



MULTISTATE TAX COMMISSION

To: Members, Executive Committee

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

Date: October 31, 2016

Subject: Report of the Audit Committee

The audit committee met on July 25, 2016, in Kansas City, Missouri. This is the only meeting of the committee in fiscal year 2017. There were 46 members, guests and staff present during the public session and 47 members and staff present during the closed session of the meeting. There was one member of the public present at the public session, and there were 40 individuals representing 22 audit program states present during the closed session of the meeting.

During the public session the audit committee reviewed a proposed audit evaluation survey for the audit program and moved forward with that project. In the closed session the audit committee reviewed the status of all the audits in progress. A discussion was held on 16 income tax and 6 sales tax audits that had significant issues. This discussion included a recommendation from one of the MTC auditors to close one of the audits based on the program's early closure guidelines. The committee took action to approve this recommendation. As customary, the audit committee conducted a round table discussion regarding audit leads and issues that individual states are experiencing.

The next audit committee meeting will be December 13, 2017 in Houston, Texas.