



MULTISTATE TAX COMMISSION

To: Members, Executive Committee

From: Frank Hales, Audit Committee Chair
Lee Baerlocher, Vice Chair

Date: April 30, 2016

Subject: Report of the Audit Committee

The audit committee has met three times in fiscal year 2016. The first meeting was in Spokane, Washington on July 27, 2015. There were 52 members, and staff present during the public session and 42 members, and staff present during the closed session of the meeting. There were no members of the public present at the public session and there were 38 individuals representing 21 audit program states present during the closed session of the meeting.

The second meeting was held in Charleston, South Carolina on December 9, 2015. There were 52 members, guests and staff present during the public session and 52 members, and staff present during the closed session of the meeting. There were two members of the public present at the public session and there were 41 individuals representing 20 audit program states present during the closed session of the meeting.

The third meeting was held in Salt Lake City, Utah on March 3, 2016. There were 44 members, guests and staff present during the public session and 44 members, and staff present during the closed session of the meeting. There were no members of the public present at the public session and there were 36 individuals representing 20 audit program states present during the closed session of the meeting.

During the meeting in Spokane the audit committee reviewed the status of all the audits in progress. A discussion was held on 6 income tax and 8 sales tax audits that had significant issues. This discussion included a taxpayer refusing to sign waivers and to cooperate with MTC audit requests.

During the meeting in Charleston the audit committee discussed an audit referral from the Nexus Committee and agreed to put the case into the audit inventory. At the meeting, Greg Matson, Executive Director, discussed

some recent challenges to the MTC's ability to conduct audits on behalf of the member states. He requested the states review a memorandum of understanding with the Commission and sign the MOU memorializing the information exchange procedures. As usual, the committee reviewed active cases and held the states' round table discussion. The committee also selected 14 sales tax cases to be added to the MTC's audit inventory.

During the meeting in Salt Lake City the committee reviewed and approved a new audit evaluation form. Again, the committee reviewed active cases and held the states' round table discussion.

The next meeting of the audit committee will be held during the MTC annual meeting in Kansas City, Missouri, on July 25, 2016.