

MULTISTATE TAX COMMISSION

AUDIT DIRECTOR'S REPORT

FISCAL YEAR 6/13

PRODUCTIVITY

Audit Program completed 5 parts of 9 income tax audits through January 31, 2013 of fiscal year end 6/13. The Audit Program also completed 12 sales tax audits and parts of 4 other audit for the same period. There are 22 income and 31 sales tax audits in progress. There were several income and sales tax cases that were delayed by the taxpayers due to turn over in their tax staffs or taxpayers being sold.

The MTC Audit Program proposed assessments of \$36,337,606 for income tax and \$11,348,429 for sales tax.

STAFFING

Alexis Douglas was hired to fill vacant sales tax position in December. The vacant administrative assistant position was filled by Michelle Becker in December.

AUDIT COMMITTEE

The Audit Committee met in Grand Rapids, Michigan on July 31, 2012, via teleconference on November 29, 2012 and in St Louis on March 7, 2013.

TRAINING

Jeff Silver and Larry Shinder participated as instructors in an income tax course in Montana in October, 2012. Jeff and Cathy Felix participated in an income course in Hawaii in January. Also, Harold Jennings and Bob Schauer participated in sampling classes in New Mexico in September 2012 and Alabama in February 2013. Les Koenig conducted income tax training in Michigan in April 2013.

STRATEGIC PLANNING:

The executive committee appointed a sub-committee to work on improving the audit program. Elizabeth Harchenko was appointed by the executive committee to moderate the committee. Members are; Lee Baerlocher and Gene Walborn, MT., Stacy Gibson, TN., JA Cline, LA., Frank Hales, UT., Rick DeBano, WI., Les Koenig, Harold Jennings, Cathy Felix, and Larry Shinder, MTC staff. The committee met in person in Grand Rapids and via a teleconference in September. The committee discussed numerous projects to improve the audit program. The committee recommended two issues to initially bring to the executive committee strategic planning team for approval. These two issues are improving the nomination process and how to handle no change audits. The executive committee strategic planning team decided to move forward on these two recommendations.

The committee on improving audit selection is staffed by Rick DeBano, Randy Tilley, Lee Baerlocher, Harold Jennings and Les Koenig. The committee on no change audits is staffed by Frank Hales, J.A. Cline, Gene Walborn, Cathy Felix, Larry Shinder, and Steve Yang. Both committees met several times via teleconference in January.

Final reports from these committees are being presented to full audit committee for discussion and potential approval during the July audit committee meeting.