



MULTISTATE TAX COMMISSION

Working Together Since 1967 to Preserve Federalism and Tax Fairness

To: Members, Executive Committee

From: Rick DeBano, Audit Committee Chair
Frank Hales, Vice Chair

Date: November 18, 2014

Subject: Report of the Audit Committee

The audit committee met two times thus far in fiscal year 6/15. They first met on July 29, 2014 in Albuquerque, New Mexico. There were 44 members, guests and staff present at the meeting or called in. There were 37 individuals representing 21 audit program states present. There were no members of the public present at the meeting. The second meeting took place on October 30, 2014. This meeting was held via a teleconference. Although the sole purpose of this meeting was to select income tax cases for MTC audits, a public meeting was also held. There were no members of the public present, so the audit selection was conducted in the closed session. There were 22 members and staff who called in and participated in this teleconference, with 19 individuals representing 14 income tax audit committee states.

During the meeting in Albuquerque the audit committee selected 13 sales tax cases to be added to the MTC's audit inventory. The committee reviewed the status of all active audits and discussed cases with significant issues. The committee thanked retiring MTC Audit Director Les Koenig for his many years of dedicated service to the Commission and welcomed Keith Getschel as the incoming Audit Director.

During the October teleconference, the audit committee selected 10 income tax cases to be added to the MTC's audit inventory. Since this was the sole purpose for this meeting, no further actions were taken.

The audit director, as instructed, sent out a request to all audit member states to share their states common audit adjustments and how they identify those adjustments with all members of the committee. A number of states have provided feedback and this will serve as the major topic during the round table discussion at the Nashville meeting.