



Adequate or Inadequate that's the Question



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The Can't Provide Carrier

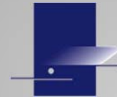
Basic Facts....

- Haul for Hire Carrier
- General Freight
- Global Positioning System (GPS)
- Fuel purchased over the road
- Two vehicles (tractors)
- Licensee stated:
 - There were no changes to the internal controls
 - Records are retained for 3 years



Distance Records

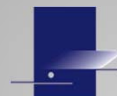
- Freight Bills with:
 - Trip origin & destination
- List of pick-up & drop-off locations
- Licensee used GPS to record:
 - Origin & destination
 - Travel dates
 - Vehicle number
- Licensee could not provide any GPS records



Observations...



Adequate or inadequate & why?



Fuel Records

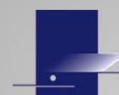
- Fuel Card Statements
 - Purchase date
 - Purchase location
 - Fuel type
 - Price per gallon
 - Quantity
 - Total dollars
 - Vehicle number
 - Company Name
 - Driver's Name



Any Observations?



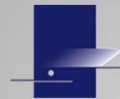
Adequate or inadequate & why?



Summary Data

- Monthly
 - Distance summaries by vehicle & fleet
 - Fuel summaries by vehicle & fleet

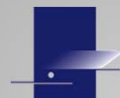
What would your overall rating be:
Adequate or inadequate?



Audit Process & Findings

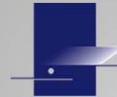
Distance:

- a) Licensee's records rated adequate
- b) Summaries compared to IFTA returns for the 4 quarter period; variances were discovered in most jurisdictions, the greatest being 500 miles
- c) 1 vehicle sampled for 1 quarter; although lacking many required elements, the location list was determined sufficient and compliant
- d) Location details entered into distance software as "an audit tool to create map miles"



The Audit Process (cont'd)

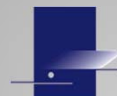
- e) Jurisdictional and total map miles compared to summary distance; map miles accepted for the quarter
- f) Audited distance disagreed with summary in all 34 jurisdictions traveled
- g) Jurisdictional variances ranged from (692) to 362; total audited distance was 2,433 less than reported
- h) Auditor stated errors were not projected because:
 - 1) They did not have all info available to the driver
 - 2) Map miles were used as audited miles
 - 3) Projecting would not be an accurate representation of travel for the audit period



Audit Process & Findings

Fuel:

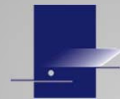
- a) Licensee's records rated adequate
- b) Summaries & IFTA returns compared for the 4 quarter period; variances were discovered in many jurisdictions, the greatest being 40 gallons
- c) Fuel records examined for the sample quarter and accepted
- d) Comparison of jurisdictional results to summary reflected a (1) gallon variance in a single jurisdiction



Audit Process & Findings

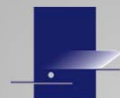
MPG:

- a) Sample period audited MPG reduced by 5%; distance / fuel = 6.12 vs. the applied MPG of 5.81
- b) Although report indicates the remaining 3 quarters were accepted as reported, the reported ranged from 6.00 – 6.39 while the audited ranged from 5.58 – 5.90
- c) Audited MPGs were less than the reported due to the reduction in total distance; those MPGs (audited distance / audited fuel) were accepted without further adjustment.
- d) The audit resulted in a net credit.

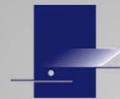


Final Discussion

- Agree or disagree?
- What would you do differently?
- Is there a better alternative?

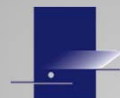


The « Records Don't Matter » Case!

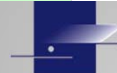


Relative Company Facts:

- IFTA/IRP fleet consists of 2 vehicles.
- Non-traditional carrier
 - Long haul – transports periodically machines, trucks trailers and parts bought and sold by the company
 - Short haul – excavation materials such as rock, sand, salt, snow and cement
- Buys, sells and repairs trucks and trailers

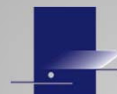


IFTA Decal Purchases							
Make	Model	Year	Net mass	Unit	Beginning	End	IFTA
MACK	CX613	2001	007880 kg	ABC	2014-07-01	2014-12-03	3 sets
					2014-12-03	2014-12-03	3 sets
IRP was cancelled between Dec. 3, 2014 and Feb. 24, 2015							
					2015-02-24	2015-03-31	2 sets
					2015-04-01	2015-06-30	2 sets
					2015-07-01	2016-03-31	2 sets
					2016-04-01	2016-06-30	2 sets
Temporary replacement							
MACK	600	1995	007394 kg	XYZ	2014-12-03	2015-02-24	2 sets
					2015-02-24	2015-02-24	2 sets

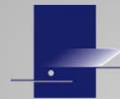


Company Facts (cont'd)

- Company owner is also co-owner of a 2nd company.
 - **Non** IFTA/IRP fleet consisting of more than 15 trucks at the same location
- Each co-owner also drives short haul trucks for a third company
- 555 gallon bulk fuel tank on premises



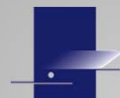
**Do you have any
questions at this point?**



System & Reporting Processes

Distance:

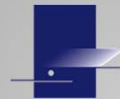
- Carrier operated in multiple jurisdictions
- The reported distance was rounded for the base jurisdiction in 5 of 8 quarters
- Portable GPS device used to capture distance, which is jotted down for reporting purposes
- Odometer readings are not captured



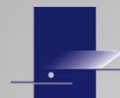
System & Reporting Processes

Fuel & MPG:

- OTR purchased with cash
- OTR reported based on date of purchase
- Reported bulk based on quantity purchased each quarter
- Bulk is never used to fuel sister company's vehicles; it is syphoned from another vehicle when needed
- Reported MPG's ranged from 2.44 to 10.51



**Perspectives
please!**



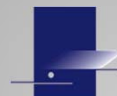
Distance Evaluation

- No records provided for portable GPS device
- The carrier admitted to estimating the base jurisdiction distance
- No logbooks, IVDR's or other distance records
- A 3rd party certified inspection confirmed the odometer reading at purchase for unit ABC
- No other certificates for either of the 2 units was provided



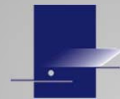
Distance Evaluation

- The 2nd company's vehicles are registered for local commercial activity
- The carrier stated they are antiques and are used in shows; they are model years 1979 - 2004
- No distance summaries were provided



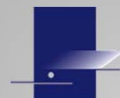
Distance Evaluation

- Any other questions or observations?
- Adequate or Inadequate?
- How would you determine audited distance?

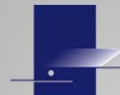


Fuel Evaluation & Info Provided

- Bulk invoices contain the necessary information and an invoice detail was provided
- 3 OTR receipts were provided; 2 were illegible
- No bulk inventory records maintained
- No withdrawal records maintained – carrier states they are unnecessary considering the single vehicle
- Sister company's vehicles also rely on diesel

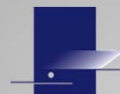


Fuel Evaluation & Info Provided



Fuel Evaluation

- Any other questions or observations?
- Adequate or Inadequate?
- How would you determine audited fuel for credit?
 - OTR
 - Bulk
- Sample or 100%



Overall Rating

adequate
 /'adəkweɪt/
 adjective
 satisfactory or acceptable in quality
 "this office is perfectly adequate for my needs"
 synonyms: sufficient, enough, ample, requisite, apposite, appropriate, suitable

inadequate
 /in'adəkweɪt/
 adjective
 adjective: inadequate
 lacking the quality or quantity required; insufficient for a purpose.
 "these labels prove to be wholly inadequate"
 synonyms: insufficient, not enough, deficient, poor, scant, scanty, scarce, sparse, too little, too few;
 short, in short supply; More
 antonyms: adequate, sufficient, competent
 • (of a person) unable to deal with a situation or with life.
 "a sad, solitary, inadequate man"

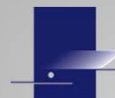
**Adequate
or
Inadequate**

IFTA

Evaluation

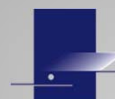
The carrier received an ***inadequate distance*** rating and an ***inadequate fuel*** rating because...

- No distance records provided
- Lack of controls to determine, if any, bulk fuel was placed in either of the 2 admissible units



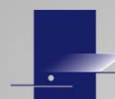
So Now What?

- Adjust all quarters to 4.00 MPG's
- Accept reported MPG's below 4.00 and adjust the rest to 4.00 MPG
- Reduce average MPG's by 20%
- Reduce each quarter's MPG by 20%
- Reduce reported MPG's below 4.00 by 20% and the rest to 4.00 MPG



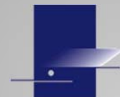
How to obtain the desired MPG?

- Would you increase distances to increase the MPG's below 4.00?
- Would you decrease fuel to increase MPG's below 4.00?
- Why or why not?
- Or would you just increase fuel to obtain a 4.00 MPG on all quarters above 4.00 MPG

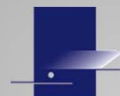


What Happened?

- Disallowed credit for all fuel except the single OTR receipt.
- Applied 4.00 MPG
 - Increased distances to increase reported MPG's to 4.00
 - Increased fuel to reduce reported MPG's to 4.00

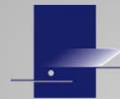


- Do you agree or disagree?
- What would you do differently?

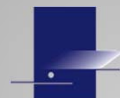


Looking back

- Would you make suggestions to the carrier to obtain alternative distance records?
- If so, what?
- Would your decision be different if this company had been previously audited ?

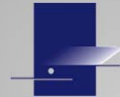


The Route Doesn't Matter Case



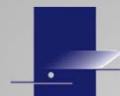
Company Facts

- Owner operator, public subcontractor, 30 years in business
- IFTA/IRP fleet consists of 2 qualified trucks, 2 IFTA decals and 1 IRP registered truck
- Long haul carrier of refrigerated or dry merchandise such as fruits, vegetables, meats (12 to 26 jurisdictions visited every quarter)
- The reported MPG varies from 4.56 to 7.70
- No activity was reported for the 2nd, 3rd and 7th quarters
- Second audit in 10 years



Remittals

	1	2	3	4	5	6	7	8	Total
Miles	30795	0	0	16492	55107	13881	0	22376	138650
Gal	6750	0	0	3593	7159	2807	0	4277	24586
MPG	4.56	0	0	4.59	7.70	4.95	0	5.23	5.64

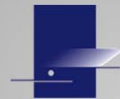


What we had...

The following documents were received clipped together by trip:

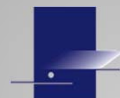
- Distance report from mileage software
- Logbooks
- Fuel summary by trip
- Fuel receipts

The carrier states the documents were assembled at the end of each trimester



Distance Records

- Driver-owner maintains daily logbooks.
- A partial odometer reading is sometimes recorded, but rarely are both (begin/end) readings recorded
- Other elements observed:
 - the carrier's base city
 - the date
 - the city and jurisdiction at each status change
- Dates are sometimes missing, and the total miles recorded may be for the day or an entire trip

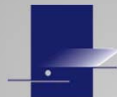


Distance Records (cont'd)

- The mileage software is known and reliable. It is programmed at practical, open borders, highway only, 80,000 lbs, 48L X 96W 5 axles

Accounting change:

- 1st to 4th quarters - the owner operator generated the mileage reports
- 5th to 8th quarters - the external accountant generated the mileage reports



7/13/15 (Month) (Day) (Year)		2980 Total Miles Driving Today Total Mileage Today		Name of Carrier or Carriers Rosemark, LLC		Main Office Address		Home Terminal Address		I certify these entries as		Driver's Full Signature		Co-Driver's Name		TOTAL HOURS		RECAP			
1. OFF DUTY		14 1/2												Total hours available tomorrow: 70 hr. minus A.*		Total hours on duty last 8 days, including today: 14 1/2		Total hours available tomorrow: 70 hr. minus A.*			
2. SLEEPER BERTH		7 1/2												Total hours on duty last 8 days, including today: 13 1/4		Total hours available tomorrow: 70 hr. minus A.*		Total hours on duty last 8 days, including today: 13 1/4		Total hours available tomorrow: 70 hr. minus A.*	
3. DRIVING		13 1/4												Total hours on duty last 8 days, including today: 11 1/4		Total hours available tomorrow: 70 hr. minus A.*		Total hours on duty last 8 days, including today: 11 1/4		Total hours available tomorrow: 70 hr. minus A.*	
4. ON DUTY (NOT DRIVING)		11 1/4												Total hours on duty last 8 days, including today: 24		Total hours available tomorrow: 70 hr. minus A.*		Total hours on duty last 8 days, including today: 24		Total hours available tomorrow: 70 hr. minus A.*	
REMARKS		CHAMPLAIN NY												ROSEMARK, LLC							
SHIPPING DOCUMENTS:																					
B/L or Manifest No. or																					
Shipper & Commodity																					
FROM:														TO:							
USE TIME STANDARD AT HOME TERMINAL		Copyright 2013 J. J. Keller & Associates, Inc.® All rights reserved.												613-MP (Rev. 7/13) 8524							

DRIVER'S DAILY LOG / REGISTRE JOURNALIER (24 HOURS) / (24 HEURES)

17, 7, 15 Cycle ☒ 70 Hr / 7 Days ☐ 120 Hr / 14 Days

Starting Odometer: 03040 Ending Odometer: 3602 Total Distance Driven Today: 3602

Home Terminal Name and Address / Nom et adresse du terminal: ROSEMEDE QC

Principal Place of Business Name and Address / Nom et adresse de la principale place d'affaires: ROSEMEDE QC

Name of Co-Driver / Nom du coéquipier: [blank]

I certify these entries are true and correct: ☒ Je certifie que ces renseignements sont exacts et précis:

Driver's Full Signature / Signature du conducteur: [Signature]

0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24

1. On-duty time other than time spent in a sleeper berth / Temps de repos autre que le temps dans la couchette: 11 3/4

2. On-duty time spent in a sleeper berth / Temps de repos dans la couchette: 3

3. Driving time / Durée de conduite: 8 3/4

4. On-duty time other than driving time / Temps de service autre que la durée de conduite: 4 1/2

REMARKS / REMARQUES: 24

If deferred off duty: ☒ Temps de repos différé: Day 1 / Jour 1 Day 2 / Jour 2

SHIPPING DOCUMENTS: DOCUMENTS À EXPÉDIER: ROSEMEDE QC, MONTREAL QC, NEWCASTLE ON, LONDON ON, SARINIA ON

Personal Use / Usage personnel: Start ODO / Lecture kilométrique - début: End ODO / Lecture kilométrique - fin:

DRIVER'S DAILY LOG / REGISTRE JOURNALIER (24 HOURS) / (24 HEURES)

23, 4, 16 Cycle ☒ 70 Hr / 7 Days ☐ 120 Hr / 14 Days

Starting Odometer: 90966 Ending Odometer: 479 Total Distance Driven Today: 479

Home Terminal Name and Address / Nom et adresse du terminal: ROSEMEDE QC

Principal Place of Business Name and Address / Nom et adresse de la principale place d'affaires: ROSEMEDE QC

Name of Co-Driver / Nom du coéquipier: [blank]

I certify these entries are true and correct: ☒ Je certifie que ces renseignements sont exacts et précis:

Driver's Full Signature / Signature du conducteur: [Signature]

0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24

1. On-duty time other than time spent in a sleeper berth / Temps de repos autre que le temps dans la couchette: 14

2. On-duty time spent in a sleeper berth / Temps de repos dans la couchette: 1 1/2

3. Driving time / Durée de conduite: 8 1/4

4. On-duty time other than driving time / Temps de service autre que la durée de conduite: 1 1/4

REMARKS / REMARQUES: 24

If deferred off duty: ☒ Temps de repos différé: Day 1 / Jour 1 Day 2 / Jour 2

SHIPPING DOCUMENTS: DOCUMENTS À EXPÉDIER: ROSEMEDE QC, PORT HOPKINSON ON, LONDON ON

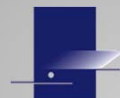
Personal Use / Usage personnel: Start ODO / Lecture kilométrique - début: End ODO / Lecture kilométrique - fin:

22

State/Country	Total	Toll	Free	Ferry	Loaded	Empty
AL	214.7	0.0	214.7	0.0	214.7	0.0
AR	72.4	0.0	72.4	0.0	72.4	0.0
CT	119.4	0.0	119.4	0.0	119.4	0.0
DE	23.9	1.7	22.2	0.0	23.9	0.0
GA	22.6	0.0	22.6	0.0	22.6	0.0
IL	357.8	7.1	350.7	0.0	357.8	0.0
IN	45.5	0.0	45.5	0.0	45.5	0.0
MA	93.7	56.1	37.6	0.0	93.7	0.0
MD	98.1	8.0	90.1	0.0	98.1	0.0
MI	275.3	0.9	274.4	0.0	275.3	0.0
MO	88.6	0.0	88.6	0.0	88.6	0.0
MS	179.2	0.0	179.2	0.0	179.2	0.0
NH	96.5	7.7	88.8	0.0	96.5	0.0
NJ	70.5	35.5	35.0	0.0	70.5	0.0
NY	23.4	16.1	7.3	0.0	23.4	0.0
PA	52.1	0.0	52.1	0.0	52.1	0.0
RI	240.1	0.0	240.1	0.0	240.1	0.0
SC	371.3	0.0	371.3	0.0	371.3	0.0
TN	130.1	0.0	130.1	0.0	130.1	0.0
TX	2575.2	133.1	2442.1	0.0	2575.2	0.0
VA	462.9	1.5	461.4	0.0	462.9	0.0
WV	127.5	0.0	127.5	0.0	127.5	0.0
Canada	590.4	1.5	588.9	0.0	590.4	0.0
TOTAL	3165.6	134.6	3031.0	0.0	3165.6	0.0

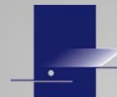
Observations...

- No actual odometer reading has been reconciled with the mileage report
 - Would it matter?
 - Why or why not?
- The software reports do not identify the trip, date, truck or driver
 - Would it matter?
 - Why or why not?
- Any comments about the point of origin and the destination, or other items?
- Would you sample? Why or why not?



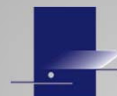
	Leg Miles
Rosemere, QC, Thérèse-De Blainville	0.0
Port Huron, MI, Saint Clair	521.7
Effingham, IL, Effingham	514.0
Memphis, TN, Shelby	324.1
Vardaman, MS, Calhoun	130.8
Philadelphia, PA, Philadelphia	1037.7
Boston, MA, Suffolk	309.8
Rosemere, QC, Thérèse-De Blainville	327.6

- Does significant distance between stops matter?
- Should 100 mile legs be viewed the same as 1,000 mile legs?
- Why or why not?



Fuel Records

- The date, city, jurisdiction and the quantity of fuel for each purchase is recorded on a fuel trip sheet
- All fuel is purchased over the road with either a fuel card or cash
- All elements required by P550 are on the fuel receipts, except unit identification
- Does this matter?
- Would you sample fuel? Why or why not?



du 2 juillet 2015
 au 9 juillet 2015

ACHAT DE CARBURANTS

VILLE	ÉTAT	L/O	QUANTITÉ	PRIX
DANDRIDGE	TN	G	175.732	493.87
LONDON	ON	L	628.00	580.27
CORNWALL	ON	L	272.979	300.00
HAYTI	MO	G	146.558	351.59

HAYTI TRAVEL CENTER / 1200 E WASHINGTON / HAYTI, MO 63851 / (573) 359-2020
 Number: 0101-0278B1 07/09/2015 Station: 1 Part 1 of 2

Pump	Products	Reefer	Quantity	Unit Cost	Total
# 13	Diesel 2	N	146.558	2.399	351.59

subtotal = 351.59
 sales tax = 0.00
 TOTAL = 351.59
 payments received = 400.00
 change = 28.32

Salesperson ID: T, LAWRENCE
 Truck Number:

Invoice #:

Billing Company: HAYTI TRAVEL CENTER / CASH
 Company Name :

THANK YOU! --- THANK YOU!



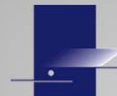
Any potential problems,
weaknesses or other items we
should discuss?



IFTA

DATE			122238		
98325	214	2015-07-07	MA	117	2015-09-17
AR	72		NH	192	
CT	119		NY	27	
DE	23		VT	690	
GA	22		QC	178	2015-09-17
IL	357			123442	
IN	45		MI	49	2015-09-20
MA	93		NY	317	
MD	98		OH	426	
MI	275		PA	46	
MO	88		ON	625	
MS	179		QC	242	2015-08-23
NH	96			125147	
NJ	70		AR	364	2015-09-27
NY	23		IL	396	
PA	52		IN	45	
TN	240		KY	232	
VA	371		LA	542	
VT	130		MI	333	
ON	462		MO	88	
QC	127	2015-07-09	MS	290	
	101481		OH	211	
AR	661	2015-07-17	TN	253	
IL	577		ON	978	
IN	272		QC	242	
MI	324			129121	
MO	180		End	129121	2015-10-04
OH	91				
TX	1221				
ON	977				
QC	110	2015-07-27			
	105894				

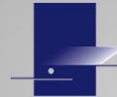
ÉTAT.	DATE.	LIEU.	LITR. & GAL	ÉTAT	VM
TN	7-juil	DANDRIDGE	185,732	TN	3
ON	8-juil	LONDON	628	ON	3
ON	8-juil	CORNWALL	272,979	ON	3
MO	9-juil	HAYTI	146,558	MO	3
		-			
ON	17-juil	CORNWALL	363,977	ON	3
ON	17-juil	LONDON	610	ON	3
MO	18-juil	CHARLESTON	50,036	MO	3
MO	18-juil	CHARLESTON	99,756	MO	3
TX	19-juil	GREENVILLE	104,231	TX	3
TX	24-juil	RED OAK	190,002	TX	3
TX	24-juil	ROBINSON	30,038	TX	3
MO	25-juil	HAYTI	100,011	MO	3
ON	26-juil	LONDON	575	ON	3
ON	27-juil	LANCASTER	150,237	ON	3
		-			
ON	29-juil	LONDON	655	ON	3
ON	31-juil	KINGSTON	240,613	ON	3
ON		KINGSTON	577,477	ON	3
ON	1-août	LONDON	385	ON	3
IL	2-août	PRINCETON	52,009	IL	3
IA	4-août	DES MOINES	104,212	IA	3
ON	5-août	LONDON	818	ON	3
		-			
NY	12-août	CHAMPLAIN	99,69	NY	3
NC	13-août	LUMBERTON	216,774	NC	3
FL	14-août	OCALA	51,008	FL	3
PA	18-août	HARRISBURG	44,311	PA	3
PA	18-août	HARRISBURG	41,845	PA	3
NC	18-août	LUMBERTON	233,443	NC	3
		-			
ON	23-août	KINGSTON	300,381	ON	3
ON	23-août	LONDON	570	ON	3
MO	25-août	HAYTI	162,331	MO	3
LA	27-août	BROUSSARD	135,083	LA	3
MO	29-août	SAINT LOUIS	199,634	MO	3
ON	30-août	LONDON	420	ON	3



Odometer Reconciliation

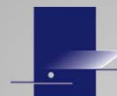
Date	Odometer readings	
	Accounting	Logbooks
2015-07-02	98 325	-----
2015-10-04	129 121	4 300
2016-04-21	145 613	-----
2016-04-23	-----	949 266
2017-06-30	42 440	41 879

- The odometer readings found in the spread sheet do not correspond with the logbooks
- The carrier confirmed the odometer never broke



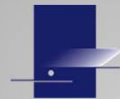
Discovery - Distance Records

- Mileage was not reported for the 2nd quarter; however the carrier provided mileage reports
- No logbooks were provided for the 2nd or 4th quarter
- The carrier determined distances using the mileage software until the beginning of the 5th quarter
- From the 5th to the 8th quarter the external accountant determined distance with the aid of the same mileage software, but using 100% of the stops indicated on the logbooks; approximately 1 stop every 142 miles



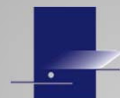
Perspectives Please...

- Adequate or inadequate?
- Additional questions?
- How would you handle distance?
- If the evaluation is adequate, could A350.300 (MPG reduction to reported of 20% or application of 4.00) still be considered?



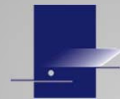
Discovery - Fuel Records / MPG

- Fuel was not reported for the 2nd quarter; however the carrier provided fuel trip sheets and fuel receipts for this quarter
- The high reported MPG's (7.70) observed for the 5th quarter result from a change in the accounting system and a conversion error
- Remember, the reported MPGs ranged from 4.56 to 5.23, with that exception



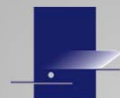
Perspectives Please...

- Adequate or inadequate?
- Additional questions or observations?



What did we do?

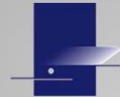
- We surveyed two quarters.
- The 1st quarter is representative of the activities and the accounting system for quarters 1-4.
- The 5th quarter is representative of the activities and the accounting system for quarters 5-8.
- 2 QTR - We determined and adjusted the miles and fuel based on the documents provided. The audited MPG's are reasonable.
- Meanwhile, we received additional documents with yearly odometer readings!



Reconciliation / Best Information

We obtained odometer readings from the yearly safety inspection certificates.

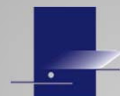
Date	Odometer reading
June 1 st , 2015	887 397 miles
June 15 th , 2016	965 276 miles
June 1 st , 2017	1 661 060 km



Reconciliation / Best Information

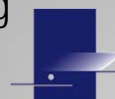
	Reported	Audited	Unreported	
Qtr 1 -4	47 287 M	67 331 M	20 044 M	30 %
Qtr 5 -8	91 364 M	74 674 M	-16 690 M	
(Qtr 5-8, absent the 1Q conversion error)			1000 M	1 %

The combined reported MPG is 5.64; the combined audited MPG is 5.24



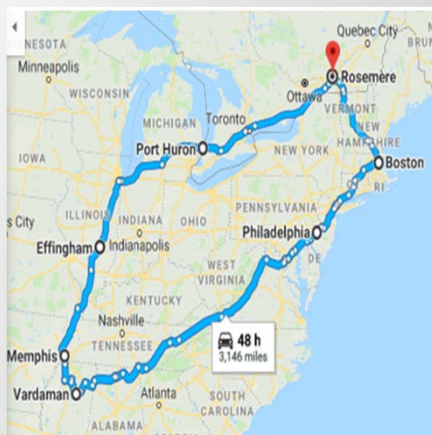
1st Quarter Survey

- Fuel - Based on the summary, the fuel trip sheets, and the fuel receipts - 1 fuel receipt was missing
- Based on best information, at least 4 936 miles out of 35 731 were not reported for this quarter
- Because of missing elements, we are unable to ascertain if logbooks and mileage reports are missing or if the unreported miles result from unreliable mileage reports
- We cannot test the carrier's mileage reports for the 2nd and the 4th QTR because the logbooks are missing

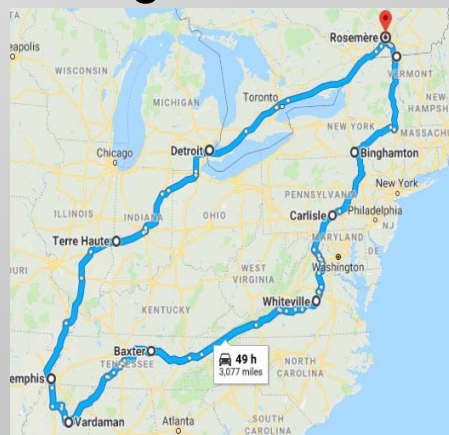


8 to 13 July 2015									
Odometer estimated using alternative method				2015-07-08	Audited	Logbooks			
Odometer found on beginning of next trip.				2015-07-13	899 874	-----			
* 6 logbooks - no odometer readings					903 040	3040			
					3 166	2980			
		Carrier report Logbooks		Gallons	Mpg				
Trip miles		3166	3166	570	5,55				
Stops		8	15						
Aver.		396	211						
Audited miles		Carrier Miles	Difference	% diff.	Carrier report	Logbooks	Fuel rapport		
AL	155	214	- 59	-27%	Rosemère, QC	Rosemère, QC			
AR	72	72	0	1%		Montréal, QC			
CT		119	- 119	-100%	Newcastle, On	Newcastle, On	London, ON		
DE		23	- 23	-100%	Port Huron, MI	Detroit, MI	Cornwall, ON		
GA		22	- 22	-100%		Marshall, MI			
IL	221	357	- 136	-38%	Efingham, IL	Terre Haute, IN			
IN	257	45	212	471%	Hayti, MO	Hayti, MO	Hayti, MO		
MA		93	- 93	-100%	Memphis, TN	Memphis, TN	Dandridge TN		
MD	62	98	- 36	-37%	Vardaman, MS	Vardaman, MS			
MI	145	275	- 130	-47%		Baxter, TN			
MO	91	88	3	3%	Philadelphia, PA	Carlisle, PA			
MS	200	179	21	12%	Boston, MA	Binghampton, NY			
NH		96	- 96	-100%	Rosemère, QC	Rosemère, QC			
NJ		70	- 70	-100%					
NY	328	23	305	1327%					
PA	333	52	281	540%					
TN	374	240	134	56%					
VA	444	371	73	20%					
VT		130	- 130	-100%					
ON	527	462	65	14%					
QC	128	127	1	1%					
Total	3 337	3 156	181	0,06					

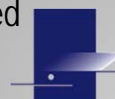
Carrier



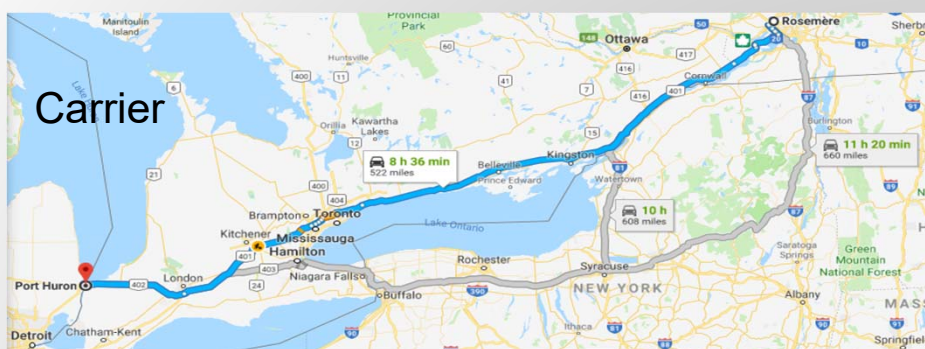
Logbook test



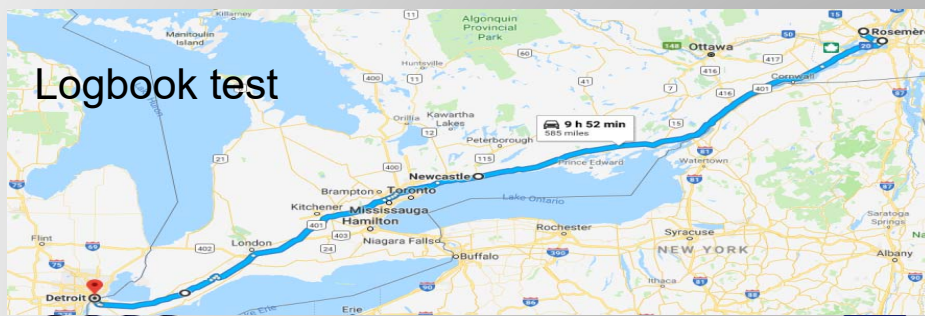
The total difference between the two is minimal; (181 miles)
however, several jurisdictional differences are observed

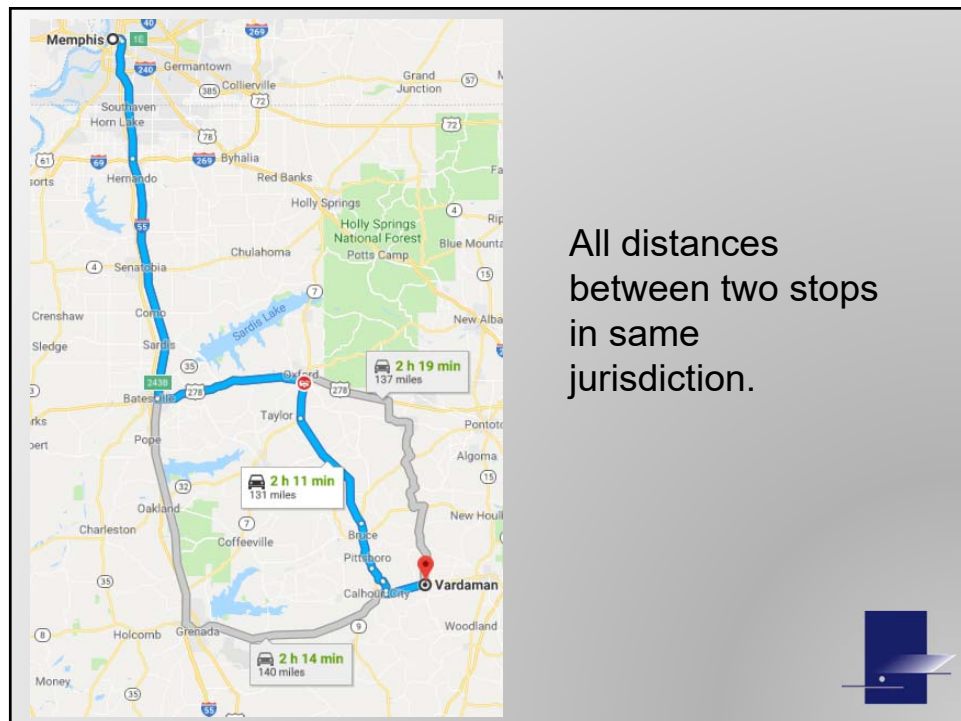
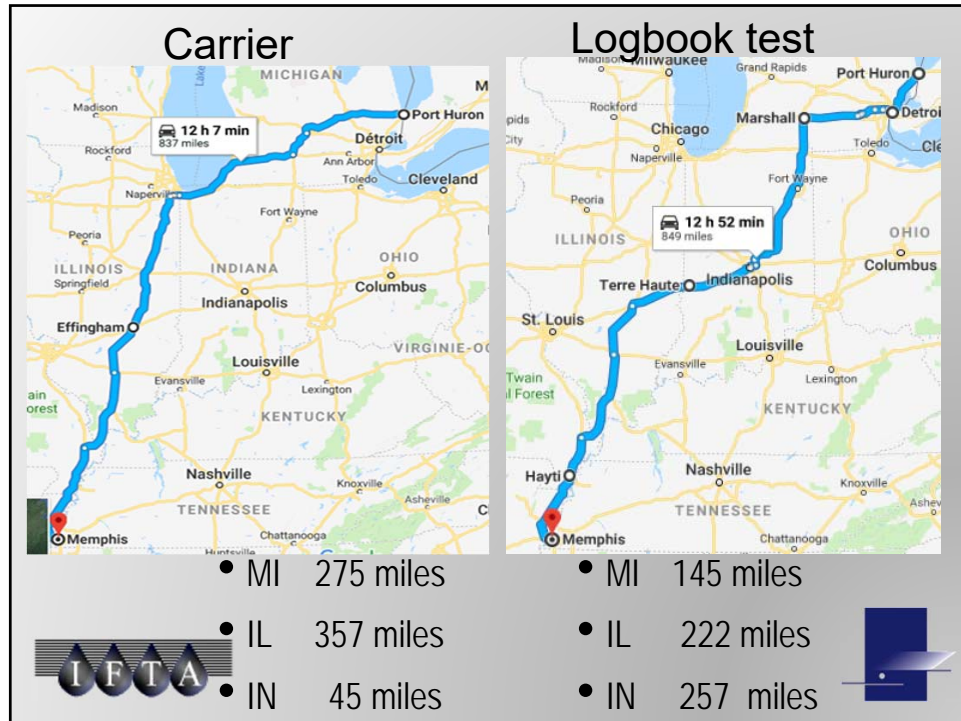


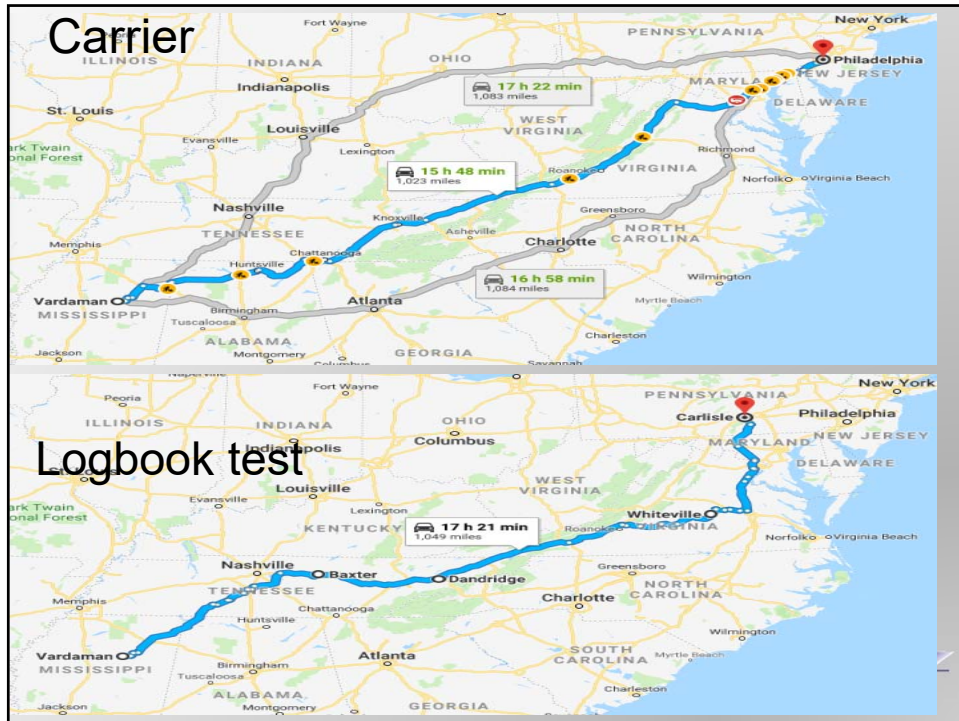
Carrier



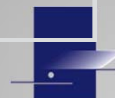
Logbook test

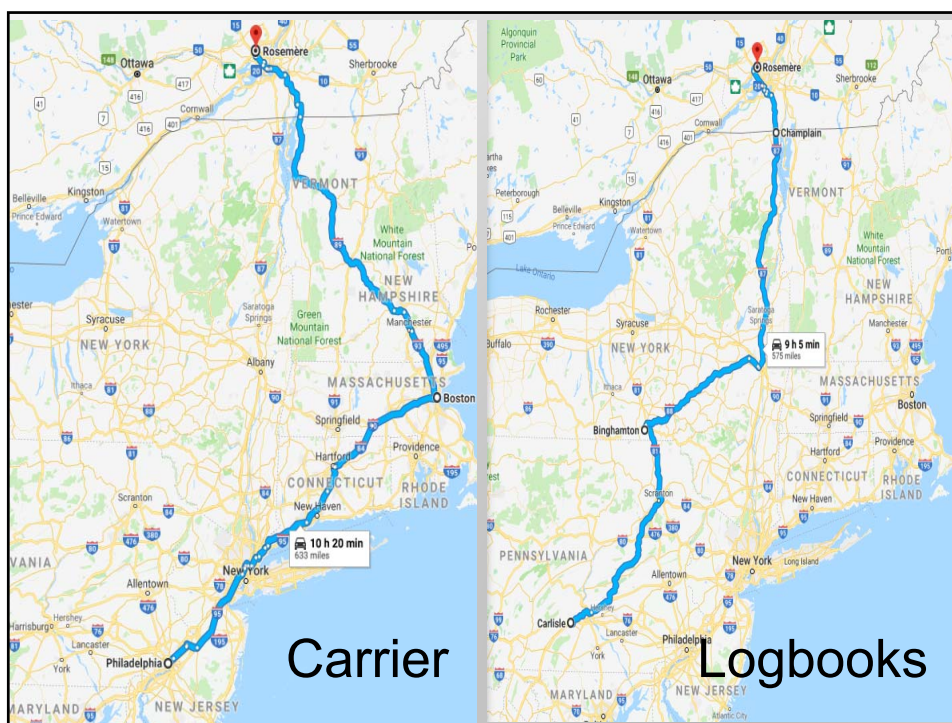






	Carrier		Logbook
MS	179 miles	MS	200 miles
AL	214 miles	AL	155 miles
TN	240 miles	TN	374 miles
VA	371 miles	VA	444 miles
MD	98 miles	MD	62 miles
DE	23 miles	DE	0 miles
NJ	70 miles	NJ	0 miles





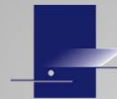
Mileage Differences

Jur	Carrier	Logbooks
PA	52	333
NY	23	328
CT	119	0
MA	93	0
NH	96	0
VT	30	0
QC	127	128



5th Quarter Survey

- The over reported miles for this quarter resulted from conversion errors. We corrected the conversion errors.
- We did not do mileage tests on the carrier's mileage reports, there were only a couple and no logbooks were provided.
- The external accountant's mileage reports were clipped to the logbooks and we confirmed that 100% of the legible stops were used in the mileage software. About 1 stop per 142 miles
- No anomalies were found with fuel.



Perspectives...

Are the carrier's mileage reports reliable for:

1 – 4 Qtr Why or why not?

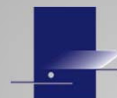
5 – 8 Qtr Why or why not?

What do you think about the stops used:

By the carrier?

By the external accountant?

What would you do about the route deviations?

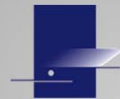


Perspectives...

Would your decision be different –

If all the logbooks were available?

If it was the first audit and/or a new carrier?

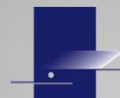


The Results

We chose to evaluate by year: Year 1 (1 – 4 Qtr)

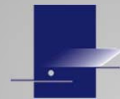
The carrier received an *inadequate distance* rating and an *adequate fuel* rating because...

- Logbooks were not available for the other two quarters. (3-QTR =0)
- The trips are not repetitive, each of the 3 trips tested gave different jurisdictional results. Projection would not have been reasonable.



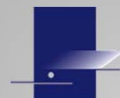
The Results – Year 1 (cont'd)

- The quality, sufficiency and appropriateness of the stops used by the carrier in the mileage software are not adequate enough to insure reasonably accurate distances.



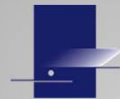
Adjustments : 1-4 QTR

- 1st quarter- We adjusted the differences obtained from the mileage tests.
- 2nd quarter- The unreported miles were adjusted based on the mileage reports and the fuel receipts provided.
- The 30% unreported distances, obtained from reconciling the odometers, were redistributed by period and redistributed based on the audited distances.



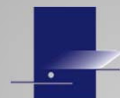
Adjustments : 1-4 QTR (cont'd)

Because we are unable to reasonably ascertain the real jurisdictions travelled for the majority of this audit period without doing an exhaustive audit, we applied **A350.300** reducing the MPG's by 20%, for each of the three trimesters.

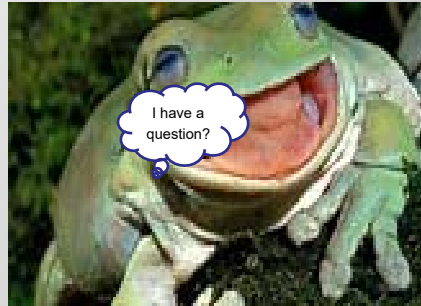


Adjustments – Year 2 (5– 8 Quarter)

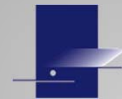
- All the other mileage reports were supported by logbooks
- At least 1, 5 digit odometer was recorded on each
- The total unreported miles was minimal; less than 1,000 miles for all three quarters. (7th QTR= 0)
- We adjusted the unreported miles proportionately according to the reported distances.



Q & A



How would you have rated the IRP segment?

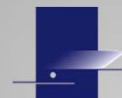


Q & A

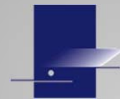
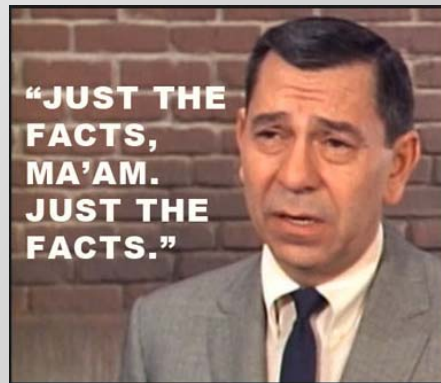


I have something to say!

- Do you agree or disagree?
- What would you do differently?
- Do you have a better approach?

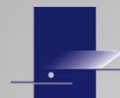


The 2nd Time Around...



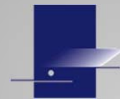
Company Facts:

- IFTA/IRP fleet consists of up to 19 vehicles (1 vehicle with a registered weight of 25,500 pounds)
- Vehicles are equipped with PTO's (power take-offs) that operate the equipment mounted to them
- Operations require vehicles to drive to specific locations, park, and run equipment (often for multiple days without leaving)
- Company utilizes 100 gallon portable tanks on some vehicles to transport fuel to the stationary vehicles, when necessary

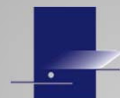


Company Facts (cont'd):

- Drivers often drive multiple vehicles within a day
- Not all vehicles are used at all times. Vehicles are utilized based on the equipment they carry and the job requirements
- The carrier reported a static 4.50 MPG



Do you see any issues or potential problems at this point?

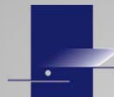




Distance Records



- Maintenance personnel maintain quarterly odometer readings for each vehicle
- IVDR's are completed by the driver for interjurisdictional travel only
- Work orders were provided for all vehicles the company stated "did not leave" the base jurisdiction



QUARTERLY VEHICLE MILEAGE								
4/01/17 thru 6/30/17								
VEHICLE	BGN MILES	END MILES	TOTAL MILES	AL	FL	MS	LA	OTHER
#100								
94 INTL	496580	496596	16	16				
#101								
98 FORD	172517	173231	714	714				
#102								
05 MACK	447839	447886	47	47				
#103								
05 MACK	397679	397922	43	43				
#107								
97 FORD	71295	71328	533	533				
#109								
02 INTL	199351	199414	63	63				
#110								
05 STERLING	108608							
#111								
96 VOLVO	938718	942120	3402	3402				
#117								
05 KING VAC	393764	393777	13	13				
#203								
01 INTL	836412	838324	1912	1181	277	240	212	
#204								
02 INTL	786225	789658	3433	3463				
#285								
87 MONTPE								
#207								

02 HENRY								
#208								
97 FRTL	26635	28039	1404	1404				
#209								
04 INTL	441561	449053	2492	2464		28		
#210								
04 INTL	505643	506756	1113	208	905			
#211								
07 FRTL		SHOP						
#212								
05 MACK	563900	565764	1864	1864				
#213								
07 INTL	698311	709717	11406	4552		3519	3335	
#214								
07 INTL	604063	604984	921	675	246			
#215								
06 MACK	453273	456465	3192	2610	582			
TOTALS			32598	23252	2012	3787	3547	
ALABAMA		23252						
FLORIDA		2012						
MISSISSIPPI		3787						
LOUISIANA		3547						
OTHER								
TOTAL MILES			32598					

7244 gal
4.5 MPG

Vehicle # 203 SE-2
Trailer # 327

INDIVIDUAL VEHICLE MILEAGE REPORT (IVMR)

Driver Anthony Dunning
Origin Mobile AL
Destination Norco, LA
Destination _____

STAPLE ALL ORIGINAL FUEL & TOLL RECEIPTS HERE

TRIP REPORT
(DRIVER TO COMPLETE ALL AREAS)

DATE	STATE OR PROVINCE	HIGHWAYS USED	ODOMETER READING		MILES	FUEL PURCHASES	
			BEGINNING	END		GALLONS	VENDOR
4/17	AL	1-10	836706	836747	27		
4/17	MS	1-10	836747	836846	41		
4/17	LA	1-10, 610, 310	836846	836921	99	MS	116
4/17	MS	1-10	836921	836948	75	LA	99
4/17	AL	1-10	836948		27		

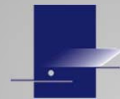
[illegible]

Any new issues or potential problems?



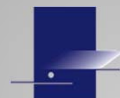
Discovery - Distance

- 1) The same distance was reported for IFTA and IRP
- 2) Odometers often do not correspond with quarterly readings (specifically at the beginning and ending of the quarters)
- 3) Odometers on the summaries do not always correlate to the IVDRs
- 4) Trip testing showed the minimal distance required was not always indicated.
- 5) Intra only vehicles did indeed travel to other jurisdictions



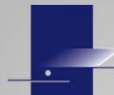
Focus on Distance

- Additional observations you might have about the records?
- How would you handle distance?
- Are the records adequate or inadequate?



Fuel Records

- Fuel Account (OTR fuel)
- Cards are assigned by vehicle
- Weekly invoices
- Bulk fuel tank with withdrawal slips
- Bulk fuel purchase invoices
- Additional company vehicles fuel from the bulk tank
- No inventory reconciliation is performed
- The carrier admits to estimating reported fuel



DIESEL FUEL DISPENSE TICKET

PLEASE COMPLETE ALL DATA FIELDS

DATE: 4-15-17

TIME: AM: 7:00 PM:

TRUCK/EQUIP/JOB #: 217323

METER BEGIN: 09493

GALLONS: 80 80.0

METER END: 09573

MILEAGE:

DRIVER: PRINT: J. [Signature]

SIGNATURE: J. [Signature]



DIESEL FUEL DISPENSE TICKET

PLEASE COMPLETE ALL DATA FIELDS

DATE: 4-13-17

TIME: AM: 6:00 PM: _____

TRUCK/EQUIP/JOB #: 213-331

METER BEGIN: 09173

GALLONS: 73.70 74.0

METER END: 09247

MILEAGE: 700232

DRIVER: _____ PRINT: R-TAYLOR

SIGNATURE: Ray Taylor

I F T A

APRIL 2017

SE-4

	100	101	102	103	107	108	109	110	111	115	117
1											
2											
3											
4											
5											
6								41.0	51.0		
7											
8											
9								24.0			
10											
11											
12								70.0			
13											
14											
15											
16											

I F T A

PLEASE REMIT TO:
WARING OIL COMPANY, LLC
 P.O. BOX 10
 VICKSBURG, MS 39181-0006 APR 03 2017

WARING OIL COMPANY, LLC
 VICKSBURG, MS 601-636-1065
 BLOOM, MS 228-702-1200
 FLOWOOD, MS 601-632-4457
 LOUISVILLE, MS 662-773-4234
 TUPELO, MS 662-444-7880

Pos Invoice

Invoice # 001559165
 Invoice Date 03/28/17 Ship Date 03/27/17

Bill To Number 50114 Ship To Number 50114 Cust. P.O. # 93159 BL # 40 Terr./Sales 40

EMERGENCY CONTACT
 PERS 1-800-633-8253

Shipped Via ATE, LLC Order Number 1622266.00

Product No.	Description	Price	Ordered	Shipped	Extension
09LS	00 NA1993, DIESEL FUEL, 3 PSI THIS DIESEL FUEL CONTAINS 15PPM THIS DIESEL FUEL DOES NOT CONTAIN VISIBLE EVIDENCE OF DYE.	1.86610	900	900.0	1679.49
	Sub-Total				1679.49
AL49LS	MOBILE RD EXCISE LS	0.02000		900.0	18.00
ALF8LS	MOBILE RD EXCISE LS	0.04000		900.0	36.00
ALLS	ALABAMA UNOYED FUEL	0.19000		900.0	171.00
ALUST	ALABAMA UST	0.01000		900.0	9.00
ALWHL	ALABAMA WHOLESALE/IMPORT FE	0.00750		900.0	6.75
FDDF	FEDERAL DIESEL EXCISE TAX	0.24400		900.0	219.60
ORLDFE	COMPLIANCE FEE	7.88000		900.0	7.88
SARA	FEDERAL OIL SPILL TAX	0.00214		900.0	1.93

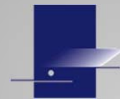
ACCOUNT NO: 00-010647
 INVOICE: CL10735
 DATE: 07/24/2016
 DUE DATE: 08/03/2016

Billing from July 16, 2016 to July 24, 2016

DATE	TIME	SITE	MISC	ODOM	MPG	PROD	PRICE	QTY	PCT	SGT	APT	SST	AMT
VEHICLE: 0018 2011 FORD F150 4X4 Beginning Odometer: 104504													
07/21/16	12:17P	421 N WATER ST, MOBILE, AL 36602		155143	16.82	LRL	1.979	28.501	4.80	4.24	1.89	0.00	52.51
07/22/16	03:38P	3495 DAVIS RD, MOBILE, AL		160095	14.83	LRL	1.968	24.813	4.54	3.67	1.32	0.00	49.09
312 Miles @ 15.82 MPG and 5.13 Cost/Mile \$1.341 9.40 8.21 3.26 0.00 102.11													
VEHICLE: 0102 102-85 Mack Via Beginning Odometer: 603250													
07/22/16	08:30A	6905 THEODORE DAVIS THEODORE, AL 16-037-01		604491	28.36	DGL	2.580	43.280	11.74	9.18	1.98	0.00	121.12
07/23/16	08:05A	130 TELEGRAPH RD, Chickasaw, AL 16-157-11		490905	****DGL	2.380	42.380	10.38	8.95	3.83	0.00	0.00	100.41
06.808 22.04 17.23 5.19 0.00 225.53													
VEHICLE: 0264 2002 INTL TRACTOR Beginning Odometer: 341340													
07/18/16	09:31A	8130 HWY 43 SATSUMA, AL 16-231-02		441300	****DGL	2.508	128.808	26.30	22.88	12.15	0.00	0.00	369.27
07/20/16	12:49P	0655 THEODORE DAVIS THEODORE, AL 16-044-07		634221	****DGL	2.808	123.002	28.80	23.37	4.80	0.00	0.00	368.44
07/22/16	11:13A	8700 HWY 43 SATSUMA, AL 16-039-09		442650	****DGL	2.908	143.908	28.16	26.20	14.85	0.00	0.00	375.43
392.636 65.46 34.04 32.35 0.00 989.11													
VEHICLE: 0213 2007 Int Tractor Beginning Odometer: 650847													
07/25/16	12:36A	8108 HWY 43 SATSUMA, AL 16-043-12		836105	****DGL	2.508	83.826	22.73	17.77	8.38	0.00	0.00	214.53
07/26/16	08:03A	421 N WATER ST, MOBILE, AL 36602		773503	****DGL	2.691	45.092	10.48	8.16	2.09	0.00	0.00	108.30
108.567 33.19 25.65 11.08 0.00 322.03													
VEHICLE: 0723 86 TOYOTA PU Beginning Odometer: 206404													
07/20/16	04:49P	8081 US HIGHWAY 90, DAPHNE, AL 16-001-07		250554	31.57	LRL	2.101	7.828	1.45	1.27	0.73	0.00	17.38
290 Miles @ 31.57 MPG and 5.07 Cost/Mile 7.923 1.45 1.27 0.73 0.00 17.35													
VEHICLE: 0748 06 FORD F150 PU Beginning Odometer: 1191													
07/19/16	07:34A	1187 S BOARD ST MOBILE, AL 16-058-46		189505	****LRL	2.059	18.929	3.57	3.12	1.43	0.00	0.00	40.20
07/19/16	10:03A	1187 S BOARD ST MOBILE, AL		195846	****LRL	2.069	10.730	1.96	1.72	0.77	0.00	0.00	22.89
07/26/16	07:20A	1187 S BOARD ST MOBILE, AL 16-103-16		810818	****LRL	2.057	11.720	2.78	1.80	0.96	0.00	0.00	24.45

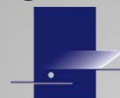


What about fuel – issues,
observations, etc.?



Discovery - Fuel

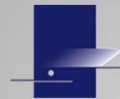
- Odometer readings are reflected on the fuel reports
- Drivers often use the assigned cards to fuel multiple vehicles
- Cards are often switched in vehicles
- Reported fuel was limited to the base jurisdiction
- Reported gallons were a product of the recorded distance and a 4.50 static MPG



Focus on Fuel

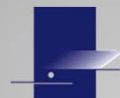
How would you handle fuel – sample or 100%?

Why?



The Whole Picture

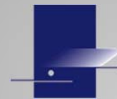
- Should the overall rating be adequate or inadequate? Why?
- Would additional information change your mind?
- If so, what?
- Would it matter if this company had been previously audited and received an adequate rating?



The Process...

The carrier received an ***inadequate distance*** rating but an ***adequate fuel*** rating because:

- Despite the volume of data, the vast majority of it conflicted, making it impossible to determine distance
- The summaries were used as the best information available for IFTA and were adjusted for unreported distance, odometer issues, and removal of the 25,500 vehicle



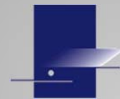
The Process (cont'd)

- Due to the carrier's reporting methodology all fuel was scheduled
- Bulk withdrawals were scheduled for only the appropriate fleet vehicles
- A comparison of the bulk fuel invoices and the withdrawal slips revealed a balance greater than the tank's capacity. While this supported the withdrawal records were incomplete, no additional credit was allowed.



The Process (cont'd)

- OTR purchases were scheduled from the invoices and sorted by odometer readings.
- Credit was limited to fuel purchases where the recorded reading was within the odometer range reflected on the summaries
- Audited MPG's ranged from 3.76 to 5.27
- The MPGs were reduced to the IFTA default of 4.00 except for the quarter where the MPG was 3.76, it was reduced by 20 percent.



- Agree or disagree?
- What would you do differently?
- Do you have a better approach?

