 200  |
| <b>Appendix IX</b>   | Hospital Cost Principles   |
| <b>Appendix X</b>    | Data Collection Form (Form SF-SAC)   |
| <b>Appendix XI</b>   | Compliance Supplement  |
| <b>Appendix XII</b>  | Award Term and Condition for Recipient Integrity and Performance Matters   |

## Federal Agency Regulations

- ▶ Codified in agency's specific Title of the CFR
  - Federal Register 28697 (2014)
  - E.g., DHHS is 45 CFR 74, 75, and 92
- ▶ Detailed agency clarifications and exceptions OMB allowed for various agencies
- ▶ Did not create any new policies

## Applicability of UG vs. Circulars

- ▶ Federal awards existing at 12/26/14 will continue to be governed by terms and conditions of the award.
  - Example: In Nov 2014 HUD awarded a grant allowing 3 years to commit funds and 2 years to spend them. Previous Circulars apply.
- ▶ Subawards
  - Effective date of UG for subawards is the same as the effective date for the federal award from which the subaward is made, regardless of when the subaward was made
- ▶ Audit requirements in Subpart F replace Circular A-133 and are effective for all auditees now

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## Uniform Guidance Subparts

### Subpart A, Definitions

200.00 – Acronyms (44)

IHE – Institutions of Higher Education

200.1 – 200.99, Definitions

### Subpart B, General Provisions

FAQ on 2 CFR 200.303

“Must” means “required”

“Should” indicates best practices or recommended approach

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## Uniform Guidance Subparts

### Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

Streamlined guidance to Federal agencies

Fixed amount awards (new)

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## Uniform Guidance Subparts

### Subpart D, Post-Federal Award Requirements

- ▶ 10 sections of requirements – from award to post closeout
- ▶ New emphasis on internal controls
  - Non-Federal Entity is responsible for effective internal control systems – “must establish and maintain” (200.303)
  - Best Practices
    - “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General of the United States
    - “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

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## Uniform Guidance Subparts

### Subpart E, Cost Principles

- ▶ Allowable activity—what you can use grant money for
  - Grant document says you can use the grant funding for this purpose
- ▶ Allowable cost—amount the federal government will reimburse (how the amount is calculated)
- ▶ Direct vs indirect costs
- ▶ Prior approval (200.407 comprehensive list)
- ▶ Compensation
  - Increased focus on documentation
- 13 ▶ Comply with established accounting policies and practices



## Uniform Guidance Subparts

### Subpart F, Audit Requirements

- ▶ Selecting programs to audit (two categories—A and B)
  - Dollars expended for the program
  - Not audited in either of the previous two audit periods
  - Risk assessment (audit results in previous period and other criteria)
  - Percentage of total expended dollars audited
- ▶ Reporting findings
  - 200.516 – 7 categories of findings on internal controls, compliance, questioned costs, fraud, audit report other than unmodified on major programs, materially misstated summary of prior findings
- ▶ Reporting federal expenditures and single audit results
  - 200.510 – requirements for reporting package to Federal Audit Clearinghouse

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## Specific Topics

- ▶ Procurement
- ▶ Vendor vs. Contractor vs. Subrecipient
- ▶ Subrecipient Monitoring & Management
- ▶ Indirect (Facilities & Administrative) Costs
- ▶ Pension Expense Reimbursement Requirements



## Procurement (Sections 200.317 - 200.326)

- ▶ Effective July 1, 2018 for June year ends
- ▶ States (Section 200.317)
  - Property and services purchases must follow the same policies and procedures used for procurements from non-Federal funds
  - Must comply with Section 200.322 (procurement of Recovered Materials)
  - Must ensure all clauses required by section 200.326 are included in each applicable PO or other contract

## Procurement

(Sections 200.318 - 200.326)

All other non-Federal entities must have **written** procurement policies or procedures reflecting procurement standards

- ▶ Oversight to ensure contractors perform per PO/contract terms
- ▶ Conflicts of interest: real or apparent, individual or organizational
- ▶ Obtain economical prices. Examples include:
  - Avoid unnecessary or duplicative purchases
  - State or interlocal agreements for common or shared goods/services.
  - Use of Federal excess and surplus property.
- ▶ Award contracts only to responsible contractors
- ▶ Maintain records detailing history procurement (200.318i)

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## Procurement (Sections 200.318 - 200.326)

All other non-Federal entities (continued)

### Competition:

- Full and open competition is required
  - See noncompetitive proposals in next section for sole source
- Section 200.319 provides examples of inappropriate restrictions
- Written procedures must ensure all solicitations include clear and accurate descriptions of technical requirements and all other requirements/factors used in evaluating bids or proposals
- Prequalified lists must include enough sources for competition

### Effect of state law

- Must still follow state procurement laws as applicable
- Most restrictive law applies

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## Procurement (Sections 200.318 - 200.326)

### All other non-Federal entities (continued)

- ▶ **Methods of procurement**
  - Micropurchase (see 48 CFR 2.101 for threshold) [\$3,500]
  - Small purchase (do not exceed Simplified Acquisition Threshold - 48 CFR 2.101) [\$150,000]
  - Sealed bid (over Simplified Acquisition Threshold)
  - Competitive proposals (over Simplified Acquisition Threshold)
  - Noncompetitive proposals (sole source)
- ▶ **Small/minority/women’s businesses and labor surplus area firms**
  - Must take steps to solicit procurements from these types of entities
- ▶ **Procurement of recovered materials (200.322) [state/local gov’t]**
  - Solid waste management services
  - Recycling of certain items designated in 40 CFR 247

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## Procurement (Sections 200.318 - 200.326)

### All other non-Federal entities (continued)

| Contract cost and price  |   |  |   |   |
|--|---|--|---|---|
| Must perform a cost or price analysis for EVERY procurement action over Simplified Acquisition Threshold, including contract modifications.<br><br>Independent estimate before receiving bids or proposals | Negotiate profit as separate element of price in certain situations | Costs/prices based on estimates must be based on allowable costs | Time and Materials is last resort; should be rare and well documented | Cost plus a percentage must not be used |

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## Procurement (Sections 200.318 - 200.326)

### All other non-Federal entities (continued)

#### Pass-through entity review

- ▶ Must provide documentation as requested for such things as:
  - Technical specifications of proposed item
  - RFPs, IFBs, or independent cost estimates under certain circumstances
  - Entity is exempt from review if PTE determines the entity's procurement system complies with these standards
- ▶ Bonding requirements
  - Construction, facility improvement, subcontracts over Simplified Acquisition Threshold: Minimum bonds below are required unless Federal agency or PTE determines otherwise.
    - Bid guarantee (5% of bid price)
    - Performance bond (100% of contract price)
    - Payment bond (100% of contract price)

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## Procurement (Sections 200.318 - 200.326)

### All other non-Federal entities (continued)

- ▶ Contract provisions
  - Contracts must contain applicable provisions in Appendix II to 2 CFR 200
- ▶ Local governments, colleges and universities
  - Must compare federal and state requirements to determine most restrictive elements in order to comply
  - Can use a blanket statement to incorporate federal requirements
    - Employees should be trained on the differences and how to comply
  - LGC Memo 2018-06
  - [www.ncpurchasing.unc.edu](http://www.ncpurchasing.unc.edu)
    - Tools on right side bar
    - Then scroll down to Federal Procurement Requirements

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## Procurement (Sections 200.318 - 200.326)

### All other non-Federal entities (continued)

- ▶ Local governments, colleges and universities (continued)
  - Unallowed procurement actions
    - Piggybacking
    - COOP purchases
    - Group purchasing programs (unless run by a local government and qualifies as an interlocal agreement)
  - Allowed
    - Ordering off a state contract IF the state bid it out in accordance with federal procurement requirements
  - “When in doubt, bid it out”
    - Could also contact the Federal agency to get their opinion
- ▶ New policies and procedures should be in place by July 1

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## Subrecipient Monitoring and Management (Sections 200.330 - 200.332)

### Vendor vs. Contractor vs. Subrecipient

- ▶ Vendor (A-133): Dealer, distributor, merchant, or other seller providing goods/services required for Federal program. Goods/services may be used by organization or program beneficiaries.
- ▶ Contractor (200.23): An entity that receives a contract (200.22). [A legal instrument to purchase property or services needed to carry out a project or program under a Federal award. “Contract” does NOT include any document meeting the definition of a Federal Award or subaward (200.92).]
- ▶ Substance over form
  - Term used to label the legal instrument does NOT determine whether the other party is a vendor/contractor or subrecipient.
  - **“Vendor” and “Contractor” mean NOT a recipient or subrecipient.**

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## Subrecipient Monitoring and Management (Sections 200.330 - 200.332)

### Vendor/Contractor

Procurement relationship with recipient/subrecipient

Provides goods/services within normal business operations

Provides similar goods/services to many different purchasers

Operates in a competitive environment

Provides goods/services ancillary to program operation

Not subject to program compliance requirements

25

## Subrecipient Monitoring and Management (Sections 200.330 - 200.332)

### Subrecipient

A-133: Non-Federal entity expending Federal awards received from a PTE to carry out a Federal program. Does not include individuals that benefit from such a program.

UG: Non-Federal entity receiving a subaward from the PTE to carry out part of a Federal program. Does not include beneficiary of such program.

26

## Subrecipient Monitoring and Management (Sections 200.330 - 200.332)

### Subrecipient

#### A-133 characteristics:

- Determines who is eligible to receive Federal assistance.
- Performance is measured against objectives of Federal program
- Responsible for programmatic decision making
- Responsible for adherence to program compliance requirements
- Carries out a program

#### UG characteristics

- Determines who is eligible to receive Federal assistance
- Performance is measured by Federal program objectives being met
- Responsible for programmatic decision making
- Responsible for adherence to program award requirements
- Carries out a program for a public purpose specified by statute

27

## Subrecipient Monitoring and Management (Sections 200.330 - 200.332)

- ▶ Evaluate each subrecipient's risk of noncompliance—to determine appropriate subrecipient monitoring
  - Prior experience
  - Results of previous audits
  - Changes in personnel or systems
  - Extent and results of federal agency monitoring
- ▶ Consider imposing specific subaward conditions
  - Specific conditions, 200.207.
    - Risk assessment
    - History of failure to comply
    - Failure to meet performance goals
    - Otherwise not responsible
    - 6 example conditions to impose
    - Notifications to subrecipient

28

## Subrecipient Monitoring and Management (Sections 200.330 - 200.332)

### Pass-Through Agreement Requirements

- ▶ 13 specified data elements in subrecipient agreements
- ▶ All requirements imposed for compliance with award
- ▶ Additional requirements imposed for PTE's compliance
- ▶ Approved federally recognized indirect cost rate, indirect cost rate negotiated with PTE (if no federal rate), or de minimis rate per 200.414
- ▶ Subrecipient permits PTE and auditors to access records and financial statements
- ▶ Appropriate terms and conditions for closeout.

29



## Subrecipient Monitoring and Management (Sections 200.330 - 200.332)

- ▶ Monitor subrecipient's activities as necessary to ensure:
  - Use of subaward for authorized purpose
  - Compliance with Federal requirements and terms of subaward
  - Subaward performance goals are achieved
  - Monitoring must include:
    - Reviewing financial and performance reports required by PTE.
    - Following up and ensuring subrecipient takes timely and appropriate action on all deficiencies pertaining to subaward, however detected
- ▶ Possible useful monitoring tools
  - Training and technical assistance on program-related matters
  - On-site reviews of program operations
  - Agreed-upon-procedures engagements

30



## Subrecipient Monitoring and Management (Sections 200.330 - 200.332)

Verify every subrecipient is audited as required by Subpart F when Federal award expenditures are expected to exceed threshold in 200.501 (single audit)

Consider whether results of subrecipient's audits or other monitoring indicate a need to adjust PTE's records.

Consider taking enforcement action against noncompliant subrecipients (200.338, Remedies for noncompliance)

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## Indirect Costs (Facilities & Administration) (Section 200.414)

Major IHE's (required to use Standard Format for Submission in 2 CFR 200, Appendix III, para C.11.) and Major Nonprofits (> \$10 mil direct Federal funding)

### Facilities

- ▶ Depreciation on buildings, equipment, capital improvement
- ▶ Interest on debt associated with certain items above
- ▶ Operations and maintenance expenses
- ▶ IHE Libraries
- ▶ Allocations from other indirect cost pools

### Administration

- ▶ General administration and general expenses (Director's office, accounting, personnel, anything else not in Facilities)
- ▶ Nonprofit Libraries

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CPAs & Advisors

## Indirect Costs (Facilities & Administration) (Section 200.414)

- ▶ Nonprofit direct vs. indirect determined on cost identified with a particular Federal award, not type of cost
- ▶ Negotiated indirect cost rates
  - All Federal agencies and PTEs must accept the rate an entity has negotiated in accordance with the Appendices to 2 CFR 200
    - Exceptions for Federal statute/regulation; Agency must notify OMB
    - PTE must negotiate rate with subrecipient or accept 10% if no Federal rate
- ▶ Entity may elect 10% de minimis rate if never received a negotiated Federal rate
  - May use indefinitely
  - Must use consistently until entity chooses to negotiate a rate

33

## Indirect Costs (Facilities & Administration) (Section 200.414)

- ▶ Entities with current federally negotiated indirect cost rate may apply for a one-time extension of the rate for up to four years
  - If extension is granted, rate review cannot be requested until extension ends
  - When extension ends, entity must apply to negotiate new rate
  - Once a new rate is negotiated, entity may apply for a one-time extension of up to 4 years on that rate.
- ▶ FAQs on 200.414
  - Ties with “Effective Date” for the most questions (15)
- ▶ Appendices III-VII can also provide additional information

34



## Pension Expense Reimbursement Requirements (Section 200.431g)

### Pension costs incurred under established policies

- ▶ Reasonable policies
- ▶ Allocation of costs is not discriminatory
- ▶ Accrual basis costs assigned to fiscal years complies with GAAP
- ▶ Costs assigned to fiscal year are paid within 6 months after FYE

*NOT actuarial increases in pension costs from payment delays*



## Pension Expense Reimbursement Requirements (Section 200.431g)

### Pension plan cost computation:

- ▶ Pay-as-you-go costs: actual payments to retirees/beneficiaries
- ▶ Actuarially calculated costs must comply with GAAP
  - Funding >6 months after FYE is a cost in next year
- ▶ Funding > actuarial cost may be used as contribution in future years
- ▶ Federal agency gets equitable share of returned pension costs



## Exceptions to Uniform Guidance (Section 200.102)

- ▶ Only OMB may allow exceptions
  - Only for classes of Federal awards or non-federal entities
  - No exceptions for Subpart F allowed (single audit)
  - Exceptions for classes of awards or non-Federal entities will be posted on the OMB Website.
- ▶ <https://cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>  
(or Google “Agency-Exceptions”)
- ▶ Compliance Supplement, Appendix I
  - Lists programs which are exempt from Post Award Requirements
    - Except 200.330 - 200.332 regarding subrecipients and PTEs
    - Except procurement for certain HHS programs
  - Lists programs exempt from Cost Principles

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## Exceptions to Uniform Guidance (Section 200.102)

- ▶ Compliance supplement, Appendix VII, Section VI
  - OMB does not maintain a complete list of exceptions
  - Auditors (and grant administrators) should review program compliance supplement and agency regulations implementing the Uniform Guidance as necessary to identify any applicable exceptions.
  - For programs without a compliance supplement, agency implementing regulations for Uniform Guidance should be reviewed to identify exceptions.
  - Questions should be directed to Federal agency key management liaisons listed in Appendix III.
- ▶ Federal agencies can make exceptions on case by case basis

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## Changes to Uniform Guidance (Appendix XII and FAQs)

- ▶ Appendix XII (1/1/16) addresses proceedings to report
- ▶ FAQs provide additional context and background for the Uniform Guidance.
- ▶ FAQs have the same authority as CFR 200.
  - In case of any discrepancy, 2 CFR 200 governs.
- ▶ Comprehensive list of FAQs
  - <https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf>
  - 200.511-1: Auditee must prepare summary schedule of prior audit findings and corrective action plan.
    - Corrective action plan must be on auditee letterhead and separate from auditor's findings.

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## What Questions Do You Have?

**Carlene Kamradt, CPA**  
 Senior Manager, Advisory Services  
 910.483.7131  
[ckamradt@cbh.com](mailto:ckamradt@cbh.com)





## William Rustin Pounds, CFE

### Manager

An experienced criminal investigator, auditor and corporate consultant for over 19 years, William is a Manager in Cherry Bekaert's Fraud & Forensics practice. He specializes in consulting assistance to clients in numerous industries, with an emphasis on fraud investigation, public corruption, embezzlement, fraud prevention, mortgage fraud and financial crime enforcement operations. William is also a member of the Firm's Fraud and Forensics group, assisting clients with forensic accounting, fraud examination services, fraud risk management, litigation support of financial crimes and defalcations and data analysis.

William's background includes working on several federal task force cases with the Internal Revenue Service, Drug Enforcement Administration, Federal Bureau of Investigation, Secret Service, and state agencies and prosecutors. Prior to joining Cherry Bekaert, he was a Special Agent within the Financial Crime Investigation Unit of the North Carolina State Bureau of Investigation. In this capacity, William conducted criminal investigations involving embezzlement, false pretense, conspiracy, forgery and extortion, as well as violations of the U.S. criminal code to include bank fraud, wire fraud, mail fraud, the Hobbs Act and money laundering.

A sought-after speaker, William has developed and presented several lectures on identify theft, investigations of white collar crimes, and other financial crime topics.

#### Areas of Expertise

- ▶ Fraud & Forensics
- ▶ Forensic Accounting & Analysis
- ▶ Fraud Investigation & Prevention
- ▶ Risk Assessment & Mitigation
- ▶ Financial Crime Investigation
- ▶ Internal Investigations
- ▶ White Collar Crime
- ▶ Fraud Risk Management

#### Professional Involvement

- ▶ Association of Certified Fraud Examiners (ACFE)
- ▶ International Association of Financial Crimes Investigators (IAFCI)

#### Let's Talk

✉ rpounds@cbh.com  
☎ 919.782.1040

2626 Glenwood Avenue  
Suite 200  
Raleigh, NC 27608

#### Profile

##### Education

B.S. in Business Administration  
with concentration in Finance,  
graduated Cum Laude,  
Barton College

North Carolina State Bureau  
of Investigation Special Agent  
Academy

##### Industry Expertise

Real Estate & Construction  
Government  
Professional Services

##### Service Line

Advisory

##### Specialties

Entrepreneurial Services  
Fraud & Forensics  
Litigation Support  
Risk Management/Advisory  
Fraud Risk Management  
Financial Crime Investigation

**Managing the Risk of Fraud**

SPEAKERS

**Rusty Pounds, CFE**  
*Risk Advisory Services*

**Your guide forward**

**Cherry Bekaert**<sup>TM</sup>  
*CPAs & Advisors*

## Our View of Fraud Risk

Fraud Occurs Primarily Because...

- ▶ **Unseen fraud risk – blindsided**
- ▶ **Unmanaged risk**
- ▶ **Controls, failed**

Note that fraud most often occurs without the aid of collusion and could have been prevented by looking at a couple key areas.

2 **Cherry Bekaert**<sup>TM</sup>  
*CPAs & Advisors*

## Irregularities & Defalcations

...are just fancy words for lying and stealing

- ▶ A typical organization loses 5% of its revenues to fraud each year.
- ▶ **Corruption and billing schemes** pose the greatest risks to organizations.
- ▶ Most commonly victimized industries:
  1. Banking and financial services
  2. **Government and public administration**
  3. Manufacturing

3



## Fraud in Governments

### Former Department of Veterans Affairs Official Sentenced for Taking \$1.2 Million in Kickbacks

On June 30, 2015, in Trenton, New Jersey, Jarod Machinga, of Hopewell, was sentenced to 46 months in prison and one year of supervised release. Machinga previously pleaded guilty to honest services wire fraud, wire fraud and engaging in a monetary transaction in criminally derived property. According to court documents, Machinga, a former Department of Veterans Affairs (VA) employee, worked as a supervisory engineer at the VA's campus in East Orange. As a supervisory engineer, Machinga had the authority and influence to direct certain VA construction contracts to particular companies. Machinga partnered with another individual to set up three companies that could be used to obtain VA work. He then directed more than \$6 million worth of VA construction projects to those companies. Machinga admitted he accepted \$1,277,205 in kickbacks in exchange for his official action and influence between 2007 and July 2012. Additionally, Machinga defrauded the VA by falsely representing that one of the contracting companies was owned by a service-disabled veteran when it was not.

4



## Fraud in Governments

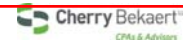
### Former Chairman of Board of Trustees for South Carolina State Sentenced for Racketeering Conspiracy

On May 20, 2015, in Columbia, South Carolina, Jonathan Pinson, of Greenville, South Carolina, was sentenced to 60 months in prison, five years of supervised release and ordered to pay \$337,843 in restitution. Pinson was convicted by a jury in June 2014 on charges of conspiracy to commit racketeering, theft concerning programs receiving federal funds, conspiracy to commit wire fraud, mail fraud, wire fraud, money laundering and false statements. According to court documents, Pinson was involved in four different schemes.

One scheme revolved around the 2011 homecoming concert at SCSU and Pinson's efforts to steer the concert promotion contract to his close friend and former SCSU roommate in exchange for a kickback. Other schemes included Pinson's theft of government funds earmarked for the installation of a diaper plant in Marion County. Proceeds from the grant, intended to create jobs in rural Marion County, were instead pocketed by Pinson and his associates. Pinson was also convicted of theft of government funds received from a 10 million dollar American Recovery and Reinvestment Act (ARRA) grant intended for the development known as the Village at Rivers Edge. In the final scheme,

Pinson again used his position as Chairman of the Board of SCSU to influence officials at SCSU to purchase land known as "Sportsman's Retreat". The seller of the property, Richard Zahn, Pinson's business partner, testified that he agreed to pay a kickback to Pinson in the form of a new Porsche Cayenne, an SUV valued at approximately \$90,000.

5



## Fraud in Governments

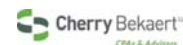
### Former Illinois School Board Member Sentenced for Bus Contracts Fraud Scheme

On April 21, 2015, in Chicago, Illinois, Alice Sherrod, a former North Chicago school board member, was sentenced to 30 months in prison and ordered to pay approximately \$7.2 million in restitution. In September 2013, Sherrod pleaded guilty to wire fraud and filing a false federal income tax return. According to court documents, between 2001 and 2010 Sherrod, who was the North Chicago school district's Director of Transportation, participated in a fraud scheme with four co-defendants, including Gloria Harper, the former President of the North Chicago school board.

Sherrod and Harper used their positions to enrich themselves secretly by soliciting and accepting gifts and cash from their three co-defendants in exchange for favorable official action regarding student transportation contracts. Initially, Harper and Sherrod received kickbacks of approximately \$4,000 to \$5,000 a month but, by 2003, they were collecting approximately \$20,000 a month. The three co-defendants funneled kickbacks totaling at least \$800,000 to Harper and Sherrod and made more than \$9.6 million in profits.

All five defendants pleaded guilty last year and have been sentenced. Gloria Harper, of Berwyn and formerly of Gurnee, was sentenced to 120 months in prison for her part in the scheme.

6



## Fraud in Governments

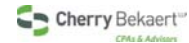
### Former Consultant to New York Democratic Senate Campaign Committee Sentenced For Tax and Fraud Conspiracy

On Dec. 19, 2014, in Manhattan, New York, Melvin Lowe, a former consultant to the New York State Democratic Senate Campaign Committee ("DSCC"), was sentenced to 36 months in prison and three years' supervised release. Lowe was convicted in September 2014 for conspiring with New York State Senator John Sampson to defraud the DSCC of \$100,000 and for personal income tax offenses.

According to court documents, Lowe arranged for a New Jersey-based political consultant to submit a false invoice to the DSCC for \$100,000 in printing services. Sampson approved payment of the invoice and the DSCC sent \$100,000 to the New Jersey-based consultant. Lowe instructed the consultant to send \$75,000 of the proceeds to Lowe's consulting company.

Lowe received more than \$2.1 million in consulting income from 2007 to 2012. He reported less than \$25,000 in income on each of his federal income tax returns for 2007 through 2009, which he did not file until late 2010. Lowe never filed tax returns for 2010 through 2012. He never made any payments toward his taxes for the years 2000 through 2012. Lowe also caused a bank to make a false statement to his mortgage lender regarding the balance in his checking account. When the mortgage lender sent Lowe's bank a Verification of Deposit form to verify Lowe's claim that he had \$65,000 in his checking account, Lowe caused the assistant manager to claim that Lowe's account had a balance of more than \$80,000. At that time, the balance in Lowe's checking account was \$2,156.

7



## Fraud in Governments

### Former Executive Director of Affordable Housing Organization Sentenced for Conspiracy to Steal Federal Funds

On Oct. 17, 2014, in New Orleans, Louisiana, Stacey Jackson was sentenced to 60 months in prison, three years of supervised release and ordered to pay over \$424,000 in restitution to Housing and Urban Development (HUD) and to individual victims, as well as a \$50,000 fine. According to court documents, Jackson, the former Executive Director of New Orleans Affordable Homeownership (NOAH), a city agency and non-profit corporation, conspired with others to misuse and personally benefit from federal funds that NOAH had received.

HUD, both before and after Hurricane Katrina, provided grant money to the City of New Orleans to address blight within the city and to remediate homes damaged by the storm. Jackson, as the Executive Director of NOAH, was responsible for the day-to-day management of the agency and determined how much each contractor would be paid.

Jackson arranged to overpay certain contractors, instructing them to kickback portions of the overpayments to her. Jackson instructed others to pay her kickbacks out of the NOAH money she paid them for work that could not be substantiated by invoices or work actually performed. Additionally, Jackson paid, in part, for a renovation project on property she owned, by using public funds distributed to NOAH. Finally, Jackson provided false and fraudulent documents to a contractor in an effort to mislead the federal grand jury investigation into the fraud.

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## Fraud in Governments

### **Former County Chief Deputy Auditor Sentenced for Embezzling Government Funds, Tax Fraud and Wire Fraud**

On March 2, 2016, in South Bend, Indiana, Mary Ray, of LaPorte, was sentenced to 84 months in prison and was ordered to forfeit \$137,249 and pay \$801,315 in restitution. On Sept. 17, 2015, Ray was convicted of two counts of theft of government monies, two counts of making false statements on a tax return and seven counts of wire fraud.

According to court documents, from September 2011 through December 2012, while she served as chief deputy auditor for LaPorte County, Ray embezzled more than \$150,000 from county coffers and underreported her income on her U.S. Individual Tax Returns by failing to report the embezzled funds.

Ray also defrauded her father-in-law, an 86-year-old disabled veteran, out of more than \$600,000 in funds that he entrusted her to oversee. Ray used the illegally-obtained funds to gamble at casinos.

## Fraud in Governments

### **Former Tennessee Airport Official Sentenced for Fraud and Bribery Scheme**

On April 11, 2016 in Nashville, Tennessee, John T. Howard was sentenced to 24 months in prison.

Howard was also ordered to pay restitution of \$1,405,876 and to forfeit the proceeds of his crime. Howard previously pleaded guilty to conspiring to commit wire fraud, soliciting and receiving a bribe and money laundering.

According to court documents, Howard, who had been an Assistant Vice President of the Metropolitan Nashville Airport Authority ("MNA"), conspired with certain MNA contractors to submit fraudulent invoices to MNA for construction and repair work that they had not performed, overseen, or verified.

Howard also asked a contractor to purchase more than \$49,000 in airline tickets to Las Vegas for players, coaches, and others affiliated with a youth basketball organization run by Howard, in return for awarding an MNA cleaning job to this contractor.

## City of Dixon, Illinois

- ▶ \$53 million embezzlement
- ▶ Largest municipal embezzlement in U.S. history
- ▶ 19 ½ year jail sentence
- ▶ Spanned 22 years (1990 – 2011)
- ▶ Began \$181K/yr – increased \$5.8M/yr
- ▶ *City of Dixon sued both the auditors and the Bank handling the funds. Recovered \$40 million*
- ▶ City of Dixon obtained the following settlements:
  - CliftonLarsonAllen, LLP \$35.15
  - Janis Card Associates (small CPA firm) \$1 million
  - Fifth Third Bank \$3.85 million



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## And A Counting Test

- ▶ Add these Numbers

ONE THOUSAND plus FORTY.  
Now add another THOUSAND.  
Add TEN. A THOUSAND more.  
Add Forty. Now add TEN more.  
What is your Total?

12

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## Accounting Test Answer

- A. 3090
- B. 4000**
- C. 3100
- D. 3200

13



## Wake County School Board

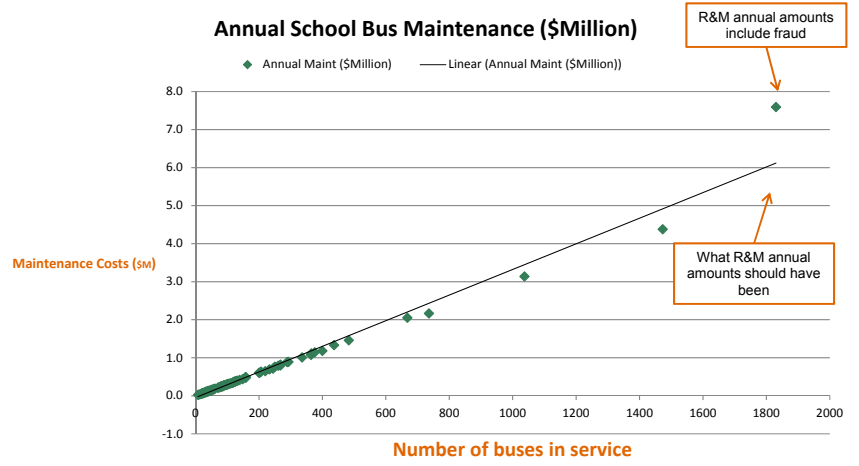
- ▶ **Raleigh NC** — Cars, vacation cottages, golf carts and jet skis were just some of the kickbacks that a group from Wake County public schools and an auto parts company were enjoying in 2004.
- ▶ The school system **estimates at least \$4 million to \$5 million** was diverted from the Wake school system in an automotive parts scheme involving then-employees of the school system's transportation department and a Wilson-based automotive parts company, Barnes Motors & Parts. Wake schools' budget records show the transportation department paid Barnes Motors & Parts \$206,611 during the 2000-01 school year. That figure ballooned to more than \$1 million in 2001-02, \$4.5 million in 2002-03 and about \$4.3 million in 2003-04 – totaling more than \$9 million from 2001 to 2004.
- ▶ Investigators said the suspects submitted fake orders for auto parts and bought gift cards, trucks, boats, trailers and other high-priced items for themselves.
- ▶ Seven people, **including five former school system employees** and two former Barnes' employees, were convicted and sentenced for their roles in the fraud scheme. Sentences ranged from 60 days to 15 years in prison.

Source: WRAL 9/8/2011

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## Data Analytics Linear Regression Wake County Schools



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## NC Fraud in the News

### Former Charlotte Mayor Pleads Guilty To Public Corruption

Patrick Cannon Admitted To Carrying Out A Bribery Scheme And Accepting At Least \$50,000 In Exchange For Using His Official Position To Benefit His Payors

CHARLOTTE, N.C. – Former Charlotte Mayor Patrick D. Cannon pleaded guilty today to one count of honest services wire fraud, announced Anne M. Tompkins, U.S. Attorney for the Western District of North Carolina and John A. Strong, Special Agent in Charge of the Federal Bureau of Investigation (FBI), Charlotte Division.

A federal criminal bill of information charging the former mayor and a filed plea agreement were unsealed on Monday, June 2, 2014. Cannon, 47, appeared in court today and formally pleaded guilty to the charge before U.S. Magistrate Judge David S. Cayer.



<https://www.justice.gov/usao-wdnc/pr/former-charlotte-mayor-pleads-guilty-public-corruption>

16



## Former Assistant City Manager Arrested

### Nov 18, 2014 - Former leader of Raleigh business incubator arrested on embezzlement charge

RALEIGH — A former assistant city manager was arrested Tuesday morning on charges of embezzlement and obtaining property by false pretense from a business incubator formerly funded by the city.

Lawrence Wray, 70, was board chairman of the nonprofit Raleigh Business and Technology Center, which is now under investigation by Raleigh police.

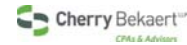
A grand jury indictment, dated Monday, alleges that Wray essentially took tens of thousands of dollars from the incubator, which offered office space and mentoring to small businesses. The indictment claims that Wray negotiated a \$25,000 loan to the nonprofit on Nov. 4, 2009, but wired the loan proceeds directly into a personal account.

The incubator then repaid the loan to the lender, a person named Alicia Lockard, according to the indictment. The incubator was obligated to repay the \$25,000 loan, plus interest, for a total of \$48,000 to be paid over a period of just six months, according to the indictment.



Source: Raleigh News & Observer 11/18/2014

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## Recent Fraud in the News

- ▶ **Aug 28, 2017 - RALEIGH** - A total of \$2.3 million in cash went missing from the Wake County Register of Deeds office over a nine-year period, records show.
  - Wake County reported that total in a claim filed with its insurance company Monday.
  - The claim shows that large sums of cash went missing from 2008 onward. The yearly totals ranged from \$200,000 in 2009 to \$326,000 in 2012.
  - The State Bureau of Investigation is investigating the missing cash.
- ▶ **Dec 14 2017 - RALEIGH** The last of four people indicted on charges of embezzling money from the Wake County Register of Deeds office surrendered to authorities Thursday morning.
  - Veronica Scisco Gearon, 52, who lives in Raleigh, is charged with six counts of embezzling funds entrusted to a government agency. Gearon was freed from custody Thursday morning after posting \$50,000 bail.

<http://www.newsobserver.com/news/local/crime/article189732344.html#storylink=cpy>

<http://www.newsobserver.com/news/local/counties/wake-county/article169880022.html#storylink=cpy>

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## NC Fraud in the News



Left to right, former Wake County Register of Deeds Laura Riddick and former Register of Deeds employees Troy Ellis, Veronica Gearon and Murray Parker. The four turned themselves Wednesday, Dec. 13, 2017 and Thursday, Dec. 14, 2017, to face embezzlement charges. - CCB

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## Let's Work A Case

- ▶ Farmville Health

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## Case Study – Farmville Health

- ▶ Our Client Farmville Health, terminated the former CFO (a/k/a Billy) for misappropriating assets using various Organizational credit cards for personal purchases in calendar years 2007 through 2013.
- ▶ Billy began working for Farmville Health in April 1998 where he held the following positions; CFO, Controller, Accountant.
- ▶ Due to the former CFO's position of influence over the system of internal control we applied data analytics and additional procedures limited to the procurement-to-payment (P2P) business cycle and Payroll.
- ▶ We gained an understanding of foundation anti-fraud controls and noted findings in security, systems access, periodic access review controls and segregation of duties. However, there was no management letter comment or control deficiency formally reported by the Audit Firm.
- ▶ Based on initial inquiries, you learn the Accounting Manager (Ms. TK) was responsible for reviewing the CFOs credit card charges and expense reimbursements.

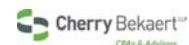
21



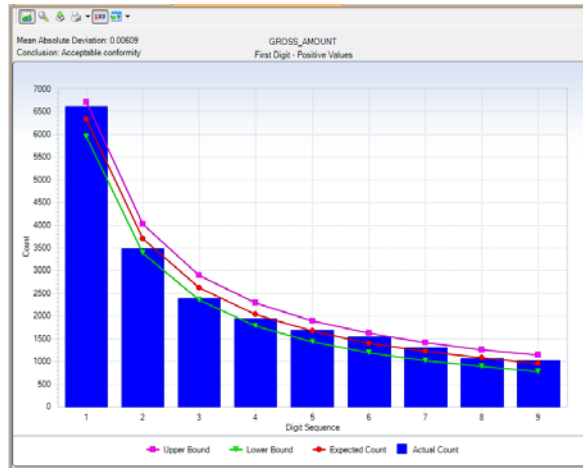
## Farmville Background and Scope

- ▶ We performed a series of vendor diagnostics and data analytical procedures for potential indicators of irregular activity associate with vendor data from the Farmville Health accounting system supplied by management:
- ▶ We noted several unusual vendors and some potential conflicts of interest associated with the Accounting Manager (Ms. TK).
- ▶ We identified significant differences in the amounts recorded as vendor payments in the Accounting system and the amounts reported on IRS FORM 1099-MISC for certain vendors (see table later).

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## Normal Benford's Law Distribution

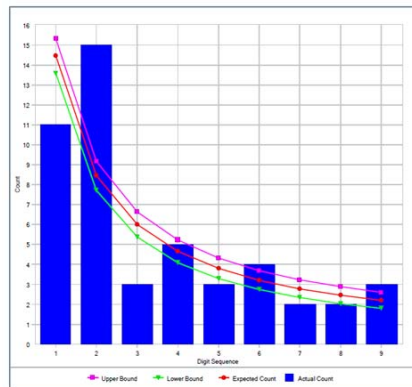


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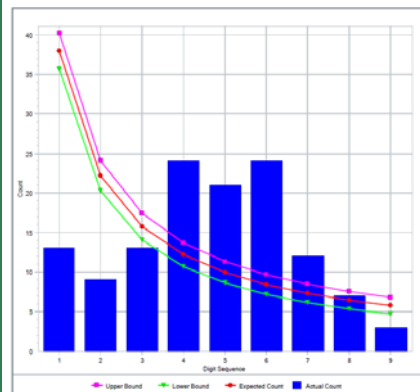


## Red Flag Indicators

### Hammer'n'Nails General Contractor



### Buzzin Electric Specialty Contractor



24





# Invoice Inspection Specialty Contractor

Buzz Sawyer.  
Owner

**STATEMENT**

**Buzzin E**LECTRIC

Over 30 Years  
Experience

390 Pink Hill Road •  
Farmville, NC  
Phone: (919) 298-5754

Name: **Farmville Health** Date: **8-1-07**  
Address: **4050-504580**  
Phone:

| ITEM | DESCRIPTION                   | BALANCE                    |
|------|-------------------------------|----------------------------|
| 2    | 4" Delta Bulbless Layer Light | 156.1 <sup>00</sup>        |
| 8    | 4" Electronic Lamp            | 38.1 <sup>00</sup>         |
| 4    | 3way Switches                 | 6.1 <sup>00</sup>          |
| 4    | Single pole Switches          | 6.1 <sup>00</sup>          |
| 20   | duplex Receptacle             | 12.1 <sup>00</sup>         |
| 20   | duplex Receptacle Covers      | 12.1 <sup>00</sup>         |
| 1    | 3gang Switch Cover            | 3.1 <sup>60</sup>          |
| 6    | 1gang Switch Covers           | 2.1 <sup>00</sup>          |
| 50   | #10 AWG Cable                 | 80.1 <sup>00</sup>         |
| 12   | AW Connectors                 | 6.1 <sup>00</sup>          |
|      |                               | 280.1 <sup>00</sup>        |
|      | <b>Tax</b>                    | <b>17.1<sup>62</sup></b>   |
| Subt | 4050-504580                   |                            |
|      | MATERIALS                     | 310.1 <sup>82</sup>        |
|      | LABOR                         | 960.8 <sup>50</sup>        |
|      | <b>TOTAL</b>                  | <b>1270.1<sup>32</sup></b> |

Thank You!

Buzz Sawyer.  
Owner

**STATEMENT**

**Buzzin E**LECTRIC

Over 30 Years  
Experience

390 Pink Hill Road •  
Farmville, NC  
Phone: (919) 298-5754

Name: **Farmville Health** Date: **10-10-07**  
Address:  
Phone:

| ITEM | DESCRIPTION          | BALANCE                    |
|------|----------------------|----------------------------|
| 150' | Cat 5 Computer wire  | 60.1 <sup>00</sup>         |
| 1    | 12" work Box         | 6.1 <sup>00</sup>          |
| 30'  | 1/2" Flex            | 36.1 <sup>00</sup>         |
| 4    | 1/4" Flex 90         | 20.1 <sup>00</sup>         |
| 4    | 1/4" Flex connectors | 16.1 <sup>00</sup>         |
| 60'  | #16 THHN copper      | 57.1 <sup>00</sup>         |
| 2    | #10 THHN copper      | 10.1 <sup>00</sup>         |
| 2    | FPE Batten Breakers  | 410.1 <sup>00</sup>        |
| 8    | AW Batten Breakers   | 638.1 <sup>00</sup>        |
| 2    | QO 50A Breakers      | 40.1 <sup>00</sup>         |
| 1    | QO 120 Breaker       | 10.1 <sup>00</sup>         |
| 5    | QO 200 Breaker       | 20.1 <sup>00</sup>         |
| 42   | 1600x40x1200         | 1566.2 <sup>27</sup>       |
|      |                      | 94.3 <sup>87</sup>         |
|      | MATERIALS            | 1852.1 <sup>27</sup>       |
|      | LABOR                | 1280.1 <sup>00</sup>       |
|      | <b>TOTAL</b>         | <b>3178.1<sup>27</sup></b> |

Thank You!

Buzz Sawyer.  
Owner

**STATEMENT**

**Buzzin E**LECTRIC

Over 30 Years  
Experience

390 Pink Hill Road •  
Farmville, NC  
Phone: (919) 298-5754

Name: **Farmville Health** Date: **11-1-07**  
Address:  
Phone:

| ITEM | DESCRIPTION         | BALANCE                    |
|------|---------------------|----------------------------|
| 35'  | 2" PVC Pipe         | 38.1 <sup>00</sup>         |
| 3    | 2" PVC Connector 45 | 9.1 <sup>00</sup>          |
| 1    | 2" PVC Tee          | 8.1 <sup>00</sup>          |
| 2'   | unlabeled           | 1.1 <sup>00</sup>          |
| 2    | unlabeled stops     | 8.1 <sup>00</sup>          |
| 2    | 2" and 4" PVC elbow | 12.1 <sup>00</sup>         |
| 1    | EXTRA Junction      | 36.1 <sup>00</sup>         |
| 2    | 2" PVC Straps       | 1.1 <sup>00</sup>          |
|      |                     | 115.1 <sup>00</sup>        |
|      | <b>Tax</b>          | <b>2.1<sup>76</sup></b>    |
| Subt | 4050-504580         |                            |
|      | MATERIALS           | 122.1 <sup>76</sup>        |
|      | LABOR               | 1280.1 <sup>00</sup>       |
|      | <b>TOTAL</b>        | <b>1402.1<sup>76</sup></b> |

Thank You!

25



# Invoice Inspection General Contractor

Farmville Health

Hammer'n'Nails  
Rusty Nail Drive  
Farmville, NC

| Quantity | Item | Description                         | Amount |
|----------|------|-------------------------------------|--------|
|          |      | materials for bulkhead installation | 6,500  |
|          |      |                                     |        |
|          |      |                                     |        |
|          |      |                                     |        |
|          |      |                                     |        |
|          |      |                                     |        |
|          |      |                                     |        |

Farmville Health

Hammer'n'Nails  
Rusty Nail Drive  
Farmville, NC

| Quantity | Item | Description                   | Amount |
|----------|------|-------------------------------|--------|
|          |      | materials for foundation wall | 4,500  |
|          |      |                               |        |
|          |      |                               |        |
|          |      |                               |        |
|          |      |                               |        |
|          |      |                               |        |
|          |      |                               |        |

4050-504580

SUBTOTAL:  
TOTAL: 6,500

SUBTOTAL:  
TOTAL: 4,500

26



## Findings - Under Reported 1099 MISC

| VENDOR_NAME              | Vendor Service           | Vendor TIN | Conflict of Interest | Payments 01/2008 - 12/2013 | FORM 1099-MISC Amts recorded System | Difference considered Irregular | Difference considered proper e.g., (sales tax) |
|--------------------------|--------------------------|------------|----------------------|----------------------------|-------------------------------------|---------------------------------|--|
| Hammer'n'Nails           | General Construction     | SSN        | 1                    | \$ 1,082,634               | \$ 407,759                          | (\$674,875)                     |  |
| Buzzin Electric          | Electrical Contractor    | SSN        | 2                    | 656,439                    | 620,171                             |                                 | \$ (16,268)                                    |
| Bestest Roofing          | Roofing & Construction   | 56-2222222 | 3                    | 170,890                    | 137,140                             | (33,750)                        |  |
| Best Bug Control         | Pest Control             | 56-3333333 | Yes                  | 108,218                    | 104,238                             |                                 | (3,980)  |
| Pappa ZK Glass Service   | Construction             | 20-5555555 | Yes                  | 106,288                    | 100,397                             |                                 | (5,891)  |
| Carpet Bagger            | Carpet Installation      | SSN        | 4                    | 62,738                     | 37,238                              | (25,500)                        |  |
| C. Tiles                 | Ceiling Tile             | SSN        | Yes                  | 52,275                     | 37,050                              | (15,225)                        |  |
| Mr. Murphy               | Metal Roofing & building | 56-6666666 | Yes                  | 51,170                     | 51,170                              |                                 |  |
| Mr. Bugman               | Pest Control             | SSN        | Yes                  | 39,292                     | 17,675                              | (21,617)                        |  |
| Northwest Construction   | Landscaping              | None       | Yes 5                | 26,088                     | -                                   |                                 | (26,088)                                       |
| lil ZK                   | Medical Records Asst     | None       | 6                    | 1,469                      | -                                   | (1,469)                         |  |
| Lil ZK's Signs & Designs | Signs                    | None       | 7                    | 1,469                      | -                                   | (1,469)                         |  |
| <b>Totals</b>            |                          |            |                      | <b>\$ 2,338,970</b>        | <b>\$ 1,512,838</b>                 | <b>(\$773,905)</b>              | <b>\$ (52,227)</b>                             |

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## Interview with Accounting Manager

- ▶ Of these vendors, Ms. TK the Accounting Manager indicated that at the direction of the former CFO, she altered the Great Plains system records for Mr. Bugman, causing FORM 1099-MISC to be under reported.
- ▶ She also stated that at the request of the former CFO, she showed Mr. Billy how to alter the Great Plains system to change what would be reported as non-employee earnings on FORM 1099-MISC.
- ▶ She acknowledged that Mr. Billy intended to change accounting records for the vendor Mr. Hammer'n'Nails and that he may have changed accounting records for the vendor C. Tiles.
- ▶ She explained that the former CFO told her that you don't charge amounts for materials on Form 1099 MISC

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## NC Fraud in the News

Former Eastpointe CFO ordered to **repay \$731,180**

08/10/2017 Crime | Local News | News No Comments



A former Eastpointe Chief Financial Officer was ordered to serve 3 1/2 years in prison and to repay \$731,180 and to serve three years of supervised probation once he is released from prison. He appeared before Senior United States District Judge Malcolm J. Howard in federal court in Greenville, North Carolina.

William "Bob" Canupp pled guilty in March in federal court and was sentenced on Wednesday. According to a press release from the Department of Justice, Canupp served as Chief Financial Officer for Eastpointe Human Services in Beaulaville from March 2010 to April 2013.

According to federal officials, Canupp hired Ronnie Davis to perform construction services without taking bids for the renovation projects and did not have the completed work inspected or approved. Canapè also generated fake invoices for Davis and embezzled fund of more than \$80,000 to purchase a boat, pay a mortgage on a beach house, and pay personal credit cards.

The funds were found to be missing during a 2015 audit of Eastpointe Human Services.

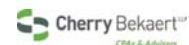
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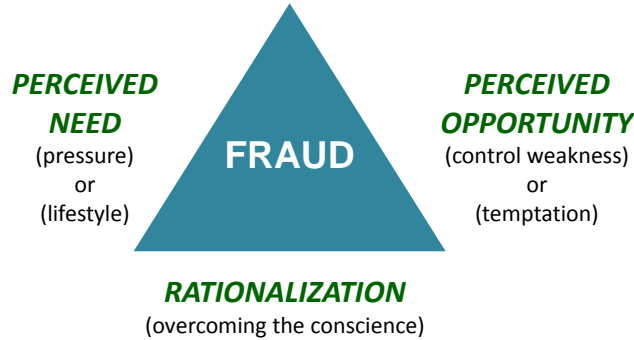
## NC Fraud in the News

- ▶ **Eastpointe Human Services** – Former regional mental health CFO took \$550,000 in apparent kickbacks, says state audit. (N&O June 2015).
- ▶ Wood (NC State Auditor) said Eastpointe did "possibly the smartest thing they could" in the wake of the problems by hiring a highly regarded accounting firm to examine its internal controls and by establishing a risk assessment committee that has the board more involved in oversight.

30



## Fraud Theory & the Good Person

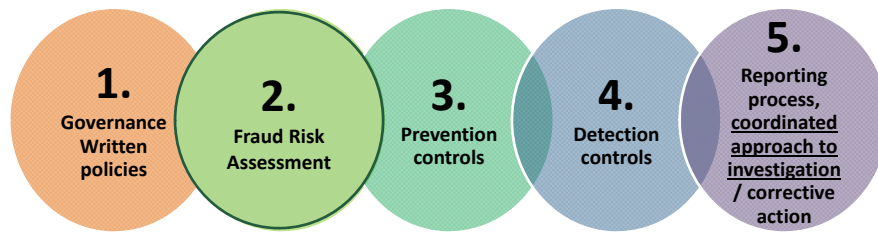


Cressey, "the Fraud Triangle"



31

## 5 Key Principles to Manage Fraud



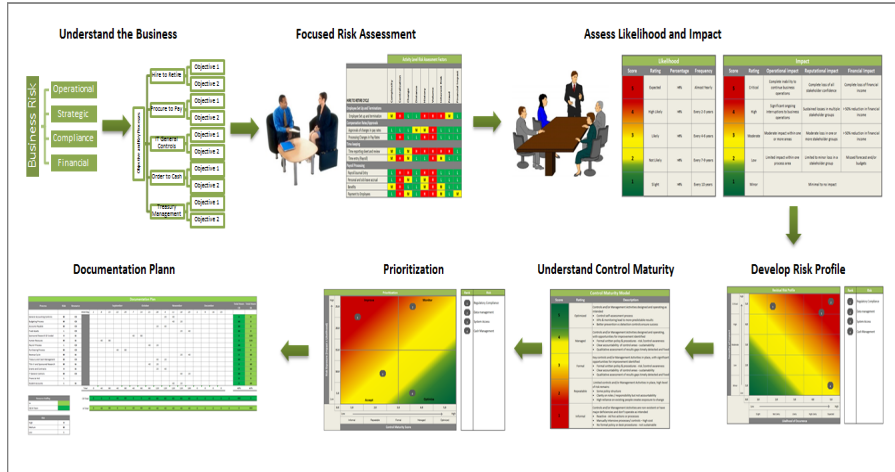
If you could only accomplish 1 principle, which is most impactful?

*Managing the Business - Risk of Fraud: A Practical Guide Joint Study conducted by The Institute of Internal Auditors, the American Institute of CPAs and the Association of Certified Fraud Examiners. Published July 2008*



32

# Tailor the Risk Assessment



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# Control Maturity

|                  | Scale | Model Levels | Control Capability Attributes   |
|------------------|-------|--------------|---|
| Regulation →     | 3     | Formal       | <ul style="list-style-type: none"> <li>*Controls are well defined and documented</li> <li>*There is consistency even in times of change</li> <li>*Overall control awareness exists - control gaps are detected and remediated timely</li> <li>*Performance monitoring is informal</li> <li>*Greater reliance on the diligence of people and independent audits</li> </ul>   |
| Most Companies → | 2     | Functional   | <ul style="list-style-type: none"> <li>*Controls are established with some policy structure but some ambiguity still exist</li> <li>*Formal process documentation still lacking</li> <li>*Some clarity on roles, responsibilities and authorities, but not accountability</li> <li>*Increased discipline and guidelines support repeatability but risk of override exists</li> <li>*High reliance on existing personnel creates exposure to change</li> </ul> |
| Stress →         | 1     | Informal     | <ul style="list-style-type: none"> <li>*Controls are fragmented and ad hoc; generally managed in silos</li> <li>*Controls are reactive; lack of formal policies and procedures</li> <li>*High reliance on individuals to get things done</li> <li>*Exposure to change</li> <li>*Higher potential for errors and risk of management override not sustainable</li> </ul>  |

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## Two Views of Risk Management

Risk management and control maturity are often driven by regulation.

1. Reactive to regulation:
  - Wrong motive to manage risk
  - Over-control—people don't "buy in"
  - Not sustainable
2. Clearly identify risks to objectives
  - Buy in
  - Better-designed controls
  - Sustainability

**When risk management makes sense, one of the de facto byproducts is regulatory compliance.**

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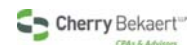
## Materiality?

Does your Org expect the audit firms to catch fraud?

Does the board of directors expect auditors to catch fraud?

The amount of the fraud can be relatively small but...

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## Discovery vs. Investigation

We look for potential problem areas while we are assessing the internal controls of a company and making recommendations to improve existing systems



Red Flags vs. losses



Counsel is used for attorney-client privilege & work product

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 Cherry Bekaert™  
CFAs & Advisors

## Discovery vs. Investigation

- ▶ **An internal review (discovery)** is used to determine if sufficient **predication** exists to commence a fraud examination.
  - **Predication** is defined “the totality of circumstances that would lead a reasonable, professionally trained and prudent individual to believe a fraud has occurred, is occurring and/or will occur.”
- ▶ **A fraud examination (Investigation)** is an extension of a internal review to prove or disprove a suspected loss:
  - Determine whether a loss due to fraud has occurred
  - Determine the extent of loss (calculate estimated damages)
  - Determine whether sufficient evidence exist to:
    - Obtain a court order for further investigation e.g., off site search warrant of suspect’s property
    - Obtain a court order to seize or freeze assets
    - File criminal charges
    - File civil charges

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## Our Approach to Fraud Investigation

- ▶ **Coordinating with Management/Attorney (work product doctrine)**
  - Initial interviews and setting expectations
  - Determining the fraud area(s) and....avoid the wild goose chase
  - Policy and statute review
  - Digital forensics
  - Assessing control maturity
  - Data Analytics
  - Fraud investigation (Fraud Red Flags)
  - Forensic accounting and estimating losses
  - Working with/without law enforcement (Police Financial Crime Units)
- ▶ **Reporting**
  - Reporting results to management and the Board (Criminal, civil or both)
  - The District Attorney? SBI? FBI?
  - Pre and post litigation support

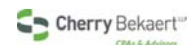
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## Capabilities You May Need



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## Questions

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## Contacts



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# Jonathan Kraftchick, CPA

Managing Director, Assurance Services

2626 Glenwood Avenue, Suite 200  
Raleigh, NC 27608

## Let's Talk

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D 919.825.4229

P 919.782.1040

Jonathan is Cherry Bekaert's Managing Director of Training and Development for the Assurance & Accounting Services group, where he is responsible for overseeing much of the Firm's audit training, course development and delivery. He has spent more than 15 years conducting audit engagements for a variety of companies and industries throughout the country, as well as writing and delivering courses both inside and outside of the Firm.

Outside of his work at Cherry Bekaert, Jonathan served as an adjunct professor at Elon University in their accounting department. In 2015, Jonathan was awarded the "Taking it to the Max" award by the NCACPA, which honors the legacy of former NCACPA Chair Maximo Mukelabai. He has also received NCACPA's 5.0 Discussion Leader Award and their Outstanding Seminar Discussion Leader award on several occasions.

In 2017, Jonathan participated and placed second runner-up in CPA.com's Innovative Practitioner of the Year, which recognizes innovation in process, services or technology implementation in public accounting firms.

## Education

Bachelor of Arts in Economics,  
University of North Carolina - Chapel Hill

Master of Accounting,  
University of North Carolina - Chapel Hill

## CPA License

NC-29816

## Specialties/Areas of Expertise

- ▶ Audit & Attest Services
- ▶ Internal Controls Evaluations
- ▶ Compliance Requirements
- ▶ Revenue Recognition


## Professional Involvement

- ▶ American Institute of Certified Public Accountants (AICPA)
- ▶ North Carolina Association of Certified Public Accountants (NCACPA)

[cbh.com/jkraftchick](http://cbh.com/jkraftchick)

# Making Sense Out of Change

**Jonathan Kraftchick, CPA**  
Managing Director – Audit Process  
@jkraftchick



**Cherry Bekaert**  
CPAs & Advisors

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Think about a change you are facing



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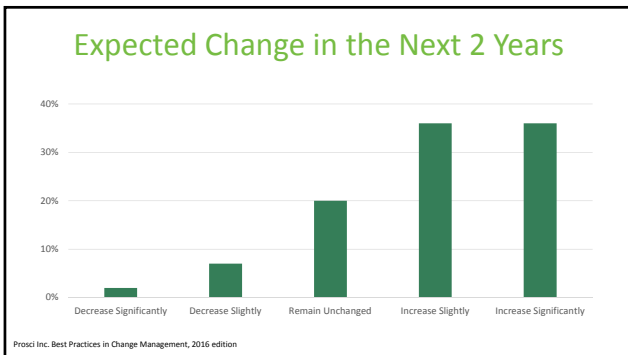
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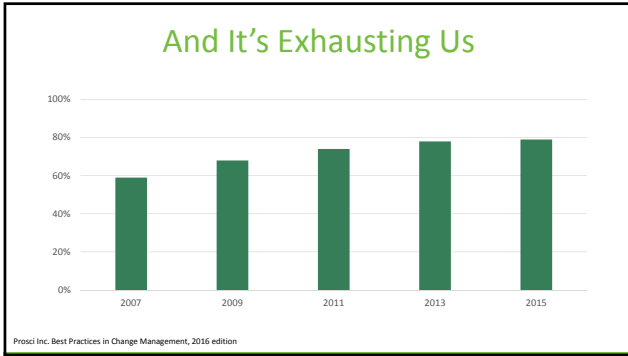
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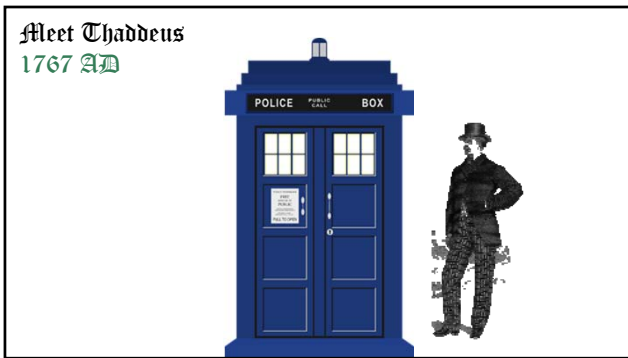
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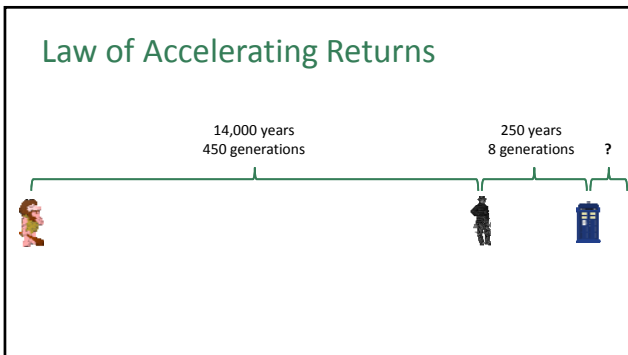
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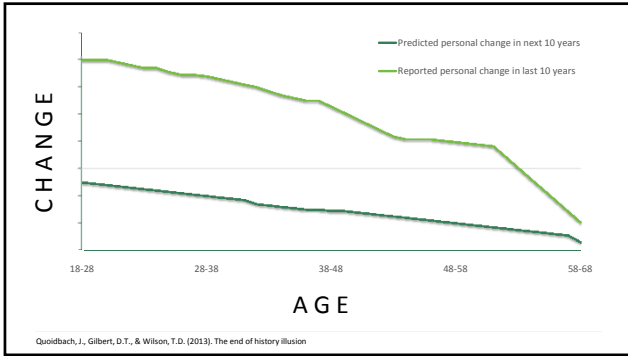
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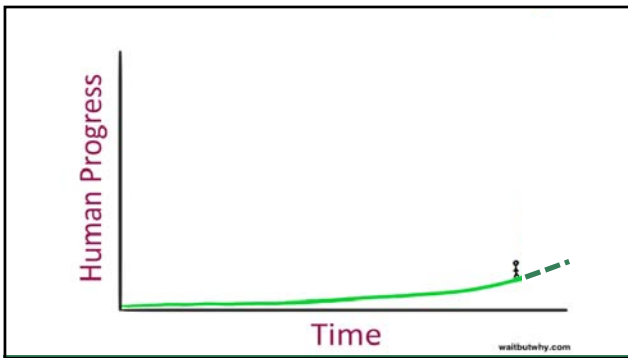
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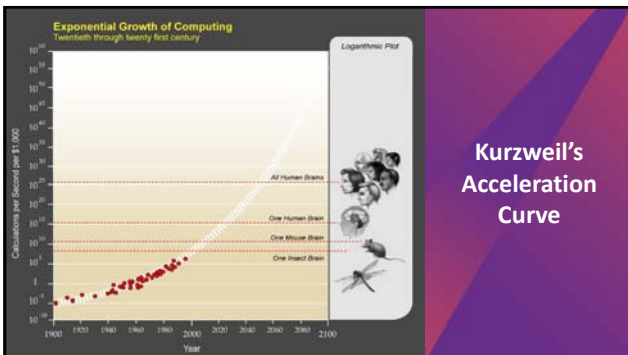
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**How Long Until Computers Have the Same Power As the Human Brain?**  
Lake Michigan's volume (in fluid ounces) is about the same as our brain's capacity (in calculations per second). Computing power doubles every 18 months. At that rate, you see very little progress for a long time—and suddenly you're finished.

**1940**  
1 calcs/second

Mother Jones

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**Compass vs. Map**



Cherry Bekaert™

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**In 50 years...**

**65%** thought other people's jobs would be done by robots  
53% of government/NFP employees agreed

**20%** thought their jobs would be done by robots in 50 years  
14% of government/NFP employees agreed

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It's 2020 and the people at your table and you have each just been elected to the board.

Like any new leader, you want to make a good first impression with your vision and path to get there. What is that vision?

Knowing where your organization is today, what immediate steps would you and the board take to get there? In the next 2 years? 5 years?

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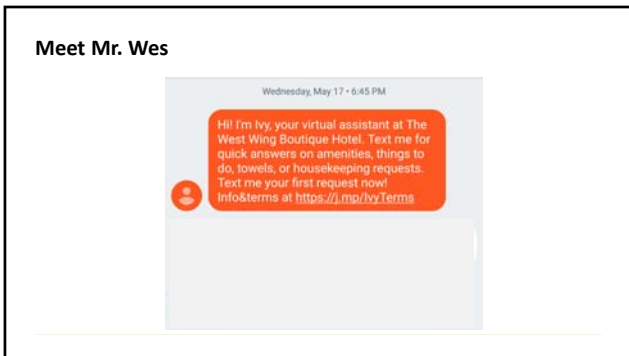
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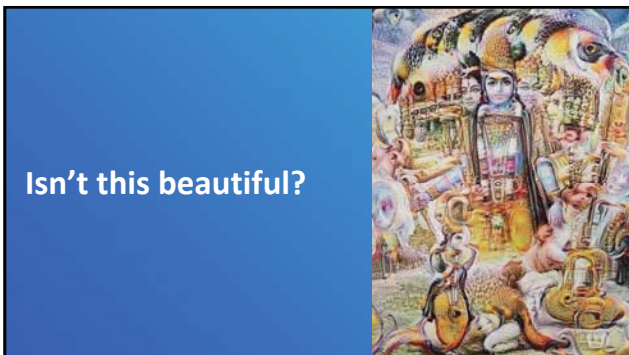
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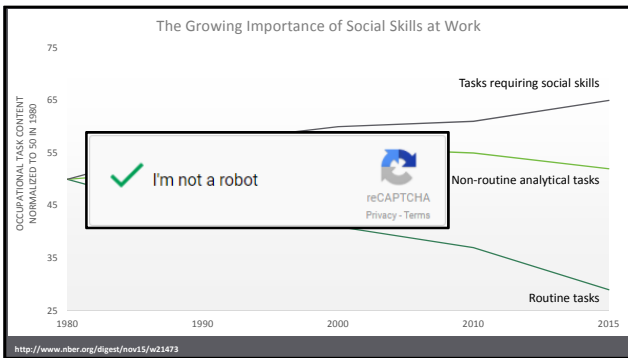
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## I'm the Boss

**Manage** ~ manus: hand, manual, handle things

**Leader** ~ leado; duc: to go, journey, take to places never explored

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Don't expect us to cheer as you turn us into factory workers and show us the machines that will replace us in one motion. This might have made sense at the partner level, but you don't show those to slaughter the way they will die.

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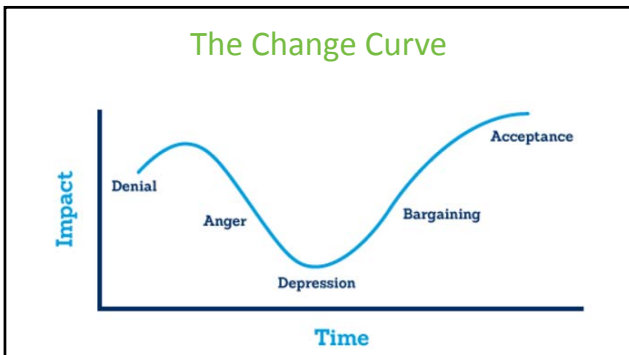
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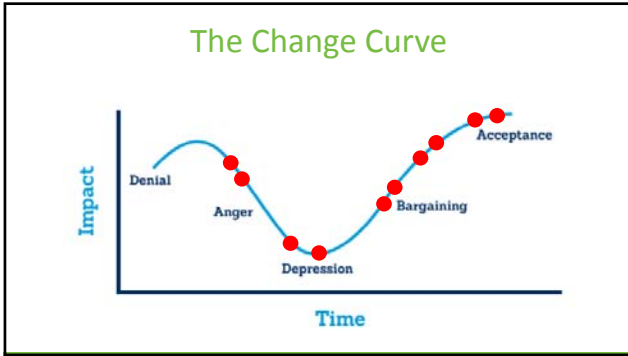
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### The Horsey Horseless

- ▶ Patented in 1899
- ▶ Designed to calm horses
- ▶ Ended up calming humans

Cherry Bekaert

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The Stone Age didn't end because we ran out of stone. It ended because we found something better.

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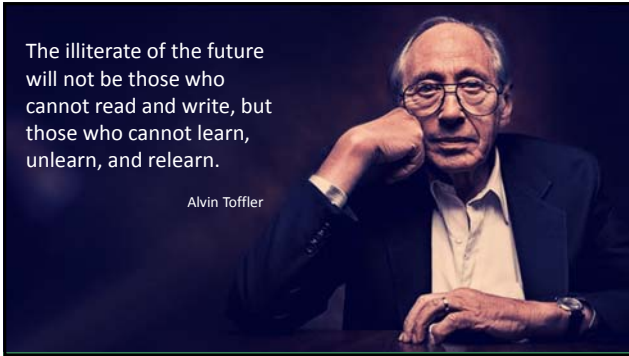
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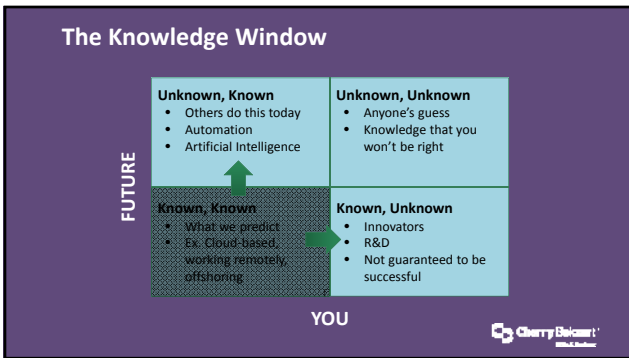
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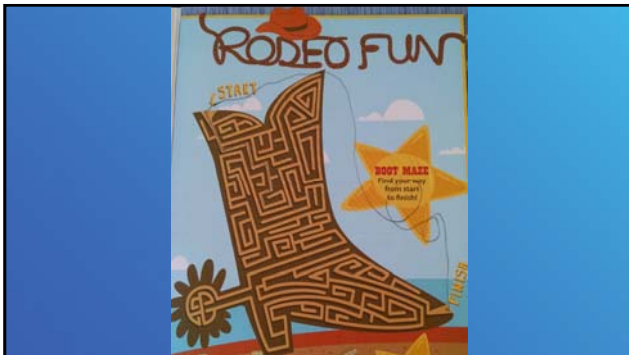
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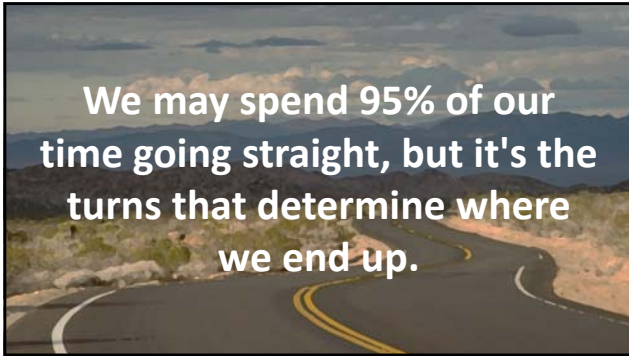
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**2018 GAU Conference  
May 10, 2018**

**Attendees by Last Name (382)**

Jennifer Acton-UNC at Chapel Hill  
Alisha Adams-DHHS  
April Adams-Cherry Bekaert  
Jennifer Addison-UNC at Pembroke  
Robert Alford-OSC  
Daisy Allen-UNC at Chapel Hill  
Lisa Allnutt-DHHS  
Stephanie Alsay-DOL  
Kokila Amin-OSC  
Nirav Amin-NC Education Lottery  
Lewis Andrews-State Treasurer  
Melinda Andrews-Other/Retiree  
Lamees Asad-UNC at Chapel Hill  
Kristina Autio-Other/Retiree  
Khalid Awan-DPS  
Debra Bailey-ECU  
Jarrett Bailey-OSA  
Andrew Baker-UNC at Chapel Hill  
Jesse Baker-UNC at Chapel Hill  
Rita Baker-State Treasurer  
Matthew Banko-Alamance CC  
John Barfield-OSC  
Kim Battle-OSC  
DeAhn Baucom-UNC at Chapel Hill  
Andrew Beamon-Office of State Auditor  
Kelly Beasley-OSC  
Randy Bennett-UNC at Greensboro  
Thomas Berryman-DHHS  
Jeannie Betts-DHHS  
Cory Billings-Office of State Auditor  
Linda Blackman-OSC  
Michelle Blackwelder-DHHS  
Jennifer Blair-UNC at Chapel Hill  
Leslie Blankenship-Isothermal CC  
Judy Blount-DPI  
Floyd Bowen-DHHS  
Desiree Bowling-ECU  
Kevin Brackett-DHHS  
Jennifer Brady-NC State University  
Bob Brinson-DPS  
Gena Brock-Office of State Auditor  
Kevin Brodie-NC Housing & Finance

Monica Brooks-Commerce  
Sharon Brooks-NC State University  
Barry Brown-OSC  
Joshua Brown-Randolph Community College  
Tonia Brown-Commerce  
Leon Browning-UNC System Office  
Miranda Brownlow-UNC at Chapel Hill  
Taylor Brumbeloe-OSC  
Ryan Brummeyer-DHHS  
Helen Buck-NC A&T University  
Heath Bullock-DHHS  
Fabian Burch-Office of State Auditor  
Katherine Burckley-NC A&T University  
James Burke-State Treasurer  
George Burnette-Other/Retiree  
Cassandra Burney-Office of State Auditor  
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Mary Ellen Burns-Commerce  
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Ashley Byrd-Office of State Auditor  
Kathryn Caler-DEQ  
Edith Cannady-OSC  
Cynthia Capps-Commerce  
Wynona Cash-OSC  
Mark Causey-UNC Health Care System  
Susan Charlton-DPS  
Steve Chase-Wildlife Resources Commission  
James Cherokee-DPS  
Cathy Clark-Office of State Auditor  
Dolphus Clark-Secretary of State  
Darrus Cofield-State Treasurer  
Elizabeth Colcord-OSC  
Bruce Cole-Gaston College  
Cynthia Collie-Alamance CC  
Kris Collum-Office of State Auditor  
Katie Condit-Jang-UNC at Greensboro  
Adrienne Covington-Nash CC  
Lisa Culbreth-DOL  
Terry Dail-Other/Retiree  
Joy Darden-OSC  
Ross Davidson-NC Education Lottery  
Angela Davis-UNC at Chapel Hill  
Cheryl Davis-Commerce  
Garrett Davis-Office of State Auditor  
Joshua Davis-NCR  
Robin Davis-Office of State Auditor

Rod Davis-DHHS  
Steven Davis-DPS  
Robin Deaver-Fayetteville Technical CC  
Yolanda Deaver-NC Central University  
Deborah DeBourg-Brown-DHHS  
Joseph DeBragga-NCR  
Erin Delehanty-NC State University  
John DelGreco-DPS  
Irene Deng-UNC at Chapel Hill  
Dana Denton-DOT  
Michael Dickerson-NC State University  
Garrett Dimond-General Assembly  
Sara Domy-Office of State Auditor  
Debbie Dryer-UNC System Office  
Dana Dupree-UNC School of the Arts  
Bivian Ejimakor-NC A&T University  
Leah Englebright-NC SSM  
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Natasha Farrington-DPI  
Joanne Ferguson-UNC at Wilmington  
Daniel Finley-Fayetteville State University  
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Craig Forsythe-Coastal Carolina CC  
Paul Francis-Commerce  
Carrie Freeman-NC Housing & Finance  
Samiel Fuller-DPI  
Linda Garr-UNC Rex Healthcare  
Lauren Gates-Central Piedmont CC  
Namid Gates-Fayetteville State University  
Derek Gee-NCR  
A.J. Gentile-UNC Rex Healthcare  
Tami George-Robeson Community College  
Allison Godwin-OSC  
Anne Godwin-OSC  
Jacob Green-UNC at Chapel Hill

Christina Greene-Cape Fear CC  
Laura Greenwood-Agriculture  
Larna Griffin-SEAA  
Charles Gullette-ECU  
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Michelle Hall-Fayetteville Technical CC  
Jennifer Hamm-Catawba Valley CC  
Keith Hammonds-State Treasurer  
Jennifer Harkness-EDP of NC  
Dana Harris-UNC at Wilmington  
Elizabeth Haynes-USS NC Battleship Commission  
Jeffrey Henderson-Fayetteville State University  
Bob Herring-DOT  
Freda Hilburn-Commerce  
Amy Hisler-Davidon County CC  
Shannon Hobby-NCR  
Sim Hodges-NC Housing & Finance  
Mark Hoffman-UNC Health Care System  
Milburn Holbrook-NC State University  
Tereasa Hopkins-ECU  
James Horne-General Assembly  
Heather Horton-Commerce  
Tammy Horton-DOI  
William Hosterman-UNC Hospitals  
John House-Centennial Authority  
Tammy Hubbell-DOR  
Cindy Hucks-UNC at Wilmington  
Kris Hudson-DOI  
Scott Hummel-NC A&T University  
Heather Hummer-UNC System Office  
Jessica Hwang-Strickland-UNC at Chapel Hill  
Heather Iannucci-UNC at Wilmington  
Sani Ibrahim-DHHS  
Ibreta Jackson-Robeson Community College  
Lacie Jacobs-Bladen CC  
Ronald Jamison-Commerce  
Shivani Jani-OSC  
Cassandra Jenkins-Fayetteville State University  
Bud Jennings-AOC  
Patricia Jeter-Commerce  
Ashley Johnson-Fayetteville State University  
James Johnson-UNC at Wilmington  
Lori Johnson-NC State University  
Mary Johnson-DHHS  
Sherrilyn Johnson-ECU  
Angela Johnston-OSC

Sarah Joyce-NC State University  
Tamara Joyner-Central Carolina CC  
Susan Judd-UNC at Greensboro  
Christine Jumalon-Fayetteville State University  
Carlene Kamradt-Cherry Bekaert  
Susan Kearney-Agriculture  
David King-DHHS  
Gloria King-DHHS  
Bliss Kite-Commerce  
Anastrasia Kizzie-NC Central University  
Andrew Kleitsch-DTCC  
Laura Klem-OSC  
Jim Knight-NC Education Lottery  
Ariana Kudrats-NC Housing & Finance  
Karin Langbehm-Pecaut-UNC at Chapel Hill  
Darlene Langston-DPS  
Joshua Lassiter-Elizabeth City State University  
Michelle Lassiter-NC Education Lottery  
Fran Lawrence-State Treasurer  
Rachel Leaptrot-DHHS  
Judy LeDoux-UNC at Chapel Hill  
Linda Lejnar-Wake Technical CC  
Tracey Lemming-UNC at Chapel Hill  
John Lengyel-Office of State Auditor  
Gracie LeSane-NC Central University  
John Leskovec-OSBM  
Peizhu Liu-UNC Health Care System  
Cathy Lively-DIT  
Quita Loflin-UNC at Greensboro  
Matthew Longobardi-DOJ  
Frank Lord-Winston-Salem State University  
Becky Luce-Clark-DHHS  
Kathleen Lukens-UNC at Greensboro  
Arun Malik-UNC at Chapel Hill  
Cheryl Manning-OSC  
Jessica Mapes-Office of State Auditor  
Jo Ann Martin-DHHS  
Tabitha Mbaka-DHHS  
Marcus McAllister-OSC  
Lisa McClinton-UNC School of the Arts  
Nicole McCoy-UNC at Chapel Hill  
Antonio McDaniel-NC Central University  
Benjamin McGilvray-State Treasurer  
Luke McHale-NC Central University  
Ben McLawhorn-OSC  
Jessica McMahan-Lenoir CC

Rondra McMillan-NC Community College System  
Angela McNeill-DEQ  
Chandra McNeill-Fayetteville State University  
Kim Medlin-UNC Health Care System  
John Meese-NC Housing & Finance  
Joel Mercer-DHHS  
Erwin Mialowski-NC Education Lottery  
Daniel Michael-Office of State Auditor  
Courtney Michelle-OSC  
Laketha Miller-DHHS  
Marvin Miller-Piedmont Community College  
Matt Miller-NC State University  
William Miller-UNC Health Care System  
Jeff Minor-DHHS  
Alina Misiunas-Office of State Auditor  
Firoza Mistry-UNC Health Care System  
Kim Mitchell-Military & Veterans Affairs  
Tom Mitchell-NC Partnership for Children  
Cynthia Modlin-ECU  
Alisha Moore-OSC  
LaTasha Moore-James Sprunt CC  
Patricia Moore-Boyette-UNC Health Care System  
Cathryn Moose-Office of State Auditor  
Roberta Morgart-DPS  
Patsy Morton-DOR  
JoWanna Mosley-General Assembly  
Dannie Moss-ECU  
Beverly Murphy-Piedmont Community College  
Clayton Murphy-Office of the State Controller  
James Murphy-Office of State Auditor  
Lettie Navarrete-Robeson Community College  
Debra Neal-DPS  
Lisa Neal-Bladen CC  
Sarah Nelson-Office of State Auditor  
Robert Newby-Vance-Granville CC  
Tiffiney Newton-DHHS  
H. Norris-State Treasurer  
Gwen Norwood-UNC at Chapel Hill  
Amechi Nwosu-NC Central University  
Todd Oldenburg-Office of State Auditor  
Lori Oldham-NCR  
Jennifer Pacheco-OSC  
Bridget Paschal-Commerce  
Bhumi Patel-Office of State Auditor  
Dwayne Patterson-NCR  
Tracy Patty-NC State University

Amy Penson-Isothermal CC  
Malinda Peters-State Treasurer  
Johnny Peterson-Craven CC  
Phyllis Petree-UNC at Chapel Hill  
Stephanie Pflum-UNC at Greensboro  
Meera Phaltankar-DPI  
Michael Phillips-Other/Retiree  
Rick Pieringer-OSC  
Gregory Plemmons-Western Carolina University  
Orace Pollard-DHHS  
Terra Poole-Fayetteville State University  
Lynn Powell-DOT  
Lisa Pratt-DHHS  
Ellen Preston-NC Partnership for Children  
Jan Prevo-OSC  
Phillip Price-Central Carolina CC  
Dawn Quist-ECU  
Chandrika Rao-UNC at Chapel Hill  
Monica Reid-State Treasurer  
Ann Reinking-UNC at Chapel Hill  
Steven Rhew-UNC at Greensboro  
Kathi Riffe-Guilford Tech CC  
Matthew Rish-Other/Retiree  
Ellen Rockefeller-OSC  
Evan Rodewald-DOT  
Wayne Rogers-DOT  
Tim Romocki-State Treasurer  
Elizabeth Rozakis-SEAA  
Janet Rupert-UNC at Chapel Hill  
Edna Sanchez-UNC at Pembroke  
Camilla Sandlin-NC Education Lottery  
Joan Saucier-DPS  
Cher Savas-Other/Retiree  
Susan Schena-UNC Health Care System  
Elizabeth Schiavone-UNC at Chapel Hill  
William Schmidt-NCR  
Troy Scoggins-OSC  
Bill Scott-DHHS  
Kimberly Seamans-UNC at Charlotte  
Dilip Shah-NC Education Lottery  
Peta-Gaye Shaw-Commerce  
Kimberley Simmons-Office of State Auditor  
Brock Simonds-UNC Rex Healthcare  
DP Singla-UNC System Office  
Vanessa Singletary-Robeson Community College  
Virginia Sisson-OSC

Audra Slavin-UNC at Chapel Hill  
Betty Smith-Fayetteville Technical CC  
Charles Smith-Fayetteville Technical CC  
Debra Smith-NC Community College System  
Jonathan Smith-Winston-Salem State University  
Laurie Smith-DOT  
Randy Smith-OSC  
Sarah Smith-UNC System Office  
Shawn Smith-NC State University  
Susan Soques-Wildlife Resources Commission  
Kenneth Spayd-UNC at Pembroke  
Joan Spencer-NC Central University  
Tabatha Springer-Western Carolina University  
Kevin Sprissler-Office of State Auditor  
Jay Stanley-Bladen CC  
Jennifer Starsick-Davidon County CC  
Jeffrey Stevens-UNC Rex Healthcare  
Danny Stewart-DHHS  
Justin Stiles-UNC at Chapel Hill  
Mark Stohlman-Other/Retiree  
John Storment-UNC Health Care System  
Bill Sturmer-UNC at Charlotte  
Hannah Sullivan-DHHS  
Michael Sullivan-UNC Health Care System  
Shirley Swanson-Catawba Valley CC  
Dawei Tang-UNC at Chapel Hill  
Marla Tart-Wake Technical CC  
Wesley Taylor-General Assembly  
Eric Thanos-NCR  
Elizabeth Thomas-Sandhills Community College  
Roy Thompson-Bladen CC  
Debbie Todd-Fayetteville Technical CC  
Wanda Tompkins-DEQ  
Mark Tyler-DOI  
Kim Van Metre-DEQ  
Robert Vickery-UNC System Office  
Prabhavathi Vijayaraghavan-OAH  
Karen Visnosky-NC State University  
Helen Vozzo-NC State University  
Pam Wade-Office of State Auditor  
Hunter Wagstaff-UNC Hospitals  
Peggy Walker-DEQ  
Megan Wallace-OSC  
Yiwen Wang-UNC at Chapel Hill  
Gary Ward-NC Central University  
Dianne Ware-Furlow-UNC at Chapel Hill

Krissie Warren-DHHS  
Keith Westcott-UNC at Wilmington  
Mary Jane Westphal-NC GTA  
Rex Whaley-DEQ  
Brooke White-DHHS  
Laurel Whitten-UNC Rex Healthcare  
Melanie Whittington-UNC at Greensboro  
Amber Wilkes-DHHS  
Brandi Wilkes-DOT  
Jennifer Wilson-DHHS  
Misty Wilson-NC State University  
Cheryl Yanik-NC State University  
David Yokley-DOR  
Michael Zanchelli-DHHS  
Yelena Zaytseva-Office of State Auditor  
Fenge Zhang-Commerce  
Fang Zuo-UNC at Charlotte

**2018 GAU Conference  
May 10, 2018**

**Attendees by Agency (382)**

Laura Greenwood-Agriculture  
Susan Kearney-Agriculture  
Matthew Banko-Alamance CC  
Cynthia Collie-Alamance CC  
Bud Jennings-AOC  
Lacie Jacobs-Bladen CC  
Lisa Neal-Bladen CC  
Jay Stanley-Bladen CC  
Roy Thompson-Bladen CC  
Christina Greene-Cape Fear CC  
Jennifer Hamm-Catawba Valley CC  
Shirley Swanson-Catawba Valley CC  
John House-Centennial Authority  
Tamara Joyner-Central Carolina CC  
Phillip Price-Central Carolina CC  
Lauren Gates-Central Piedmont CC  
April Adams-Cherry Bekaert  
Carlene Kamradt-Cherry Bekaert  
Craig Forsythe-Coastal Carolina CC  
Monica Brooks-Commerce  
Tonia Brown-Commerce  
Mary Ellen Burns-Commerce  
Cynthia Capps-Commerce  
Cheryl Davis-Commerce  
Paul Francis-Commerce  
Freda Hilburn-Commerce  
Heather Horton-Commerce  
Ronald Jamison-Commerce  
Patricia Jeter-Commerce  
Bliss Kite-Commerce  
Bridget Paschal-Commerce  
Peta-Gaye Shaw-Commerce  
Fenge Zhang-Commerce  
Johnny Peterson-Craven CC  
Amy Hisler-Davidon County CC  
Jennifer Starsick-Davidon County CC  
Kathryn Caler-DEQ  
Angela McNeill-DEQ  
Wanda Tompkins-DEQ  
Kim Van Metre-DEQ  
Peggy Walker-DEQ  
Rex Whaley-DEQ

Alisha Adams-DHHS  
Lisa Allnutt-DHHS  
Thomas Berryman-DHHS  
Jeannie Betts-DHHS  
Michelle Blackwelder-DHHS  
Floyd Bowen-DHHS  
Kevin Brackett-DHHS  
Ryan Brummeyer-DHHS  
Heath Bullock-DHHS  
Dorothy Burns-DHHS  
Rod Davis-DHHS  
Deborah DeBourg-Brown-DHHS  
AJ Fluker-DHHS  
Sani Ibrahim-DHHS  
Mary Johnson-DHHS  
David King-DHHS  
Gloria King-DHHS  
Rachel Leaptrot-DHHS  
Becky Luce-Clark-DHHS  
Jo Ann Martin-DHHS  
Tabitha Mbaka-DHHS  
Joel Mercer-DHHS  
Laketha Miller-DHHS  
Jeff Minor-DHHS  
Tiffiney Newton-DHHS  
Orace Pollard-DHHS  
Lisa Pratt-DHHS  
Bill Scott-DHHS  
Danny Stewart-DHHS  
Hannah Sullivan-DHHS  
Krissie Warren-DHHS  
Brooke White-DHHS  
Amber Wilkes-DHHS  
Jennifer Wilson-DHHS  
Michael Zanchelli-DHHS  
Cathy Lively-DIT  
Laresia Everett-DOI  
Tammy Horton-DOI  
Kris Hudson-DOI  
Mark Tyler-DOI  
Matthew Longobardi-DOJ  
Stephanie Alsay-DOL  
Lisa Culbreth-DOL  
Tammy Hubbell-DOR  
Patsy Morton-DOR  
David Yokley-DOR

Dana Denton-DOT  
Bob Herring-DOT  
Lynn Powell-DOT  
Evan Rodewald-DOT  
Wayne Rogers-DOT  
Laurie Smith-DOT  
Brandi Wilkes-DOT  
Judy Blount-DPI  
Bonaventure Ezewuzie-DPI  
Natasha Farrington-DPI  
Samiel Fuller-DPI  
Meera Phaltankar-DPI  
Khalid Awan-DPS  
Bob Brinson-DPS  
Susan Charlton-DPS  
James Cherokee-DPS  
Steven Davis-DPS  
John DelGreco-DPS  
Darlene Langston-DPS  
Roberta Morgart-DPS  
Debra Neal-DPS  
Joan Saucier-DPS  
Andrew Kleitsch-DTCC  
Debra Bailey-ECU  
Desiree Bowling-ECU  
Vincent Falvo-ECU  
Charles Gullette-ECU  
Tereasa Hopkins-ECU  
Sherrilyn Johnson-ECU  
Cynthia Modlin-ECU  
Dannie Moss-ECU  
Dawn Quist-ECU  
Jennifer Harkness-EDP of NC  
Joshua Lassiter-Elizabeth City State University  
Daniel Finley-Fayetteville State University  
Namid Gates-Fayetteville State University  
Jeffrey Henderson-Fayetteville State University  
Cassandra Jenkins-Fayetteville State University  
Ashley Johnson-Fayetteville State University  
Christine Jumalon-Fayetteville State University  
Chandra McNeill-Fayetteville State University  
Terra Poole-Fayetteville State University  
Robin Deaver-Fayetteville Technical CC  
Michelle Hall-Fayetteville Technical CC  
Betty Smith-Fayetteville Technical CC  
Charles Smith-Fayetteville Technical CC



Debbie Todd-Fayetteville Technical CC  
Bruce Cole-Gaston College  
Garrett Dimond-General Assembly  
James Horne-General Assembly  
JoWanna Mosley-General Assembly  
Wesley Taylor-General Assembly  
Kathi Riffe-Guilford Tech CC  
Leslie Blankenship-Isothermal CC  
Amy Penson-Isothermal CC  
LaTasha Moore-James Sprunt CC  
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Gracie LeSane-NC Central University  
Antonio McDaniel-NC Central University  
Luke McHale-NC Central University  
Amechi Nwosu-NC Central University  
Joan Spencer-NC Central University  
Gary Ward-NC Central University  
Jason Forlines-NC Community College System  
Rondra McMillan-NC Community College System  
Debra Smith-NC Community College System  
Nirav Amin-NC Education Lottery  
Ross Davidson-NC Education Lottery  
Jim Knight-NC Education Lottery  
Michelle Lassiter-NC Education Lottery  
Erwin Mialowski-NC Education Lottery  
Camilla Sandlin-NC Education Lottery  
Dilip Shah-NC Education Lottery  
Mary Jane Westphal-NC GTA  
Kevin Brodie-NC Housing & Finance  
Carrie Freeman-NC Housing & Finance  
Sim Hodges-NC Housing & Finance  
Ariana Kudlats-NC Housing & Finance  
John Meese-NC Housing & Finance  
Tom Mitchell-NC Partnership for Children  
Ellen Preston-NC Partnership for Children  
Leah Englebright-NC SSM  
Jennifer Brady-NC State University  
Sharon Brooks-NC State University

Erin Delehanty-NC State University  
Michael Dickerson-NC State University  
Milburn Holbrook-NC State University  
Lori Johnson-NC State University  
Sarah Joyce-NC State University  
Matt Miller-NC State University  
Tracy Patty-NC State University  
Shawn Smith-NC State University  
Karen Visnosky-NC State University  
Helen Vozzo-NC State University  
Misty Wilson-NC State University  
Cheryl Yanik-NC State University  
Joshua Davis-NCR  
Joseph DeBragga-NCR  
Susan Flowers-NCR  
Derek Gee-NCR  
Shannon Hobby-NCR  
Lori Oldham-NCR  
Dwayne Patterson-NCR  
William Schmidt-NCR  
Eric Thanos-NCR  
Prabhavathi Vijayaraghavan-OAH  
Andrew Beamon-Office of State Auditor  
Cory Billings-Office of State Auditor  
Gena Brock-Office of State Auditor  
Fabian Burch-Office of State Auditor  
Cassandra Burney-Office of State Auditor  
Ashley Byrd-Office of State Auditor  
Cathy Clark-Office of State Auditor  
Kris Collum-Office of State Auditor  
Garrett Davis-Office of State Auditor  
Robin Davis-Office of State Auditor  
Sara Dombay-Office of State Auditor  
Joyce Flowers-Office of State Auditor  
Anthony Fogleman-Office of State Auditor  
John Lengyel-Office of State Auditor  
Jessica Mapes-Office of State Auditor  
Daniel Michael-Office of State Auditor  
Alina Misiunas-Office of State Auditor  
Cathryn Moose-Office of State Auditor  
James Murphy-Office of State Auditor  
Sarah Nelson-Office of State Auditor  
Todd Oldenburg-Office of State Auditor  
Bhumi Patel-Office of State Auditor  
Kimberley Simmons-Office of State Auditor  
Kevin Sprissler-Office of State Auditor

Pam Wade-Office of State Auditor  
Yelena Zaytseva-Office of State Auditor  
Jarrett Bailey-OSA  
John Leskovec-OSBM  
Clayton Murphy-OSC  
Robert Alford-OSC  
Kokila Amin-OSC  
John Barfield-OSC  
Kim Battle-OSC  
Kelly Beasley-OSC  
Linda Blackman-OSC  
Barry Brown-OSC  
Taylor Brumbeloe-OSC  
Joannie Burtoff-OSC  
Edith Cannady-OSC  
Wynona Cash-OSC  
Elizabeth Colcord-OSC  
Joy Darden-OSC  
Michael Euliss-OSC  
Allison Godwin-OSC  
Anne Godwin-OSC  
Sean Gutowski-OSC  
Shivani Jani-OSC  
Angela Johnston-OSC  
Laura Klem-OSC  
Cheryl Manning-OSC  
Marcus McAllister-OSC  
Ben McLawhorn-OSC  
Courtney Michelle-OSC  
Alisha Moore-OSC  
Jennifer Pacheco-OSC  
Rick Pieringer-OSC  
Jan Prevo-OSC  
Ellen Rockefeller-OSC  
Troy Scoggins-OSC  
Virginia Sisson-OSC  
Randy Smith-OSC  
Megan Wallace-OSC  
Melinda Andrews-Other/Retiree  
Kristina Autio-Other/Retiree  
George Burnette-Other/Retiree  
Terry Dail-Other/Retiree  
Michael Phillips-Other/Retiree  
Matthew Rish-Other/Retiree  
Cher Savas-Other/Retiree  
Mark Stohlman-Other/Retiree

Marvin Miller-Piedmont Community College  
Beverly Murphy-Piedmont Community College  
Joshua Brown-Randolph Community College  
Tami George-Robeson Community College  
Ibreta Jackson-Robeson Community College  
Lettie Navarrete-Robeson Community College  
Vanessa Singletary-Robeson Community College  
Elizabeth Thomas-Sandhills Community College  
Larna Griffin-SEAA  
Elizabeth Rozakis-SEAA  
Dolphus Clark-Secretary of State  
Lewis Andrews-State Treasurer  
Rita Baker-State Treasurer  
James Burke-State Treasurer  
Darrus Cofield-State Treasurer  
Jaime Fleisher-State Treasurer  
Joan Fontes-State Treasurer  
Keith Hammonds-State Treasurer  
Fran Lawrence-State Treasurer  
Benjamin McGilvray-State Treasurer  
H. Norris-State Treasurer  
Malinda Peters-State Treasurer  
Monica Reid-State Treasurer  
Tim Romocki-State Treasurer  
Jennifer Acton-UNC at Chapel Hill  
Daisy Allen-UNC at Chapel Hill  
Lamees Asad-UNC at Chapel Hill  
Andrew Baker-UNC at Chapel Hill  
Jesse Baker-UNC at Chapel Hill  
DeAhn Baucom-UNC at Chapel Hill  
Jennifer Blair-UNC at Chapel Hill  
Miranda Brownlow-UNC at Chapel Hill  
Angela Davis-UNC at Chapel Hill  
Irene Deng-UNC at Chapel Hill  
Jacob Green-UNC at Chapel Hill  
Jessica Hwang-Strickland-UNC at Chapel Hill  
Karin Langbehn-Pecaut-UNC at Chapel Hill  
Judy LeDoux-UNC at Chapel Hill  
Tracey Lemming-UNC at Chapel Hill  
Arun Malik-UNC at Chapel Hill  
Nicole McCoy-UNC at Chapel Hill  
Gwen Norwood-UNC at Chapel Hill  
Phyllis Petree-UNC at Chapel Hill  
Chandrika Rao-UNC at Chapel Hill  
Ann Reinking-UNC at Chapel Hill  
Janet Rupert-UNC at Chapel Hill

Elizabeth Schiavone-UNC at Chapel Hill  
Audra Slavin-UNC at Chapel Hill  
Justin Stiles-UNC at Chapel Hill  
Dawei Tang-UNC at Chapel Hill  
Yiwen Wang-UNC at Chapel Hill  
Dianne Ware-Furlow-UNC at Chapel Hill  
Kimberly Seamans-UNC at Charlotte  
Bill Sturmer-UNC at Charlotte  
Fang Zuo-UNC at Charlotte  
Randy Bennett-UNC at Greensboro  
Katie Condit-Jang-UNC at Greensboro  
Susan Judd-UNC at Greensboro  
Quita Loflin-UNC at Greensboro  
Kathleen Lukens-UNC at Greensboro  
Stephanie Pflum-UNC at Greensboro  
Steven Rhew-UNC at Greensboro  
Melanie Whittington-UNC at Greensboro  
Jennifer Addison-UNC at Pembroke  
Edna Sanchez-UNC at Pembroke  
Kenneth Spayd-UNC at Pembroke  
Joanne Ferguson-UNC at Wilmington  
Dana Harris-UNC at Wilmington  
Cindy Hucks-UNC at Wilmington  
Heather Iannucci-UNC at Wilmington  
James Johnson-UNC at Wilmington  
Keith Westcott-UNC at Wilmington  
Mark Causey-UNC Health Care System  
Mark Hoffman-UNC Health Care System  
Peizhu Liu-UNC Health Care System  
Kim Medlin-UNC Health Care System  
William Miller-UNC Health Care System  
Firoza Mistry-UNC Health Care System  
Patricia Moore-Boyette-UNC Health Care System  
Susan Schena-UNC Health Care System  
John Storment-UNC Health Care System  
Michael Sullivan-UNC Health Care System  
William Hosterman-UNC Hospitals  
Hunter Wagstaff-UNC Hospitals  
Linda Garr-UNC Rex Healthcare  
A.J. Gentile-UNC Rex Healthcare  
Brock Simonds-UNC Rex Healthcare  
Jeffrey Stevens-UNC Rex Healthcare  
Laurel Whitten-UNC Rex Healthcare  
Dana Dupree-UNC School of the Arts  
Lisa McClinton-UNC School of the Arts  
Leon Browning-UNC System Office

Debbie Dryer-UNC System Office  
Cliff Flood-UNC System Office  
Heather Hummer-UNC System Office  
DP Singla-UNC System Office  
Sarah Smith-UNC System Office  
Robert Vickery-UNC System Office  
Elizabeth Haynes-USS NC Battleship Commission  
Robert Newby-Vance-Granville CC  
Linda Lejnar-Wake Technical CC  
Marla Tart-Wake Technical CC  
Karen Ensley-Western Carolina University  
Gregory Plemmons-Western Carolina University  
Tabatha Springer-Western Carolina University  
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