

IFTA / IRP Audit Process

Mileage Audit



Topics of Discussion

- What is an IFTA / IRP audit?
- Who may be subject to an IFTA / IRP audit?
- Record keeping requirements of IFTA/IRP
- What type of mileage records are acceptable (examples)?
- Assessments, penalties and refunds
- Review of the audit process



What Is an IFTA / IRP Audit?

- IFTA: An IFTA audit is the evaluation and verification of mileage and fuel figures reported on the IFTA quarterly tax return.
- IRP: An IRP audit is the evaluation and verification of the miles reported for each apportioned jurisdiction on an annual application.



Who May Be Subject to an IFTA / IRP Audit and Why?

- Any registrant licensing or registering qualified motor vehicles, or that is required to license or register qualified motor vehicles, is subject to an audit with IFTA / IRP
- For the purpose of determining whether such registrant is maintaining acceptable records, filing correct applications, and paying correct registration fees or taxes as required



AUDIT SELECTION IFTA / IRP

Criteria for Selection:

- Raleigh Office Request
 - Estimated MPG's
 - Estimated Miles & Fuel
- Has taxpayer / registrant ever been audited
- Date of taxpayer / registrant's last audit
- Outcome of last audit
- Reporting false information on license application
- Random Selection



Taxpayer/Registrant may be contacted by:

- Phone
- Audit Contact Letter mailed with auditor's name and phone number including year(s) to be audited



"Auditor Arrives on Location"

Opening Audit Conference

- Confirm general data filed on application / return
- Internal control evaluation
- Nature of operations

Request Records Agreed Upon Previously

- Mileage records
- Fuel records
- Any other requested data related to your IFTA / IRP operations



IFTA

- Examine individual trip records in detail (sample period)
- Calculate trip mileage based on routes of travel using map miles / mileage software
- Examine the continuity of odometer or hub meter readings to determine total elapsed miles
- Reconciliation of Mileage Source Documents and Summaries to IFTA quarterly tax returns



IRP

- Vehicle charting of Apportioned Fleet
- Verify all vehicles registered to fleet (addition / deletion dates)
- Account for all activity or inactivity of vehicle operations
- Account for actual use or intended use of vehicles in two or more member jurisdictions



IRP

- Reconciliation of Fleet Mileage
- Fleet mileage summary compared to reported application mileage
- Individual unit summaries compared to fleet summary
- Individual trip mileage compared to individual unit summaries



IRP

- Examine individual trip records in detail (sample period)
- Calculate trip mileage based on routes of travel using map miles / mileage software
- Examine the continuity of odometer or hub meter readings



Mileage Reporting Requirements

- IFTA: Licensee is required to file a quarterly tax return based on actual miles traveled and fuel purchased.
- IRP: Registrant is required to file an annual application based on actual miles traveled for the period July through June preceding the year registration is sought.

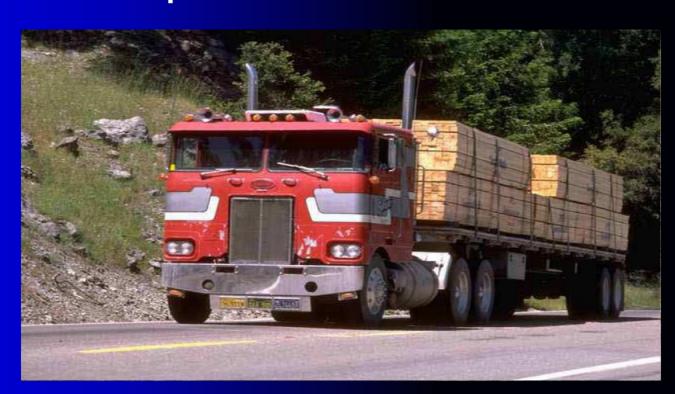


Mileage Reporting

 Mileage shall include <u>all</u> movement (Interstate and Intrastate) including loaded, empty, deadhead and/or bobtail miles.

This meets the qualifications for both IFTA and

IRP.





Record Retention

 IFTA: All IFTA records must be maintained for a minimum of 4 years.

 IRP: All IRP records must be maintained for a period of 5 years.



Record Keeping Requirements

It is mandatory for registrants licensed under the International Registration Plan to maintain an adequate mileage accounting system. At a minimum, such a system must include:

- Mileage data for each individual vehicle
- Monthly/Quarterly mileage summaries by jurisdiction and a total for each vehicle



Record Keeping Requirements (continued)

- Monthly/Quarterly summary of miles for the entire apportioned fleet by state and a total for the period July 1st through June 30th
- IFTA does not require monthly or quarterly summaries per vehicle, however; mileage data per unit per trip is required



Acceptable Mileage Records

- Mileage operated is to be recorded on a source document (Individual Vehicle Distance Record) with the following information:
- 1. Date of trip (Beginning and Ending)
- 2. Trip origin and destination
- Routes (highway numbers) traveled
- Odometer or Hub meter readings recorded at the beginning and ending of each trip, and when a state line is crossed



Acceptable Mileage Records (continued)

- Total trip miles (total trip distance traveled)
- Mileage by jurisdiction (distance traveled by jurisdiction)
- 7. Unit number or vehicle identification number of power unit



Acceptable Mileage Records (continued)

- 8. Fleet number
- 9. Registrant's name
- 10. Trailer number
- 11. Driver's signature or name



Examples of Acceptable Source Documents Individual Vehicle Distance Records (IVDR)

- Driver trip sheets or reports
- Driver's logs
- Receiving contracts
- Other records of vehicle movement from which mileage per vehicle per jurisdiction can be determined

IMPORTANT: Computer printouts are <u>not</u> acceptable as the only source of mileage; they <u>must</u> be supported by an IVDR that shows continuous movement of an apportioned vehicle.



On-board Recording Devices

- Computer mileage software programs will be examined for acceptability on a case by case basis by both IFTA and IRP
- System must meet minimum device requirements
- Data collection by a recording device must include the required data previously outlined



Samples of Acceptable Record Keeping Forms Available

- IFTAIRP-25 (IVDR /Individual Vehicle Distance Record)
- IFTAIRP-24 (Individual unit summary of monthly odometer readings and jurisdiction mileage totals)
- IFTAIRP-26 (Apportioned Fleet Distance Recap)
 Total of all Individual unit summaries in the fleet

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TRUCK NUMBE		5	TRAILER NUMBER	C1				TRAILER NUMBER	C2		
TRIP BEGIN DA	TE	4/ 1/ 2009	TRIP END DATE	4/23/2009							
TRIP ORIGIN		CHAPEL HILL, NC	TRIP DESTINATION	GREENSBORO.	NC MEMPHIS,TN			TRIP DESTINATION	CHAPEL HIL	L,NC	
TRIP NUMBER		4		DETROLT,MI	DURHAM,NC	ORLA	NDO,FL				
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	BEG	INNING ODOMETER READING	123,001				PURCHASE	IN EACH STATE FOR E	ACH TRIP.		
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4/3/2009	TN	140	124,001	700	MEMPHIS			BB' Que	100		
4/4/2009	KY	165 - 171	124,241	240							
	ОН	175	124,456	215							
4/6/2009	МІ	175	124,606	150	DETROIT			Coney Land	150		
4/8/2009	ОН	180 - US250 - 177	124,846	240							
	WV	177	125,036	190							
	VA	177	125,111	75							
4/8/2009	NC	US52 - I 40 - I 95	125,411	300	DURHAM			Slow Joes	150		
	sc	195	125,611	200							
	GA	195	125,722	111				Peach Stop	150		
4/17/2009	FL	195 - 14	126,122	400	ORLANDO						
	GA	195	126,233	111				Peach Stop	100		
	SC	195	126,433	200							
4/23/2009	NC	195 - 140	126,583	150	CHAPEL HILL						
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		ENDING ODOMETER READING	126,583								
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							P.D.	Joe Smith	TUDE		
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IFTAIRP-24 (7/04)												_				
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Total Monthly Distance													3,582			
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GA GA													222			
KY													240			
MI													150			
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TOTALS						—							3,582			

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APPORTIONED																	
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Company	/ Name							Flee	t Location								
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AUDIT ASSESSMENTS IRP

Percentage Change

 Audited jurisdictional mileage percentages result in an increase in the jurisdictional percentages originally used to determine registration fees.



Audit Assessments IRP

Individual Vehicle Assessment (NC only)

- Registrant fails to make acceptable records available for audit that can substantiate individual vehicle activity or non-activity of operations for any 45 consecutive days during the audit period
- An apportioned vehicle operates in only one jurisdiction and the intent to travel in another jurisdiction can not be proven



Audit Assessments IRP

Full Fee Assessment

- Registrant misrepresented, falsified, or concealed his records
- Registrant failed or refused to make acceptable records available for audit as provided by law



AUDIT PROCESS IRP

Closing Audit Conference

- Reaffirm the audit process used to perform audit
- Inform registrant of any problem areas found during audit
- Explain any changes in mileage or fee percentages as a result of the audit
- Discuss audit recommendations





IFTA Audit Process

Fuel Audit



Acceptable Fuel Documentation

- Fuel reporting systemstatement/printout
- Credit card receipt/statement
- Cash ticket





Required Data for a Fuel Document

- Date of purchase
- Name and address of seller
- Number of gallons purchased
- Type of fuel purchased
- Price per gallon
- Unit number or license plate number of the vehicle
- Purchaser's name





Required Data for Bulk Fuel Withdrawal

- Date of withdrawal
- Number of gallons withdrawn
- Fuel type
- Unit number of the vehicle receiving fuel
- Purchase and inventory records
 - Must substantiate that tax was paid on all bulk fuel purchases



Decal Audit

- All decals <u>must</u> be accounted for and maintained for a period of 4 years.
- A decal inventory list should be maintained for audit.
 - Inventory list should include:
 - Vehicle number (VIN, license plate, or unit #)
 - Decal number assigned to a vehicle
 - Period (2006, etc.)
 - Any special notes (truck wrecked, painted, washed off, etc.)
 - Date decal assigned to vehicle

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	YEAR _				
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Closing Audit Process IFTA

Closing Audit Conference

- Discuss audit findings and adjustments
- Recommendations
- Audit resolution options
- Audit review process



Questions?

Thank you for your time and attention.