

MINUTES

AUDIT COMMITTEE MEETING

PUBLIC SESSION

ALBUQUERQUE, NM

JULY 29, 2014

I. CALL TO ORDER:

Rick DeBano, Audit Committee Chair called the meeting to order at 8:30 A.M. and welcomed the members and guests who were present.

II. ROLL CALL:

Present were the following members and guests:

NAME	STATE OR AFFILIATION	NAME	STATE OR AFFILIATION
Daniel Armer	NM	Janice McGee	NM
Tom Atchley	AR	Deanna Munds-Smith	AR
Lee Baerlocher	MT	Matt Peyerl	ND
Ken Beier	MTC	Rouen Reynolds	AL
Dan Bucks	MTC	Chris Sherlock	AL
J.A. Cline Jr.	LA	Jeff Silver	MTC
Lennie Collins	NC	Randy Tilley	ID
Holly Coon	AL	Christy Vandevender	AL
Christi Daniken	OR	Miles Vosberg	ND
Rick DeBano	WI	Eugene Walborn	MT
Lee Evans	NJ	Charles Wilson	DC
Cathy Felix	MTC	Robynn Wilson	AK
Scott Fryer	AR	Steve Yang	MTC
Mike Gamble	AL	Michele Bartolomei*	NJ
Keith Getschel	MTC	Rebecca Berry*	LA
Frank Hales	UT	Joel Brodsky*	MA
Joe Huddleston	MTC	Andrew Glancy*	WV
Gary Humphrey	OR	Scott Leary*	MO
Richard Jackson	ID	Dennis Lima*	CO
Don Jones	OR	John McCarty*	MO
Harold (Hal) Jones	TN	Mike Simmons*	NE
Bryan Vargas*	KS	Dee Wald*	ND

* Participated by telephone

III. LES KOENIG

Rick DeBano recognized and thanked Les for his outstanding service to the MTC and the Joint Audit Committee member states. Rick introduced Joe Huddleston, who awarded Les with a distinguished MTC Plaque. Joe also thanked Les for his contributions and service to the MTC. Les thanked Joe, and the past MTC Executive Director, Dan Bucks, the MTC staff, as well as all the states that are part of the audit program for their support.

IV. PUBLIC COMMENTS:

There were no the public comments.

V. APPROVAL OF MINUTES PUBLIC SESSION:

The minutes of the public session of the Audit Committee meeting of March 13, 2014 in Denver, were approved with a motion by Randy Tilley.

VI. AUDIT DIRECTOR'S REPORT

Les Koenig, Audit Director, referred to his written report on the status of the Audit Program. Since the last committee meeting, the MTC Audit Program has completed 6 income tax audits and parts of 7 others. They have also completed 6 sales tax audits and parts of 9 others. Les reported that the audit staff is down 3 auditors with the resignation of Danette Smith from the Sales Tax staff, along with 2 income tax auditors.

VII. TRAINING

Ken Beier reported that in the upcoming year the commission's training courses will need an outside independent review to maintain their accreditation for CPE/CLE. Ken also reported that a statistical sampling class will be held March 31st in Madison, WI and a Corporate Income Tax training class will be scheduled in Vermont this coming fall.

Related to the statistical sampling course Harold Jennings discussed Arkansas' voluntary effort to upgrade the commission's sampling software. Harold also requested that the membership consider their resources whether in their audit programs or IT departments there is someone willing to help in a joint effort to further upgrade the software in Microsoft's .net programming language. A joint

effort would help insure that the commission and states would always have a free sampling program that is up to date and which any state would be able to use. Harold requested that interested states contact him.

VIII. MULTISTATE TAX COMMISSION ARM'S-LENGTH ADJUSTMENT SERVICE (ALAS)

Dan Bucks gave a description of the project that is currently in the design phase which he anticipates a beginning operational date of July, 2015.

Dan emphasized that it will be a free standing service that will add value to what states are doing. It will be most relevant to single entity states but will also benefit the combined states. So far, there are 9 states that are participating in this project.

The service will consist of three parts

Pre-audit – analysis and audit selection, training of staff on arm's length transactions

Auditing – audit services, joint audit and possible support of audit (economic analysis).

Post audit – legal assistance, expert witness and economics

States can participate in some or all of the services. Dan further stated this is not a 482 project.

Dan mentioned that there will be meetings with economics consulting firms on October 6th and 7th.

IX. NEW BUSINESS AND ADJOURNMENT

Rick DeBano mentioned that the MTC Annual Meeting will be held in Spokane, Washington.

There was no other new business to discuss and the public session was adjourned with a motion from Frank Hales.