

## **Manual –**

### **1) Scenario:**

1. The carrier has been operating for many years hauling general and refrigerated freight throughout the U.S. and uses a fuel tax agent to file the IFTA returns.
2. The carrier provides quarterly distance traveled and fuel purchased in each jurisdiction to the fuel tax agent. The agent receives no IVDRs or fuel receipts.
3. The carrier was issued 2 IFTA decal sets for each year of operations. The carrier also has an IRP account.
4. A review of the quarterly reports revealed 2 quarters with identical distance and tax-paid gallons for all jurisdictions. The quarterly reports also revealed static MPGs. The reported distance is similar to that of a carrier operating a single vehicle rather than 2.
5. IVDRs are presented in the audit that contain:
  - a. Beginning odometer
  - b. Dates of travel
  - c. Routes of travel
  - d. Distance for each jurisdiction
  - e. Odometer readings at each jurisdiction crossing
  - f. Ending odometer reading
6. Origin, destination, and intermediate stops are not on IVDRs.
7. The IVDRs presented are in Excel worksheets.
8. The ending odometer from 1 trip matches the beginning odometer of the next trip. Odometer readings from the end of a quarter match the beginning odometer of the next quarter.
9. IVDRs for both units display the same trip information, such as distance in each jurisdiction from Arizona to Massachusetts via I-40, I-81, I-95 back to Arizona via I-90, I-70, I-44.
10. Distance in some jurisdictions is less than or greater than the minimum map miles.
11. The IVDR trips skip jurisdictions on the return trips.
12. Fuel stops are on routes not on the IVDRs. Fuel stops are in jurisdictions on dates for which the IVDRs do not match. Fuel receipts were provided for both units for dates in between the last IVDR of a quarter and the first IVDR of the next quarter.
13. Fuel receipts provided for the audit totaled to twice as much as was reported; the receipts displayed the unit numbers of the 2 vehicles registered by the carrier.
14. Total odometer distance for both vehicles is twice as much as reported distance.

### **Question:**

How would you approach this audit?

## **2) Scenario:**

IFTA (fuel):

1. You are auditing a carrier that uses fuel from their bulk tank.

### **Questions:**

- a. What would you do if there was no meter on the bulk tank, and the drivers were estimating the bulk withdrawals?
  - b. What would you do if no bulk withdrawal logs were maintained, and both IFTA and non-IFTA units were fueling from the bulk tank?
  - c. What if only IFTA units had access to the bulk tank?
  - d. What if both had access, but the carrier only maintained withdrawal logs for the IFTA units?
  - e. If the carrier maintained quarterly inventory records for the bulk tank, would that impact your decisions?
2. You are auditing a carrier that purchases fuel over-the-road.

### **Question:**

- a. What would you do if you found fuel receipts without unit identification, and the carrier had several non-IFTA units (the non-IFTA units are the same fuel type as the IFTA units)?

### **3) Scenario:**

When auditing distance, you find odometer gaps between trips that are large enough for the truck to have left the base jurisdiction and returned home.

You initially find just a few clerical errors when recapping the distance from the summary and when doing a more detailed examination of miles in a test quarter. However, when you start testing the trips for the sample vehicle using distance software, you find the distance calculated with the odometer readings is consistently less than the minimum distance calculated by the software. When you discuss this problem with the carrier, they admit the odometer may not be accurate for that vehicle

### **Questions:**

1. What would you do if the carrier reported all the gap distance to the base jurisdiction?
2. What would you do if the carrier did not report any of the odometer gap distance?
3. Regarding the trip testing, what would you do?
4. What if the carrier was emphatic that the odometer is accurate?

**4) Scenario:**

You are planning to audit a carrier with 10 – 15 units. During the initial call with the carrier, you find that no quarterly unit summaries were prepared, and that the carrier simply added the distance and fuel directly from the trip sheets and fuel receipts of all units when preparing the IFTA returns and IRP renewals. Due to the size of the fleet, you were planning to select 3 – 4 test units.

**Question:**

How would you now audit this carrier?

## **5) Scenario:**

A carrier has bulk fuel but can provide purchase invoices only. The reported fuel is based on the purchase invoices although both qualified and unqualified vehicles fuel from the tank.

### **Questions:**

1. Would you allow fuel credit?
2. If so, how would you determine how much tax paid credit to allow?
3. Would the methodology change if the carrier had bulk fuel in multiple jurisdictions?
4. Should all jurisdictions treat this issue the same?

## **6) Scenario:**

A trucking company in your jurisdiction, located near the border, hauls sand and gravel from a non-base jurisdiction into the base. The company has 6 registered IRP vehicles and purchases 6 sets of IFTA decals. Two of the registered vehicles are less than 26K pounds. The reported IFTA distance matched the reported IRP distance. No logs are kept to track distance because the company says that due to the 100 air-mile DOT rule, logs don't need to be filled out. The drivers complete a manual trip sheet; however, the odometer readings are not always recorded on the trip sheet. Vehicle numbers are not on the trip sheets. The company uses set trip distance to determine total and jurisdiction distance to the 2 locations in the non-base jurisdiction. All fuel is bought in the base jurisdiction. A static MPG is used each quarter on the IFTA return.

## **Questions:**

1. How would you approach this audit from a mileage standpoint for IFTA?
2. For IRP?
3. What recommendations would you give to the company?

**7) Scenario:**

Many of the retail fuel receipts provided for audit were faded; however, the driver recorded the number of gallons beside the jurisdiction in his truck logs.

1. What would you do?
2. What would you recommend moving forward?