

IFTA Program Compliance Review
JURISDICTION OF MARYLAND
FINAL DETERMINATION OF NON-COMPLIANCE

This Final Determination Finding of Non-Compliance ("Finding") is issued to the jurisdiction of Maryland by the Program Compliance Review Committee ("PCRC"). The PCRC is a standing committee of the International Fuel Tax Association, Inc. as defined by the International Fuel Tax Agreement ("IFTA"). Maryland has failed to comply with the provisions of the Agreement cited herein.

Non-Compliance History:

2014-2018 Non-Compliance Issue:
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***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 all of the returns that were filed or required to be filed during a license year or shall cover at least four (4) consecutive quarters. This does not preclude audits of individual licensees several times during the program compliance review period. However, audits of a Audit Manual Audit Program Standards Page 5 of 11 single licensee that cover multiple license years, fuel types, or both shall be counted as one audit for program compliance review purposes.

Discussion:

Maryland did not meet the 3% annual audit requirement. Maryland was required to complete 687 audits during the review period and completed 663 for an average of 2.89%, a shortage of 24 audits.

Maryland Response:

Maryland agrees with the finding that we did not meet the 3% annual audit requirement over the review period. In response to this finding it is noted;

1. In anticipation of this finding Maryland has programmed 162 IFTA audits for fiscal year 2020. {July 1, 2019 thru June 30, 2020} This goal includes an additional 24 audits to satisfy the required completions for the review period 2014 through 2018.
2. As of October 25, 2019, the MFT/IFTA audit team has completed 130 IFTA audits. Maryland is on target to meet the IFTA required goals for fiscal year 2020 and calendar year 2019. This includes getting up to date on the required completions for the period 2014 through 2018. It is expected that 50% of the shortage (12 audits) will be completed by December 31, 2019. The remaining 50% (12 audits) will be completed by June 30, 2020. The required completions for the period 2014 through 2018 will be fully satisfied by June 30, 2020.
3. Going forward, IFTA audit requirements will be addressed each year as part of the annual audit program. The approved fiscal year audit program will be adjusted accordingly to consider that IFTA audit requirements are based on calendar year.

2019 – 2023 Non-Compliance Issue

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

IFTA Program Compliance Review

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 program compliance review purposes.

Discussion:

Maryland was required to complete an additional 24 audits this review cycle since they did not meet their 3% audit requirement in 2019. With Maryland's election to omit 2020 audits, Maryland completed 432 audits during the period of 2019-2023, which is 177 less than required and does not make up for the shortage from the previous review cycle of 2014-2018. Maryland is not in compliance with the previously cited Audit Manual, Section A250.

Summary

Letter to Commissioner Ulm dated June 16, 2020

"The Program Compliance Review Committee (PCRC) reported to IFTA, Inc. that it had reviewed Maryland's Final Report and have concluded the following:

The PCRC requires Maryland complete an extra 24 audits prior to their 2023 Compliance Review. The 24 audits will not count toward the total audit count. There must be 24 audits more than the 3% requirement.

Failure to complete the additional 24 audits and meet your 3% requirement prior to the next Compliance Review will result in a Final Determination Finding of Non-Compliance. Following the issuance of a Final Determination Finding of Non-Compliance pursuant to Section R1555 of the IFTA Articles of Agreement, the Committee will refer the matter to the IFTA membership."

Finding

Due to Maryland's failure to comply with A250 of the Audit Manual in two (2) consecutive Compliance Review Periods, and failure to comply with the A260 High-Distance requirement of the Audit Manual in the current Review period, the Program Compliance Review Committee has issued a Final Determination Finding of Non-Compliance pursuant to the Review Guide, Section III.B, and Articles of Agreement, Section R1555. This matter will be referred to the Dispute Resolution Committee to be heard as a dispute with a copy to the Executive Director of IFTA, Inc for notification to all member jurisdictions.

ISSUED THIS 10th DAY OF June, 2024.


Paula Cole (ME), Chair

IFTA Program Compliance Review
2019 Accountability Calculator

JURISDICTION: Maryland	DATE: 2014 - 2018
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	First	Last
Review Years:	2014	2018

<u># of Licensees:</u>	4,642	4,986	5,029	4,973	5,137	
<u>Less: # of NEW Licensees:</u>	75	18	537	616	638	
<u>Equals: Net # of Licensees:</u>	4,567	4,968	4,492	4,357	4,499	
Annual Report Year:	2013	2014	2015	2016	2017	
Plan Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	
<u>Actual # of Licensees Audited:</u>	<u>79</u>	<u>160</u>	<u>138</u>	<u>155</u>	<u>131</u>	
Annual Audit Requirements:						
IFTA 3% Requirement number:	<u>137</u>	<u>149</u>	<u>135</u>	<u>131</u>	<u>135</u>	
<u>Annual overage/Shortage:</u>	(58)	11	3	24	(4)	Total (24)

Selection of Audits

High Distance Requirements		25%	Audits	
		<u>Requirement</u>	<u>Completed</u>	<u>Variance</u>
	2014	34	29	(5)
	2015	37	46	9
	2016	34	33	(1)
	2017	33	37	4
	2018	34	41	7
	<u>Totals To Date</u>	<u>172</u>	<u>186</u>	15

Low Distance Requirements		15%	Audits	
		<u>Requirement</u>	<u>Completed</u>	<u>Variance</u>
	2014	21	16	(5)
	2015	22	31	9
	2016	20	46	26
	2017	20	42	22
	2018	20	34	14
	<u>Totals To Date</u>	<u>104</u>	<u>169</u>	66



International Fuel Tax Association, Inc.
P. O. Box 7147
Mesa, AZ 85216-7147
www.iftach.org

June 16, 2020

SENT VIA EMAIL

Nelson (Chuck) Ulm
Comptroller of Maryland
Field Enforcement Division
P. O. Box 2397
Annapolis, MD 21404-2397

Re: 2019 IFTA Program Compliance Review
Review Dates: June-July 2019
Review Period: January 1, 2014 through December 31, 2018
Final Report

Commissioner Ulm:

The Program Compliance Review Committee (PCRC) reported to IFTA, Inc. that it had reviewed Maryland's Final Report and have concluded the following:

The PCRC requires Maryland complete an extra 24 audits prior to their 2023 Compliance Review. The 24 audits will not count toward the total audit count. There must be 24 audits more than the 3% requirement.

Failure to complete the additional 24 audits and meet your 3% requirement prior to the next Compliance Review will result in a Final Determination Finding of Non-Compliance. Following the issuance of a Final Determination Finding of Non-Compliance pursuant to Section R1555 of the IFTA Articles of Agreement, the Committee will refer the matter to the IFTA membership.

The Final Report will be made available to the IFTA Commissioners on the IFTA, Inc. Web site in the near future.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Clint G. Hester, Chair
Program Compliance Review Committee

**IFTA Program Compliance Review
2024 Accountability Calculator**

JURISDICTION: Maryland		DATE:								
AUDIT ACCOUNTABILITY Omit 2020										
Jurisdictions will be held accountable for audits and will be required to complete audits of an average of 3% per year of the number 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, for each year of the program compliance review period, other than the jurisdiction's IFTA implementation year. R1510.100						CITE A250				
Jurisdiction has met the requirement to audit an average of 3% per year of the IFTA accounts reported on the annual report for each year of the program compliance review.						Not met				
Review Years:	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td align="center">First</td> <td align="center">Last</td> </tr> <tr> <td align="center">2019</td> <td align="center">2023</td> </tr> </table>	First	Last	2019	2023					
First	Last									
2019	2023									
# of Licensees:	5,436	5,412	6,232	6,837						
Less: # of NEW Licensees:	705	632	1,182	1,119						
Equals: Net # of Licensees:	4,731	0	4,780	5,050	5,718	20,279				
Annual Report Year:	2018	2019	2020	2021	2022					
Plan Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>					
Actual # of Licensees Audited:	173		24	79	156	432				
Annual Audit Requirements:										
IFTA 3% Requirement number:	142		143	152	172	609				
						Total				
Annual overage/Shortage:	31		(119)	(73)	(16)	(177)				
Selection of Audits - Cite A260. (Omit 2020)										
High Distance Requirements	25%	Audits	Completed	Variance						
	<u>Requirement</u>									
2019	36		41	6						
2020										
2021	36		8	(28)						
2022	38		23	(15)						
2023	43		39	(4)						
Totals To Date	<u>152</u>		<u>111</u>	(41)						
Low Distance Requirements	15%	Audits	Completed	Variance						
	<u>Requirement</u>									
2019	21		71	50						
2020										
2021	21		8	(13)						
2022	23		23	0						
2023	26		58	32						
Totals To Date	<u>91</u>		<u>160</u>	69						
At least 15 percent of the jurisdiction's audit requirement involves low distance accounts. (Low distance accounts are considered to be 25 percent of the previous year's licensees who had the lowest number of miles/kilometers reported in all member jurisdictions)						CITE A260 Met				
At least 25 percent of the jurisdiction's audit requirement involves high distance accounts. (High distance accounts are considered to be 25 percent of the previous year's licensees who had the highest number of miles/kilometers reported in all member jurisdictions)						Not met				
If selected this worksheet will be used if a jurisdiction seeks relief for A250 and A260 for 2020 due to COVID 19										