Missing Mileage and Audit Risk

Audit Readiness · https://atsfleetmanagement.com/docs/missing-mileage-and-audit-risk/

Description

Missing mileage is one of the most serious issues identified during IFTA audits. Since IFTA taxes are calculated based on the number of miles traveled in each jurisdiction, auditors must be able to verify that all fleet mileage has been properly reported and allocated.

When mileage records are incomplete, inaccurate, or unavailable, auditors may reconstruct mileage using alternative methods. These reconstructed calculations frequently result in significantly higher tax assessments than the carrier originally reported.

For this reason, maintaining complete mileage records is one of the most important aspects of IFTA compliance and audit readiness.

Why Mileage Documentation Matters

Mileage records directly impact:

- State mileage allocations
- Tax calculations
- Tax liability
- Fuel tax credits
- Audit compliance
- Filing accuracy

Without complete mileage documentation, auditors cannot verify where vehicles operated or whether taxes were properly allocated among jurisdictions.

What Auditors Expect to See

Auditors expect carriers to maintain records that accurately document vehicle movement.

Mileage records should clearly show:

Vehicle Information

- Vehicle Number
- VIN
- Driver Assignment

Trip Information

- Trip Date
- Origin
- Destination
- Route Information

Mileage Information

- Beginning Odometer
- Ending Odometer
- Total Miles
- State Mileage Allocation

How Missing Mileage Impacts an Audit

When mileage records are missing or incomplete:

State Mileage Cannot Be Verified

Jurisdiction allocations become questionable.

Tax Calculations Become Unreliable

Mileage directly impacts fuel tax calculations.

Estimated Assessments May Be Applied

Auditors may estimate mileage using alternative methods.

Additional Taxes May Be Assessed

Estimated mileage often increases tax liability.

Penalties and Interest May Apply

Additional tax assessments may include penalties and accrued interest.

Common Causes of Missing Mileage

ELD Data Not Imported

Trip data never reaches the reporting system.

GPS Data Missing

Vehicle movement cannot be verified.

Driver Failed to Use ELD

Trips are not recorded.

Equipment Malfunction

ELD device failures prevent trip capture.

Vehicle Assignment Errors

Trips become associated with the wrong vehicle.

Manual Recordkeeping Failures

Supporting documentation was never created or retained.

High-Risk Mileage Scenarios

The following situations frequently trigger auditor concern:

Large Gaps in Vehicle Activity

Vehicles show periods of inactivity despite operating.

Mileage Does Not Match Fuel Purchases

Fuel activity exists without supporting mileage.

Missing State Mileage

Jurisdiction allocations are incomplete.

Significant Odometer Discrepancies

Vehicle mileage cannot be reconciled.

Missing Trip Documentation

Trip activity lacks supporting records.

Alternative Documentation Auditors May Review

When primary mileage records are unavailable, auditors may review:

Dispatch Records

May verify vehicle activity.

Driver Logs

May support trip documentation.

GPS Records

May validate route history.

Fuel Purchases

May indicate vehicle operation.

Maintenance Records

May support odometer verification.

These records may assist auditors but generally do not replace complete mileage documentation.

Mileage Documentation Best Practices

Verify ELD Imports Daily

Ensure trip records import successfully.

Review Mileage Reports Monthly

Identify missing mileage before filing.

Maintain GPS Records

Retain route history and location data.

Investigate Mileage Exceptions

Resolve issues immediately.

Document Manual Adjustments

Maintain supporting documentation.

Driver Responsibilities

Drivers should:

✔ Use ELD devices properly

✔ Report device malfunctions

✔ Verify trip activity

✔ Maintain route documentation

✔ Report missing mileage immediately

Fleet Manager Responsibilities

Fleet managers should:

✔ Monitor ELD imports

✔ Review mileage reports

✔ Investigate mileage discrepancies

✔ Review Exception Reports

✔ Maintain supporting documentation

Mileage Documentation Retention Requirements

Maintain mileage records for at least:

Four Years

Recommended records include:

✔ ELD Trip Reports

✔ GPS Records

✔ Dispatch Records

✔ Driver Logs

✔ Mileage Summaries

✔ Odometer Records

✔ Route Documentation

Warning Signs of Missing Mileage Problems

The following conditions indicate elevated audit risk:

Missing Mileage Exceptions

Unusual MPG values

Missing state mileage

Large mileage gaps

Odometer discrepancies

Vehicle inactivity inconsistencies

Missing ELD data

Unverified routes

How Advanced IFTA Helps

Advanced IFTA includes multiple tools designed to reduce missing mileage risk.

Mileage Management Features

✔ ELD Mileage Integration

✔ GPS-Based Reporting

✔ State Mileage Reporting

✔ Mileage Calculator

✔ Adjustment Tracking

✔ Exception Reporting

✔ Audit Readiness Monitoring

✔ Historical Mileage Reporting

Monthly Mileage Audit Checklist

Before month-end, verify:

✔ All ELD trips imported

✔ Mileage reports reviewed

✔ State mileage allocations verified

✔ Missing Mileage Exceptions resolved

✔ Odometer readings reconciled

✔ Vehicle assignments verified

✔ Route documentation retained

Recommended Actions

1. Review mileage reports monthly.
2. Verify ELD imports regularly.
3. Investigate Missing Mileage Exceptions immediately.
4. Maintain GPS and dispatch records.
5. Document all mileage adjustments.
6. Verify jurisdiction allocations.
7. Retain records for at least four years.

Related Articles

- Common IFTA Audit Findings
- Required Mileage Documentation
- Missing Mileage Exception Will Not Clear
- State Mileage Does Not Match Expected Values
- Jurisdiction Mileage Missing

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