

IFTA Program Compliance Review Guide

The purpose of a Program Compliance Review is to determine whether the subject jurisdiction complies with critical articles of the IFTA Agreement. The information for the review comes primarily from documents, reports, and financial data residing in the IFTA Clearinghouse. The review centers on the items and article references found in Article R1555 of the Agreement. If the reviewer cannot determine compliance with the stated mandate through a review of the information residing in the Clearinghouse, additional information may be required to be presented by the subject jurisdiction.

The purpose of the audit review is to determine whether the subject jurisdiction has complied with the requirement to conduct and document an audit in accordance with the IFTA Agreement. The information for the review comes primarily from documents, reports, and financial data residing in the IFTA Clearinghouse. The review centers on the items and relevant article references found in Article R1555 of the Agreement. If the reviewer cannot determine compliance with the stated mandate through a review of the information residing in the Clearinghouse, additional information may be required to be presented by the subject jurisdiction. This may require the subject jurisdiction to provide a complete audit file on any or all audits selected for the review.

TERMS

Committee:	The Program Compliance Review Committee.
Follow-up:	The process of obtaining verification of compliance.
Panel:	Members of the Program Compliance Review Committee assigned to a particular Review.
Reassessment:	The process to achieve compliance after an unsuccessful Follow-up.
Report:	The Program Compliance Review Report.
Review:	Electronic Program Compliance Review.
Team:	The Program Compliance Review Team.

I. INTRODUCTION

GENERAL INFORMATION

This IFTA Program Compliance Review Guide (Guide) has been prepared to assist in conducting a Review. A Review offers an analysis of a member jurisdiction's IFTA audit and administrative operations as they relate to disputable items found in R1555. The purpose of the Review is to ensure that a member jurisdiction is meeting its obligations under the IFTA.

The following documents govern a member jurisdiction's IFTA program:

- a. the IFTA Articles of Agreement;
- b. the IFTA Procedures Manual; and
- c. the IFTA Audit Manual.

For other than a first Review of new members, the Reviews will be conducted on the disputable items found in R1555. During the first Review of a new member, all aspects of the jurisdiction's IFTA administrative and audit operations will be reviewed in detail.

Pursuant to the IFTA Procedures Manual, Section P1210, "Member jurisdictions shall permit periodic program compliance reviews to be performed to assure they are in compliance with the provisions of the Agreement." The IFTA Procedures Manual, Section P1220, provides, in part "Program compliance reviews shall be conducted in accordance with the procedures and specifications outlined in the IFTA Program Compliance Review Guide...".

The Guide has been designed to allow a Team to complete a review of several matters prior to the scheduled dates of the Review. IFTA, Inc. will make a request for information prior to the scheduled dates of the Review. Failure of a jurisdiction to respond in a timely manner to these requests may cause a delay in the Review process. The jurisdiction will find that its Review will be less intrusive and of greater benefit if it meets its responsibilities.

IFTA, Inc. will be responsible for establishing and maintaining a pool of qualified individuals who will conduct Reviews. The pool will consist of both audit and administrative representatives from member jurisdictions. Committee members may be in the pool, but shall not review any Reports of the Reviews in which they participate.

The Team shall consist of audit and administrative representatives. IFTA, Inc. will determine the staffing levels of all reviews.

An opening and closing conference will be held with the jurisdiction.

Following the completion of a Review and based on the findings of the Team, a draft Report will be prepared by IFTA, Inc., and be presented to the jurisdiction for response. The subject jurisdiction will have approximately 30 days to respond to the draft. Once the jurisdiction's response is received, it will be incorporated into the Report and presented to the Committee for processing as required in this Guide.

This Guide also provides information regarding Findings of Non-Compliance and Follow-up and Reassessment procedures for such Findings by the Committee and IFTA, Inc.

The Teams will utilize Worksheets to ensure that a Review covers all required topics and that jurisdictions are reviewed in a consistent manner.

REVIEW CYCLE

IFTA, Inc. will schedule the Reviews using the review cycle as stated in the IFTA Articles of Agreement Section R1510.200.

SCHEDULING OF REVIEWS

It is the responsibility of IFTA, Inc. to ensure that the required Reviews are scheduled.

IFTA, Inc. will ensure that the IFTA Commissioners of the Jurisdictions will be contacted to request preferred dates for a Review.

Once the dates of the Reviews are determined, IFTA, Inc. will ensure that a Team is selected to conduct the Review.

IFTA, Inc. will contact the Team members to determine their availability to participate.

Once the Team is confirmed, IFTA, Inc. will ensure that the IFTA Commissioner of the Jurisdiction has been contacted to confirm the scheduling of the Review and announce the Team.

If a change to the scheduling is necessary, the Jurisdiction should contact IFTA, Inc. at the earliest possible time. The Review dates will be changed only if IFTA, Inc. and the Team are available on the requested Review dates.

II. PROCEDURES FOR CONDUCTING PROGRAM COMPLIANCE REVIEWS

WORKSHEETS

A Jurisdiction's Review, other than the first Review of a new member, will be completed on the R1555 Worksheets.

Reviews will be conducted electronically according to the Procedures Manual P1210. If the Jurisdiction requests a closing conference onsite, the Jurisdiction shall agree to pay the travel expenses incurred by the Team to conduct the conference and those costs will be determined and billed by IFTA, Inc. Payment shall be made within 30 days of billing.

The Team shall perform a review of the Clearinghouse data to determine if further examination or additional information for the jurisdiction is necessary.

Worksheets in the format of check lists are provided to ensure uniformity in the Review process. The Team should complete the applicable worksheet for each topic as the particular Review process is taking place. Any areas of non-compliance or concern should be noted in detail on the comment sheet attached to the applicable worksheet.

III. REPORT, FOLLOW UP AND REASSESSMENT PROCEDURES

A. REPORT PROCESS

1. IFTA, Inc. will forward the Report to the Committee and post the Report on its secure web site for review by the PCRC Review Panel.
2. The Panel will review the Report and issue their findings of compliance or non-compliance to the Committee.
3. If the Committee makes a finding of non-compliance, a report will be drafted and provided to the Chair.

B. REASSESSMENT AND FOLLOW UP PROCESS

Non-compliance findings during the review cycle will proceed through the Follow-up and Reassessment as determined by the committee.

Non-compliance findings of audit accountability will proceed directly to Reassessment where the jurisdiction failing to obtain compliance will be required to complete any shortages to A250 and or A260 within the timeframe established by the PCRC. These shortages will be completed in addition to the average annual requirement already found in A250 and or A260.

FOLLOW UP

1. If the Panel recommends follow-up, the Committee will develop the Plan and the Chair will forward to IFTA Inc. for distribution to the Jurisdiction.
2. Responses from the Jurisdiction will be required within the Plan's timeline.

3. The Committee will review the response. If the documentation proves that the Jurisdiction is now in compliance, the Chair shall direct IFTA, Inc. to close the Review.
4. If the Committee determines that the documentation does not prove compliance or if the Jurisdiction fails to provide the required documentation, the Committee will proceed with the Reassessment Process.

REASSESSMENT

1. In order for the Reassessment to go forward, a majority of the committee must agree with the recommendation. Either the Chair or the Vice Chair must be part of the majority.
2. If the Reassessment goes forward, the Committee will develop a Reassessment Plan and timeline.
3. IFTA, Inc. will contact the Jurisdiction and provide the Reassessment Plan and timeline.
4. It will be the responsibility of the Committee to track the Reassessment to ensure that the Jurisdiction's Reassessment Plan and timeline are followed. The Committee has discretion to require periodic reports and updates from the Jurisdiction to ensure the Reassessment Plan is being followed.
5. Upon bringing its program into compliance, the IFTA Commissioner of the Jurisdiction will verify compliance in writing to IFTA, Inc. The verification will be forwarded to the Committee by IFTA, Inc. The verification will be included in the Jurisdiction's file at IFTA, Inc.
6. If the Jurisdiction fails to bring its program into compliance as required by the Reassessment Plan, two-thirds of the full Committee must determine whether to make a Final Determination Finding of Non-Compliance.
7. If a Final Determination Finding of Non-Compliance is issued, it will be forwarded by IFTA, Inc. to the Jurisdiction in care of its IFTA Commissioner and to the head of the Jurisdiction agency through which the fuel use taxes are collected pursuant to the IFTA, and to the Governor or Premier of the Jurisdiction.
8. 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.

A. QUESTIONNAIRE

Approximately 120 days prior to the scheduled Review, IFTA, Inc. will contact the Jurisdiction requesting completion of the questionnaire. The Jurisdiction will upload the questionnaire to the secure IFTA, Inc. Site.

Administrative Pre-Review Questionnaire

Jurisdiction:

Review Dates:

1. Describe your IFTA return process:

a. Electronic Filing (percentage)

b. Paper Returns (percentage)

2. Please describe your process on determining whether a prospective licensee has been previously licensed under IFTA.

3. Please describe your process on determining whether a previous license is still under revocation by any member jurisdiction.

4. Please describe your process on determining whether the application contains any misrepresentation, misstatement, or omission of information required in the application.

5. How does your jurisdiction provide IFTA information to the licensees?

a. Website (include website link)	<input type="text"/>
b. Paper IFTA Manual (provide copy)	<input type="text"/>
c. Electronic IFTA Manual (provide link)	<input type="text"/>

6. Please describe your jurisdiction's process on how you handle untaxed fuel reported by a licensee on the IFTA tax return (i.e., missing fuel receipts, fuel obtained on an Indian Reservation, etc.)

7. Does your jurisdiction have an Appeal Process? Please provide documentation on your Appeal Process.

8. Have you had any IFTA licensees file for bankruptcy since your jurisdiction's last review? _____
If yes, please provide a list of the licensees to the Review team with the completed Questionnaire.

9. Please describe how your jurisdiction determines its HIGH and LOW distance audit stratifications in accordance with Section A260 of the Audit Manual and provide a detailed listing of audits completed for each year of the review cycle and the stratification category (HIGH, LOW, MEDIUM) for each audit.

10. Please provide the number of audits during each year of the review cycle that have been processed under the provisions of Section P570 as an Inadequate Records Assessment.

B. CLEARINGHOUSE

The Team will use Clearinghouse data to determine compliance. If additional information is necessary, the jurisdiction will be contacted.

<input type="checkbox"/> Jurisdiction calculates interest on tax due for each jurisdiction when a tax return is not filed in a timely manner	R1230
<input type="checkbox"/> The jurisdiction notifies appropriate member jurisdictions of audit findings	R1370.100
<input type="checkbox"/> Reports of no activity are forwarded to member jurisdictions when no funds are collected	P1040
<input type="checkbox"/> The jurisdiction's transmittal contains at least the following information:	
<input type="checkbox"/> The base jurisdiction's name	P1040.050
<input type="checkbox"/> The reporting period of the transmittal	P1040.100
<input type="checkbox"/> The account number of each licensee being reported	P1040.150
<input type="checkbox"/> The total miles or kilometers reported for each licensee for that jurisdiction	P1040.200
<input type="checkbox"/> The total taxable miles/ kilometers reported for each licensee for that jurisdiction	P1040.250
<input type="checkbox"/> The reported fleet fuel consumption factor for each licensee	P1040.300
<input type="checkbox"/> The reported taxable gallons or liters for each licensee for that jurisdiction	P1040.350
<input type="checkbox"/> The reported tax paid gallons or liters for each licensee for that jurisdiction	P1040.400
<input type="checkbox"/> The net taxable gallons or liters for each licensee for that jurisdiction	P1040.450
<input type="checkbox"/> The tax due for each licensee for that jurisdiction	P1040.500
<input type="checkbox"/> The interest due for each licensee for that jurisdiction	P1040.550
<input type="checkbox"/> The total due for each licensee for that jurisdiction	P1040.600
<input type="checkbox"/> The amount deficient from partial payment for each licensee for that jurisdiction (If Option 1 is utilized)	P1040.650
<input type="checkbox"/> The summary totals of:	
<input type="checkbox"/> Miles or kilometers	P1040.700
<input type="checkbox"/> Taxable miles or kilometers	P1040.700
<input type="checkbox"/> Taxable gallons or liters	P1040.700
<input type="checkbox"/> Tax-paid gallons or liters	P1040.700
<input type="checkbox"/> Tax Due	P1040.700
<input type="checkbox"/> Interest Due	P1040.700
<input type="checkbox"/> Total Due	P1040.700
<input type="checkbox"/> Amount Deficient (If Option 1 is utilized)	P1040.700
<input type="checkbox"/> Audit results are transmitted to member jurisdictions with monthly transmittals	R1380

C. FUNDS NETTING – P1040

The Team will use Funds Netting data and the Funds Netting Calendar to determine compliance. If additional information is necessary, the jurisdiction will be contacted.

_____ Jurisdiction forwards all funds received to the appropriate jurisdictions once each month

_____ All funds received by the last day of the month are forwarded by the last day of the following month

_____ Payments of billing transmittals received from other jurisdictions are made by the last day of the month following the month in which the billing transmittal was received

_____ In calculating audit interest, overpayments to any jurisdiction quarterly returns within the audit period were applied to any liability on subsequent quarterly returns on a jurisdictional basis within the audit period
R1230.300.010

_____ In calculating audit interest, interest accrued on the net amount of tax due for each jurisdiction within the period of time audited R1230.300.010

_____ Interest was calculated from the date the tax was due for each calendar month or fraction thereof. (A fraction of a month accrued a full month's interest.) R1230.300.010

D. AUDIT ACCOUNTABILITY

CITE

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, for each year of the program compliance review period, other than the jurisdiction's IFTA implementation year. R1510.100 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. A250

<u># of Accounts:</u>						
<u># of NEW Licensees</u>						
Year:	0	0	0	0	0	
	2011	2012	2013	2014	2015	
<u>Actual # of Licensees Audited:</u>						
Year:	2012	2013	2014	2015	2016	
IFTA 3% Requirement number:						
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
	2012	2013	2014	2015	2016	
<u>Actual Percentage of Licensees Audited Each Year</u>						
	<u>#DIV/0!</u>	<u>#DIV/0!</u>	<u>#DIV/0!</u>	<u>#DIV/0!</u>	<u>#DIV/0!</u>	
	2012	2013	2014	2015	2016	
Average # per year:						
	0					
Total Average:						
	#DIV/0!					
Cite A260. Selection of Audits						
High(25%)/Low(15%) Mileage Requirements: IFTA vs. Jurisdiction Amt.						
	<i>IFTA Requirements</i>		<i>Actual Amount Jurisdiction Completed</i>			
Year	High %	Low %	High #	%	Low #	%
2012	0	0		#DIV/0!		#DIV/0!
2013	0	0		#DIV/0!		#DIV/0!
2014	0	0		#DIV/0!		#DIV/0!
2015	0	0		#DIV/0!		#DIV/0!
2016	0	0		#DIV/0!		#DIV/0!
Average High/Low Completed Per Year			0.00		0.00	
Average High/Low Requirement Per year			0.00		0.00	
Average High/Low Percentage Per year			#DIV/0!		#DIV/0!	

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) A260

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) A260

Low distance computations and high distance computations are determined by taking the sum of miles/kilometers reported in all member jurisdictions for the first three quarters of each calendar year A260

Audit Procedures

The purpose of the audit review is to determine whether the subject jurisdiction has complied with the requirement to conduct and document an audit in accordance with the IFTA Agreement. The information for the review comes primarily from documents, reports, and financial data residing in the IFTA Clearinghouse. The review centers on the items and relevant article references found in Article R1555 of the Agreement. If the reviewer cannot determine compliance with the stated mandate through a review of the information residing in the Clearinghouse, additional information may be required to be presented by the subject jurisdiction. This may require the subject jurisdiction to provide a complete audit file on any or all audits selected for the review.

The auditor identified and documented vehicles operated and vehicle characteristics that could affect the audit in the audit report.

Inside the audit there will an equipment list showing vehicles operated. This can be just a summary total but should reference characteristics of the vehicles operated and if these characteristics could affect the audit results.

This data is not required in the Audit Report. If the Reviewer sees MPG discrepancies the team may request an audit report to be uploaded for detailed review.

The auditor identified and documented how licensee obtains fuel, types of fuel used and locations of bulk fuel storage.

The audit has identified the types of fuel used and where/how this fuel was obtained. If the fuel was obtained in bulk the locations of any bulk fuel tanks are identified.

A460.500 - Distance and Fuel Examination

.005 Identify source documents used by the licensee to determine distance and fuel

.010 Identify the information in the source documents

The auditor analyzed and documented the tax returns subject to audit noting any trends or variances.

The audit shows evidence the auditor analyzed tax returns under audit. Trends or variances, if any, are noted in the audit report.

A460.100 General Information

.060 Note trends or variances

A460.500 - Distance and Fuel Examination

.025 Note any discrepancies between summaries and licensee's tax returns

The auditor must provide a description of the distance and fuel accounting systems.

The Review Team will find inside the audit report a description of the distance and fuel accounting system. This could include software used and records created and maintained by the licensee.

A460.200 - Summary of the Evaluation of Internal Controls

.005 Reliability of internal controls

.010 Strengths and weaknesses in internal controls

.015 Changes in the licensee's accounting procedures during the audit period

A460.500 - Distance and Fuel Examination

.005 Identify source documents used by the licensee to determine distance and fuel

.010 Identify the information in the source documents

.015 Describe procedures used to verify reported distance, fuel and MPG/KPI

The auditor should compare the distance and fuel summaries provided by the licensee to the tax return, documenting the difference.

The Review Team should find in the audit documents or statements showing the comparison of summaries as compared to the tax returns filed. If differences were noted, there should be documentation as to the variances.

A460.500 - Distance and Fuel Examination

.025 Note any discrepancies between summaries and licensee's tax return

The auditor identified the records maintained to support the tax return

The audit report will show records maintained by the licensee. In the audit report this could be found as check boxes or in the narrative.

A460.500 - Distance and Fuel Examination

.005 Identify source documents used by the licensee to determine distance and fuel

.010 Identify the information in the source documents

The auditor attempted to determine if there have been changes in distance or fuel accounting procedures or operations during the audit period.

The audit report will contain comments that the auditor determined if there were changes in the distance and fuel accounting procedures or in the operations as a whole. Statements like "No changes occurred" or "The representative was inquired of changes and no answers were provided by the representative".

A460.200.015 -Summary of the Evaluation of Internal Controls

.015 Changes in the licensee's accounting procedures during the audit period

The auditor documented the existence of any internal controls and tested reliability.

The audit report will contain comments or notations of internal controls of the licensee. These could also be in the form of a flow chart or diagram of the processes of record creation to tax return and how the licensee ensures all operations and fuel purchases are properly reported. The Review Team will find evidence the auditor tested internal controls. This could include tracing a fuel receipt to the tax return or verification of all distance from an odometer range was reported properly.

A460.200 -- Summary of the Evaluation of Internal Controls

.005 Reliability of internal controls

.010 Strengths and weaknesses in internal controls

.015 Changes in the licensee's accounting procedures during the audit period

The auditor determined if sampling techniques are appropriate based on the effectiveness of the internal controls and determined the degree to which the records were tested.

The audit report will contain comments or notations that sampling techniques applied were appropriate based on the findings of the internal controls reliability. An example could be "Based on strong internal controls, the auditor determined only a small sample was needed to verify fuel purchases". See A320.500. The better the internal controls should lead to a smaller sample size where as major issues noted with internal controls should lead to a larger sample size. It should be noted if all audits examined have the same sampling techniques applied as that action would contradict this section. The Review Team will find comments or notations about internal controls in the audit. These remarks will allow the reviewer to determine if there were strengths or weaknesses found. These items must be found in the audit report.

A460.200 - Summary of the Evaluation of Internal Controls

A460.400 - Sampling Methodology Information

The Audit was conducted on a sampling basis and the sample periods were representative of the operations.

The audit report will contain comments that sampling was used to complete the audit or justification as to why sampling was not used. There should also be comments found that any sample periods used were representative of the licensee's operations.

A460.400 - Sampling Methodology Information

.005 Description of sampling methodology or reason sampling was not performed

.010 The periods and vehicles sampled

The auditor allocated unreported distances that could not be ascertained to the jurisdiction traveled, in a rational and unbiased approach. The reasoning was documented in the audit file.

If unreported distance was found in the audit report, there will be documentation as to how and why the distance was applied to jurisdictions. If the auditor could not determine what jurisdictions the distance should be reported, it was allocated in a rational and unbiased approach.

A460.500 - Distance and Fuel Examination

.020 Explanation of distance and fuel adjustments

When records for the fleet as a whole are adequate for audit, the base jurisdiction shall have the authority to adjust the MPG or KPL.

The audit report contains evidence the jurisdiction was allowed to adjust the MPG or KPL. This will be found from comments made by the auditor as well as the MPG / KPL reported and audited values.

A460.500 - Distance and Fuel Examination

.030 Auditor's evaluation of adequacy of records

A460.700 - Billing Summary

.025 MPG/KPL as a result of audit

Tax paid fuel credits were granted or denied in accordance with P550.

No tax paid fuel credits were allowed unless they met the requirements of P550.

A460.700 - Billing Summary

.015 Net tax paid fuel purchases adjustment

Total fuel reported was only reduced with clear proof, based on the records provided, to support such a reduction. This proof was documented in the audit file.

The audit report doesn't show any reduction in total fuel reported unless there is documented proof this should occur. Missing tax paid fuel receipts should not cause a reduction in total gallons.

A460.500 - Distance and Fuel Examination

.005 Identify source documents used by the licensee to determine distance and fuel

.010 Identify the information in the source documents

.015 Describe procedures used to verify reported distance, fuel and MPG/KPL

.020 Explanation of distance and fuel adjustments

.025 Note any discrepancies between summaries and licensee's tax returns

.030 Auditor's evaluation of adequacy of records

A460.700 - Billing Summary

.005 Net distance adjustment in total

.010 Net distance adjustment by jurisdiction

.015 Net tax paid fuel purchases adjustment

.020 MPG/KPL as reported

.025 MPG/KPL as a result of audit

.030 Net fuel tax adjustment per jurisdiction;

.035 Reported tax by jurisdiction

.040 Audited tax by jurisdiction

.045 Penalty

.050 Interest by jurisdiction

Audit Communication

A documented opening and closing conference was held with the licensee to discuss operation, accounting system, audit procedures, records to be examined, sample period, sampling procedures, etc. If not held the reasoning was documented.

The audit report will contain documentation of an opening conference including specific discussion points found in A440. If an opening conference was not held, the Review Team must find reasons as to why it did not occur.

A460.300 - The opening and closing conference dates and attendees or reason why, if not held

A460.600 - Summary

.005 The report must indicate the procedures, findings, any requirements to become compliant and any additional information deemed necessary

The Audit Report contains the following General Information: Each of these requirements stand on their own as part of the Audit Report.

A460.100.005 Name of the base jurisdiction

A460.100.010 Auditor's name

A460.100.015 Licensee's name

A460.100.020 Licensee's address

A460.100.025 Licensee's phone (where applicable)

A460.100.030 Licensee's representative

A460.100.035 Account number

A460.100.040 Fleet number (where applicable)

A460.100.045 USDOT number (where applicable)

A460.100.050 Audit Period

A460.100.055 Summary of licensee's business operations

A460.100.060 Notes of trends or variances

The Review Team will obtain information about the licensee's operations. This should include types of products hauled, range of operations, owned or leased vehicles, types of fuel used, or any other pertinent information that could affect the operations. The Review Team will find in the audit report any trends or variances noted by the auditor. This could be a multitude of items including MPG/KPL analysis, jurisdictions operated in, total gallons not equal to tax paid gallons, larger variations in total distance, etc.

The Audit Report contains the following Evaluation of Internal Control items:

A summary of the reliability of internal controls

The audit report will contain information on internal controls that reveals the reliability of the licensee's internal controls. The wording should be how comfortable the auditor is with the licensee's process to report operations on their IFTA tax return.

A460.200 - Summary of the Evaluation of Internal Controls

.005 Reliability of internal controls

Strengths and weaknesses found in the internal controls

The Review Team will find comments in the audit report about specific strengths or weaknesses found in internal controls. Detailed narrative.

A460.200 - Summary of the Evaluation of Internal Controls

.010 Strengths and weaknesses in internal controls

Changes in the licensee's accounting procedures during the audit period were noted

The Review Team will find in the audit report a statement about accounting procedures and if any changes occurred during the audit period.

A460.200 - Summary of the Evaluation of Internal Controls

.015 Changes in the licensee's accounting procedures during the audit period

The Audit Report contains the following information on Sampling Methodology:

Description of methodology or why sampling was not performed

The Review Team will find reasoning as to why the auditor used the sampling methods they chose or why no sampling was performed.

A460.400 - Sampling Methodology Information

.005 Description of sampling methodology or reason sampling was not performed

Information on the periods and vehicles sampled

The Review Team will find in the audit report what periods and what vehicles were chosen for the sampling periods, if sampling was performed based on the finding of A460.400.005.

A460.400 - Sampling Methodology Information**.010 The periods and vehicles sampled****The Audit Report contains the information on distance and fuel examination:**

Source documents used by the licensee were identified

Information contained in the source documents is identified

The audit report will contain a list of the source documents used by the licensee. This could be in narrative, by list, or by checkbox. The list will contain information on source documents for both distance and fuel. The audit report will contain what specific items were found in the source documents. For example, if a source document is fuel purchase receipts, the elements found on the receipts should be listed like vendor, location, jurisdiction, fuel type, gallons, etc.

A460.500 -Distance and Fuel Examination**.005 Identify source documents used by the licensee to determine distance and fuel****.010 Identify the information in the source documents**

Procedures used to verify distance, fuel, and MPG/KPL are described

In the audit report the auditor will list what procedures they used to verify the distance and fuel reported and tested. This could be wording on creation of spreadsheets, running adding machine tapes, etc.

A460.500 -Distance and Fuel Examination**.015 Describe procedures used to verify reported distance, fuel and MPG/KPL**

There are explanations as to the distance and fuel adjustments made

Based on the procedures used, the auditor will give an overview of the findings and adjustments made. For example, there could be notations that additional distance was found from trip sheets and total distance when up by 5%.

A460.500 -Distance and Fuel Examination**.020 Explanation of distance and fuel adjustments**

Any discrepancies found between the summaries and tax returns are noted

The auditor will have noted in the audit report if variances were found between summaries and tax returns and how these variances were handled in the audit.

A460.500 -Distance and Fuel Examination**.025 Note any discrepancies between summaries and licensee's tax returns**

The auditor evaluated the adequacy of records

The Review Team will find in the audit report an adequacy of records. This could be in the form of a statement or possibly a check box. This rating should mirror audit results if records are rated inadequate for audit there should be inadequate adjustments found.

A460.500 -Distance and Fuel Examination**.030 Auditor's evaluation of adequacy of records**

The audit report identifies any procedures, findings or requirements needed to become compliant as well as any additional information deemed necessary

The audit report will document needs to be compliant if deficiencies of any sorts are noted in the audit report. Review the report for these deficiencies and then look for statements of how the licensee may correct these items.

A460.600 - Summary**.005 The report must indicate the procedures, findings, any requirements to become compliant and any additional information deemed necessary**

The Billing Summary contains the following elements:

Net distance adjustment in total

In the audit report there will be a report that has a total of all distance adjustments summed.

A460.700 - Billing Summary

.005 Net distance adjustment in total

Net distance adjustment by jurisdiction

A460.700 - Billing Summary

.010 Net distance adjustment by jurisdiction

Net tax paid fuel purchases adjustment

In the audit report there will be a report that has a total of all tax paid fuel adjustments summed. The element does require a per jurisdiction breakdown of tax paid fuel purchases.

A460.700 - Billing Summary

.015 Net tax paid fuel purchases adjustment

MPG/KPL as reported

A460.700 - Billing Summary

.020 MPG/KPL as reported

MPG/KPL as a result of audit

The MPG/KPL as reported and audited can be per quarter, a total from the audit period or average from the audit period. No matter which is used in the audit report, it must be found in the audit report/billing summary.

A460.700 - Billing Summary

.025 MPG/KPL as a result of audit

Net fuel tax adjustment per jurisdiction

A460.700 - Billing Summary

.030 Net fuel tax adjustment per jurisdiction

Reported tax by jurisdiction

A460.700 - Billing Summary

.035 Reported tax by jurisdiction

Audited tax by jurisdiction

The fuel tax reported / audited / net must be found in the audit report/billing summary. These must be shown by jurisdiction.

A460.700 - Billing Summary

.040 Audited tax by jurisdiction

Interest by jurisdiction

The base jurisdiction has calculated interest appropriately according to R1230.300.010.

A460.700 - Billing Summary

.050 Interest by jurisdiction

Total by jurisdiction

The audit report/billing summary will show the total by jurisdiction of fuel tax, penalty, and interest. This should be the amount transmitted when the audit is paid to the jurisdictions unless interest has been updated.

A460.700 - Billing Summary

.055 Total by jurisdiction