

Electronic –

1) Scenario:

During the audit period (10 quarters), carrier has between 10 and 23 trucks in IFTA and IRP, all at 80,000 pounds. During the pre-audit review of the account you see a low MPG of 2.44; the average reported is 3.76 although most reported MPGs are around, or greater than, 4.00. The carrier has tested 3 different GPS (for E-log requirements) systems during the audit period and is currently running 2 of them in some of their trucks. GPS provides quarterly summaries for each truck, which includes jurisdictional and total distance. The carrier's representative cannot produce additional reports providing individual GPS information. One system requires a daily query, resulting in 90 reports per quarter, per vehicle.

Carrier has bulk fuel and purchases retail fuel. Fuel cards are assigned to each truck. Downloads from the fuel card company include all required information, which is compiled for the quarter and added to the bulk fuel disbursement records. Drivers prepare a fuel report for each week. The report includes the date, gallons and odometer when fueling.

Found during audit:

GPS quarterly summary reports are available on a truck basis for all quarters under audit. GPS data for periods prior to renaming the trucks within 1 of the GPS systems was not retrievable. The carrier could/would not provide GPS daily readings.

In the quarter with the 2.44 MPG, the carrier purchased a large percent of fuel from a local retailer (fuel cost was less than bulk purchases). It appears this retailer was not automatically uploading purchased information to the card company, but was keying the purchases into the system. When keying those fuel purchases, the price per gallon was 1/3 the actual retail price, causing total fuel to be overstated.

Questions:

- 1) How would you approach the testing of distance?
- 2) What types of adjustments would you make for distance?
- 3) How would you correct the errors found in the fuel system?
- 4) If you determine records are inadequate, does the new language in IFTA regarding adequate records prevent the increasing of total distance?

2) Scenario:

A corporation has 7 owned units (all over 26K lbs.) and 6 owner operators running under the corporation's authority. According to the lease agreements, the corporation reports the owner operators for IFTA. An electronic dispatch system was purchased just prior to the IFTA audit period. Travel is through all jurisdictions.

When a load is received, the trip information is entered into a computerized dispatch system, and a unit is assigned. Included in the information for the dispatch system are the origins and destinations. Dispatchers update the system with the actual pick-up and delivery dates received from the drivers. On a weekly basis, the information from the dispatch system is processed through a program as part of the dispatch software. Part of this function is running trip information through a mileage program. Dispatch points and fuel locations are used to produce jurisdictional miles for each trip. Monthly Activity Reports and a quarterly Fuel Tax Report are produced from the dispatch system at the end of the quarter. The dispatch system can produce reports for any requested date parameters.

The **Monthly Activity Reports** include unit numbers, pick-up and delivery locations with jurisdiction, dates and breakdown of jurisdictional miles between stops and fuel stop locations. The **Fuel Tax Report** shows the total and jurisdictional miles per unit and includes a summary of all jurisdictional miles for the selected units used for IFTA reporting.

In addition to the dispatch system, the drivers are responsible for completing a trip envelope. Each trip is assigned a number representing the year and trip number, ending with the driver's initials. The trip envelope normally includes the driver's name, unit number, date, odometer readings, origin, and destination information. Trip information is scanned in by office personnel and includes bills of lading, fuel receipts, toll slips, and sometimes a trip envelope. This information is placed in a folder named after the trip numbering system. This is not used for reporting purposes.

The dispatch system reports, and the available scanned in drivers' reports and receipts were provided electronically.

According to the owner, manual adjustments are made to the Fuel Tax Report if the dispatched information is found to be incorrect. For example, if the report produces excess New York distance due to incorrect dispatch routing, manual adjustments are made to reduce that jurisdiction's distance. Also, a miscellaneous distance category on the Fuel Tax Report is always applied to the same jurisdiction.

All fuel is purchased at retail locations. Fuel cards are assigned to a unit. Weekly transaction reports are used to determine reported total and tax paid gallons. These transaction reports include the unit number, card number, location, jurisdiction, invoice number, date of purchase, number of gallons purchased, price per gallon and cost. The transaction reports are combined and converted to an Excel format as a Tax Paid Gallon Report. This report is generated mainly for the continuity of pick-up and delivery locations. The location, gallons, cost, and unit number are keyed into the dispatch system. The monthly Fuel Tax report summarizes the total and tax paid gallons. The results are reported on the IFTA return.

Found during audit:

During an attempt to check the flow of distance from the monthly Activity Reports to the Fuel Tax reports to the IFTA return it was discovered that distance was calculated and/or reported incorrectly. There was no flow found between the Activity Report and the Fuel Tax Report. It

2) Continued

was also discovered that the Activity reports were not picking up jurisdictional distance between some locations. Less than truckloads (split loads) are hauled by this carrier.

Examples of some errors:

1. Only 1 mile was calculated for 2 jurisdictions.
2. Miles were not captured from the last stop or first pickup of a trip to the unit's base.
3. Trip locations on the activity report were listed out of order causing distance to be skewed.

Since the commencement of the audit, the owner stated she noticed additional problems with the way the dispatch system calculated jurisdictional miles.

Questions:

1. What questions would you ask the owner about the operations of the system before starting the audit?
2. What questions would you ask during the audit process?
3. What would be your first steps as an auditor?
4. Was correcting the Fuel Tax Report mileage by the owner helpful in order to report accurate miles?
5. Why or why not?

3) Scenario:

The electronic documents showed towns only and didn't have the latitude / longitude of the ping points.

Questions:

1. How would you approach this audit?
2. What would you do and recommend moving forward?

4) Scenario:

The carrier has a GPS system. According to the carrier, all fuel is purchased with a fuel card, and the data is electronically sent to the carrier. You have completed the distance and fuel examination for your test units, which proved reasonable in comparison.

Questions:

1. Considering this is an electronic system, would you still analyze the unit MPGs?
2. If so, what would you do if you found units with unreasonably high or low audited MPGs?