

**MEMORANDUM**

TO: State Tax Administrators

FROM: Harley Duncan (FTA) and Dan Bucks (MTC)

SUBJECT: FTA/MTC Statistical Sampling Workshop

DATE: August 10, 2004

SUMMARY

The Federation of Tax Administrators and the Multistate Tax Commission are hosting a Statistical Sampling Workshop October 17 - 20, 2004, at The Westin Galleria Dallas in Dallas, Texas. This workshop is intended to promote understanding among the states and industry on sampling procedures and issues.

A daily program is attached along with registration form. This information will also be posted to www.taxadmin.org and www.mtc.gov. Please check regularly for any updates. Hotel registration deadline is September 18, 2004. Meeting registration deadline is September 27, 2004.

Questions? Contact Harold Jennings at (256) 852-8216 or hjennings@mtc.gov, or Stephanie Rosenbusch at (936) 273-4012 or stephanie.rosenbusch@taxadmin.org.

The Multistate Tax Commission (MTC) and the Federation of Tax Administrators (FTA) are jointly hosting a Statistical Sampling Workshop intended to promote understanding among the states and industry on statistical sampling and related issues. The Workshop is scheduled for October 17 – 20, 2004, at The Westin Galleria Dallas in Dallas, Texas. The Workshop will begin on Sunday with registration and an opening reception, will feature two full days of discussion conducted jointly with sampling experts, government and industry, and will end with a government-only session on Wednesday morning.

Features of the Statistical Sampling Workshop include:

- Open invitation to all taxing agencies – state and local
- Open invitation to industry

- Participation by leading experts in statistical sampling as it relates to auditing for tax compliance—to include Dr. Don Roberts, Dr. Al Kvanli, Dr. Richard Kulp and Dr. Will Yancey
- Series of discussions on pre-selected topics with input from each of the experts
- Half-day government-only session to allow for further discussion of tax administration procedures

Meeting Agenda and Registration

Registration for the Statistical Sampling Workshop will be held on Sunday afternoon, October 17, from 3 p.m. to 6 p.m. The program begins Monday at 8:30 a.m. and will conclude by Noon on Wednesday.

There will be a reception with light snacks on Sunday evening from 5:30 p.m. to 7:00 p.m. and a continental breakfast will be available each morning. Attendees will be treated to a “table topic” lunch on Tuesday that will provide additional networking opportunities. While no evening activities are planned, there will be area maps and restaurant lists available at the registration desk. Dress for the symposium will be “business casual.”

A Workshop agenda is attached. All program changes/updates will be posted to the FTA Web site (www.taxadmin.org) and the MTC website (www.mtc.gov) as they occur.

Enclosed is the registration form for this meeting. **Please submit your registration by September 27, 2004.** The workshop registration fee is:

\$285 government and industry (includes opening reception, Tuesday lunch and continental breakfast each morning)

On-site NEW registrations must add a \$50 fee. Cancellations will be accepted without penalty if received by October 1; after that date (except for emergencies) there will be a \$50 processing fee. We do not require that the payment accompany the registration form itself, it may be sent under separate cover.

For registration information, please contact Darrell Reeves at (202) 624-5892 or darrell.reeves@taxadmin.org.

For other meeting details, please contact Stephanie Rosenbusch at (936) 273-4012 or stephanie.rosenbusch@taxadmin.org, or Harold Jennings at (256) 852-8216 or hjennings@mtc.gov.

Hotel Information

The Workshop will be held at [The Westin Galleria Dallas](http://www.westin.com), 13340 Dallas Parkway, Dallas, Texas. The room rate is \$95 single or double plus taxes. **The hotel deadline for reservations is September 18, 2004.** For reservations call 1-888-627-8536 or 1-800-WESTIN-1. Please make sure you tell the hotel that you are with the Federation of Tax Administrators.

FTA/MTC Statistical Sampling Workshop
October 17 – 20, 2004
The Westin Galleria Dallas

Program Outline

Following is a daily outline of the Workshop program. Monday and Tuesday sessions are open to all attendees. The Wednesday session is government-only. All changes/updates to this program will be posted to www.taxadmin.org and www.mtc.gov.

Sunday, October 17

3:00 p.m.–6:00 p.m. Registration

5:30 p.m.–7:00 p.m. Opening Reception with light hors d'oeuvres

Monday, October 18

7:30 a.m. Registration and Continental Breakfast

8:30 a.m. Welcome and Opening Comments
Stephanie Rosenbusch, Federation of Tax Administrators
Harold Jennings, Multistate Tax Commission

8:40 a.m. Introduction of Panel of Guest Speakers

Morning Panel Moderator: Ed Phillips

8:50 a.m. **Statistical Sampling Part 1: Definition and General Overview with a Comparison between Statistical and Non-statistical Sampling**
Dr. Richard Kulp

9:20 a.m. Comments from Panelists

9:40 a.m. Open Discussion

10:00 a.m. BREAK

10:20 a.m. **Statistical Sampling Part 2: Establishing Precision and Confidence Levels, Estimating Error Rate and Developing Projection Levels**
Dr. Don Roberts

10:50 a.m. Comments from Panelists

11:10 a.m. Open Discussion

11:30–1:00 p.m. Lunch (on your own)

Afternoon Panel Moderator: Harold Jennings

- 1:00 p.m. **Statistical Sampling Part 3: Benefits of Stratified Versus Simple Random Sampling and Determining Strata Breaks**
Dr. Will Yancey
- 1:30 p.m. Comments from Panelists
- 1:50 p.m. Open Discussion
- 2:10 p.m. **Statistical Sampling Part 4: Determination of Adequate Sample Sizes and Differentiating Between Variable vs. Attribute Calculators**
Dr. Al Kvanli
- 2:40 p.m. Comments from Panelists
- 3:00 p.m. Open Discussion
- 3:20 p.m. BREAK
- 3:40 p.m. **Projecting Statistical Sampling Results from a Partial Data Download to the Remainder of the Audit Period**
Dr. Don Roberts
- 4:10 p.m. Comments from Panelists
- 4:30 p.m. Open Discussion

Tuesday, October 19

- 7:30 a.m. Continental Breakfast

Morning Panel Moderator: Ed Phillips

- 8:30 a.m. **Comparing the Alternatives for Handling Credits and Reverse Transactions, Auditing Transaction Reclassifications and Journal Entries**
Dr. Don Roberts
- 9:00 a.m. Comments from Panelists
- 9:20 a.m. Open Discussion
- 9:50 a.m. BREAK
- 10:10 a.m. **Designing an Appropriate Target Population, and Can a Statistical Sample be Modified Without Destroying the Statistical Integrity of the Sample?**
Dr. Al Kvanli
- 10:40 a.m. Comments from Panelists
- 11:00 a.m. Open Discussion
- 11:30–1:00 p.m. **Luncheon with Table Topics**

Afternoon Panel Moderator: Harold Jennings

- 1:00 p.m. **Dealing with Missing Documentation and Extraordinary or Non-recurring Items**
 Dr. Richard Kulp
- 1:30 p.m. Comments from Panelists
- 1:50 p.m. Open Discussion
- 2:20 p.m. BREAK
- 2:40 p.m. **Sampling for Tax Overpayment Offsets and Refunds**
 Dr. Will Yancey
- 3:10 p.m. Comments from Panelists
- 3:30 p.m. Open Discussion
- 4:00 p.m. **Open Forum: Ask the Experts**

Wednesday, October 20 – Government-Only Session

- 7:30 a.m. Continental Breakfast

Panel Moderators: Harold Jennings and Ed Phillips

- 8:30 a.m. **Minimum Errors, Basement Amounts – Should they be Established?**
 Dr. Al Kvanli
- 9:00 a.m. Comments from Panelists
- 9:20 a.m. Open Discussion
- 9:50 a.m. BREAK
- 10:10 a.m. **Comparison of Four Sample Evaluation Alternatives [Difference, Ratio (separate & combined), Regression (separate & combined), and Mean] and Deciphering the Meaning of the Results**
 Dr. Don Roberts
- 10:40 a.m. Comments from Panelists
- 11:00 a.m. **Open Forum: Ask the Experts**
- 12:00 Noon **Adjourn**

**FTA/MTC Statistical Sampling Workshop
October 17 - 20, 2004
Dallas, Texas**

Name _____
Title _____
Agency/Company _____
Address _____
City _____ State _____ Zip _____
Telephone _____ Fax _____
E-mail _____

REGISTRATION: _____ \$285 for both government and industry representatives. (Includes opening reception, Tuesday lunch and continental breakfast each morning)

___ Payment will be made at registration at the event
___ Payment will be made by voucher/purchase order
___ Payment is enclosed
 _____ Check _____ VISA _____ MasterCard

Name as it appears on card _____

Account Number _____ Expiration Date _____

Signature _____

To plan accurately, will you be attending:

_____ Sunday reception _____ Tuesday lunch

WORKSHOP REGISTRATION DEADLINE IS SEPTEMBER 27, 2004
An additional \$50 fee is assessed for all on-site registrants who have not
notified FTA in advance of their intent to attend.
Cancellations after October 1 will incur a \$50 fee (except for emergencies).

Please make checks payable to: Federation of Tax Administrators.
Note on the check that payment is for: *STATISTICAL SAMPLING WORKSHOP*
Our Federal ID # is: 36-2327263
Fax (202) 624-7888 or mail this form to:
Federation of Tax Administrators
444 N. Capitol Street, NW, Suite 348
Washington, DC 20001