OFFICIAL AMENDMENT TO THE
INTERNATIONAL REGISTRATION PLAN

Ballot Number: 410 – Inadequate Records; Unreported Jurisdictions’ Assessment

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Ballot Expiration Date: October 4, 2017

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Sponsor(s): IRP Audit Committee; Alabama, Maine, Nevada

Contact Person (Name/Title/Agency/Jurisdiction/Telephone/Email):
Chester Cook, Director of Audits / Audit Committee Chair
Georgia Department of Revenue
404-417-6368 / chester.cook@dor.ga.gov

☒ Sponsor’s(s’) IRP voting member notified

SECTIONS TO BE AMENDED

International Registration Plan:
Article X, Section 1015 INADEQUATE RECORDS; ASSESSMENT

Audit Procedures Manual:
Article 6, Audit Reporting, 601(b)

SUMMARY

Plan Section 1005 requires carriers maintain adequate records, identifying the conditions of sufficiency and appropriateness in the Official Commentary as guidance toward that determination. There are occasions when prior to, or after, an inadequate determination, the auditor discovers information that supports travel in one or more unreported jurisdictions. If the records are determined inadequate, current Section 1015 addresses the reported jurisdictions (impose a 20%, 50% or 100% assessment based on the reported jurisdictions’ Apportionable Fees paid). This proposal adds a remedy for any unreported jurisdictions. Further, it addresses
the conflict an auditor encounters regarding compliance with Plan Section 1020(b), which requires audits be conducted on behalf of all Member Jurisdictions. Every inadequate records assessment begins as an audit and is counted as an audit for compliance purposes. Is the auditor compliant with 1020(b) if evidence of unreported jurisdictions is ignored?

**AMENDMENT**

**1015 INADEQUATE RECORDS; ASSESSMENT**

(a) If the Records produced by the Registrant for Audit do not, for the Registrant’s Fleet as a whole, meet the criterion in Section 1005(a), or if, within 30 calendar days of the issuance of a written request by the Base Jurisdiction, the Registrant produces no Records, the Base Jurisdiction shall impose on the Registrant an assessment in the amount of twenty percent of the Apportionable Fees paid by the Registrant for the registration of its Fleet in the Registration Year to which the Records pertain. In an instance where the Base Jurisdiction knows that it is the Registrant’s second such offense, the Base Jurisdiction shall impose an assessment of fifty percent of the Apportionable Fees paid by the Registrant for the registration of its Fleet in the Registration Year to which the Records pertain. When the Base Jurisdiction knows it is the Registrant’s third offense, and on any subsequent offenses of the Registrant known to the Base Jurisdiction, the Base Jurisdiction shall impose an assessment of 100 percent of the Apportionable Fees paid by the Registrant for the registration of its Fleet in the Registration Year to which the Records pertain.

(b) The Base Jurisdiction shall distribute the amounts of assessment it collects under subsection (a) on a pro rata basis to the other Jurisdictions in which the Fleet was registered.

(c) In addition to the assessment imposed under subsection (a), where the Base Jurisdiction finds supportive evidence that the Fleet accrued distance in one or more unreported Jurisdictions during the Registration Year to which the Records pertain, the Base Jurisdiction shall impose a $50.00 assessment, per Fleet, for each unreported Jurisdiction traveled. The additional assessment will be transmitted to the respective unreported Jurisdiction.

**Official Commentary**

If the Registrant fails or refuses to make Records available for audit, or if the Records made available are, as a whole, so inadequate that they cannot be audited, the Base Jurisdiction shall impose the assessment described. The assessment is not to be imposed where the Records made available, even though they may be of poor or inconsistent quality, can be audited for purposes of the Plan. Neither is an assessment to be imposed under this Section where, although Records pertaining to some individual Vehicles in a Fleet are lacking or inadequate, the Audit of the Fleet as a whole can proceed. The Base Jurisdiction is only to impose the added assessment for repeated offenses when, on a subsequent Audit, it finds the Registrant’s Records still to be

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inadequate. This is the only provision in the Plan in the nature of a penalty for inadequate Records or with respect to Audits generally. This does not, however, affect the ability of a Base Jurisdiction to exclude a Vehicle from apportioned registration if the Vehicle is found not to be an Apportionable Vehicle.

Regarding subsection (c), the intent of this language is not to require Jurisdiction auditors to engage in a search for unreported Jurisdictions. Rather, it is a mechanism to compensate those Jurisdictions, if discovered, that does not negatively impact the Apportionable Fees paid to the reported Jurisdictions. During the preliminary phase of an Audit, prior to a determination regarding the adequacy of the records, information available to the auditor through other Jurisdiction sources or external databases such as SAFER may support Fleet activity in unreported Jurisdictions. If the Registrant provides records, the cursory review necessary to determine the adequacy or inadequacy may also support such activity. The additional assessment is to be applied once for each unreported Jurisdiction only when there is supportive evidence of such travel. When multiple years are included, each year will be treated independently regarding the required supportive evidence. Federal inspection reports, citations or fuel documentation that can be tied to an Apportioned Fleet Vehicle are examples of evidence in this context. An IFTA return filed for a quarter within the IRP Distance Reporting Period, or a summary report provided by the Registrant, that reflects Distance in an unreported IRP Jurisdiction will only be considered supportive evidence if corroborated by distance or fuel source data provided by the Registrant, or a third party source such as those indicated earlier.

601. Audit Report

(b) The Audit Report must contain the following information in the billing summary portion of the report:

(i) Reported distance traveled, percentage and fees by Jurisdiction
(ii) Audited distance traveled, percentage and fees by Jurisdiction
(iii) Change in apportionment percentages by Jurisdiction
(iv) Net fees due by Jurisdiction, or unreported Jurisdiction assessment
(v) Net fees amount owed by or due to the Registrant