

IRP Ballot 371 Top Changes

Introductions

- Dave Nicholson, Oklahoma
- Jeff Hood, Indiana



Ballot 371 History

Why was this ballot needed?

- Response to issues raised by the Jefferson Wells study
- Update language for the use of new technology



Ballot 371 History

Jefferson Wells study issues:

- Lack of audit uniformity
- Lack of language clarity
- Lack of Registrant compliance
- Audit activity not improving Registrant compliance
- 3% Audit quota impact not clear



Ballot 371 History

New technology issues:

- Current language has not kept pace with new technology
- Current language did not allow for future advancements through rigid check list requirements
- Many Registrants are using or moving to advanced technology systems



Ballot 371 Concept

Move from rules based auditing to principal based auditing.

- Auditing for the purposes of the plan.
- Appropriate and Sufficient
- Adequate or Inadequate rating



Ballot 371 Concept

Auditing for the purposes of the Plan

- Verify reported distances
- Evaluate the Registrant's distance accounting system



Ballot 371 Concept

Appropriateness and Sufficiency

- Appropriateness: the measure of the quality of the audit evidence.
- Sufficiency: the measure of the quantity of the audit evidence
- If the audit evidence is appropriate and sufficient the Registrant will receive an Adequate rating



Ballot 371 Changes

Adequate vs Inadequate

Registrant's compliance is determined by an examination of their source documents and distance reporting system.

Based on whether the above are found to be appropriate and sufficient Registrant will be rated as Adequate or Inadequate. The audit then proceeds based on the rating.



Ballot 371 Changes

Adequate vs Inadequate

If a Registrant receives an Adequate rating and adjustments are made the result will be that any negative or positive jurisdictional fee changes will be netted.



Ballot 371 Changes

Adequate vs Inadequate

Inadequate ratings will result in a fee assessment based on the application for registration under audit for **all** affected jurisdictions as follows:

- 1st audit engagement 20%
- 2nd audit engagement 50%
- 3rd audit engagement 100%



Ballot 371 Changes

Gone but not Forgotten

- 100% Base fee assessment will no longer be an option for Inadequate records.
- Denial of the netting of credits will no longer be an option for Inadequate records.



Ballot 371 Changes

New language in regard to record keeping requirements

- Waiver system removed for odometers and routes of travel.
- Guidance provided for electronic tracking systems



Ballot 371 Changes

Audit Procedure Requirements

- Must is still must.
- Should is the new qualified “must”.
- If an action “Should” take place, it must take place unless a reason is documented in the audit file explaining why the action could not be taken.



Ballot 371 Changes

Record Keeping Requirements

- They were in the Audit Procedures Manual.
- They now can be found in Article X of the Plan.



Ballot 371 Changes

New to the Plan: Records Review

- Records Reviews have been added to the Plan as a new way to improve compliance **and** attain quota.
- Three Records Reviews equal one audit. Records Reviews can satisfy no more than 25% of the audit count for quota.



Ballot 371 Changes

Records Review FAQ's

Can be conducted on any account

Does not result in adjustment to fees

Adequacy of records and system is determined and documented

Records Review report required. Must be archived for Peer Review. Required contents of report found in Audit Procedures Manual Article 7



Ballot 371 Changes

Records Review quota calculation

A Jurisdiction's audit quota equals 100

25 audits can be accounted for through the Records Reviews process

75 Records Reviews equal 25 audits

A jurisdiction can conduct more than 75 Records Reviews but only receives credit toward quota for 25 audits.



Ballot 371 Moving Forward

Knowledge and Preparation

Changes are effective **July 1, 2013!**

What do I do to prepare my organization?

Can I get training for my organization?

Can I get deliverables for my organization?



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Ballot 371 Questions

Open discussion

And

Thank you!

