

MINUTES

AUDIT COMMITTEE MEETING

PUBLIC SESSION

WASHINGTON, DC

OCTOBER 15, 2002

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	LA Clarence Lymon	MN Keith Getschel
KY Jay Yale	ID Phil Aldape	IA Don Cooper
WI Dan Davis	SD Bruce Christensen	NE Scott Spilinek
MO John Feldmann	UT Rod Boogaard	WA Forrest Bush
MI Carla Ward	KY Jennifer Hayes	ND Mary Loftsgard
AL Dan Bass	AL Lewis Mills	NE Shaun Sookram
OH Ed Phillips	WI Rick DeBano	CO Dee Malonson
MTC Dan Bucks	Guest King Woolf	MTC Kathleen Stewart
MTC Les Koenig	MTC Harold Jennings	MTC Jeff Silver
MTC Sheldon Laskin		

III. PUBLIC COMMENTS:

There were no comments from the public sector present at the meeting.

IV. APPROVAL OF MINUTES OF PUBLIC SESSIONS MADISON, WI

The minutes from the Madison, WI public session held on July 30, 2002 were approved as submitted.

V. REPORT FROM EXECUTIVE COMMITTEE LIAISON

Carol Fischer was unable to attend the meeting and no report was presented.

VI. EXECUTIVE DIRECTOR'S REPORT

Dan Bucks, MTC Executive Director reported on 3 items. He reported on the status of HR 2526 and the effects this would have on business activity taxes. He also talked about the factor based nexus approach that the MTC is working on. Dan also reported on the Hiatt Case in California and the impact this case may have on the States' ability to conduct out of state audits.

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 audits were completed during the first quarter.

VIII. REPORT FROM AUDITING TECHNOLOGY SUB-COMMITTEE

Bruce Christensen reported on the sub-committee's meeting on October 14, 2002. Bruce reported that Harold Jennings is developing a sampling manual that would be used by the MTC sales tax audit staff. He also reported that various classes are being conducted by the MTC.

Bruce further reported that the Sub-Committee began discussions on developing a plan to be presented to the Streamed Line Sales Tax Project on how a certified audit of Model 1 and Model 2 taxpayers may be conducted. This project will be a prime topic of planning for the foreseeable future.

IX. PRESENTATION BY REVENUE RECOVERY GROUP

King Woolf, President of Revenue Recovery Group made a presentation on the operations of his company. King explained how his company is structured to contract out to states to conduct audits on their behalf.

X. COOPERATIVE AUDITING STUDY REPORT

Kathleen Stewart, consultant for this project distributed a final report on this project. She took the time to walk the Audit Committee the contents of the report. This report was also distributed to the Executive Committee during its meeting on October 17, 2002. Kathleen will set up a teleconference during December to discuss the contents of the report. Members of the Audit and Executive Committees will be asked to participate in the teleconference.

XI. PLANNING TO IDENTIFY & MEET MAJOR STATE COMPLIANCE NEEDS

Dan Bucks led a discussion on major state compliance needs. He talked about the IRS project on Listed Transactions Process. He requested that the States identify their top compliance problems. To assist this process, the MTC will distribute a survey asking the States to identify the problems and opine what would be a successful resolution to the problems. He asked that each State respond to this request and participate in a discussion of the results of the survey. This discussion is tentatively set to be held during the spring Committee Meetings.

XII NEW BUSINESS AND ADJOURNMENT

There were no items of new business brought before the Audit Committee. The public session of the Audit Committee was adjourned at 11:00AM.