

**MINUTES**  
**AUDIT COMMITTEE MEETING**  
**PUBLIC SESSION**  
**TRAVERSE CITY, MI.**  
**JULY 27, 1999**

**I. CALL TO ORDER:**

Kim Ferrell, Audit Committee Chairman called the meeting to order at 8AM 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	WA. Forrest Bush
MI. Stan Borawski	NM. Frank Shaffer	NM. Ron Cruz
OR. Stan McClain	OR. Don McNeal	SD. Bruce Christensen
NJ. Rich Schrader	NJ. Larry Gauges	CO. Bob Glidden
WI. Clay Seth	AR. Joe Ellis	MT. Don Hoffman
AL. Mike Mason	AZ. Terry Trost	HI. Ron Randall
MN. Larry Wilkie	DC. Greg Barcase	DC. Tom Kerwin
DC. Joseph Goosby	KY. Larry O'Nan	MT. Eugene Walborn
MI. Mike Martin	KS. Bob Lewis	ND. Blane Braunberger
ID. Phil Aldape	AR. Tom Atchley	ND. Harold Aldinger
WY. Rick Scheer	MO. Diane Luebbering	ID. Joe Randall
MO. Gerry Andert	LA. Ben Morrison	MN. Jack Mansun
UT. Rod Marrelli	NH. Chuck Redfern	MTC Les Kocnig
MI. Dave Husted	MT Shona McHugh	MTC Sam Moon
MTC Harold Jennings	MTC Sheldon Laskin	MTC Beau Baez
MTC Steve Yang	MTC Jeff Silver	MTC Dan Bucks

**III. APPROVAL OF MINUTES:**

The public section of the minutes of the March 18, 1999 meeting in New Orleans, LA was approved as submitted.

**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. During his report he asked Les Koenig, Audit Director to distribute a memo regarding the future of joint tax auditing. This memo is attached as an exhibit to the minutes. The first part of the memo is labeled Phase I. This deals with computer assisted audit services that the MTC will be able to offer to the states. The Audit Committee made a recommendation to the Executive Committee that the MTC Audit Program offer "Computer Assisted Audit Services" as described in the attached memo.

Dan then addressed the second part of the memo as described in Phase II. Dan asked the Audit Committee to investigate different ways to conduct more joint audits. There was significant discussion on this subject. The consensus of the Audit Committee was that a joint sub-committee be formed consisting of members of the Audit Committee and Executive Committee to further explore ways to accomplish this goal. The following individuals volunteered to serve on such a committee: Kathleen Stewart, Forrest Bush, Bob Glidden, Phil Aldape, Rich Schrader, Stan Borawski, Ron Cruz, Mike Mason, Larry Wilkie, Frank Shaffer, Eugene Walborn, Tom Atchley, Joe Randall, and Blane Braunberger. Dan indicated that he would take this request to the Executive Committee.

Dan also reported on the proposed changes to the Standing Committee Procedures recommended by the MTC Chairman. The Audit Committee held a brief discussion on these recommendations and will implement them for future meetings.

## **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 through June 30, 1999.

## **VII. TECHNOLOGY AND AUDITING:**

Forrest Bush, chairman of this subcommittee reported on its meeting held on July 26, 1999. Forrest stated that the committee continues to explore various sampling techniques for sales tax. The committee has asked that Harold Jennings continue on his work to develop this type of training for the states. Several states have volunteered staff to help Harold in this development.

Forrest reported that the ACL list server is operational. He also reported that Joe Randall has been nominated to serve as chair of the sub-committee.

**X NEW BUSINESS:**

The Audit Committee recommended that the MTC Chair appoint Kim Ferrell as Chair of the Audit Committee and Rich Schrader as Vice Chair.

**XI PUBLIC SESSION OF AUDIT COMMITTEE ADJOURNED; CLOSED SESSION ANNOUNCED:**

Kim Ferrell adjourned the public session of the Audit Committee at 10:40AM.

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.