

MINUTES

AUDIT COMMITTEE MEETING

PUBLIC SESSION

KANSAS CITY, MO.

JULY 28, 2009

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 Michael Mason	OR Eric Smith
UT Frank Hales	AR Tom Atchley	AR Danny Walker
ND Mary Loftsgard	ND Myles Vosberg	ND Ryan Rauschenberger
LA Tina Folse	MT Lee Baerlocher	MO Dave Garro
MO Diane Luebbering	GA Anita DeGumbia	WI Roy Davis
TN Stacy Gibson	MO Scott Leary	NE Gary Helman
Deloitte Karen Bouche	RSI John Cox	RSI Gary Ruhl
MTC Les Koenig	MTC Harold Jennings	MTC Greg Matson
MTC Ken Beier	MTC Tom Shimkin	Chambridge Eric Cook

Present via teleconference:

MTC Cathy Felix	MTC Jeff Silver	MTC Steve Yang
ID Reva Tisdale	ID Randy Tilley	IL Dan Hall
LA Becky Berry	LA Liana Techow	NJ Craig Rook
NJ Michelle Bartolomei	NM Dan Armer	WV Andrew Glancy

III. PUBLIC COMMENTS:

Eric Cook representing Chambridge was asked by Mike Mason to explain how his company has helped Alabama in dealing with 482 arms length adjustment. Eric explained his company brings expertise as a consultant on economic analysis for 482 adjustments. His company has been successful in assisting Alabama settle 482 audit adjustment

IV. APPROVAL OF MINUTES OF PUBLIC SESSION SAN ANTONIO, TX.

The minutes from the Nashville, TN. public session held on March 19, 2009 were approved as submitted.

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 10 and parts of 3 sales tax audits and 3 and parts of 8 income tax audits for fiscal year end 6/09.

Les also reported that an income tax auditor vacancy was filled with hiring of Terry Daehn former California Franchise Tax Board auditor in October. In addition a sales tax auditor vacancy was filled with a hiring of Ki Yun former Ohio auditor was hired with a starting date of November 3, 2008.

Les reported that the audit program continued work of updating the MTC Income and Sales Tax Manuals. There are two separate committees comprised of the Commission's Deputy Director, Audit Director, Audit supervisors and auditors meeting weekly to complete this work. The income tax staff met in December for training and sales tax staff met in February for training.

Les also reported that Tumbleweed software has been installed on all auditors' computers and the staff is now able to send secure emails to the states and taxpayers. Les tested the system with audit committee members and seemed to work well with all states but one. Chris Lane is working with that state to correct the problem.

VI. TECHNOLOGY COMMITTEE REPORT

Harold Jennings reported on the activities of the Technology Committee which met the previous day. The Committee reviewed a proposal by RSI on an automated case management system. No action was recommended at this time. Harold also reported on the problems some states were experiencing on the Tumbleweed security system. One improvement will be implemented in near future. Currently, secure emails are automatically deleted in 14 days. This time will be extended to 90 days.

Finally Harold demonstrated the updates on the MTC web site.

Vii. NEW BUSINESS AND ADJOURNMENT

Janielle reported that the MTC Executive Committee approved the recommendation of the Audit Committee to meet face to face twice a year. The third meeting will be via a teleconference in the fall. There were no additional new business items and the open session meeting was adjourned at 1:45 PM.