

MINUTES
AUDIT COMMITTEE MEETING
WASHINGTON, DC
NOVEMBER 19, 1996

PUBLIC SESSION:

I. CALL TO ORDER

Tom Atchley called the meeting to order at 8:00 AM and welcomed all those present.

II. ROLL CALL

Present were the following members and guests:

AR. Tom Atchley	AL. Louis Mills
CA. Ed Romano	OR. Gary Friesen
WA. Ken Capek	WA. Forrest Bush
MO. Dave Metzler	MO. John Feldman
MO. Gerry Andert	NJ. Joe Thiel
NJ. Rich Schrader	UT. Rod Marrelli
UT. Kim Ferrell	ID. Dick McFarland
MI. Stan Borawski	ND. Harold Aldinger
MT. Lynn Chenowith	ID. Joe Randall
NM. Cindy Stearns	KY. Jennifer Hayes
KY. Charlotte Quarles	MD. Patrick White
MD. Mary Evans	MD. Keith Akers
MN. Kathleen Stewart	KS. Frank Liu
MTC Les Koenig	MTC Harold Jennings
MTC Jeff Silver	MTC Cathy Bernot
MTC Beau Baez	MTC June Summers
MTC Dan Bucks	

III. APPROVAL OF MINUTES

The public section of the minutes of the July 30, 1996 meeting in Portland, Maine were approved as submitted.

IV. PUBLIC COMMENTS

Tom Atchley opened the floor for any public comments. There were no public comments from the floor.

V. EXECUTIVE DIRECTOR'S REPORT

Dan Bucks, MTC Executive Director welcomed all to DC and invited everyone to visit the MTC offices during their stay in DC.

Dan reviewed the benefits of joint audits for both taxpayers and States (efficiency and uniformity) and requested that each state keep those benefits in mind when deciding whether or not to assign audits to the MTC Audit Program. He also reported that the National Nexus Program added a part time research associate.

Dan explained the proposed MTC Public Participation Policy scheduled for action later that week by the Executive Committee and Commission. He described the applicability of the proposed policy to the Audit Committee meetings. Audit Committee meetings are open unless closed for the specific reasons detailed in the policy. Although closed sessions of the Audit Committee may be held for other reasons listed in the policy, most often the Audit Committee will conduct closed sessions to consider issues involving confidential taxpayer information or data the disclosure of which is prohibited by law. Materials prepared for the public meetings are made available to those persons who request the materials or who attend public meetings. Materials for closed sessions are not distributed to the public.

Dan reported that Massachusetts has chosen not to join the Audit Program at this time. There continues to be dialog with the state to see if the state may join the Audit Program at a later date. This has resulted in a delay of hiring an additional auditor.

Dan further reported that the Executive Committee has requested the Audit Committee to develop a policy on the subject of enabling taxpayers to request a joint audit by the MTC. He also encouraged the states to participate in the Multistate Alternative Dispute Resolution (ADR) process where practical.

In terms of national issues, Dan described the petitions that have been filed with the FCC by the cellular industry concerning state and local tax issues.

He also reported that the negotiations with the direct marketers are continuing.

Dan also alerted the Audit Committee to the fact that he is recommending to the Executive Committee an effort by the Commission to identify ways to simplify sales tax compliance for taxpayers.

Finally, Dan reported that at least one state has expressed an interest in expanding its audit coverage in the industrial Midwest (generally centered in Ohio). Dan asked if any other state may have a similar need and if so please notify either Les or him.

VI. AUDIT DIRECTOR'S REPORT

The Audit Director submitted his written report and it was accepted without comment.

VII. COMPUTER ASSISTED AUDIT SUBCOMMITTEE

Stan Borawski, chairman of this subcommittee reported on the meeting held the prior day. Stan stated that ACL software training has been arranged for February to be held in Denver, Colorado. There is room for 16 participants. Any state is eligible to send up to 2 participants. If there proves to be a sufficient response, an additional training session may be scheduled. The MTC has agreed to pay for the cost of the instructor for the first training session.

Future projects were discussed. There seems to be potential for training in statistical sampling and software training. There was also discussion on inviting guest speakers to these meetings. Stan also said that agendas will be prepared for future meetings.

VIII. JOINT AUDIT REQUESTS BY TAXPAYERS

The Audit Committee directed the Audit Director to prepare a draft on procedures to handle taxpayers requests for a joint audit. The Audit Director will prepare a draft for distribution and discussion at the next Audit Committee Meeting.

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

Tom Atchley, Audit Committee Chair, adjourned the public session of the Audit Committee at approximately 9:30 AM.

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