

MINUTES

AUDIT COMMITTEE MEETING

WASHINGTON, DC

OCTOBER 28, 1997

PUBLIC SESSION:

I. CALL TO ORDER

Kim Ferrell, Audit Committee Chairman called the meeting to order at 2:30PM and welcomed the members and guests who were present.

II ROLL CALL

Present were the following members and guests:

UT. Kim Ferrell	MN. Kathleen Stewart
AL. Louis Mills	AL. Dan Bass
AR. Tom Atchley	MO. Dave Metzler
MO. John Feldman	CO. Phil Horwitz
OR. Gary Friezen	NM. Rick Bejarano
NM. Marilyn Hill	DC Hattie Stancil
ND. Gary Anderson	ND. Harold Aldinger
ID Dick McFarland	ID. Joe Randall
MT. Steve Austin	MT. Melissa Kopp
NJ. Rich Schrader	UT. Craig Sandberg
KY. Ellen Seibert	MD Patrick White
MN. Larry Wilkie	MI. Mile Martin
MI. Sue Brokenshire	ME. Eileen Bemis
WA. Forrest Bush	KY. Cathy Cravens Snell
KY. Larry O'Nan	NH. Chuck Redfern
CT. Joe Thomas	MTC Dan Bucks
MTC Les Koenig	MTC Harold Jennings
MTC Cathy Bernot	MTC Jeff Silver
MTC Sam Moon	MTC June Summers Haas

III. APPROVAL OF MINUTES:

The public section of the minutes of the August 5, 1997 meeting in Whitefish, Montana were approved with one correction noted. A correction to item VII was made to read that Utah has only one auditor who resigned from the Utah Department of Revenue.

IV. PUBLIC COMMENTS:

Kim Ferrell opened the floor for any public comments. There were no public comments from the floor.

V. EXECUTIVE DIRECTOR'S REPORT:

Dan Bucks, Executive Director made a verbal report. Dan reported on the locations of the upcoming meetings. He also gave a detailed report on the status of the Direct Marketer's negotiations.

VI. AUDIT'S DIRECTORS REPORT:

Les Koenig, MTC Audit Director submitted a written report to the Audit Committee summarizing the activity of the Audit Program for the first quarter of fiscal year 6/98. Les also discussed revising the method of reporting completed audit hours on income tax audits. Les will present a revised proposal for reporting income tax audit hours at the March meeting.

Harold Jennings, MTC Audit Supervisor discussed a recent problem the sales tax staff has been experiencing with the waiver form. Rene Blocker, MTC Counsel was asked to attend this portion of the meeting and offer legal advice regarding the waiver form. After discussion, the Audit Committee asked Rene to draft a survey to be sent to the states and suggest ways to revise the waiver form to eliminate the problems the audit program has been experiencing.

VII. REGIONAL AUDITING PILOT PROJECT:

Les Koenig reported on the status of this project. Three of the states have completed the audits, while the fourth state is nearing completion.

VIII. TECHNOLOGY AND AUDITING:

Forrest Bush, chairman of this sub-committee made a verbal report of the meeting of this sub-committee held on Monday, October 27, 1997. Forrest reported that a representative from Texas Department of Revenue gave a presentation on sampling techniques. The state of Texas offered to provide training in this area to states that may request such training. The details of this training will be worked out in future meetings. Forrest also reported that an ACL Software Users Group Steering Committee was formed to investigate training needs and formation of a possible Internet cite for this users group.

IX. NEW BUSINESS:

Les Koenig reported on the possibility of sending one or two auditors to an extended training session on computer assisted auditing for sales tax. A majority of the Audit Committee felt that this was a good idea.

X. PUBLIC SESSION OF AUDIT COMMITTEE ADJOURNED; CLOSED SESSION ANNOUNCED.

Kim Ferrell adjourned the public session of the Audit Committee at 3:30PM.

Kim announced that, as previously described in the notice for the meeting, the Audit Committee would conduct a closed session to consider the items on the public notice of the meeting. These items are being considered in close session because they involve the consideration of confidential taxpayer information or data the disclosure of which is prohibited by law.