



Government & Nonprofit

N E W S

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Message from Thomas Vermeer, University of Delaware AAA GNP Section President

It's hard to believe that my term as Section President is about to end. It has been a great honor for me to serve as President of the GNP section for the 2009-2010 year and to have the opportunity to work with so many of you.

As I look back over my term, I want to express my gratitude to all of you who contributed to the GNP section's success this year. First, I am delighted to report that we have successfully launched our section journal, *Journal of Governmental and Nonprofit Accounting (JOGNA)*, with Bill Baber as our first editor. Bill has spent a significant amount of time over the past six months compiling an impressive editorial board and working with AAA staff to incorporate JOGNA into their PXP submission and peer review system. I also want to recognize the Publications Committee, Dana Forgione (chair), Don Deis (co-chair), and Vaughan Radcliffe, who laid the foundation for our section journal. Without their vision and dedication, this dream of a section journal for the GNP section would not have come true.

On behalf of the section, I also want to thank Terry Patton for coordinating the mid-year meeting in Baltimore, MD on March 5 and 6, 2010 and Angela Gore for coordinating the 2010 GNP annual meeting program. The mid-year meeting was an excellent meeting mostly because of the efforts of Terry Patton. Terry was able to obtain an excellent array of speakers including David Walker, President and CEO of the Peter G. Peterson Foundation and former Comptroller General of the United States, and Jeanette Franzel, Managing Director of the Financial Management and Assurance Division at the GAO.

Angela Gore has been working hard on the annual meeting program. You should be pleased to see that we have 6 Concurrent sessions plus papers for the Forum sessions, in addition to the GNP CPE session on Sunday, August 1, 2010. As you make your annual meeting plans, I highly recommend that you

sign up for the GNP CPE session. Angela Gore and Nicole Thibodeau have developed a program oriented toward Ph.D. students and newer faculty (including those trying to break into the GNP area). Sessions include discussions on classic/cutting-edge GNP research; how to find and use

data; and circulating/polishing/publishing GNP manuscripts (with a panel of editors). Given that our section is trying to increase the visibility of GNP research, I suggest that you attend our CPE session to see what others are working on as well as support this important program of the GNP section.

Monday, August 2, 2010 will be a very busy day for the GNP section at the annual meeting. Our business meeting will be from 10:15 to 11:45 am followed by our section luncheon from 12:00 to 1:45 pm. I am pleased to announce that William Holder will be the GNP luncheon speaker at the annual meeting. Bill has just completed his second five-year term on the Governmental Accounting Standards Board and plans to discuss the current status of standards for financial accounting and reporting for state and local governments and some of his experiences as a member of the Governmental Accounting Standards Board.

Let me conclude by asking for your continued help and support in moving our section forward. Many exciting things have occurred over the past few years and I hope all of us can do our part to help grow the section. Linda Parsons, our incoming president, has many great ideas and I hope we all support her in the coming year.

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CALL FOR PAPERS

Journal of Governmental & Nonprofit Accounting

The Government and Nonprofit section of the American Accounting Association announces a new academic journal, the *Journal of Governmental & Nonprofit Accounting (JOGNA)*. JOGNA's objectives are to promote, publish, and elevate the quality of research in the governmental and nonprofit accounting areas. To this end, the role of the editorial board is to identify promising manuscripts and to advise and support authors of these manuscripts toward publication.

Appropriate topics for the journal include, but are not limited to:

- Financial reporting by governmental and nonprofit organizations
- Governance practices in governmental and nonprofit organizations
- Audit markets for governmental and nonprofit organizations
- Financing governmental and nonprofit enterprises
- Budgeting and financial management in governmental and nonprofit organizations
- Evaluating charitable organizations
- Performance audits
- State oversight of local governments
- The role of accounting in political markets
- The use of accounting information in markets for philanthropic resources
- Financial and nonfinancial performance metrics in governmental and nonprofit organizations
- Compensation in public sector and nonprofit organizations
- Regulation of reporting requirements for governmental and nonprofit organizations
- Federal accounting standards
- Evaluating the public policy objectives, consequences, and performance of governmental and nonprofit organizations
- Government auditing standards
- Government cost accounting standards and the CASB

Appropriate methodologies include, but are not limited to:

- Empirical studies using archival data
- Laboratory studies
- Theory-based analysis
- Case studies

Submission and Review Process

The submission/review process began **June 1, 2010**. Manuscripts should be submitted using the American Accounting Association online PXP submission and peer review system starting on the commencement date.

The nonrefundable submission fee in U.S. funds is \$70 for members of the AAA Government and Nonprofit Section and \$100 for nonmembers of the AAA Government and Nonprofit Section, payable online by credit card (VISA or MasterCard only). The payment form is currently available online starting June 1st. If you are unable to pay by credit card or have any questions please contact the AAA Member Services Team at (941) 921-7747 or info@aaahq.org.

Submitted manuscripts should be original research not previously published and not under consideration at another journal. After screening by the editorial board for suitability, submissions will be reviewed by qualified reviewers under the direction of the editor. Revisions not resubmitted within 12 months from notification will be considered new submissions. JOGNA is an online journal. Accepted articles will be published (posted online) shortly after their acceptance.

Editorial Board

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2010 American Accounting Association Government and Nonprofit Section Mid Year Meeting Baltimore, MD Sessions & Presentations

On March 5-6, 2010, the GNP held its mid-year meeting in Baltimore, MD. The first day included an array of interesting speakers. First, Grant Thornton introduced the findings from their seventh annual National Board Governance for Not-for-profit Organizations. Then Jeanette Franzel, the Managing Director of Financial Management and Assurance at the General Accountability Office, discussed the current situation with the recent stimulus package and its impact on state and local governments, as well as the federal deficit. After lunch, David Walker, President & CEO of the Peter G. Peterson Foundation, outlined some of the fiscal challenges we face in the U.S. The day ended with presentations from the AAA president, Nancy Bagranoff, and an update from the GASB's Dean Mead. We wrapped up with a lovely dinner at Phillips Harborplace restaurant.

The second day of the meeting was devoted to research presentations. There were nineteen papers submitted and fifteen of them were accepted for presentation at the mid-year meeting. We had five concurrent sessions on Saturday morning, including presentations by a number of Ph.D. students.

Thanks to Terry Patton and Tom Vermeer for organizing a very successful mid-year meeting!

2010 AAA Annual Meeting GNP Section program CPE Session

This year's GNP CPE program is oriented toward Ph.D. students and newer faculty (including those trying to break into the GNP area). Sessions include discussions on classic/cutting-edge GNP research; how to find and use data; and circulating/polishing/publishing GNP manuscripts (with a panel of editors). We have pulled together a really great group of speakers, including Randy Elder, Angela Gore, Ranjani Krishnan, Linda Parsons and Bob Yetman. Our panel of editors includes Bill Baber from our new section journal JOGNA, Harry Evans representing *The Accounting Review*, and Marty Loeb from JAPP. We plan to have some interactive time.

The cost is a mere \$90 for an action-packed afternoon of GNP research, including a chance to meet other new people, as well as those more established in our field, and only \$45 for students. It is scheduled for Sunday, August 1 from 1-4:30, with a chance to socialize afterwards. The session is CPE #37.

We are asking for your help in identifying both Ph.D. students and newer faculty. If you can please pass along their names to us (so we can personally invite them), or else encourage them to sign up for the CPE, we would appreciate it. Note, to encourage students, the section is sponsoring half of the registration cost. However, the \$45 student rate is only available if you register by mail or fax using the PDF registration form. To access that registration form, go to <http://aaahq.org/AM2010/registration.cfm>. Please feel free to contact Angela Gore and Nicole Thibodeau, GNP section research and teaching chairs, if you have any questions.

2010 AAA Annual Meeting GNP Section program Concurrent Sessions

Session Title: Government and Nonprofit
Governance and Reporting

Session Date/Time: 4:00 pm-5:30 pm Monday
August 2, 2010

1. [*The failure of private foundations to anticipate distribution shortfalls, causing effective tax rates greater than 100%*](#)

Noel Addy, Mississippi State University
Timothy Yoder, University of Nebraska at Omaha

Discussant: Jenna Meints, University of North
Carolina

2. [*Accounting Discretion, Strategic Decisions, and Reported Administrative Spending: Evidence from Nonprofit Executives*](#)

Linda M Parsons, University of Alabama
Charlotte Pryor, University of Southern Maine
Andrea Alston Roberts, University of Virginia

Discussant: Teresa Gordon, University of Idaho

3. [*Investigating individual donor information search-the relevance of nonprofit efficiency and nonfinancial information*](#)

Evelyn A McDowell, Rider University
Wei Li, Kent State University
Pamela C Smith, University of Texas at San Antonio

Discussant: Stephen Brigham, University of
Wisconsin Oshkosh

Session Title: Nonprofit Disclosure
Session Date/Time: 10:15 am-11:45 am Tuesday
August 3, 2010

1. [*An Analysis of How Charities Use Revenues*](#)

Christopher L. Jones, George Washington
University
Karen A Kitching, George Mason University
Andrea Alston Roberts, University of Virginia
Pamela C Smith, University of Texas, San Antonio

Discussant: Daniel Tinkelman, Hofstra University

2. [*The Costs and Benefits of Voluntary Disclosures by Nonprofit Organizations*](#)

Saleha B. Khumawala, University of Houston
Daniel G. Neely, University of Wisconsin-
Milwaukee
Teresa P. Gordon, University of Idaho

Discussant: Mary (So Yun) Im, University of
Georgia

3. [*Web Disclosure and the Market for Charitable Contributions*](#)

Gregory D. Saxton, University at Buffalo, SUNY
Daniel Neely, University of Wisconsin, Milwaukee
Chao Guo, University of Georgia

Discussant: Christopher Jones, The George
Washington University

Session Title: Government and Nonprofit
Governance and Reporting #2
Session Date/Time: 2:00 pm-3:30 pm Tuesday
August 3, 2010

1. [*Playing the Ratings Game: The Significance of the Four Star Rating*](#)

Qianhua Ling, Marquette University
Daniel Neely, University of Wisconsin-Milwaukee

Discussant: Mary Fischer, University of Texas –
Tyler

2. [*The Association of CEO Turnover with Financial and Operating Performance in Nonprofit Organizations*](#)

Kerry McTier, The University of Texas at San
Antonio
Dana A. Forgione, The University of Texas at San
Antonio

Discussant: Andrea Roberts, The University of
Virginia

3. [*Do cities need pay czars? Excess compensation, fringe benefits, and municipal governance*](#)

Angela Gore, George Washington University
Susan Kulp, George Washington University
Ying Li, George Washington University

Discussant: Tjomme Rusticus, Northwestern
University

2010 AAA Annual Meeting GNP Section program Concurrent Sessions

Session Title: Governmental Financial Reporting
Session Date/Time: 4:00 pm-5:30 pm Tuesday
August 3, 2010

1. [*Governance Structures and Financial Authority in Submunicipal Districts: Implications for Fiscal Performance*](#)

Robert J. Eger III, Florida State University
Richard C. Feiock, Florida State University

Discussant: Ken Smith, Willamette University

2. [*Citizen Confusion Regarding General Purpose and Special District Governments: A Comparative Analysis*](#)

Larita J. Killian, Indiana University-Purdue University Columbus
Kimdy Le, Indiana University-Purdue University Columbus

Discussant: Dean Mead, GASB

3. [*Reporting of General Infrastructure Assets under GASBS Statement No. 34*](#)

Thomas E Vermeer, University of Delaware
Terry K Patton, Midwestern State University
Alan K Styles, California State University San Marcos

Discussant: Jean Zhang, George Washington University

Session Title: Government and Nonprofit Audit Issues

Session Date/Time: 10:15 am-11:45 am Wednesday
August 4, 2010

1. [*Determinants of Going Concern Audit Opinions in Nonprofit Organizations*](#)

Nancy Chun Feng, Boston University

Discussant: Suzanne Lowensohn, Colorado State University

2. [*Circular A-133 Audit Quality of Nonprofit Healthcare Organizations*](#)

Dennis M López, University of Texas at San Antonio
Pamela C Smith, University of Texas at San Antonio

Discussant: Kevin Rich, Loyola University Maryland

3. [*Increasing the Likelihood of the Governmental Going Concern Opinion for the California Public School Districts*](#)

Joe Durden, Nova Southeastern
John Sennetti, Nova Southeastern

Discussant: Dongkuk Lim, University of Texas at Dallas

Session Title: International Government and Nonprofit Research

Session Date/Time: 2:00 pm-3:30 pm Wednesday
August 4, 2010

1. [*Sanctioned Earnings Management in Public Sector Hospitals*](#)

John J. Forker, University of Bath
Margaret J. Greenwood, University of Bath
Discussant: Dana Forgione, University of Texas at San Antonio

2. [*Do Internal Controls Improve Operating Efficiency of Universities?*](#)

Rong-Ruey Duh, National Taiwan University
Kuo-Tay Chen, National Taiwan University
Ruey-Ching Lin, National Taiwan University
Li-Chun Kuo, National Taiwan University
Discussant: Nancy Chun Feng, Boston University

3. [*Internal Control in NFP organizations in Ethiopia*](#)

Laxmikantham Padakanti, Addis Ababa University
Zesslasie Baraki,

Discussant: Rute Abreu, Polytechnic Institute of Guarda (Portugal)

GNP Section program

GNP Luncheon Speaker

William Holder will be the GNP luncheon speaker at the annual meeting. Bill has been named among the 100 most influential people in accounting. He has served as chairman of the AICPA's Board of Directors and Council and was a member its State and Local Government Committee. He was also the chair of AAA's Public Sector Section. Bill received the Gold Medal Distinguished Achievement in Accounting Education Award. He earned his B.S. from Oklahoma State University and a MAcc and DBA from the University of Oklahoma. Bill has just completed his second five-year term on the Governmental Accounting Standards Board and plans to discuss the current status of standards for financial accounting and reporting for state and local governments and some of his experiences as a member of the Governmental Accounting Standards Board. **The GNP luncheon is on Monday, August 2, 2010 from noon to 1:45.**

Have you seen?

GNP research is published in a wide range of journals. Since you can't read them all, this new feature of the newsletter highlights some recent research that you may have missed.

Skaerbaek, P. 2009. Public sector auditor identities in making efficiency auditable: The National Audit Office of Denmark as independent auditor and modernizer. *Accounting, Organizations and Society* 34 (8) (November): 971-987.

Abstract: This paper examines how the National Audit Office of Denmark (NAOD) maneuvered in making the Danish military receptive to a performance-accountability project in the period 1990-2007. Evidence is provided from a detailed case study, where the actions of the auditors have been followed in their efforts to make the military activities auditable by focusing on the multiple and dynamic interactions between them, the auditee and others. This study contributes to our understanding of how auditors maneuver with their performance audit devices in different ways to make efficiency auditable. It appears that as the auditee initiated the implementation of a new accounting system called DeMars a stream of overflows threatened to destabilize it. Groups within the auditee were eager to put heat into the overflowing. This study illuminates how the auditors, equipped with their devices of purification in the later stages of the

project, helped at least provisionally to contain the overflows and stabilize the construction. Due to such different maneuvers by the auditors, this paper demonstrates the problems that emerge when state auditors maneuver in performance auditing with identities both as 'modernizers', i.e., participating in providing the reasons for change and defining its designs and as 'independent auditors', i.e., to legitimize the construction in which they participated themselves. Many allies to the auditors worked hard in protecting the NAOD as the two identities conflicted with each other during the execution of the project.

Hanak, E. 2009. State infrastructure spending and the federal stimulus package. *National Tax Journal* 62 (3) (September): 573-583.

Abstract: Nearly one-quarter of the \$787 billion in the American Recovery and Reinvestment Act of 2009 is devoted to spending and tax credits for infrastructure investments. The sums available (about six months of public infrastructure spending) and the requirements to spend on "shovel ready" projects mean that this program is a short-term boost, rather than an opportunity to create broad based change in the U.S. infrastructure profile. Some key exceptions are energy, broadband technology, and high speed rail, where federal spending can break new ground. Looking ahead, the availability of stimulus funds should not distract attention from infrastructure finance reform, particularly in transportation.

Smith, P.C. and D.J. Shaver. 2009. Transparency, compliance, and filing burden – principles for the revised Form 990. *ATA Journal of Legal Tax Research* 7 (1): 133-151.

Abstract: The Internal Revenue Service (IRS) has significantly revised Form 990, "Return of Organization Exempt from Income Tax." The informational return has not been substantively modified in 30 years. The IRS states the redesign of the return was based on three guiding principles: (1) enhancing transparency, (2) promoting tax compliance, and (3) minimizing the burden on the filing organization. This paper outlines the historical context of legislative changes concerning transparency and accountability within the tax exempt sector. It also outlines the major revisions to Form 990 and argues that they meet the underlying goals established by the IRS to enhance the overall accountability within the sector.

Have you seen?

Chong, K.M., C. Dohley, K. Houghton and G.S. Monroe. 2009. Effect of outsourcing public sector audits on cost-efficiency. *Accounting and Finance* 49 (4) (December): 675-695.

Abstract: This study compares the cost-efficiency of 'in-house' and outsourced to private sector audit supplier arrangements to deliver financial audits in the public sector by examining audit cost-efficiency within the context of the public sector arrangement at one state in Australia (Western Australia). The results for 178 public agencies show that outsourced audits are, in general, more costly than in-house audits, but this result is conditional on the type and size of public agency. Specifically, outsourced audits are more costly than in-house audits for small statutory authority audits, whereas for specialist audits (i.e. hospitals) and large and complex statutory authority audits, the in-house supply is equally efficient as the outsourced service.

In addition to these articles, the *Journal of Accounting and Public Policy* published a special issue in cooperation with our section, edited by Bill Baber and Mike Granof. The table of contents for Volume 28, Issue 6 is as follows:

“The role of rating agencies in the market for charitable contributions: An empirical test” by Teresa P. Gordon, Cathryn L. Knock and Daniel G. Neely

“Unintended consequences of expense ratio guidelines: The Avon breast cancer walks” by Daniel Tinkelman

“Determinants of nonprofits’ taxable activities” by Michelle H. Yetman and Robert J. Yetman

“Audit value and charitable organizations” by Karen Kitching

“The quality and conservatism of the accounting earnings of local governments” by Matt Pinnuck and Bradley N. Potter

ANNOUNCEMENTS

Nominations to the Accounting Principles Board of the National Association of College and University Business Officers (NACUBO)

Teresa Gordon is completing her term as the academic member of the Accounting Principles Board of NACUBO. NACUBO is in the process of finding a replacement and has issued the following request:

We're interested in someone with either FASB or GASB experience. Council members:

- Participate in conference calls throughout the year – we have 5 standing conference calls for updates.
- Participate in one face to face meeting every January. We go to Norwalk every other year for a liaison meeting with both GASB and FASB. In the "off Norwalk" year, we have our meeting in a warm weather location like Phoenix. NACUBO reimburses for this trip.
- Are encouraged to attend NACUBO's Higher Education Accounting Forum – every April. NACUBO provides a complimentary registration. We have a face to face meeting for all council members in attendance.
- Participate on committees of interest to them and all provide input into either GASB or FASB comment letters on proposed standards

Over the past few years Teresa has authored or co-authored three articles in *Business Officer* (NACUBO's magazine). NACUBO has given survey data sets to Teresa in exchange for survey data analysis. Each council member brings their unique skills and strengths to the table, and we try to make this a mutually beneficial positive experience.

Please go to:

http://aaahq.org/gnp/2010APC_MissionStatement.pdf

to view the mission statement for NACUBO's Accounting Principles Council (APC). The statement is very detailed and should provide a flavor for the type of role the council plays.

The call for nominations will close September 15, 2010. Interested individuals should submit a vita and a paragraph that explains why they are interested in serving on the council. Candidates should email this information to Sue Menditto, Director of Accounting policy at susan.menditto@nacubo.org. **Sue will review applicants and will make a decision by the end of October, 2010.**

Stay Connected with the GNP Section

Smitty, our esteemed and learned section member, is also the person responsible for sending out e-mails announcing various Section activities. Smitty knows he doesn't have everyone's e-mail address. So, if you are not currently receiving e-mail messages from Smitty, please send him your address. We want the Section's distribution list to be as complete as possible.

Please send your e-mail address to:
smitty@mtsu.edu

GNP Website:

GNP archives are up on the website. You can click on the "section archive" item in the border of the website and view files dating back to 1976. These are the items that John Engstrom compiled. Please take a look at the site <http://aaahq.org/GNP/index.htm> and send any corrections, updates and suggestions to Dwayne at: dmcswain@mtsu.edu

The Government & Nonprofit News is published three times a year (Fall, Winter, and Summer) as a service to the GNP Section Members of the AAA.

The deadline to submit items for inclusion in the next issue of **Government & Nonprofit News** is **October 15, 2010**. Submit newsletter items (max 350 words per item) to:

Louis J. Stewart, Editor
Government & Nonprofit News
Howard University
2600 4th Street NW
Washington, D.C. 20053
Phone: (202) 806-1587
Fax: (908) 737-4105
E-mail: l_stewart@howard.edu

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