MINUTES

AUDIT COMMITTEE MEETING

WASHINGTON, DC

OCTOBER 28, 1997

PUBLIC SESSION:

I. CALL TO ORDER

Kim Ferrell, Audit Committee Chairman called the meeting to order at 2:30PM and welcomed the members and guests who were present.

II ROLL CALL

Present were the following members and guests:

UT. Kim Ferrell
AL. Louis Mills
AR. Tom Atchley
MO. John Feldman
OR. Gary Friezen
NM. Marilyn Hill
ND. Gary Anderson
ID Dick McFarland
MT. Steve Austin
NJ. Rich Schrader
KY. Ellen Seibert
MN. Larry Wilkie
MI. Sue Brokenshire
WA. Forrest Bush
KY. Larry O’Nan
CT. Joe Thomas
MTC Les Koenig
MTC Cathy Bernot
MTC Sam Moon

MN. Kathleen Stewart
AL. Dan Bass
MO. Dave Metzler
CO. Phil Horwitz
NM. Rick Bejarano
DC Hattie Stancil
ND. Harold Aldinger
ID. Joe Randall
MT. Melissa Kopp
UT. Craig Sandberg
MD Patrick White
MI. Mile Martin
ME. Eileen Bemis
KY. Cathy Cravens Snell
NH. Chuck Redfern
MTC Dan Bucks
MTC Harold Jennings
MTC Jeff Silver
MTC June Summers Haas

III. APPROVAL OF MINUTES:

The public section of the minutes of the August 5, 1997 meeting in Whitefish, Montana were approved with one correction noted. A correction to item VII was made to read that Utah has only one auditor who resigned from the Utah Department of Revenue.
IV. PUBLIC COMMENTS:

Kim Ferrell opened the floor for any public comments. There were no public comments from the floor.

V. EXECUTIVE DIRECTOR'S REPORT:

Dan Bucks, Executive Director made a verbal report. Dan reported on the locations of the upcoming meetings. He also gave a detailed report on the status of the Direct Marketer’s negotiations.

VI. AUDIT'S DIRECTORS REPORT:

Les Koenig, MTC Audit Director submitted a written report to the Audit Committee summarizing the activity of the Audit Program for the first quarter of fiscal year 6/98. Les also discussed revising the method of reporting completed audit hours on income tax audits. Les will present a revised proposal for reporting income tax audit hours at the March meeting.

Harold Jennings, MTC Audit Supervisor discussed a recent problem the sales tax staff has been experiencing with the waiver form. Rene Blocker, MTC Counsel was asked to attend this portion of the meeting and offer legal advice regarding the waiver form. After discussion, the Audit Committee asked Rene to draft a survey to be sent to the states and suggest ways to revise the waiver form to eliminate the problems the audit program has been experiencing.

VII. REGIONAL AUDITING PILOT PROJECT:

Les Koenig reported on the status of this project. Three of the states have completed the audits, while the fourth state is nearing completion.

VIII. TECHNOLOGY AND AUDITING:

Forrest Bush, chairman of this sub-committee made a verbal report of the meeting of this sub-committee held on Monday, October 27, 1997. Forrest reported that a representative from Texas Department of Revenue gave a presentation on sampling techniques. The state of Texas offered to provide training in this area to states that may request such training. The details of this training will be worked out in future meetings. Forrest also reported that an ACL Software Users Group Steering Committee was formed to investigate training needs and formation of a possible Internet cite for this users group.
IX. NEW BUSINESS:

Les Koenig reported on the possibility of sending one or two auditors to an extended training session on computer assisted auditing for sales tax. A majority of the Audit Committee felt that this was a good idea.

X. PUBLIC SESSION OF AUDIT COMMITTEE ADJOURNED; CLOSED SESSION ANNOUNCED.

Kim Ferrell adjourned the public session of the Audit Committee at 3:30PM.

Kim announced that, as previously described in the notice for the meeting, the Audit Committee would conduct a closed session to consider the items on the public notice of the meeting. These items are being considered in close session because they involve the consideration of confidential taxpayer information or data the disclosure of which is prohibited by law.