Common IFTA Audit Findings

Audit Readiness · https://atsfleetmanagement.com/docs/common-ifta-audit-findings/

escription

One of the best ways to prepare for an IFTA audit is to understand the issues auditors identify most frequently. The majority of audit assessments are not caused by fraud or intentional misconduct. Instead, they are typically the result of incomplete documentation, missing records, unsupported adjustments, or reporting inconsistencies.

Understanding common audit findings allows carriers to proactively identify and correct compliance weaknesses before they become costly audit issues. By reviewing records regularly and utilizing the compliance tools available within Advanced IFTA, carriers can significantly reduce audit risk.

Why Audit Findings Occur

Most audit findings occur because auditors cannot verify information reported on IFTA returns.

Common causes include:

- Missing fuel receipts
- Missing mileage records
- Unsupported adjustments
- Duplicate transactions
- Missing jurisdiction mileage
- Poor record retention
- Incomplete vehicle records
- Unresolved exception reports

In most cases, the issue is not the filing itself but the inability to support the filing with adequate documentation.

Finding #1: Missing Fuel Receipts

Description

Missing fuel receipts are among the most common IFTA audit findings.

Fuel receipts support fuel tax credits claimed on quarterly returns. If receipts cannot be produced, auditors may disallow fuel tax credits.

Potential Consequences

- Disallowed fuel tax credits
- Increased tax liability
- Interest charges
- Penalties

Prevention

✔ Upload receipts immediately

✔ Utilize OCR fuel capture

✔ Reconcile fuel card transactions

✔ Maintain electronic copies

Finding #2: Missing Mileage Records

Description

Mileage records are essential for supporting state mileage allocations.

If mileage cannot be verified, auditors may estimate jurisdiction mileage, often resulting in higher tax assessments.

Potential Consequences

- Additional tax assessments
- State mileage reallocations
- Increased audit scrutiny

Prevention

✔ Verify ELD imports

✔ Maintain GPS records

✔ Retain dispatch records

✔ Review Missing Mileage Exceptions

Finding #3: Unsupported Adjustments

Description

Adjustments made without supporting documentation are frequently questioned during audits.

Examples

- Mileage adjustments
- Fuel corrections
- Manual entries
- Amended transactions

Prevention

✔ Document all adjustments

✔ Attach supporting documents

✔ Maintain explanation notes

✔ Retain route calculations

Finding #4: Duplicate Fuel Transactions

Description

Duplicate fuel transactions artificially increase fuel tax credits and distort MPG calculations.

Causes

- Duplicate OCR processing
- Duplicate imports
- Manual entry duplication
- Fuel card synchronization issues

Prevention

✔ Review fuel reports monthly

✔ Investigate duplicate transaction alerts

✔ Reconcile fuel purchases

Finding #5: Missing State Mileage

Description

Mileage must be allocated accurately among all jurisdictions traveled.

Missing jurisdiction mileage creates significant audit concerns because it affects tax distribution.

Prevention

✔ Verify state mileage reports

✔ Review route calculations

✔ Investigate border crossing issues

✔ Review Exception Reports

Finding #6: Incomplete Trip Documentation

Description

Trip records lacking origins, destinations, mileage, or dates often fail audit review.

Prevention

✔ Maintain ELD records

✔ Retain dispatch documentation

✔ Verify trip details

✔ Preserve route information

Finding #7: Missing Bulk Fuel Records

Description

Carriers using bulk fuel facilities must maintain additional records supporting inventory and withdrawals.

Required Records

✔ Purchase Invoices

✔ Inventory Reports

✔ Withdrawal Logs

✔ Vehicle Assignments

Prevention

✔ Reconcile inventory monthly

✔ Document all withdrawals

✔ Retain supplier invoices

Finding #8: Incorrect Vehicle Assignments

Description

Fuel purchases, mileage, or ELD activity assigned to the wrong vehicle can create significant reporting discrepancies.

Prevention

✔ Verify driver assignments

✔ Review vehicle assignments

✔ Audit ELD synchronization

✔ Reconcile fuel transactions

Finding #9: High MPG Variances

Description

Extremely high MPG values often indicate:

- Missing mileage
- Duplicate fuel
- Incorrect fuel assignments

Prevention

✔ Review High MPG Exceptions

✔ Investigate unusual values

✔ Verify fuel and mileage records

Finding #10: Low MPG Variances

Description

Extremely low MPG values often indicate:

- Missing fuel purchases
- Duplicate mileage
- Incorrect vehicle assignments

Prevention

✔ Review Low MPG Exceptions

✔ Verify fuel transactions

✔ Investigate mileage discrepancies

Warning Signs That Often Lead to Findings

The following conditions frequently trigger auditor concern:

Missing fuel receipts

Missing mileage

Unsupported adjustments

Duplicate transactions

Missing state mileage

Unresolved exceptions

Large fuel tax credits

Repeated amendments

Missing vehicle documentation

Incomplete records

How Advanced IFTA Helps Prevent Audit Findings

Advanced IFTA includes several tools specifically designed to reduce audit risk.

Compliance Features

✔ ELD Mileage Integration

✔ OCR Fuel Receipt Capture

✔ Mileage Calculator

✔ Fuel Receipt Management

✔ Adjustment Tracking

✔ Exception Reporting

✔ Audit Readiness Monitoring

✔ Historical Reporting

✔ Filing Documentation Storage

Audit Prevention Best Practices

Monthly

- Review Exception Reports
- Verify fuel receipts
- Verify ELD imports
- Investigate MPG variances

Quarterly

- Review mileage reports
- Reconcile fuel reports
- Verify filing calculations
- Review adjustments

Annually

- Build audit package
- Verify documentation retention
- Conduct compliance review

Recommended Actions

1. Investigate all exception reports promptly.
2. Upload and retain fuel receipts.
3. Verify mileage imports monthly.
4. Document all adjustments.
5. Reconcile fuel and mileage records.
6. Retain records for at least four years.
7. Conduct regular audit readiness reviews.

Related Articles

- Understanding IFTA Audits
- What Auditors Look For
- Audit Readiness Checklist
- Required Mileage Documentation
- Required Fuel Documentation

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