

MINUTES

AUDIT COMMITTEE MEETING

SPECIAL PUBLIC SESSION

ST. PETERSBURG, FL

MARCH 21, 2001

I. CALL TO ORDER:

Kim Ferrell, 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:

UT. Kim Ferrell	NM Marilyn Hill	NM Frank Shaffer
CO Bob Mitchell	KS Carol Ireland	KS Pat Verschelden
MN Keith Getschel	MN Larry Wilkie	NE Shaun Sookram
ND Harold Aldinger	ND Gary Anderson	NE Bill Hayford
OH Michael Johnson	WA Forrest Bush	NJ Rich Schrader
NC Charles Collins	SD Bruce Christensen	OR Don O'Meara
OR Janielle Lipscomb	ID Karen Ginnett	DC Nancy Tucker
MI Cheryl Ruppel	WY Mike Robb	ID Dick McFarland
ID Joe Randall	MO. John Feldmann	MO. Gerry Andert
MTC Les Koenig	MTC Harold Jennings	MTC Steve Yang
MTC Cathy Felix	MTC Jeff Silver	MTC Dan Bucks
MTC Kathleen Stewart	IRS Jim Morton	

III. PUBLIC COMMENTS:

Jim Morton of the IRS briefly addressed the Audit Committee. He was attending the meeting to discover how the MTC Audit Program worked. He explained that the IRS had an interest in conducting joint audits with the states.

IV BRIEFING ON STREAMLINED SALES TAX PROJECT:

Charles Collins of North Carolina addressed the Audit Committee on the status of the streamlined Sales Tax Project.

V. MTC AUDIT COMMITTEE CHARTER:

A revised copy of the Audit Committee Charter was distributed to the members of the Audit Committee. After some discussion several amendments were suggested. These amendments were approved for the charter. The Audit Committee approved a motion to forward the revised charter with the amendments to the MTC Executive Committee for approval.

VI. STRATEGIC PLANNING OVERVIEW:

Dan Bucks, MTC Executive Director explained the MTC Executive Committee's work on strategic planning. He stated that the Executive Committee is pleased with the progress made by the Audit Committee and encouraged the Audit Committee to complete its work on strategic planning.

VII. REPORT FORM MTC EXECUTIVE COMMITTEE CHAIR:

Elizabeth Harchenko, MTC Executive Committee Chair phoned in to address the MTC Audit Committee. She thanked the Audit Committee for its work on strategic planning and announced that the Executive Committee has created a liaison from the Executive Committee to work with the Audit Committee. The liaison position will help establish better communication between the Audit and executive Committees. She also encouraged the Audit Committee members to participate in the every other week MTC conference call updates.

VIII. AUDIT SELECTION REPORT:

Kathleen Stewart special consultant for the MTC Audit Committee presented her findings from a survey on audit selection for the MTC Audit Program. The report presented details on how individual states currently select audits for their states. This report was discussed at length. The Audit Committee recommended that a small sub-committee work on finalizing recommendations for improving the MTC Audit Program audit selection process. This sub-committee will meet before the MTC Annual Meeting and prepare a recommendation for the entire Audit Committee. The report will be presented at a special meeting of the MTC Audit Committee during the MTC Annual Meeting. Kathleen will solicit volunteers for this sub-committee.

VIII. ADJOURNMENT:

The meeting adjourned at 12:00 PM.

MINUTES

AUDIT COMMITTEE MEETING

PUBLIC SESSION

ST. PETERSBURG, FL.

MARCH 22, 2001

I. CALL TO ORDER:

Kim Ferrell, Audit Committee Chairman 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:

UT. Kim Ferrell	CO Bob Mitchell	KS Carol Ireland
KS Pat Verschelden	MN Keith Getschel	MN Larry Wilkie
ND Harold Aldinger	ND Gary Anderson	OH Michael Johnson
NJ Rich Schrader	NE Bill Hayford	NJ Michelle Dalbo
NE Shaun Sookram	ID Karen Ginnett	OR Janielle Lipscomb
OR Don O'Meara	MO Gerry Andert	MO. John Feldmann
MI Cheryl Ruppall	ID Dick McFarland	ID Joe Randall
WA Forrest Bush	NM Frank Shaffer	NM Marilyn Hill
NH Chuck Redfern	IRS Jim Morton	MTC Les Koenig
MTC Dan Bucks	MTC Harold Jennings	MTC Cathy Felix
MTC Steve Yang	MTC Jeff Silver	MTC Sheldon Laskin
MTC Tom Shimkin	MTC Susan Ribe	

III. PUBLIC COMMENTS:

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

IV APPROVAL OF MINUTES:

The public section of the minutes of the November 14, 2000 meeting in Washington, DC was approved as submitted.

V EXECUTIVE DIRECTOR'S REPORT:

Dan Bucks, Executive Director gave his report in prior MTC Committee meetings where members of the Audit Committee were present.

VI AUDIT DIRECTOR'S REPORT:

Les Koenig, MTC Audit Director submitted a written report to the Audit Committee summarizing the activities of the Audit Program from July 1, 2000 through January 31, 2001. Les also reported on the status of the Pilot Regional Audit Program. The states of Utah, Idaho, Montana and Oregon have completed two joint income tax audits for each other. The states reported that the audits were completed and reflected good audit productivity. Several other states expressed an interest to expand the program. Dan Bucks reported that the Executive Committee is interested in this project and would like the Audit Committee to explore future ways to expand the program. The Audit Committee asked Les to prepare a written report for the Annual Meeting.

VII. TECHNOLOGY AND AUDITING:

Joe Randall, chairman of this subcommittee reported on its meeting held on March 19, 2001. Harold Jennings reported on the success of the sampling classes being held. These classes are being fully attended. The Sub-Committee also appointed a working group that is exploring criteria to use in statistical sampling for sales tax purposes. Harold Jennings is staffing this working group.

Joe further reported that the sub-committee was searching for additional projects to work on. The Audit Committee requested that the time allocated for the Technology and Auditing sub-committee at the Annual Meeting be used for strategic planning. This was approved.

VIII. NEW BUSINESS:

Rich Schrader of New Jersey gave a report on a data base system that was purchased. This system uses a matrix that defines taxable and non-taxable items. Rich asked if the Audit Committee would like to see a demonstration of the data base at a future meeting. The states seemed interested and a possible demonstration may be scheduled in the fall meeting.

IX. PUBLIC SESSION OF AUDIT COMMITTEE ADJOURNS:

Kim Ferrell adjourned the Audit Committee Meeting at 2:30PM.