Building an Audit Package

Audit Readiness · https://atsfleetmanagement.com/docs/building-an-audit-package/

Description

Building an Audit Package is one of the most effective steps a motor carrier can take to prepare for an IFTA audit. An Audit Package is a centralized collection of all records, reports, filings, and supporting documentation necessary to verify the accuracy of IFTA returns.

Rather than scrambling to locate records after receiving an audit notification, carriers that maintain an organized Audit Package can quickly provide auditors with the information they need. This not only reduces stress and administrative burden, but also demonstrates strong compliance practices and improves the likelihood of a successful audit outcome.

An Audit Package should be updated continuously throughout the year and reviewed annually to ensure all required records are complete and available.

Why an Audit Package Matters

An Audit Package helps carriers:

- Improve audit readiness
- Reduce audit preparation time
- Demonstrate compliance
- Support tax calculations
- Verify fuel tax credits
- Validate mileage allocations
- Reduce audit findings
- Improve record retention

A complete Audit Package provides a clear audit trail from source documentation to filed returns.

Goals of an Audit Package

A properly organized Audit Package should:

Support Every Filing

Provide documentation supporting all quarterly returns.

Verify Mileage

Demonstrate where vehicles operated and how mileage was calculated.

Verify Fuel Purchases

Support all fuel tax credits claimed.

Support Adjustments

Document corrections and manual entries.

Demonstrate Compliance

Show that records were maintained properly.

Quarterly Filing Documentation

Every Audit Package should include:

Quarterly IFTA Returns

✔ First Quarter Return

✔ Second Quarter Return

✔ Third Quarter Return

✔ Fourth Quarter Return

Filing Support Documents

✔ Filing Confirmations

✔ Tax Calculation Worksheets

✔ Credit Carryover Documentation

✔ Amended Returns

These documents establish the foundation of the audit review.

Mileage Documentation Section

The mileage section should contain:

✔ State Mileage Reports

✔ Vehicle Mileage Reports

✔ ELD Trip Reports

✔ GPS History

✔ Route Documentation

✔ Dispatch Records

✔ Driver Logs

✔ Mileage Calculator Reports

Purpose

To verify:

- Total fleet mileage
- State allocations
- Vehicle activity

- Route accuracy

Fuel Documentation Section

The fuel section should contain:

✔ Fuel Receipts

✔ OCR Receipt Images

✔ Fuel Card Reports

✔ Fuel Purchase Summaries

✔ Vehicle Fuel Reports

✔ Bulk Fuel Records

✔ Supplier Invoices

Purpose

To verify:

- Fuel purchases
- Fuel tax credits
- Gallons purchased
- Purchase locations

Adjustment Documentation Section

Adjustments are often heavily scrutinized during audits.

Maintain:

✔ Mileage Adjustments

✔ Fuel Adjustments

✔ Manual Corrections

✔ Supporting Documentation

✔ Route Calculations

✔ User Notes

Purpose

To explain why changes were made and how they were calculated.

Exception Report Section

Include copies of:

✔ Missing Mileage Reports

✔ Missing Fuel Reports

✔ High MPG Reports

✔ Low MPG Reports

✔ Duplicate Fuel Reports

✔ State Mileage Exceptions

Purpose

To demonstrate proactive compliance monitoring.

Vehicle Documentation Section

Maintain:

✔ Vehicle Registrations

✔ VIN Records

✔ Lease Agreements

✔ IRP Documentation

✔ Fleet Inventory Reports

✔ Vehicle Assignment Records

Purpose

To verify fleet operations and reporting accuracy.

ELD and GPS Documentation Section

Include:

✔ ELD Trip History

✔ GPS Reports

✔ Vehicle Movement Reports

✔ Driver Assignments

✔ Route Documentation

Purpose

To support mileage calculations and state allocations.

Audit Package Organization

Organize records by:

Year

2025 Records

2026 Records

2027 Records

Quarter

Quarter 1

Quarter 2

Quarter 3

Quarter 4

Category

Mileage

Fuel

Vehicles

Adjustments

Exceptions

Filings

This structure allows auditors to locate records quickly.

Common Audit Package Problems

Missing Fuel Receipts

Fuel credits cannot be verified.

Missing Mileage Reports

State allocations cannot be verified.

Unsupported Adjustments

Changes lack documentation.

Missing Filing Confirmations

Returns cannot be verified.

Incomplete Vehicle Records

Fleet activity cannot be confirmed.

Warning Signs

Missing receipts

Missing mileage reports

Unsupported adjustments

Missing state mileage

Missing filing confirmations

Missing vehicle records

Unresolved exceptions

Incomplete documentation

Fleet Manager Responsibilities

Fleet managers should:

✔ Build the Audit Package

✔ Update records quarterly

✔ Review package annually

✔ Verify documentation completeness

✔ Resolve missing records

✔ Retain historical records

How Advanced IFTA Helps

Advanced IFTA supports Audit Package creation through:

✔ Historical Reporting

✔ ELD Integration

✔ Fuel Reporting

✔ Mileage Reporting

✔ OCR Fuel Receipt Storage

✔ Adjustment Tracking

✔ Exception Reporting

✔ Audit Readiness Monitoring

✔ Filing History Management

✔ Compliance Analytics

Annual Audit Package Checklist

Before finalizing the package verify:

✔ Quarterly filings included

✔ Mileage reports included

✔ Fuel reports included

✔ Fuel receipts available

✔ Vehicle records included

✔ Adjustments documented

✔ Exception reports retained

✔ Filing confirmations available

✔ ELD reports retained

✔ GPS records retained

Recommended Actions

1. Create an Audit Package for each reporting year.
2. Organize records by quarter.
3. Verify documentation completeness quarterly.
4. Resolve missing records immediately.
5. Review the package annually.
6. Retain all records for at least four years.
7. Keep electronic backups of all documentation.

Related Articles

- Annual Audit Review Procedures
- Audit Readiness Checklist
- Required Mileage Documentation
- Required Fuel Documentation
- Common IFTA Audit Findings

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