

**MINUTES**

**AUDIT COMMITTEE MEETING**

**PUBLIC SESSION**

**WHITEFISH, MT.**

**JULY 26, 2011**

**I. CALL TO ORDER:**

Janielle Lipscomb, Audit Committee Chairman called the meeting to order at 1:00 PM and welcomed the members and guests who were present.

**II. ROLL CALL:**

Present were the following members and guests:

OR Janielle Lipscomb	AL Chris Sherlock	AR Walter Anger
NM Rebecca Abbo	ID Bob Geddes	ID Randy Tilley
ND Ryan Rauschenberger	ND Ryan Peyerl	ND Mary Loftsgard
MT Mark Schoenfeld	MT Lee Baerlocher	MT Gene Walborn
MT Shelly Bradford	SD Andy Gerlach	LA Earl Millet
WI Rick DeBano	WI Julie Christensen	AK Robynn Wilson
OR Gary Humphrey	CO Roxy Huber	NC Lennie Collins
ND Miles Vosburg	MTC Les Koenig	MTC Tom Shimkin
MTC Ken Beier		

Present via teleconference:

GA Anita DeGumbia	IL Dan Hall	NE Scott Spilinek
KS Bryan Vargas	KS Mike Boekhaus	NJ Colleen Chapman
KS Pat Verschelden	LA Peggy McKinley	MO Scott Leary
MI Marilyn Campbell	MN Keith Getschel	MN Jeff Vogt
NM Dan Armor	UT Frank Hales	NM Louis Gomez
UT Kim Ferrell	TN Stacy Gibson	WA Mike Grundhoffer
WV Andrew Glancy	MTC Harold Jennings	MTC Jeff Silver
MTC Steve Yang		

### **III. PUBLIC COMMENTS:**

There were no comments from members of the public present at the meeting.

### **IV. APPROVAL OF MINUTES PUBLIC SESSION:**

The minutes of the public session of the Audit Committee of March 3 2011 in Kansas City were approved.

### **V. AUDIT DIRECTOR'S REPORT**

Les Koenig, MTC Audit Director issued a written report on the status of the Audit Program. The MTC Audit Program completed 5 and parts of 5 sales tax audits and 6 and parts of 4 income tax audits for fiscal year end 6/11.

### **VI. NEW BUSINESS AND ADJOURNMENT**

Janielle Lipscomb led a discussion on the SWOT process for the Audit Committee. A summary of this discussion follows.

- Audit Process
  - At times there are very short statutes when the state receives the audit package
  - After state reviews the audit package, may need to have the MTC auditor answer questions, get additional information or correct errors
  - Need to let the states know what was asked and what the response was
  - Need a checklist of what is expected from the audit
  - Taxpayer is slow in providing documentation
    - Need to start using the demand letter and subpoena more
  - Need an audit timeline to keep audits from going on for years
  - Taxpayers claim that states re-audit after they receive MTC audit package
    - Need to have a listing of audit process both at the MTC level and the state level
    - States say that when they send the taxpayer the proposed audit report, the taxpayer then sends them more information
    - States will give taxpayer another chance to provide documentation as this cuts down on appeals
  - States are slow to respond to MTC queries which adds time to the audit
  - Explore assigning team of auditors at the beginning of the process in order to get the difficult audits completed faster
- Workpapers
  - Include the IDRs
  - Need more transparency of what is included in workpapers and supporting documents
  - Need more substantial narratives/explanations of adjustments

- Need the entire audit file, especially for appeals
- Nominations
  - Need to establish guidelines for what is a “good” MTC audit vs. what is a good audit for the state
  - Need MTC to do audits where it is difficult for the state to get documents
  - Make sure all states are fairly represented in the final audit selections
  - Process is too long, find ways to simplify the process (may work for the income tax audits but doesn’t work for the sales tax audits)
- Technology
  - Post entire audit file to a secure website where the state can access it
  - Move towards paperless audits
  - Need ability for states to connect with each other
    - Give state representatives an MTC e-mail address
  - E-mail system needs to be fully functional
    - Leave e-mails for more than 14 days
    - Ability for states to forward e-mail to their staff
  - Need updated information in the materials that Les gives for the meeting

Janielle asked for volunteers to serve on a committee to prioritize the changes to work on for the MTC audit program. The following people were named to this committee; Janielle Lipscomb, Randy Tilley, Robynn Wilson, Rick DeBano, Harold Jennings and Les Koenig.

The public session of the audit committee adjourned at 1:50PM