



International Fuel Tax Association, Inc.
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1/13/2026

Brandy Robillard, Commissioner, Vermont
120 State St. 3rd Floor
Montpelier, VT 05602

This communication serves as official notification that a Final Determination Finding of Non-Compliance (Finding) has been issued by the International Fuel Tax Association, Inc. (IFTA) Program Compliance Review Committee (PCRC).

The PCRC is responsible for assessing jurisdictional compliance with IFTA and ensuring adherence to applicable Articles, Procedures, and Audit Manual requirements. Pursuant to Section R1555, when the review and follow-up process has been completed and a Final Determination Finding of Non-Compliance is issued by the PCRC for matters related to Sections R970, R1210, R1260, R1270, R1370, R1380, P1040, A250, or A260, the matter advances beyond the compliance review phase.

Vermont underwent a PCRC review in 2024, which remains ongoing. A follow-up review conducted by the PCRC identified continued compliance deficiencies. Based on the completion of follow-up activities and the persistence of identified issues, the PCRC has issued a Final Determination Finding of Non-Compliance.

In accordance with Section R1555, the Final Determination Finding of Non-Compliance will be submitted to the IFTA Dispute Resolution Committee (DRC) to be heard as a dispute, with a copy provided to the Executive Director of IFTA, Inc. for notification to all member jurisdictions.

The PCRC has identified the following compliance matters related to R1555:

- R1230 – Interest
 - In the original 2024 PCRC review, 19 of 20 audits were incorrectly calculated.

- Only one of the 5 submitted audits for follow-up had fees due. The interest transmitted for that audit did not match the recalculation.
 - Transmitted/Audit Report (for NH): \$26.45
 - Recalculated Interest (for NH): \$49.19
- 1370 – The audit report was provided to the licensee and all affected jurisdictions upon completion.
 - None of the original reviewed audits were uploaded to the IFTA Clearinghouse in a timely manner. Some audit reports from the review period (2019-2023) were not uploaded until late 2025.
 - All 5 submitted audits for follow-up were completed in early October but were not uploaded until 11/17/2025.
- A250 & A260 – Audit Count Requirements
 - VT did not meet the 3% requirement nor were they able to provide mileage breakdowns to show the high/low distance accounts audited.
 - Audit counts reported on the annual reports do not agree with the audit reports uploaded to the IFTA Clearinghouse. Vermont reported that they had completed 72 audits during the review period, however; only 47 audits were uploaded to the Clearinghouse, 11 of the audits were not uploaded until 2025. Vermont is 81 audits short for the review period, completing only 37% of the audits required.
 - All 2019 audits were omitted, as they were all completed, and dated as such, in 2018.
 - 5 audits were uploaded twice; the duplicate audits were omitted from the audit count.
 - 4 audits were not transmitted to the audit clearinghouse, 1 was a no-change audit; 3 audits were omitted from the audit count.
 - 4 audit reports were unable to be opened, those audits will be omitted from the audit count.
 - Vermont was required to complete 32 high-distance audits but was unable to provide the requested data, Vermont did not meet their 25% high-distance audit requirements.
 - Vermont was required to complete 19 low-milage audits but was unable to provide the requested data, therefore, Vermont did not meet the 15% low-distance audit requirement.

The following item is not an R1555 matter; however, compliance is a condition of membership:

P1110 Annual Reporting

- .100 Reporting Requirement - All jurisdictions which are members under this Agreement shall submit an annual report consisting of the required information listed in .300-.600 below by March 1 for the preceding calendar year to the repository to be accessible to each member jurisdiction.

Vermont incorrectly reported their audit numbers on their annual report for 2019, 2021, 2022, and 2023 and failed to submit an IFTA Annual Report for 2024.

In addition, Vermont has indicated that they have submitted their 2024 Annual Report, however, the report they indicated they uploaded was not the annual report. Without this information, we are unable to calculate the number of audits required for 2024.

In addition, the follow-up review of 5 audits determined:

A330 Sampling and Projection

The auditor must document in the audit file and note in the audit report the conclusions made as to whether the distance and fuel per summary or tax return has sufficient accuracy and reliability to be used in sampling projections.

Projection was not used in any of the 5 follow up audit reports.

A460 Audit Report

Issues related to identified and resolved on all 5 audits submitted for follow-up include:

- .200.005 - Reliability of Internal controls
- .200.010 - Strengths and weaknesses
- .200.400 - Indicates sample periods and vehicles sampled
- .200.700 - The reports contain the billing summary, and the billing summary contains:
 - .200.700.025 - The MPG/KPL as audited
 - .200.700.030 - Net fuel tax adjustment per jurisdiction
 - .200.700.035 - Reported tax adjustment per jurisdiction

- .200.700.040 - Audited tax by jurisdiction
- .200.700.045 - Penalty
- .200.700.050 - Interest by Jurisdiction
- .200.700.055 - Total by jurisdiction

The following areas have been marginally improved:

- .200.300 - In 4 of 5 reports submitted the opening and closing conference dates and attendees were identified.
- .200.500.005 - In 4 of 5 reports submitted the source documents used to determine distance and fuel were identified.
- .200.500.015 - In 2 of 5 reports submitted the procedures used to verify reported distance, fuel, and MPG were described.
- .200.020 - In 3 of 5 reports submitted an explanation of distance and fuel adjustments was provided.
- .200.600 - In 3 of 5 reports submitted the procedures, findings, and any requirements to become compliant were indicated.

The following areas have not been improved:

- .100.060 - Trends and variances were not noted in any of the 5 audit reports.
- .200.015 - Changes in the licensee's accounting procedures were not noted in any of the 5 audit reports.
- .400.005 - The sampling methodology was not identified in any of the 5 audit reports.
- .500.010 - The information included in the source documents was not provided in 4 of the 5 audit reports.
- .500.025 - Discrepancies between the summaries and tax returns were not noted in all 5 audit reports. Summaries were not mentioned at all in any of the 5 audit reports
- .500.030 - The Auditor's evaluation of records was not included in 4 of the 5 audit reports.
- .700 - The following was missing from the billing summary in all 5 audit reports:
 - .700.005 - Net distance adjustment in total
 - .700.010 - Net distance adjustment by jurisdiction
 - .700.015 - Net tax paid fuel purchases adjustment
 - .700.020 - MPG/KPL as reported
 - .700.050/.055 - In one audit report submitted, the audit was indicated to be a no change audit, but there is a separate VT MPG Summary table,

which indicates an adjusted MPG and audit exempted gallons of diesel with no additional explanation.

In addition to the issues previously identified, additional analysis also noted the following compliance concern:

Analysis of audit submissions indicates a significant and concerning increase in the percentage of no-change audits submitted in 2025. Of the 79 audits submitted during 2025, 48 audits (61 percent) resulted in no change, compared to only 5 of 51 audits (10 percent) submitted prior to 2025. This increase is not attributable to a single audit year, as the 2025 submissions included audits conducted for tax years 2023, 2024, and 2025. A sustained no-change rate of this magnitude calls into question the effectiveness of audit selection methodologies, audit scope, and audit execution. This trend suggests that audits may not be conducted in a manner consistent with IFTA Audit Manual standards, thereby limiting the program's ability to detect noncompliance and undermining the intent of the IFTA audit process.

Respectfully,

A handwritten signature in cursive script that reads "Jody Isaak".

Jody Isaak (ND)
Chair, Program Compliance Review Committee
IFTA, Inc.

cc:

The Honorable Phil Scott, Governor
Andrew Collier, DMV Commissioner