

Article II

R200

DEFINITIONS

R247 Record means information created, received, and maintained as evidence by an organization or person in the transaction of business, or in the pursuance of legal obligations, regardless of media.

ARTICLE VII

***R700**

RECORDS REQUIREMENTS

Every licensee shall maintain records to substantiate information reported on the tax returns. Records shall be maintained and be made available for audit. The burden of proof is on the licensee.

If the licensee's records are not maintained in the base jurisdiction and the base jurisdiction's auditors must travel to the location where records are maintained, the base jurisdiction may require the licensee to pay the base jurisdiction reasonable per diem and travel expenses incurred by the auditor(s) in performance of an audit.

R710 RETENTION AND AVAILABILITY OF RECORDS

A licensee shall retain the records on which each tax return of the licensee is based for a period of four years following the date the tax return was due or was filed, whichever is later, plus any period covered by waivers or jeopardy assessments.

On request, the licensee shall make such records available for audit to any member jurisdiction.

The failure of a licensee to provide records requested for audit shall extend the period for which the requested records must be retained.

Once an audit report is issued under this article, the licensee must retain the records for the period covered by that report until all audit appeal rights expire.

Unless a waiver of the statute of limitations is granted by the licensee, no assessment for deficiency or any refund shall be made for any period for which the licensee is not required to retain records. A licensee's request for refund shall extend the period for which records pertaining to the refund must be retained until the request is granted or denied.

R720 ADEQUACY OF RECORDS

The records maintained by a licensee under this article shall be adequate to enable the base jurisdiction to verify the distances traveled and fuel purchased by the licensee for the period under audit and to evaluate the accuracy of the licensee's distance and fuel accounting systems for its fleet.

The adequacy of a licensee's records is to be ascertained by the records' sufficiency and appropriateness. Sufficiency is a measure of the quantity of records produced; that is, whether there are enough records to substantially document the operations of the licensee's fleet. The appropriateness of the records is a measure of their quality; that is, whether the records contain the kind of information an auditor needs to audit the licensee for the purposes stated in the preceding paragraph. Records that are sufficient and appropriate are to be deemed adequate.

Provided a licensee's records are adequate under this definition, the records may be produced through any means, and retained in any format or medium available to the licensee and accessible by the base jurisdiction. If records are presented in a format or in a manner in which the base jurisdiction cannot audit them, they have not been made available as required.

Licensee records which do not contain all of the elements set out in R730, R740 and R750 may still, depending on the nature of the records and of the licensee's operations, be adequate for an audit.

R730 DISTANCE RECORDS

Distance records that contain the following elements shall be accepted by the base jurisdiction as adequate under this article:

(a) For records produced by a means other than a vehicle-tracking system:

- (i) the beginning and ending dates of the trip to which the records pertain
- (ii) the origin and destination of the trip
- (iii) the route of travel

- (iv) the beginning and ending reading from the odometer, hubodometer, engine control module (ECM), or any similar device for the trip
- (v) the total distance of the trip
- (vi) the distance traveled in each jurisdiction
- (vii) the vehicle identification number or vehicle unit number

(b) For records produced wholly or partly by a vehicle-tracking system, including a system based on a global positioning system (GPS):

- (i) the unedited latitude and longitude or other location data for the vehicle to which the records pertain
- (ii) the date and time of each latitude and longitude or other system reading, at intervals sufficient to validate the total distance traveled in each jurisdiction
- (iii) the named location that corresponds to each GPS or other system reading
- (iv) the beginning and ending reading from the odometer, hubodometer, engine control module (ECM), or any similar device for the period to which the records pertain
- (v) the calculated distance between each GPS or other system reading
- (vi) the route of the vehicle's travel
- (vii) the total distance traveled by the vehicle
- (viii) the distance traveled in each jurisdiction
- (ix) the vehicle identification number or vehicle unit number

The beginning and ending distance readings must:

- (i) cover a period similar to that covered by the licensee's tax report,
- (ii) reflect a consistent cut-off procedure by the licensee,
- (iii) not result in the nonreporting of a material portion of the licensee's operations, and
- (iv) not materially delay the payment of taxes due.

R740 FUEL RECORDS

The licensee shall maintain complete records of all motor fuel purchased, received, or used in the conduct of its business, and, on request, produce

these records for audit. The records shall be adequate for the auditor to verify the total amount of fuel placed into the licensee's qualified motor vehicles, by fuel type.

The base jurisdiction shall not accept, for purposes of allowing tax-paid credit, any fuel record that has been altered, indicates erasures, or is illegible, unless the licensee can demonstrate that the record is valid.

The base jurisdiction shall not allow tax-paid credit for any fuel placed into a vehicle other than a qualified motor vehicle.

The base jurisdiction shall not allow a licensee credit for tax paid on a retail fuel purchase unless the licensee produces, with respect to the purchase:

- (i) a receipt, invoice, or transaction listing from the seller,
- (ii) a credit-card receipt,
- (iii) a transaction listing generated by a third party, or
- (iv) an electronic or digital record of an original receipt or invoice.

Retail fuel purchases include all those purchases where a licensee buys fuel from a retail station or a bulk storage facility that the licensee neither owns nor controls.

For tax-paid credit, a valid retail receipt, invoice, or transaction listing must contain:

- (i) the date of the fuel purchase
- (ii) the name and address of the seller of the fuel (a vendor code, properly identified, is acceptable for this purpose)
- (iii) the quantity of fuel purchased
- (iv) the type of fuel purchased
- (v) the price of the fuel per gallon or per liter, or the total price of the fuel purchased
- (vi) the identification of the qualified motor vehicle into which the fuel was placed
- (vii) the name of the purchaser of the fuel (where the qualified motor vehicle being fueled is subject to a lease, the name of either the lessor or lessee is acceptable for this purpose, provided a legal connection can be made between the purchaser named and the licensee)

The following requirements pertain to purchases and storage in bulk of gasoline and diesel fuel.

The licensee shall retain delivery tickets or receipts for all fuel delivered into the licensee's bulk storage facilities. The licensee shall perform quarterly inventory reconciliations of its bulk fuel facilities and shall make the records of those reconciliations available for audit. Those records shall include the capacity of each of the licensee's bulk storage facilities.

The base jurisdiction shall not allow a licensee tax-paid credit for fuel withdrawn by the licensee from its bulk fuel storage facilities unless the licensee produces records that show:

- (i) the purchase price of the fuel delivered into the bulk storage includes tax paid to the member jurisdiction where the bulk storage is located, or
- (ii) the licensee has paid fuel tax to the member jurisdiction where the bulk storage is located.

When alternative fuels are purchased or stored in bulk, these same requirements shall apply, in so far as they are practicable. In instances where, with respect to an alternative fuel, a licensee cannot practicably comply with these requirements, the licensee must maintain records that fully document its purchase, storage, and use of that alternative fuel.

The licensee shall produce for audit records that contain the following elements for each withdrawal from its bulk storage facilities:

- (i) the location of the bulk storage from which the withdrawal was made
- (ii) the date of the withdrawal
- (iii) the quantity of fuel withdrawn
- (iv) the type of fuel withdrawn
- (v) the identification of the vehicle or equipment into which the fuel was placed

Licensee records documenting retail and bulk fuel purchases may be kept in any digital or electronic or condensed format or medium accessible to the base jurisdiction.

No member jurisdiction shall require a licensee to produce evidence of fuel purchases beyond what is specified in this section.

R750 SUMMARIES

The following summaries may be necessary for the efficient audit of a licensee's records. A licensee shall make these summaries available for audit upon due notice and demand by the base jurisdiction:

- (i) a summary of the operations of each vehicle in the fleet for each month, which includes the distance traveled by, and the fuel placed into, each vehicle in the fleet during the month, both in total and by jurisdiction, and
- (ii) a summary of the operations of each vehicle in the fleet for each calendar quarter, which includes the distance traveled by, and the fuel placed into, each vehicle in the fleet during the quarter, both in total and by jurisdiction

In lieu of using calendar months and calendar quarters as the basis for its summaries, a licensee may base them on equivalent periods. Such periods shall be acceptable if they are employed consistently.

R760 INADEQUATE RECORDS; ASSESSMENT

If the records produced by the licensee for audit do not, for the licensee's fleet as a whole, meet the criterion in this Article, or if, within 30 calendar days of the issuance of a written request by the base jurisdiction, the licensee produces no records, the base jurisdiction shall impose one of the following:

- a) adjust the licensee's reported fleet MPG or KPL, as the case may be, to 4.0 MPG or 1.70 KPL.
- b) reduce the licensee's reported MPG or KPL, as the case may be, by twenty percent.

The assessment described in this section is not to be imposed where the records available, even though they may be of poor or inconsistent quality, can be audited. Neither is an assessment to be imposed under this section where, although records pertaining to some individual qualified motor

vehicles in a fleet are lacking or inadequate, the audit of the fleet as a whole can be performed.

This is the only provision in the Agreement in the nature of a penalty for inadequate records or with respect to audits generally. This does not, however, affect the ability of a base jurisdiction to disallow tax-paid credit for fuel purchases which are inadequately documented, or, for cause, to suspend, revoke, or cancel the license issued to a licensee.

ARTICLE XIII

R1300

AUDITS

R1310 LICENSEE AUDITS

The base jurisdiction shall audit its licensees on behalf of all member jurisdictions. This shall not preclude another jurisdiction from also auditing a licensee. In that event, that jurisdiction shall pay all its audit expenses.

R1320 UNLICENSED CARRIER AUDITS

If a jurisdiction determines that a person required to become licensed under this Agreement has failed to do so, the jurisdiction is specifically authorized to assess and collect any and all fuel taxes due from such person for all member jurisdictions in accordance with IFTA Articles of Agreement Sections R1100 and R1200.

***R1330 AUDIT REQUIREMENTS**

Audits conducted by member jurisdictions shall be in compliance with all requirements established in the Agreement, Procedures Manual, and Audit Manual.

R1340 AUDIT MANUAL

The Audit Manual contains guidelines, forms, and audit methods which are in accordance with accepted audit practices, including criteria for sampling and selection procedures and audit file selection.

The guidelines will relate to various attributes that may be indicative of noncompliance. Proof of operation information, such as vehicle observations, enforcement citations, etc., from all member jurisdictions will be used by the base jurisdiction in testing audit attributes. This proof of operation information will also be used in motor carrier audits to determine if specific trips associated with such information are accounted for in carrier records.

R1350 REVIEW/REVISION OF AUDIT REQUIREMENTS

.100 The Audit Committee shall review the audit requirements of this Agreement at least once every three years.

.200 Proposed changes shall be approved and adopted by the member jurisdictions in accordance with IFTA Articles of Agreement Section R1600.

.300 Changes to the Audit Manual shall not be effective with less than a one-year notification, unless unanimously approved for an earlier date.

R1360 JOINT AUDITS

An audit of a licensee may be conducted jointly by the base jurisdiction and one or more other member jurisdictions. In such cases, non-base jurisdictions are responsible for their own audit expenses. Each member jurisdiction that participates in a joint audit shall receive full credit under A250 for the performance of an audit.

In a joint audit, the base jurisdiction of the licensee under audit shall retain its authority to direct the conduct of the audit and shall provide such coordination to the jurisdictions involved as shall permit the audit to proceed in an orderly manner and not to burden the licensee unreasonably.

In a joint audit, the base jurisdiction of the licensee under audit shall be responsible for the determination of the findings of the audit, and for notifying the licensee and other member jurisdictions of those findings in accordance with R1380.

R1370 RE-AUDIT AND RE-EXAMINATION

.100 A member jurisdiction may re-examine a base jurisdiction's audit findings if the member jurisdiction reviews the audit work papers and, within 45 days of receipt of the Interjurisdictional Audit Report by the member jurisdiction, notifies the base jurisdiction of any errors found during such review and of its intention to conduct the re-examination. Such re-examination by a member jurisdiction must be based exclusively on the audit sample period utilized by the base jurisdiction in conducting its audit.

.200 A member jurisdiction may re-audit a licensee if said member jurisdiction notifies the base jurisdiction and the licensee of reasonable cause for the re-audit.

.300 The re-audit or re-examination by a member jurisdiction must be performed in cooperation with the base jurisdiction. An adjustment to original audit findings as a result of such re-audit or re-examination must be reconciled with the original audit findings issued by the base jurisdiction. New audit findings shall be issued by the base jurisdiction. A member jurisdiction conducting a re-audit or reexamination shall pay its own expenses.

R1380 AUDIT REPORTS

Upon the completion of an audit the base jurisdiction shall provide an audit report to the licensee and to all affected member jurisdictions. An affected jurisdiction is any jurisdiction in which the licensee reported or accrued distance or fuel. The audit report shall be prepared in accordance with the requirements of A460. The time periods specified in Sections 1370 and 1390 shall begin on the date on which the base jurisdiction sends the audit report to the licensee.

Member jurisdictions may request copies of the audit reports and work papers. A copy of the audit report, work papers, supporting documentation and any pertinent post-audit communications must be maintained by the base jurisdiction as part of the audit file for the period set forth in P910.

R1385 COMMUNICATION OF AUDIT FINDINGS

Fuel tax adjustments resulting from audit findings will be documented and included on monthly transmittals.

In the event that the results of audit indicate funds owed to affected member jurisdictions and the licensee remits payment in full on or before the due date established by the base jurisdiction, such funds shall be remitted by the base jurisdiction to affected member jurisdictions in the manner and at the time prescribed by P1040.

In the event the base jurisdiction sends or causes to be sent a transmittal to a member jurisdiction which shows money owing to the base jurisdiction,

the jurisdiction being billed shall remit payment to the base jurisdiction as prescribed by P1040.

Should a licensee fail to remit payment in full on or before the due date established by the base jurisdiction, the base jurisdiction may choose one of the following options in remitting audit funds to affected member jurisdictions:

Option 1

The base jurisdiction may remit any additional money owed by a licensee to affected member jurisdictions when payment is received. Upon receipt of a partial payment, the base jurisdiction must remit the payment on a pro-rata basis to affected member jurisdictions by the last day of the month following the month in which payment is received from the licensee. Credits due the licensee from one or more affected member jurisdictions shall be considered a payment made by the licensee. Total credits due the licensee and actual payments made by the licensee shall be allocated to each affected member jurisdiction owed based on the following formula:

$$\frac{\text{Net Amount Due a Jurisdiction}}{\text{Total Amount Due all Jurisdictions}} \times \text{Credits and/or Payments Available to allocate}$$

Any audit liability identified by the base jurisdiction but not previously remitted by the base jurisdiction to the affected member jurisdictions, and which is deemed to be uncollectible for one or more of the reasons stated in the IFTA Procedures Manual Section P1060.200.010, must be reported to the affected member jurisdictions as such within 60 days of the after the uncollectible determination.

Option 2

The base jurisdiction may make payment of an audit liability in full to each affected member jurisdiction. If all or a portion of the funds originally remitted to the affected member jurisdictions is subsequently deemed uncollectible for one or more of the reasons stated in the IFTA Procedures Manual Section P1060.200.010, the base jurisdiction will be entitled to a refund of money previously remitted. If a portion of the money previously remitted is deemed to be uncollectible, the amount of the refund due from each affected member jurisdiction shall be calculated on a pro-rata basis applying the same formula set forth in Option1. Such refund shall be made by an adjustment to a future monthly transmittal. Adjustments made to

previously remitted audit results deemed to be uncollectible must be indicated as such on the transmittal.

R1390 AUDIT APPEALS

The base jurisdiction shall provide a licensee at least 30 calendar days from the date the licensee is notified of the findings of an audit or a reexamination to file a written appeal of the audit or reexamination with the base jurisdiction. Such an appeal shall proceed in accordance with the administrative and appellate procedures of the base jurisdiction. Upon the conclusion of the appeal process, the base jurisdiction shall notify all affected member jurisdictions of the results.

R1395 FINALITY OF AUDIT FINDINGS

Following the expiration of the time within which an appeal or request for reexamination may be filed under this section and 1370, and except in cases of fraud, the findings of an audit or reexamination shall be final as to all member jurisdictions and as to the licensee audited.

A100

Introduction

Audit is a critical element of ensuring compliance with the International Fuel Tax Agreement (IFTA). Under the provisions of IFTA, a member jurisdiction must audit, on behalf of all member jurisdictions, the tax returns and supporting documents of licensees based in that jurisdiction. The purpose of this manual is to set standards for auditors and member jurisdictions and to provide guidance and procedures specifically for the performance of IFTA audits.

The Audit Manual is the basis used by the Program Compliance Review Committee (PCRC) in evaluating a member jurisdiction's compliance with the audit requirements as set forth in Article XIII of the Agreement. When the Audit Manual uses the word "must" or "shall" in connection with a procedure, this indicates an unconditional requirement for a member jurisdiction and a subject for compliance review. The use of the word "should" or "may" in the Audit Manual also indicates a requirement for a member jurisdiction, although one where noncompliance may be accepted by the PCRC if the jurisdiction has documented the relevant circumstances and the reasons for not complying. In all instances where deviation is required the rationale to support the deviation must be documented in the work papers.

A200

Audit Program Standards

Each member jurisdiction must use an audit program. An audit program provides for uniformity and consistent application of audit procedures, serves as a training tool for new auditors, and facilitates the review of the audit. An audit program does not preclude the use of auditor judgment. Deviations from an audit program are acceptable if they are reasonable given the audit circumstances.

A210 Proficiency and Due Professional Care

The audit is to be performed and the audit report prepared by a person or persons having adequate technical training and proficiency in auditing, while exercising due professional care and maintaining an objective state of mind.

A220 Auditor Independence

The audit engagement, the audit organization and the individual auditor, whether government, public or contracted by a member jurisdiction, must be free from personal, external, and organizational impairments to independence, and must avoid the appearance of such impairments to independence.

A230 Planning and Supervision

An audit must be adequately planned and supervised. Evidence that an Audit is adequately planned and supervised must be maintained in the audit file. Examples of adequate planning evidence would include work papers showing analysis of reported figures, documentation of observations regarding the account, and records of communication between an auditor and their supervisor. Evidence of adequate supervision would include records of communications between the auditor and their supervisor and must include documentation that the auditor's proposed audit results were reviewed for accuracy and compliance with IFTA requirements.

A240 Auditor Qualifications and Responsibilities

Each member jurisdiction is responsible for the staffing of qualified auditors based on the member jurisdiction's personnel guidelines.

Auditors should conduct themselves in a manner promoting cooperation and good relations with licensees and member jurisdictions.

Auditors must give all licensees and member jurisdictions fair consideration.

Each member jurisdiction must ensure its auditors maintain proficiency in IFTA auditing by providing training opportunities through internal or external training sources.

The auditor must make a reasonable attempt to verify information reported on the tax returns.

If the base jurisdiction utilizes a distance software program to verify the records of the licensee, that software program shall be used as an audit tool for verification of reported distances.

A250 Number of Audits

Base jurisdictions will be held accountable for audits and will be required to complete audits of an average of 3 percent per year of the number of IFTA accounts required to be reported by that jurisdiction on the annual reports filed pursuant to the IFTA Procedures Manual, Section P1110.300.005 excluding new licensees, for each year of the program compliance review period, other than the jurisdiction's IFTA implementation year. Such audits shall cover at least one license year. This does not preclude audits of individual licensees several times during the program compliance review period. However, audits for a licensee selected that cover multiple license years, fuel types, or both shall be counted as one audit for program compliance review purposes.

A260 Selection of Audits

The following guidelines shall be used in selecting audits to fulfill the IFTA auditing requirements:

Low-Distance/High-Distance Accounts Requirement

At least 15 percent of each member jurisdiction's audit requirement shall involve low-distance accounts. (Low-distance accounts are considered to be the 25 percent of the previous year's licensees who had the lowest number of miles/kilometers reported in all member jurisdictions). At least 25 percent of each member jurisdiction's audit requirement shall involve high-distance accounts. High-distance accounts are considered to be the 25 percent of the previous year's licensees who had the highest number of miles/kilometers reported in all member jurisdictions.)

Low-Distance/High-Distance Computations

Low-distance computations and high-distance computations shall be based on total miles/kilometers reported by all IFTA licensees included on the annual report filed by the jurisdiction pursuant to the IFTA Procedures Manual, Section P1110.300.005 excluding new licensees, but including licensees who report no operations during a quarter, for the first three quarters of each calendar year

A300

Audit Procedures

A310 Preliminary Audit Procedures

The purpose of performing preliminary audit procedures is to familiarize the auditor with the licensee's business and reporting history. If a previous audit is known to have been conducted, the findings must be documented in the audit file.

The auditor must identify, and document in the audit file, the licensee's vehicles operated in the audit period, and vehicle characteristics that might affect the audit.

The auditor must identify, and document in the audit file, how the licensee obtains fuel, the types of fuel used, and the locations of any bulk fuel storage.

The auditor must analyze the licensee's tax returns subject to audit, note trends or variances, and document findings in the audit file.

A320 Evaluation of Internal Controls

The auditor must describe the licensee's distance and fuel accounting systems. The auditor should compare the distance and fuel summaries to the tax returns, documenting any differences. An example of the licensee's records examined by the auditor must be included in the audit file.

The Auditor must:

- 1) identify the records the licensee maintains to support the tax returns;
- 2) attempt to determine if there have been changes in the licensee's distance or fuel accounting procedures or operations during the audit period;
- 3) document the existence of any internal controls;
- 4) review and test the reliability of the licensee's internal controls;
- 5) determine if sampling techniques are appropriate based on the effectiveness of the internal controls. When sampling is appropriate, the reliance of the controls should be utilized to determine the level of testing.

The above items, and the strengths and weaknesses identified in the licensee's distance and fuel accounting systems, must be documented in the audit report.

A330 Inadequate Records Assessment

When records as a whole are inadequate for audit, the audit shall be assessed based upon R760 of the agreement. Records are inadequate when no records are provided as requested, or the distance or fuel records provided do not meet the conditions of sufficiency and appropriateness as defined in R720.

A340 Sampling and Projection

For every license year under audit, at least one full calendar quarter must be sampled. The auditor should discuss with the licensee the selected sample quarters, sample vehicles, and records to be examined during the audit. Sample periods should be representative of the licensee's operations. Sampling procedures, and the projection or isolation of any errors, must be documented in the audit file.

When the summary information does not match information reported on the quarterly returns, the auditor must attempt to determine the reason for the discrepancy. The auditor must also determine whether to project the sample findings per the summaries or tax returns. It is generally preferable to project to summary distance and fuel (corrected as necessary). 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.

A350 Unreported Distance

If unreported distance is discovered, and the auditor cannot ascertain where that distance occurred, it must be allocated using a rational and unbiased approach. The reasoning for the approach must be documented in the audit file.

A360 MPG/KPL Adjustments

When records as a whole are adequate for audit, the base jurisdiction maintains the authority to adjust the MPG/KPL based on factors such as:

- 005 Prior experience of the licensee;
- .010 Licensees with similar operations;
- .015 Industry averages;
- .020 Records available from fuel distributors or other third parties; and
- .025 Other pertinent information the auditor may obtain or examine.

A370 Reduction to Reported Total Fuel

Reported total fuel can only be reduced when documented evidence is obtained in support of a reduction. When tax paid credits are denied, reductions in reported total gallons / liters are not to be made unless a verifiable reporting error has occurred.

A400 AUDIT COMMUNICATIONS

All audit communication, both written and oral, must be documented in the audit file.

A410 Communication between Jurisdictions

Jurisdictions may contact each other to obtain pertinent information in accordance with each jurisdiction's disclosure policy.

A420 Notification

The licensee must be contacted at least 30 days prior to the conduct of an audit. Through the initial or subsequent audit contacts, the licensee must be advised of the audit period, the type of records to be audited, and the proposed audit start date.

The base jurisdiction may begin the audit within the 30 day notification period with a waiver from the licensee.

A430 Request for Records

The auditor must request the appropriate records to conduct an audit of the selected audit period.

A440 Opening Conference

A documented opening conference should be held with the licensee to discuss the licensee's operations, distance and fuel accounting system, audit procedures, records to be examined, sample period, sampling procedures, etc.

A450 Closing Conference

A closing conference should be held with the licensee during which any areas of non-compliance, and any requirements and recommendations for improvement to the distance and fuel accounting systems are discussed.

A460 Report

An audit report, including a narrative and a billing summary documenting the audit, must be prepared by the base jurisdiction and provided to the licensee and all affected member jurisdictions. Where appropriate a checklist may serve this purpose. A copy of the audit report must be kept in the audit file. Barring extenuating circumstances, the base jurisdiction should send the audit report to all affected Jurisdictions at the same time it sends the report to the licensee.

The audit report must contain the following information:

- (i) Name of base jurisdiction
- (ii) Auditor's name
- (iii) Licensee's name
- (v) Licensee's address
- (vi) Licensee's phone
- (vii) Licensee's representative
- (viii) Account number
- (ix) Fleet number (where applicable)
- (x) USDOT number (where required)
- (xi) License period audited
- (xii) Summary of licensee's business operations
- (xiii) Note trends or variances

Evaluation of Internal Controls:

- (i) Summarize the evaluation of the licensee's internal controls including:
 - (1) Reliability of internal controls
 - (2) Strengths and weaknesses in internal controls
 - (3) Changes in the licensee's accounting procedures during the audit period

Opening Conference:

- (i) Provide the date and persons attending

Sampling Methodology:

- (i) Describe sampling methodology or reason sampling was not performed
- (ii) Note the periods and vehicles sampled

Distance and Fuel Examination:

- (i) Identify source documents used by the licensee to determine distance and fuel
- (ii) Identify the information in the source documents
- (iii) Describe procedures used to verify reported distance, fuel and MPG/KPL
- (iv) Explanation of distance and fuel adjustments
- (v) Note any discrepancies between quarterly summaries and licensee's tax returns
- (vi) Auditor's evaluation of adequacy of records

Closing Conference:

- (i) Provide date and persons attending

Summary:

- (i) The report must indicate the procedures, findings, any requirements to become compliant and any additional information deemed necessary.

The audit report must contain the following information in the billing summary portion of the report:

- (i) Net distance adjustment;
- (ii) Net tax paid fuel purchases adjustment;
- (iii) MPG/KPL as reported;
- (iv) MPG/KPL as a result of audit;
- (v) Net fuel tax adjustment per jurisdiction
- (vi) Reported tax by jurisdiction;
- (vii) Audited tax by jurisdiction;
- (viii) Penalty;
- (ix) interest by jurisdiction; and
- (x) total by jurisdiction.

Any schedules and worksheets used to support the audit findings must be made available to the licensee if requested.