

FOR VOTE AT THE 2026 ANNUAL BUSINESS MEETING



IFTA BALLOT PROPOSAL

#09-2026

Sponsor

IFTA, Inc. Program Compliance Review Committee

Date Submitted

May 5, 2026

Proposed Effective Date

January 1, 2027

Manual Sections to be Amended

Procedures Manual
Procedures Manual

Section P1210
Section P1230

Subject

Jurisdiction participation in program compliance reviews.

History/Digest

Following the initial comment period, the ballot was revised to clarify reviewer responsibilities, travel funding, and training expectations based on feedback received from member jurisdictions.

P1230 currently requires jurisdictions to participate in their appropriate share of program compliance reviews each year with no member jurisdiction being required to participate in more than two program compliance reviews per year.

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The IFTA Board of Trustees issued a Board Charge to the Program Compliance Review Committee in March 2024 to develop new review procedures that include an annual Admin review of all member jurisdictions. The Charge directed the PCRC to streamline the review process with more focus on items that are of monetary importance to all member jurisdictions and to develop a strategy for staggered reviews. The strategy developed, guided by the Board Charge, is the 1-year Admin review, annual reporting to jurisdictions on audit accountability, and a 5-year Audit review.

Membership approved streamlined review procedures at the 2025 Annual Business Meeting by a majority vote.

The Program Compliance Review Guide has been updated to reflect the streamlined review process approved by the membership in 2025 and has been posted to the IFTA website. The Guide contains the operational procedures, review methodology, standardized worksheets, reporting process, and follow-up procedures.

The removal of the language in P1210 clarifies that member jurisdictions are not responsible for funding travel expenses under the program compliance review process. Instead, these costs are centrally funded by IFTA, Inc. to support a consistent, equitable, and streamlined team-based review model. This update aligns the manual with current practice and removes outdated language from the prior review structure.

The streamlined procedures greatly reduce audit review criteria and the number of audits reviewed for most of the criteria. The streamlined procedures for Admin review of jurisdictions rely on data analytics from IFTA Clearinghouse reports eliminating cumbersome and time-consuming time spent downloading transmittals.

The current limitation included in P1230, which restricts jurisdictions to no more than two program compliance reviews per year, conflicts with the approved annual Administrative Review requirement for all member jurisdictions and does not reflect the variable workload associated with both administrative and audit reviews. Review demands fluctuate significantly by year based on the number and complexity of assigned reviews, and the Program Compliance Review Committee seeks to ensure adequate flexibility in assignments to maintain effective coverage. The Committee continues to reduce the overall time burden on reviewers by utilizing a team-based review model that allows work to be distributed more efficiently across available resources.

The Program Compliance Review Committee recognizes that reviewer participation extends beyond the designated travel week and that the amount of follow-up work will vary based on

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the complexity and number of reviews assigned. The streamlined review process is designed to complete the substantial majority of review activities during the designated travel week, while limiting pre-review preparation and post-review activities to those necessary to ensure review quality and consistency.

Intent

This ballot updates Sections P1210 and P1230 to align the Procedures Manual with the current team-based Program Compliance Review model. The changes remove outdated funding language and outdated participation limits, ensuring that travel costs are centrally funded by IFTA, Inc. and that Reviewer assignments may be managed based on review workload while maintaining the designated travel week as the primary period for conducting Program Compliance Reviews. ~~reviewer assignments can be flexibly managed to support both Administrative and Audit Reviews.~~ Together, these updates promote consistency, efficiency, and equitable participation across all member jurisdictions.

Underlining Indicates Addition; Strikethrough Indicates Deletion

***P1210 REVIEW REQUIREMENT**

Member jurisdictions shall permit periodic program compliance reviews to be performed to assure they are in compliance with the provisions of the Agreement. ~~At the expense of the member jurisdictions conducting such reviews, they will be performed after the first year of implementation of the Agreement. The expenses of such reviews may be paid through the International Fuel Tax Association if funds are available.~~ Beginning January 1, 1997, the program compliance reviews will be conducted according to a schedule developed by IFTA, Inc.

IFTA, Inc. is responsible for funding the travel, lodging, and approved travel-related expenses associated with the designated Program Compliance Review week for assigned reviewers. IFTA Inc is responsible for funding the designated travel week expenses for reviewers to attend and conduct team-based Program Compliance reviews.

***P1230 REQUIRED PARTICIPATION**

Jurisdictions will be required to participate in their appropriate share of program compliance reviews each year- through assignment of jurisdictional reviewers to assist in the program compliance review process. ~~No member jurisdiction will be required to participate in more than two program compliance reviews per year.~~ Reviewer assignments shall be made by the Program Compliance Review Facilitator in a manner intended to reasonably distribute review responsibilities among member jurisdictions

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23 while considering the number, size, complexity, and timing of assigned
24 reviews. Reviewer assignments are distributed equally among member jurisdictions
25 based on the schedule maintained by the Program Compliance Review Facilitator.
26

27 Each member jurisdiction shall designate reviewers to serve a two-year term. During
28 that term, reviewers will participate in assigned Administrative and Audit Reviews as
29 scheduled by the Program Compliance Review Facilitator. Member jurisdiction
30 reviewers serve a two-year term during which they participate in the team-based review
31 process. The primary review activities are expected to occur during one designated
32 travel week each year. Prior to the travel week, reviewers may participate in virtual
33 orientation, review assignments, and training. Following the travel week, reviewers may
34 complete remaining assigned work and participate in follow-up discussions as necessary
35 to finalize reviews. The majority of reviewer responsibilities are concentrated during one
36 designated travel week per year, when administrative and audit reviews are conducted
37 collaboratively, per the program compliance review guide.
38

39 Prior to participating in Program Compliance Reviews, reviewers shall complete training
40 provided by the Program Compliance Review Committee. Training will include, as
41 appropriate, virtual instruction, written guidance, or other instructional materials
42 designed to promote consistent application of review procedures. Review assignments
43 and support materials will be provided in advance of the designated travel week
44 whenever practicable to allow reviewers adequate preparation time. Reviewers may be
45 asked to participate in opening review conferences, virtual training, completion of
46 reviews started during the travel week, and limited follow-up discussions, but no
47 additional extensive review obligations should be required.
48

49 The Program Compliance Review Committee will strive to complete as much review
50 work as practicable during the designated travel week. Any remaining work is expected
51 to be limited to finalizing assigned reviews, documentation, and necessary follow-up
52 discussions.