

MINUTES

AUDIT COMMITTEE MEETING

PUBLIC SESSION

WASHINGTON, DC.

NOVEMBER 8, 2005

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	ID Joe Randall	MT Gene Walborn
MT Lee Baerlocher	MT Brian Staley	NJ Lee Evans
UT Rod Marrelli	UT Frank Hales	WY Rick Scheer
ND Gary Anderson	MT Brenda Gilmer	OR Eric Smith
OR Janielle Lipscomb	OH John Trippier	SD Bruce Christensen
AL Mike Mason	AK Robynn Wilson	MN Ruth Vegdahl
NE Shaun Sookram	WI Rick DeBano	NM Diana Vasquez
NM Rebecca Abbo	MI Sue Pifer	KS Carol Ireland
CO John Petersen	SC John Rogers	MTC Joe Huddleston
MTC Les Koenig	MTC Harold Jennings	MTC Jeff Silver
MTC Cathy Felix	MTC Steve Yang	

Present via the conference call were:

CO Christina Manthey	KY Wayne Bird	ND Mary Loftsgard
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III. PUBLIC COMMENTS:

There were no comments from the public sector.

IV. APPROVAL OF MINUTES OF PUBLIC SESSION BOISE, ID.

The minutes from the Boise, ID. public session held on July 26, 2005 were reviewed and approved.

V. REPORT FROM EXECUTIVE COMMITTEE LIAISON

There was no report from the Executive Committee Liaison.

VI. EXECUTIVE DIRECTOR'S REPORT

The MTC Executive Director welcomed all those attending the MTC Annual Meeting. He reported that the MTC Executive Committee was working on tools to help the States in dealing with Abusive Tax Shelters. He also reported that a main emphasis of the MTC was to enhance system supports to help the States communicate with each other and the MTC in a secure environment.

VII. AUDIT DIRECTOR'S REPORT

Les Koenig, MTC Audit Director issued a written report on the status of the Audit program. Les reported that 2 sales tax and 1 income tax audits were completed for the first quarter of fiscal year end 6/30/06.

Les also reported that he and Cathy Felix were instructors for an income tax training class that was held in Vermont during October.

VIII. REPORT FROM AUDITING TECHNOLOGY SUB-COMMITTEE

Bruce Christensen reported on the sub-committee's meeting held on November 7, 2005. The Committee held a closed session in which sales tax sheltering was discussed. The Committee also heard an update on a state initiative that was exploring bench marking for sales tax audits. This initiative is being headed by Washington.

Cathy Wicks of Minnesota gave an update on SSTP Audit Manual. The SSTP is utilizing audit manuals from several states as a starting point and are adapting for its own use. She also reported on the proposed exemption process being proposed by the SSTP.

Finally, Bull Industries gave a presentation on an upgrade of its Sesam Software. The company is preparing to roll out a version that includes a statistical sampling random number generator.

IX SAMPLING MANUAL

Harold Jennings reported that the revised Sampling Manual was not ready for approval at this meeting. He plans to have a final version ready for adoption at the March Audit Committee Meeting..

X NEW BUSINESS AND ADJOURNMENT

Rich Schrader reported on a meeting held in late September that was held for all MTC Committee Chairs. The purpose was to explore ways to improve the services provided by the MTC. As a result of this meeting, the Audit Committee asked the MTC Audit Director to conduct a survey that looks at what is going well and ways to improve the Audit Program. The Audit Committee asked the Audit Director to have the survey ready for distribution by January, 2006. There were no other new business items and the open session was adjourned at 8:45AM.