

## **FOR VOTE AT THE 2025 ANNUAL BUSINESS MEETING**



### **IFTA BALLOT PROPOSAL #09-2025**

#### **Sponsors**

IFTA, Inc. Program Compliance Review Committee and Audit Committee

#### **Date Submitted**

May 22, 2025

#### **Proposed Effective Date**

January 1, 2026

#### **Manual Sections to be Amended**

Audit Manual

Sections A310.300, A460.100.060

#### **Subject**

Update the audit manual as it relates to trends and variances, adding “**unusual** trends or variances” to the audit procedures and audit report.

#### **History/Digest**

Section A310.300 of the audit manual currently states:

“The auditor must analyze the licensee’s tax returns subject to audit, note trends or variances, and document findings in the audit file.”

This ballot proposes updating the language to:

“The auditor must analyze the licensee’s tax returns subject to audit, note **unusual** trends or variances, and document findings in the audit file.”

Section A460.100.060 currently reads:

“The audit report must contain: [...] .060 Note trends or variances.”

This would be updated to:

“The audit report must contain: [...] .060 Note unusual trends or variances.”

### **Intent**

This revision seeks to improve the clarity and consistency of audit expectations by specifying that auditors should identify and document *unusual* trends or variances—rather than all trends or variances. This change encourages a more analytical and risk-based approach, focusing auditor attention on anomalies that may indicate noncompliance.

*Unusual* trends or variances may include unexpected fluctuations in distance traveled, fuel purchases, or jurisdictional allocations. By emphasizing these atypical patterns, the revised requirement aligns more closely with standard analytical review procedures and helps auditors better distinguish between normal operational variations and potential red flags. Incorporating this language helps reduce subjectivity, supports more consistent audit outcomes across licensees, and reinforces fair enforcement of IFTA requirements.

This proposed change is also consistent with IRP Section 501(d), which states:

“The auditor must apply analytical procedures to the Registrant’s application subject to Audit. As a part of the analytical procedures, the auditor should summarize application information, note *unusual* trends or variances, and draw conclusions. The analytical procedures must be documented in the Audit file.”

The IFTA Audit Committee and IFTA Program Compliance Review Committee have agreed to work together, upon passage of this ballot, to provide guidance on “unusual” trends or variances.

**Interlining Indicates Deletion; Underlining Indicates Addition**

**AUDIT MANUAL**

**A310 PRELIMINARY AUDIT PROCEDURES**

*[Sections .100 and .200 Remain Unchanged]*

A310.300 The auditor must analyze the licensee's tax returns subject to audit, note unusual trends or variances, and document findings in the audit file.

**A460 AUDIT REPORT**

*[Sections .200 - .700 Remain Unchanged]*

A460.100.060 Note unusual trends or variances.

**Comments Following the Comment Period ending June 29, 2025.**

Additional information added to the Intent Section.