

MINUTES
AUDIT COMMITTEE MEETING
PUBLIC SESSION
TAMPA FL,
MARCH 16, 2005

I. CALL TO ORDER:

Rich Schrader, Audit Committee Chairman called the meeting to order at 2:00 PM and welcomed the members and guests who were present.

II. ROLL CALL:

Present were the following members and guests:

| | | |
|-------------------|----------------------|-----------------------|
| NJ Rich Schrader | WA Tremaine Smith | FL Marshall Stranburg |
| ID Dick McFarland | ND Blane Braunberger | CO Phil Horwitz |
| NM Diana Vasquez | OR Janielle Lipscomb | MT Eugene Walborn |
| UT Frank Hales | AZ Donna McCuin | MI Sue Pifer |
| ID Joe Randall | UT Shelley Robinson | MS Shelton Vance |
| WY Bill McInerney | KS Carol Ireland | LA Kurt VanBrocklin |
| AR Danny Walker | AL Dan Bass | AL Louis Mills |
| NH Chuck Redfern | MN Larry Wilkie | WI Rick DeBano |
| MTC Les Koenig | MTC Sheldon Laskin | MTC Harold Jennings |
| MTC Steve Yang | MTC Cathy Felix | MTC Jeff Silver |

Present via the conference call were:

| | | |
|------------------|---------------------|----------------------|
| KY Wayne Bird | KY Jay Yale | KY Ellen Siebert |
| MO John Feldmann | ME John Lewandowski | CO Christina Manthey |

III. PUBLIC COMMENTS:

There were no comments from the public sector.

IV. APPROVAL OF MINUTES OF PUBLIC SESSION WASHINGTON,DC.

The minutes from the Washington, DC. public session held on November 9, 2004 were reviewed and approved.

V. REPORT FROM EXECUTIVE COMMITTEE LIAISON

There was no report from the Executive Committee Liaison.

VI. EXECUTIVE DIRECTOR'S REPORT

There was no report from the Acting executive Director.

VII. STATE TAX COMPLIANCE

There was no report on the various initiative.

VIII. AUDIT DIRECTOR'S REPORT

Les Koenig, MTC Audit Director issued a written report on the status of the Audit program. Les reported that 6 sales tax and 2 income tax audits were completed through January 31, 2005.

He also reported that 2 new sales tax auditors were hired for the Chicago Office to fill the vacancies that were created. The two new auditors, Mike Bontrager and Nicole Phillips were previously employed by the Florida Department of Revenue. In December, Marie Graham, a sales tax auditor resigned to take a position with a CPA firm. Les reported that he is moving position to Chicago for various reasons. Les is going through the hiring process currently.

IX REPORT FROM AUDITING TECHNOLOGY SUB-COMMITTEE

Tremaine Smith reported on the sub-committee's meeting held on March 16, 2005. Tremaine indicated that the Committee has been working on an Audit Standard Paper for the Streamlined Sales Tax Project. This committee has held several teleconferences during the last quarter dealing with this paper.

There were two recommendations made to the full Audit Committee. The first motion was to recommend that the MTC hire an expert to review the MTC Sampling Manual and obtain an opinion from this expert. The recommendation directed the MTC to use one of 3 experts it recommended. These three experts are Dr Roberts, Dr, Kwanli or DR Culp. This motion passed.

The Sub-Committee also recommended to the Audit Committee that it propose to the MTC Executive Committee the following recommendation:

The Audit Committee recommends that the MTC Executive Committee refer a project to the Uniformity Committee. This project would ask the Uniformity Committee to draft a clarifying sales tax sampling regulation that makes it clear that the states have the right to utilize a recognized sampling technique to conduct a sales tax audit. This motion was approved by the MTC Audit Committee and will be referred to the MTC Executive Committee during its next meeting.

X NEW BUSINESS AND ADJOURNMENT

The Audit Committee voted on the preference for next spring's meeting location. The vote was as follows:

| | |
|----------------|----|
| Charleston, SC | 16 |
| New Orleans | 12 |
| San Diego | 5 |
| San Antonio | 4 |

The open session was adjourned at 2:30PM.