Audit Ready Checklist

Audit Readiness · https://atsfleetmanagement.com/docs/audit-ready-checklist/

Description

An Audit Readiness Checklist is one of the most important tools a motor carrier can use to prepare for an IFTA audit. Rather than scrambling to locate records after receiving an audit notice, carriers should continuously maintain complete, organized, and accurate documentation throughout the year.

The purpose of an Audit Readiness Checklist is to verify that all mileage records, fuel records, filings, vehicle records, and supporting documentation are complete and available if requested by an auditor. Carriers that regularly review their compliance records are significantly less likely to experience audit findings, penalties, or tax assessments.

This checklist should be reviewed monthly, quarterly, and annually to ensure ongoing compliance and audit preparedness.

Why an Audit Readiness Checklist Matters

An effective audit readiness process helps carriers:

- Reduce audit risk
- Improve filing accuracy
- Identify missing records
- Prevent documentation gaps
- Support fuel tax credits
- Improve compliance management
- Reduce administrative workload during audits
- Increase confidence in filing accuracy

Carriers who maintain audit-ready records year-round typically experience smoother audits and fewer compliance issues.

Mileage Documentation Checklist

Mileage documentation is one of the most important areas reviewed during an audit.

Verify the Following Records Are Available

✔ ELD Trip Records

✔ GPS History

✔ State Mileage Reports

✔ Vehicle Mileage Summaries

✔ Dispatch Records

✔ Driver Logs

✔ Trip Sheets

✔ Route Documentation

✔ Mileage Calculator Adjustments

✔ Odometer Readings

Mileage Documentation Review

Verify:

- Total fleet mileage is accurate
- State mileage allocations are complete
- All trips are accounted for
- Missing mileage exceptions have been resolved
- Jurisdiction reporting is accurate

Fuel Documentation Checklist

Fuel records directly support fuel tax credits claimed on IFTA returns.

Verify the Following Records Are Available

✔ Fuel Receipts

✔ Fuel Card Reports

✔ Bulk Fuel Purchase Invoices

✔ Bulk Fuel Withdrawal Logs

✔ Fuel Reconciliation Reports

✔ Fuel Tax Documentation

✔ Vendor Reports

Fuel Documentation Review

Verify:

- Every fuel purchase has supporting documentation
- Gallons purchased are accurate
- Fuel locations are properly recorded
- Duplicate transactions have been removed
- Missing fuel exceptions have been resolved

Filing Documentation Checklist

Auditors frequently review historical filings and calculations.

Verify the Following Records Are Available

✔ Quarterly IFTA Returns

✔ Amended Returns

✔ Tax Calculations

✔ Filing Confirmations

✔ Credit Carryover Documentation

✔ Exception Reports

✔ Supporting Worksheets

Filing Documentation Review

Verify:

- All filings have been retained
- Amendments are properly documented
- Credits are supported
- Tax calculations reconcile to source data

Vehicle Documentation Checklist

Vehicle records help auditors verify fleet activity and reporting accuracy.

Verify the Following Records Are Available

✔ Vehicle Registrations

✔ VIN Records

✔ Unit Numbers

✔ Ownership Records

✔ Lease Agreements

✔ IRP Documentation

✔ Vehicle Assignment History

Vehicle Documentation Review

Verify:

- Active fleet records are accurate
- Inactive vehicles are properly identified
- Vehicle assignments are documented
- Registration records are current

Adjustment Documentation Checklist

Adjustments are one of the most commonly questioned areas during audits.

Verify the Following Records Are Available

✔ Mileage Adjustments

✔ Fuel Adjustments

✔ Supporting Documentation

✔ Explanation Notes

✔ Mileage Calculator Reports

✔ Route Verification Documents

Adjustment Documentation Review

Verify:

- Every adjustment has a reason
- Supporting documents are attached
- Adjustment calculations are accurate
- Adjustments are assigned to the proper reporting period

Exception Report Review Checklist

Exception Reports help identify compliance risks before an audit occurs.

Review Monthly

✔ Missing Mileage Exceptions

✔ Missing Fuel Exceptions

✔ High MPG Exceptions

✔ Low MPG Exceptions

✔ Vehicle Reporting Exceptions

✔ Data Variance Alerts

Verify

- All exceptions have been investigated
- Resolved exceptions are documented
- Unresolved issues have corrective action plans

Audit Risk Indicators

The following conditions commonly increase audit risk:

Missing fuel receipts

Missing mileage

Unsupported adjustments

Duplicate fuel transactions

Duplicate mileage records

Missing state mileage

Large fuel tax credits

Repeated amended returns

Incomplete vehicle records

Unresolved exception reports

Monthly Audit Readiness Review

Recommended monthly tasks include:

1. Review Exception Reports.
2. Verify ELD imports.
3. Upload missing fuel receipts.
4. Review MPG variances.
5. Investigate reporting discrepancies.
6. Verify vehicle activity.

Monthly reviews help identify issues before quarterly filings are prepared.

Quarterly Audit Readiness Review

Recommended quarterly tasks include:

1. Verify mileage totals.
2. Verify fuel totals.
3. Review tax calculations.
4. Review all adjustments.
5. Reconcile state mileage.
6. Resolve all exceptions.
7. Prepare filing documentation.

Annual Audit Readiness Review

Recommended annual tasks include:

1. Build a complete audit package.
2. Review historical filings.
3. Verify record retention.
4. Audit fleet documentation.
5. Review fuel documentation.
6. Verify compliance records.
7. Perform a full compliance review.

How Advanced IFTA Helps

Advanced IFTA includes several tools specifically designed to support audit readiness.

Audit Support Features

✔ ELD Mileage Integration

✔ OCR Fuel Receipt Capture

✔ Fuel Receipt Management

✔ Mileage Calculator

✔ Adjustment Tracking

✔ Exception Reporting

✔ Audit Readiness Monitoring

✔ Filing Documentation Storage

✔ Vehicle Compliance Tracking

✔ Historical Reporting

Recommended Actions

1. Maintain records continuously throughout the year.
2. Resolve exceptions monthly.
3. Verify all fuel purchases are documented.
4. Document every adjustment.
5. Maintain vehicle records.
6. Conduct quarterly compliance reviews.
7. Retain records for at least four years.

Related Articles

- Understanding IFTA Audits
- What Auditors Look For
- Required Mileage Documentation
- Required Fuel Documentation
- Common IFTA Audit Findings

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