



## IRP Audit Committee

Heidi Crawford - Nebraska

Renée Kyser – Alabama

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## IRP Audit Committee

To credit or not to credit – that was the question?

- APM 504 – Distance Audit Procedures
- Definitions – Apportionable Vehicles



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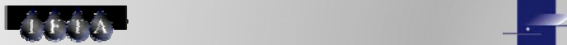
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## IRP Audit Committee

### APM 504

(e) 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. 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.



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### Apportionable Vehicles - Official Commentary (paraphrased)

The intent to operate a vehicle in 2 or more member jurisdictions is to be considered an objective fact, determined from all relative circumstances. If a vehicle operates exclusively in the same jurisdiction for 18 months, the presumption that the registrant did not intend to use the vehicle in multiple jurisdictions arises. That assumption may be overcome by other circumstances presented by the registrant.



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## IRP Audit Committee

### To this point we have:

- Surveyed all IRP Audit contacts (12/2015)
- Discussed at the 2016 Audit workshop
- Surveyed all IRP Commissioners (4/2016)
- Presented at the 2016 IRP Annual Meeting

And here we are again with more questions than answers!



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### What have we determined?

- More likely under FRP
- Almost equally split as to allowing / denying credit
- Education is needed – the APM tells us:
  - 1) to assess full fees
  - 2) transmit the adjustments



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Most importantly, with regard to the application of 504(e) we are

**INCONSISTENT**

Does that matter?


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Is this your jurisdiction's position?

Adjusting the distance adjusts the fees so this is being handled.

**50.00%**


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Original:

Jur.	Distance	%	Fees	Veh	Total
AL	2,800	51.852	\$422.59	x 3	= \$1,267.77
FL	1,400	25.926	342.74	x 3	= 1,028.22
GA	<u>1,200</u>	<u>22.222</u>	<u>222.22</u>	x 3	= <u>666.66</u>
	5,400	100.00	\$987.55		\$2,962.65

Audit:

AL	2,800	66.667	\$543.34	x 3	= \$1,630.02
FL	200	4.762	62.95	x 3	= 188.85
GA	<u>1,200</u>	<u>28.571</u>	<u>285.71</u>	x 3	= <u>857.13</u>
	4,200	100.00	\$892.00		\$2,676.00


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### Example 1

Florida full fees:  
 $1,322.00 \times (100 - 25.926 \text{ or } 74.074) = \$ 979.26$

Jur	Original Fees	Audited Fees	Net Due
AL	\$1,267.77	\$1,630.02	\$ 362.25
FL	1,028.22	188.85	(839.37)
FL		979.26	979.26
GA	666.66	857.13	190.47
	\$2,962.65	\$3,655.26	\$ <b>692.61</b>




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### Example 2

Florida full fees:  
 $1,322.00 \times (100 - 4.762 \text{ or } 95.238) = \$ 1,259.05$

Jur	Original Fees	Audited Fees	Net Due
AL	\$1,267.77	\$1,630.02	\$ 362.25
FL	1,028.22	188.85	(839.37)
FL		1,259.05	1,259.05
GA	666.66	857.13	190.47
	\$2,962.65	\$3,655.26	\$ <b>972.40</b>




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### IRP Audit Committee

Original:

Jur.	Distance	%	Fees	Veh	Total
AL	2,800	51.852	\$422.59	x 2	= \$ 845.18
FL	1,400	25.926	342.74	x 2	= 685.48
GA	1,200	22.222	222.22	x 2	= 444.44
	5,400	100.00	\$987.55		\$1,975.10

Audit:

AL	2,800	66.667	\$543.34	x 2	= \$1,086.68
FL	200	4.762	62.95	x 2	= 125.90
GA	1,200	28.571	285.71	x 2	= 571.42
	4,200	100.00	\$892.00		\$1,784.00




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### Example 3

Florida full fees:  
 $1,322.00 \times (100 - 25.926 \text{ or } 74.074) = \$ 979.26$

Jur	Original Fees	Audited Fees	Net Due
AL	\$845.18	\$1,086.68	\$ 241.50
FL	685.48	125.90	(559.58)
FL		979.26	979.26
GA	444.44	571.42	126.98
	<u>\$2,962.65</u>	<u>\$2,763.26</u>	<u>\$ 788.16</u>




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### Example 1

Additional percent charged for vehicle \$ 979.26  
 Originally collected: \$ 342.74  
 Vehicle Adjustment (342.74 - 62.95) (279.79)  
 Additional 74.074% 979.26  
**\$1,042.21**

Additional Percent Calc (100 - 25.926) = 74.074  
 + Florida audit percent 4.762

78.836  
 $\$1,322.00 \text{ Florida Full Fee} \times 78.836 = \$1,042.21$




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### Examples 2 & 3

Florida Full Fee = \$1,322.00

#2:  $100 - 4.762 = 95.238$  or \$1,259.05  
 #3:  $100 - 25.926 = 74.074$  or \$ 979.26

	#2	#3
Originally Collected	\$ 342.74	\$ 342.74
Adjustment (1 vehicle)	(279.79)	0.00
Additional %	1,259.05	979.26
	<b>\$1,322.00</b>	\$1,322.00




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We haven't even talked about the credit aspect yet!



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- All carriers are not equal
- The Plan is silent on the credit aspect
  - 435 Refunds and Credits
  - “If an Apportioned Vehicle is withdrawn from a Fleet during a Registration Year...”
- Your jurisdiction may be significantly impacted



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- Are you compliant with the current audit language?
- Do we need to add language to ensure all are actually calculating 100% fees?
- Should the credit aspect continue to be discretionary to the auditing jurisdiction?



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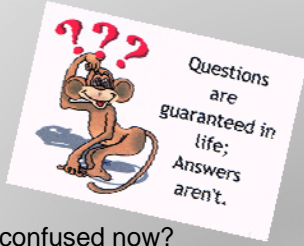
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## IRP Audit Committee

Comments –  
Questions –  
Observations –



Are you thoroughly confused now?  
Where do we go from here?



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