

MINUTES

AUDIT COMMITTEE MEETING

PUBLIC SESSION

MYSTIC, CONNECTICUTT

JULY 27, 2004

I. CALL TO ORDER:

Rich Schrader, Audit Committee Chairman called the meeting to order at 8:00 AM and welcomed the members and guests who were present.

II. ROLL CALL:

Present were the following members and guests:

NJ Rich Schrader	ND Mary Loftsgard	ID Joe Randall
ID Dick McFarland	ID Lynn Chenowith	WA Tremaine Smith
AK Robynn Wilson	WY Michael Geesey	AR Danny Walker
AR Tom Atchley	TX Hermi Nanez	MN Larry Wilkie
MN Keith Getschel	NM Linda Palmer	OH Vaughn Lombardo
UT Rod Marrelli	UT Frank Hales	MO John Feldmann
MO Carol Fischer	SD Bruce Christensen	AL Michael Mason
OK Michael Kaufmann	ND Blaine Braunberger	NE Shawn Sookram
LA Kurt Van Brocklin	MT gene Walborn	OR Janielle Lipscomb
OR Eric Smith	VT George Phillips	CO Bill Speckman
CT Joe Thomas	CT James Maisto	TN Joan Cagle
SC John Rogers	NH Chuck Redfern	MTC Les Koenig
MTC Harold Jennings	MTC Dan Bucks	MTC Jeff Silver
MTC Sheldon Laskin	MTC Ken Beier	CGI Bill Herman

Present through teleconference:

MTC Steve Yang	WI Rick DeBano	KY Jay Yale
MTC Cathy Felix	CO Christina Manthey	

III. PUBLIC COMMENTS:

There were no comments from the public sector.

IV. APPROVAL OF MINUTES OF PUBLIC SESSION SAN DIEGO, CA.

The minutes from the San Diego, Ca. public session held on March 17, 2004 were reviewed and approved.

V. REPORT FROM EXECUTIVE COMMITTEE LIAISON

Carol Fischer, Executive Committee Liaison, thanked the Audit Committee for its work during the last fiscal year. The Executive Committee was genuinely pleased with the work of the Committee.

VI. EXECUTIVE DIRECTOR'S REPORT

Dan Bucks, MTC Executive Director spoke favorably of the results of the Audit Committee and the Audit Program for the last year. Dan spoke at length about abusive tax shelters being used in the corporate environment. He spoke of the work being done by several states in this area and invited everyone to attend a symposium hosted by the California Franchise Tax Board on August 31 and September 1 in Sacramento. Dan also talked about the possibility of training a specialist to deal with abusive tax shelters.

Dan also talked about several federal issues including voice over protocol, preemption of internet access taxes, and the Streamlined Sales Tax legislation.

VII. AUDIT DIRECTOR'S REPORT

Les Koenig, MTC Audit Director issued a written report on the status of the Audit program. Les reported that 10 sales tax and 7 income tax audits were completed during the fiscal year.

VIII REPORT FROM AUDITING TECHNOLOGY SUB-COMMITTEE

Bruce Christensen reported on the sub-committee's meeting on July 26, 2004. Bruce indicated that the Committee has been working on an Audit Standard Paper for the Streamlined Sales Tax Project. This committee has held several teleconferences during the last quarter dealing with this paper.

The Committee is also working on the MTC Statistical Sampling Manual for use by the MTC Audit Program. The Committee recommended that Bruce Christensen continue to serve as chairman of this committee and that Tremaine Smith be approved as Vice Chairman. This was approved by the MTC Audit Committee.

X NEW BUSINESS AND ADJOURNMENT

There were no items of new business at this meeting. The public session of the Audit Committee was adjourned at 9:20AM.