



IFTA/IRP Audit Workshop  
The Menger Hotel  
San Antonio Texas

IFTA/IRP – Ballot Overview

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February 2015

# IRP Ballot – Proposed for 2015

Amend Sec. 504 - 505

504. ~~Estimated~~ Distance Audit Procedures

All fee changes as a result of audit adjustments will be calculated in accordance with Section 400 of the Plan.

(a) When an apportioned registration application ~~is filed~~ for a new Fleet ~~and~~ is correctly based ~~solely~~ on ~~Estimated~~ average per-Vehicle Distance, that distance ~~may not be audited~~ is not subject to audit.

# IRP Ballot – Proposed for 2015

Sec. 504 - 505 (continued)

**(b) If a Registrant reports ~~Estimated~~ average per-Vehicle Distance for a fleet ~~in a Member Jurisdiction~~ and it is discovered through ~~Audit~~ that actual distance was traveled in the any Member Jurisdiction, the auditor ~~should~~ must remove ~~convert the~~ ~~Estimated~~ average per-Vehicle Distance, ~~to~~ replacing it, as necessary, with the actual distance traveled in the Member Jurisdictions ~~and calculate fees, in accordance with Section 405 of the Plan.~~**

# IRP Ballot – Proposed for 2015

Sec. 504 - 505 (continued)

~~(c) In the absence of circumstances described in subsections (a) and (b), Estimated Distances on renewal applications should be accepted in the Audit.~~

~~Revised April 10, 1998, Ballot 1.7.192. Effective October 1, 1999.~~

~~Revised April 1, 2001, Ballot 1.7.236 – Audit Procedures Manual – Ballot 3. Effective October 1, 2001. Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.~~

# IRP Ballot – Proposed for 2015

Sec. 504 - 505 (continued)

## ~~505. Actual Distance Audit Procedures~~

**(c) When actual distance is not reported in a Member Jurisdiction where it is determined actual distance was traveled, Apportionable Fees must be calculated for the Member Jurisdiction.**

# IRP Ballot – Proposed for 2015

Sec. 504 - 505 (continued)

**(ad)** If actual distance was reported in **any** Member Jurisdiction ~~for which Apportionment was intended; however,~~ **where** no actual distance was traveled ~~in the Member Jurisdiction during the Reporting Period,~~ the actual distance must be converted to a distance estimate determined **removed and fees recalculated** ~~in accordance with Section 415 of the Plan.~~

# IRP Ballot – Proposed for 2015

Sec. 504 - 505 (continued)

~~(b) If actual distance was reported in a Member Jurisdiction for which Apportionment was not intended, the distance must be assigned to the Member Jurisdiction for which Apportionment was intended and fees must be adjusted in accordance with Section 405 of the Plan.~~

# IRP Ballot – Proposed for 2015

Sec. 504 - 505 (continued)

**(~~ee~~)** If it is determined through Audit that a Vehicle does not qualify as an Apportionable Vehicle, the reported distance traveled by the Vehicle should be deducted from the Apportioned registration application and distance percentages adjusted ~~in accordance with Article IV~~. Full (100%) fees should also be calculated for the Vehicle for the Member Jurisdiction in which the Vehicle traveled and should be included in the fee adjustments reflected in the transmittals.



# IRP Ballot – Proposed for 2015

Sec. 504 - 505 (continued)

~~(d) If distance is not reported in a Member Jurisdiction, and through Audit it is determined that actual distance is traveled in the Member Jurisdiction, the auditor must verify that the Vehicle operated in the Member Jurisdiction with proper credentials or Trip Permits during the Reporting Period. If the Vehicle was operated in a Member Jurisdiction without proper credentials or Trip Permits during the Reporting Period, Apportionable Fees must be calculated for the Member Jurisdiction in accordance with Section 415.~~

# IRP Ballot – Proposed for 2015

Sec. 504 - 505 (continued)

## **Official Commentary**

With regard to average per-Vehicle distance, while not common, the valid reporting of such in a subsequent year will occur if the registrant does not operate during the respective reporting period.

The establishment of a new fleet does not automatically qualify a registrant to use average per-Vehicle distance. Auditors must exercise due diligence when determining whether the fleet is in fact new, in accordance with Section 420 of the Plan.

# IRP Ballot – Proposed for 2015

Sec. 504 - 505 (continued)

~~Revised September 20, 2012, Ballot 2011.371 – IRP  
Audit Rewrite. Effective July 1, 2013.~~

**Combine old 504 and 505**

**Revised April 10, 1998, Ballot 1.7.192. Effective  
October 1, 1999.**

**Revised April 1, 2001, Ballot 1.7.236 – Audit  
Procedures Manual – Ballot 3. Effective October  
1, 2001.**

**Revised September 20, 2012, Ballot 2011.371 –  
IRP Audit Rewrite. Effective July 1, 2013.**

**Revised September 20, 2012, Ballot 2011.371 –  
IRP Audit Rewrite. Effective July 1, 2013.**

# Questions/Comments



# IFTA Ballot – FTFBP #2-2014

Effective Date: Upon Passage

Voting closes March 12, 2015

Purpose: Add Section R1310 “Licensee Audits” to the list of items the Program Compliance Review Committee (PCRC) can bring before the Dispute Resolution Committee (DRC).

# IFTA Ballot – FTFBP #2-2014

Continued:

Intent: Amends the IFTA Articles of Agreement to require the PCRC to recommend to the membership that a dispute be initiated against a jurisdiction that:

- 1) Is non-compliant with “Licensee Audits” by not auditing on behalf of all member jurisdictions. (R1310)

# IFTA Ballot – FTFBP #2-2014

Ballot 2 Continued:

Sections Amended:

- R1555 Compliance Matters
  - .100 Dispute Resolution Process
    - .015 adds “R1310” to list of sections.
  - .200 Submission of a Final Determination Finding of Non-Compliance to the Membership.
    - adds “R1310” to list of sections.

Section R360\* removed after 2<sup>nd</sup> Comment period  
(\*providing information to the licensees)

# Questions/Comments





# IFTA Ballot – FTFBP #4-2014

Effective Date: January 1, 2016

Voting closes March 12, 2015

Purpose: Set a clear standard for when an audit qualifies to be counted toward the satisfaction of a member jurisdiction's (3%) quota requirements.

# IFTA Ballot – FTFBP #4-2014

Continued:

History: Ballot #02-2011 was passed January 19, 2012. The ballot removed the words “one registration” year and replaced with “license” to conform with IFTA language rather than IRP.

Language was interpreted to mean an audit must cover all 4 quarters of the “license” year. (Jan – Dec) in order to count as an audit.

# IFTA Ballot – FTFBP #4-2014

Continued:

Intent: Set a clear standard for when an audit qualifies to be counted toward a member jurisdictions audit quota.

Allow an audit that includes 4 consecutive quarters to count as an audit toward the 3% quota.

If a member jurisdiction chooses, the 4 consecutive quarters for IFTA can match with the distance period of an IRP audit.

# IFTA Ballot – FTFBP #4-2014

Continued:

Section A300 amended as follows:

## A310 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 first 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 of a single licensee that cover multiple license years, fuel types, or both shall be counted as one audit for the program compliance review purposes.~~

# IFTA Ballot – FTFBP #4-2014

A310 Continued:

**A310 - A jurisdiction is required to complete audits on a specific number of licensees during their program compliance review period. To calculate the number of audits required for the program compliance review period a jurisdiction utilizes the information from the jurisdiction's annual report for each year subject to the program compliance review.**

# IFTA Ballot – FTFBP #4-2014

Continued:

**.100 For a jurisdiction that has undergone a program compliance review, the required number of audits is determined by subtracting the number of new licensees per P1110.300.025 from the total number of IFTA accounts per P1110.300.005 and multiplying the result by 3 percent.**

# IFTA Ballot – FTFBP #4-2014

A310 - Continued:

**.200 If a jurisdiction becomes a new IFTA member, audits are not required in the first year of membership. For the second year of membership the new jurisdiction will multiply the total number of IFTA accounts per P1110.300.005 by 3 percent to determine the required number of audits. Subsequent years will utilize the calculation in A310.100.**

# IFTA Ballot – FTFBP #4-2014

A310 - Continued:

**To qualify as an audit for the purposes of A310 an audit shall cover at least four consecutive quarters. 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.**



# Questions/Comments



# IFTA Ballot – FTFBP #3-2014

Effective Date: January 1, 2016

Third Comment period closes March 5, 2015

Purpose: Update the three governing IFTA documents (Articles of Agreement, Procedures Manual, Audit Manual) to address changes resulting from technological advances in transportation; provide uniform auditing standards; and clarify the requirements for both licensees and jurisdictions.

# IFTA Ballot – FTFBP #3-2014

Continued:

History: In June 2011, charge to Audit Committee from IFTA Board of Trustees.

2012, I-CAWG (IFTA Compliance Audit Working Group) was formed.

I-CAWG drafted language to address technological advances in the generation of records for Licensee operations; Updated Audit Manual to only include PCRC member jurisdiction requirements and provide uniform audit standards; and moved licensee requirements in Procedures Manual to Articles of Agreement.

# IFTA Ballot – FTFBP #3-2014

Continued:

Intent:

- 1) Provide distance reporting requirements for IFTA addressing technological advances in the recording of qualified motor vehicle travel.
- 2) Modify the Audit Manual to enhance uniformity in the conduct of audits and content of Interjurisdictional audit report.
- 3) Clarify requirements on licensees and jurisdictions by reorganizing authoritative documents and eliminating superfluous information.

# IFTA Ballot – FTFBP #3-2014

Continued:

## Notable Changes to Articles of Agreement:

### 1) R700 – Records Requirements

- R710 – R770
  - Procedures Manual P500/P600 consolidated, updated and moved to this section.

This section has been updated to consolidate manual and electronic recordkeeping systems into a single set of requirements, regardless of the type of media presented.

# IFTA Ballot – FTFBP #3-2014

Continued:

## Notable Changes to Articles of Agreement:

### 1) R770 – Inadequate Records

- If the records as a whole are inadequate, or not presented for audit, the base jurisdiction must impose an additional assessment.
- Reduce the MPG to 4.0 or 1.70 KPL; or,
- Reduce the licensee's reported MPG/KPL by 20%.

All other changes to the Articles of Agreement are minor.

# IFTA Ballot – FTFBP #3-2014

Continued:

## Notable Changes to Audit Manual:

### 1) A100 – Audit Manual

- “Must”, “Shall”, “Should”.
- “Must” and “Shall” indicates an unconditional requirement.
- “Should” indicates a requirement, however, noncompliance will be accepted by the PCRC if the jurisdiction has documented in the work papers, the relevant circumstances and reason for not complying.

# IFTA Ballot – FTFBP #3-2014

Continued:

## Notable Changes to Audit Manual:

### 1) A330 – Sampling and Projection

- When sampling is employed, the distance traveled and fuel consumed by the sample vehicles shall be tracked for at least one full calendar quarter.

If no material differences are found during the examination, sampling may be discontinued.



# IFTA Ballot – FTFBP #3-2014

Continued:

## Notable Changes to Audit Manual:

### 1) A350 – Audit Adjustments

- When the records as a whole are adequate for audit, but some of the records for specific vehicles are substantially impaired or missing, adjustments may still be made.

If records for individual units are inadequate, the inadequate assessment provisions may be applied to those individual units.

# IFTA Ballot – FTFBP #3-2014

Continued:

## Notable Changes to Audit Manual:

### 1) A360 – Reduction to Reported Fuel

- Total fuel reported by a licensee shall only be reduced when there is clear evidence to support a reduction and the evidence is documented in the audit file. (i.e. duplicate fuel receipts recorded; fuel placed in an unqualified vehicle.)

A lost or missing receipt is not evidence to support a reduction to reported fuel.

# IFTA Ballot – FTFBP #3-2014

Continued:

## Notable Changes to Audit Manual:

### 1) A460 – Audit Report

- The base jurisdiction should send the audit report to all affected jurisdictions at the same time it sends the report to the licensee.

# IFTA Ballot – FTFBP #3-2014

Continued:

## Notable Changes to Audit Manual:

### 1) A470 – Audit File Contents

- The audit file shall contain at least the following information:
  - Schedules
    - Summary Schedules
    - Supplementary schedules
  - Support documentation
    - Detail Information
    - List of Records Maintained

All other changes to the Audit Manual are minor

# IFTA Ballot – FTFBP #3-2014

Continued:

## Notable Changes to Procedures Manual:

- 1) P500 – Recordkeeping
  - Moved to R700.
- 2) P600 – Electronic Data Recording Systems
  - Consolidated with P500 and moved to R700.

No other changes were made to the Procedures Manual.

# Where do we go from here?



# IFTA Ballot – FTFBP #3-2014

Where do we go from here?

Third comment period ends March 5, 2015

At this time, the Audit Committee intends to let the ballot go before the membership for a vote at the end of the comment period.

# Questions/Comments





# Contact Information:

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Thank you!