Monthly Audit Review Procedures

Audit Readiness · https://atsfleetmanagement.com/docs/monthly-audit-review-procedures/

Description

Monthly Audit Review Procedures are one of the most effective ways to maintain continuous IFTA compliance and audit readiness. Rather than waiting until quarter-end to identify issues, successful carriers perform structured monthly reviews to verify mileage records, fuel purchases, vehicle activity, exception reports, adjustments, and supporting documentation.

Monthly reviews allow carriers to identify problems while records are still fresh, documentation is readily available, and corrective action can be taken before quarterly filings are prepared. This proactive approach significantly reduces audit risk and improves filing accuracy.

Carriers that consistently perform monthly audit reviews typically experience fewer reporting discrepancies, fewer amended returns, and fewer audit findings.

Why Monthly Reviews Matter

Monthly compliance reviews help carriers:

- Identify reporting errors early
- Improve filing accuracy
- Reduce audit risk
- Verify documentation completeness
- Improve data quality
- Reduce quarter-end workload
- Strengthen compliance programs
- Improve audit readiness

Waiting until the end of the quarter often makes issues more difficult and time-consuming to resolve.

Goals of the Monthly Audit Review

Every monthly review should answer the following questions:

Mileage Review

- Was all mileage captured?
- Are state allocations accurate?
- Are ELD imports complete?

Fuel Review

- Were all fuel purchases recorded?
- Are receipts available?
- Do fuel reports reconcile?

Documentation Review

- Are supporting records available?
- Are adjustments documented?
- Are exceptions resolved?

Compliance Review

- Are there any unresolved risks?
- Are filing records accurate?
- Is the company audit-ready?

Mileage Review Procedures

Mileage should be reviewed every month.

Verify ELD Imports

Review:

✔ Trip Records

✔ GPS Activity

✔ Vehicle Movement

✔ Driver Assignments

Review Mileage Reports

Verify:

✔ Total Fleet Mileage

✔ Vehicle Mileage

✔ State Mileage

✔ Jurisdiction Allocations

Investigate Missing Mileage

Review:

✔ Missing Mileage Exceptions

✔ Route Discrepancies

✔ Odometer Differences

✔ Vehicle Activity Gaps

Fuel Review Procedures

Fuel records should be reconciled monthly.

Review Fuel Purchases

Verify:

✔ Fuel Receipts

✔ Fuel Card Transactions

✔ OCR Records

✔ Vehicle Assignments

Reconcile Fuel Totals

Compare:

✔ Fuel Receipts

✔ Fuel Card Reports

✔ Fuel Summary Reports

✔ Quarterly Totals

Investigate Fuel Issues

Review:

✔ Missing Fuel Exceptions

✔ Duplicate Fuel Transactions

✔ Fuel Assignment Errors

✔ Missing Gallons

Adjustment Review Procedures

Adjustments should be reviewed monthly to ensure proper documentation.

Verify Adjustments

Review:

✔ Mileage Adjustments

✔ Fuel Adjustments

✔ Manual Corrections

✔ Vehicle Reassignments

Confirm Documentation

Every adjustment should include:

✔ Reason for Adjustment

✔ Supporting Documentation

✔ Calculation Details

✔ User Notes

Exception Report Review Procedures

Exception Reports should be reviewed monthly without exception.

Review:

✔ Missing Mileage Exceptions

✔ Missing Fuel Exceptions

✔ High MPG Exceptions

✔ Low MPG Exceptions

✔ Duplicate Fuel Exceptions

✔ Missing State Mileage Exceptions

Investigate:

- Root cause
- Impact on filing
- Corrective action required

Vehicle Activity Review

Review fleet activity monthly.

Verify:

✔ Active Vehicles

✔ Inactive Vehicles

✔ Vehicle Assignments

✔ ELD Connectivity

✔ Vehicle Reporting

Investigate:

- Missing vehicles
- Unexpected activity
- Assignment discrepancies

Documentation Review

Verify all required records are available.

Confirm:

✔ Fuel Receipts

✔ Mileage Records

✔ ELD Reports

✔ GPS Records

✔ Adjustment Documentation

✔ Vehicle Records

✔ Filing Documentation

Missing documentation should be addressed immediately.

Common Issues Found During Monthly Reviews

The following issues are frequently discovered:

Missing Fuel Receipts

Receipts not uploaded.

Missing Mileage

Trips not imported.

Duplicate Fuel Transactions

Transactions entered multiple times.

Unsupported Adjustments

Missing documentation.

State Mileage Discrepancies

Jurisdiction allocations incomplete.

Vehicle Assignment Errors

Fuel or mileage assigned incorrectly.

Warning Signs

The following conditions indicate elevated audit risk:

Unresolved exceptions

Missing receipts

Missing mileage

Unusual MPG values

Unsupported adjustments

Missing state mileage

Duplicate transactions

Vehicle reporting discrepancies

Monthly Review Documentation

Document:

✔ Review Date

✔ Reviewer Name

✔ Findings

✔ Exceptions Identified

✔ Corrective Actions

✔ Resolution Status

Maintaining monthly review records demonstrates proactive compliance management during an audit.

Fleet Manager Responsibilities

Fleet managers should:

✔ Conduct monthly reviews

✔ Review Exception Reports

✔ Verify documentation

✔ Monitor compliance trends

✔ Assign corrective actions

✔ Maintain review records

How Advanced IFTA Helps

Advanced IFTA simplifies monthly audit reviews through:

✔ ELD Integration

✔ OCR Fuel Receipt Capture

✔ Fuel Reporting

✔ Mileage Reporting

✔ Mileage Calculator

✔ Adjustment Tracking

✔ Exception Reporting

✔ Audit Readiness Monitoring

✔ Historical Reporting

✔ Compliance Analytics

Monthly Audit Review Checklist

Before month-end verify:

✔ ELD imports reviewed

✔ Mileage reports reviewed

✔ Fuel reports reconciled

✔ Fuel receipts uploaded

✔ Adjustments documented

✔ Exception reports reviewed

✔ Vehicle activity verified

✔ Compliance records retained

Recommended Actions

1. Conduct monthly compliance reviews.
2. Resolve exceptions immediately.
3. Verify supporting documentation.
4. Reconcile fuel and mileage records.
5. Investigate reporting discrepancies.
6. Document corrective actions.
7. Retain monthly review records for at least four years.

Related Articles

- Audit Readiness Checklist
- Using Exception Reports to Reduce Audit Risk
- Missing Fuel Receipts and Audit Risk
- Missing Mileage and Audit Risk

- Unsupported Adjustments and Audit Risk

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