

MINUTES

AUDIT COMMITTEE MEETING

PUBLIC SESSION

DENVER, CO

MARCH 13, 2014

I. CALL TO ORDER:

Rick DeBano, Audit Committee Chair 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:

NAME	STATE OR AFFILIATION	NAME	STATE OR AFFILIATION
Lee Baerlocher	MT	Lennie Collins	NC
Ken Beier	MTC	Rick DeBano	WI
Karolyn Bishop	WA	Anita Degumbia	GA
Cathy Felix	MTC	David Fergeson	NM
Raymond Frost	LA	Scott Garrison	WA
Stacy Gibson	TN	Frank Hales	UT
Elizabeth Harchenko	MTC	Jeff Henderson	OR
Gary Humphrey	OR	Richard Jackson	ID
Harold Jennings	MTC	Eric Johnson	CO
Harold (Hal) Jones	TN	Dennis Lima	CO
Matt Peyerl	ND	Laurie Riva	IL
John Ryser	WA	Chris Sherlock	AL
Jeff Silver	MTC	Misgana Tesfaye	CO
Randy Tilley	ID	Myles Vosberg	ND
Gene Walborn	MT	Steve Wynn	ID
Steve Yang	MTC	Robynn Wilson	AK
Amy Hamilton *	State Tax Notes	Andrew Glancy *	WV
Deanna Munds *	AR	Bryan Vargas *	KS
Diane Smith *	McDermott Will & Emory	Pat Kelly *	NJ
Les Koenig *	MTC	John McCarty*	MO
Scott Leary*	MO		

* Participated by telephone

III. PUBLIC COMMENTS:

There were no the public comments. Joe Huddleston, Executive Director, gave a brief update on the status of the Commission's search for a new general counsel and audit director.

IV. APPROVAL OF MINUTES PUBLIC SESSION:

The minutes of the public session of the Audit Committee meeting of December 10, 2013 in New Orleans were approved with a motion by Frank Hales.

V. 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 2 income tax audits and 1 sales tax audit.

Les reported that hiring for the two income tax auditor positions will be held off until the hiring of a new audit director but we are currently advertising for a new sales tax auditor. Due to the poor pool of candidates, the position will be advertised for an additional two weeks. A brief discussion ensued with committee members describing their difficulties or success in attracting well qualified auditors.

VI. 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.

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.

VII. MULTISTATE TAX COMMISSION ARM'S-LENGTH ADJUSTMENT SERVICE

Dan Bucks gave a description of the project that is currently in the design phase which he anticipates should run until 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.

The service will consist of three parts

1. Pre-audit – analysis and audit selection, training of staff on arm’s length transactions
2. Auditing – audit services, joint audit and possible support of audit (economic analysis).
3. 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.

VIII. MARKETPLACE FAIRNESS ACT (MFA)

Elizabeth Harchenko gave the committee an update of the MFA. A workgroup met yesterday, March 12 to discuss and develop a high level plan which would allow the commission to offer its services as a source for the single audit requirement. There was a great deal of interest which was evidenced by about 20 people in attendance at the workgroup meeting.

The bill has been passed by the Senate and is pending in the House. The current version requires that the states offer a single audit for remote sellers. The workgroup will hold future meetings by telephone to further develop the plan.

IX. NEW BUSINESS AND ADJOURNMENT

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