

**AUDIT COMMITTEE MEETING
PUBLIC SESSION-Minutes**

Teleconference

August 10, 2021

I. CALL TO ORDER:

Frank Hales, Audit Committee Chair called the meeting to order at 2:01 P.M. Eastern Time and welcomed the members and guests participating in the meeting.

II. ROLL CALL:

Present were the following members and guests:

NAME	STATE OR AFFILIATION	NAME	STATE OR AFFILIATION
Matt Tidwell	AL	Jay Maschas	MD
Brandy Offord	AL	Michael Sheehan	MD
Timea Boros	AL	John Werner	MD
Melody Moncrief	AL	Krista Sermon	MD
Tim Sanders	AL	Kyle St Denny	MD
Vicki Gardino	AL	Rob Scheerer	MD
Michael Williams	AK	Amanda Atwood	MD
Deanna Munds-Smith	AR	Sal Tomaselli	MO
Scott Fryer	AR	Mark Schoenfeld	MT
Sarah Roberts	CO	Scott Spilinek	NE
Kathy Mui	CO	Michaela Virchow	NE
Sammy Khakame	CO	Jan Polasky	NE
Robert Kindred	DC	Fred Coolbroth	NH
Nirmail Dhaliwal	DC	Jacob Thom	NH
Warren Wood	DE	Colleen Chipman	NJ
Steven Alvarez	GA	Daniel Coleman	NM
Bill Esmond	GA	Matt Peyerl	ND
Amber Ortiz	ID	Dan Rouse	ND
Elisa Magnuson	ID	Dee Wald	ND
Tom Shaner	ID	Charles Dendy	ND
Meg Inouye	ID	Mikey Lucas	OR
Erick Shaner	ID	Katie Lolley	OR
Ronda Detlefsen	IA	Joseph Royston	OR
Teresa Miller	IA	Jonathan May	PA
Charla Wagner	KS	Leo Lebeuf	RI
Michael Hale	KS	Bethany Whitmarsh	RI
Cindy Frenchers	KS	Susanna Coburn	RI
Latonia Dooley	KY	Harold Jones	TN
Marcia Ann Oakman	KY	Frank Hales	UT
MaryLinda Wells	KY	Angie Hillas	UT
Victoria Nichols	KY	Kelsey Gallacher	UT
Krystal Bolton	LA	Tiffany Southworth	UT
Stacey Greaud	LA	Valerie Newson	UT

Bryan Kelly	WA	Kim Stewart	MTC
Karolyn Bishop	WA	Kay Mick	MTC
Amy Pauley	WV	Lila Disque	MTC
Bridgette Thomas	MS	Loretta King	MTC
Daniel D'Alessandro	ME	Nancy Prosser	MTC
Ali Pazand	MTC	Nick Polimeros	MTC
Ben Morris	MTC	Richard Cram	MTC
Bill LoCascio	MTC	Scott Pattison	MTC
Brian Hamer	MTC	Shawn Rao	MTC
Bruce Fort	MTC	Steve Yang	MTC
Cathy Felix	MTC	Sherry Tiggett	MTC
Chris Barber	MTC	Wanda Dorsey-Jenkins	MTC
George Fung	MTC	Amy Hamilton	State Tax Notes
Greg Matson	MTC	Virgil Helton	FAST
Helen Hecht	MTC	Erica Kenney	COST
Holly Coon	MTC	Oliver Bracken	Deloitte
James Lee	MTC	Paul Williams	Law360
Jeff Silver	MTC		

III. REPORT ITEMS FROM CLOSED SESSION-APRIL 21, 2021

Due to the virtual nature of the Spring Audit Committee meeting, the public session was not reopened after the closed session. Frank stated that he and Holly Coon, Audit Program Director, had reviewed the minutes and there were no items appropriate to share from the closed session of the spring meeting.

IV. PUBLIC COMMENTS:

There were no Public Comments.

V. APPROVAL OF MINUTES PUBLIC SESSION

The draft minutes from the public session of April 21, 2021 meeting required one revision. The fourth sentence in Section VII. was revised to read “Michael Williams, AK, submitted a motion to recommend that the Executive Committee approve the Audit Committee Charter as **proposed.**”

Michael William submitted a motion to approve the draft minutes with this change. The Audit Committee approved the minutes, as revised, with a roll call vote.

VI. AUDIT DIRECTOR'S REPORT

Holly referred to her written report on the status of the Audit Program. She noted that during the 2021 fiscal year, the Joint Audit Program completed seven (7) income tax audits and parts of six (6) other income tax audits during fiscal year 2021. Audit staff also completed six (6) sales tax audits and parts of ten (10) other sales tax audits. Currently, there are eighteen (18) income tax audits and twenty-nine (29) sales tax audits in progress.

She also noted that during the last fiscal year, the income tax program proposed net assessments of \$40,161,302 (proposed assessments of \$42,525,382 less taxpayer requested adjustments of \$2,364,080) for completed and partially completed income tax audits. Income tax program staff also proposed tax credit, NOL, and refund reductions of \$2,020,131.

The sales tax program proposed net assessments of \$9,767,932 (proposed assessments of \$10,243,451 less taxpayer requested refunds of \$475,519) for completed and partially completed sales tax audits. Sales tax program staff also proposed \$203,571 in tax refund reductions.

Regarding staffing, Holly stated that Bob Schauer retired as expected. Bob was a computer audit specialist with the sales and use tax audit program and conducted the MTC statistical sampling training.

Holly also highlighted the training portion of the report. She noted that the Commission is developing an online training platform and reported that trainings on market-based sourcing are currently in the recording stage and should be available soon. Holly mentioned that subscribing to the MTC monthly newsletter is the best way to stay informed about upcoming MTC training events.

VII. APPROVAL OF AUDIT MANUAL AND STATUTE OF LIMITATIONS WAIVER FORM FOR SALES TAX

Frank indicated that MTC audit and legal staff had worked to update the MTC Audit Manual for Sales Tax. This updated document was circulated to audit committee members on July 19th via email and available on the MTC website for public review.

Frank reported Utah required a change to the waiver form. Utah should be added to the list of states in C.3. which stipulates the signing of a waiver document does not constitute the filing of a refund claim but does extend the period of time a taxpayer has to file a refund claim.

Frank also reported that changes were recommended for the Sales Tax Manual but stated recommended changes were not substantial, such as changes to capitalization and referring to "supervisor" as "audit supervisor" consistently. Holly confirmed those changes were implemented.

Michael Hale, KS, submitted a motion to approve both the revised waiver form and the audit manual as proposed with the changes Frank requested to both documents. The motion was approved with a roll call vote.

VIII. NEW BUSINESS AND ADJOURNMENT

Frank stated that the committee must recommend a new vice chair as an item of new business. He also noted that Michael Williams, AK, had volunteered to serve. Fred Coolbroth, NH, submitted a motion to recommend Michael as Vice-Chair. The motion was approved with a roll call vote.

Due to complexities of holding the Audit Committee meeting via teleconference, the public session was not reopened at the conclusion of the closed session, as is customary. Frank notified meeting participants that any items from the closed session appropriate to be reported in public session would be presented at the next public session of the Audit Committee.

DRAFT