

INTERNATIONAL REGISTRATION PLAN AUDIT PROCEDURES MANUAL

Effective January 1, 2016

ARTICLE 1 INTRODUCTION

101. Purpose and Contents of the Manual

(a) Audit is a critical element of ensuring compliance with the International Registration Plan (Plan). Article X of the Plan provides the basic framework under which Audits of Registrants by their Base Jurisdictions are to be conducted. Plan Section 1075 provides for the maintenance of this Audit Procedures Manual (Manual), the function of which is to set standards for auditors and Member Jurisdictions and to provide guidance and procedures specifically for the performance of IRP Audits.

(b) As a part of its function, the Manual assists the IRP Peer Review Committee in its assessment of the Audits of Member Jurisdictions. When the Manual uses the word “must” in connection with a procedure, this indicates an unconditional requirement for a Member Jurisdiction, and a subject for peer review. The use of the word “should” in the Manual also indicates a requirement for a Member Jurisdiction, although one where noncompliance may be accepted by the Committee if the Jurisdiction has documented the relevant circumstances and the reasons for not complying.

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

ARTICLE 2

GENERAL AUDITING STANDARDS

201. Proficiency and Due Professional Care

The Audit is to be performed and the Audit report prepared by a person or persons having adequate technical training and proficiency in auditing, with due professional care and with an objective state of mind.

Revised April 1, 2001, Ballot 1.7.234 – Audit Procedures Manual – Ballot 1. Effective October 1, 2001.

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

202. Study and Evaluation

(a) As part of the Audit process, the auditor must gain an understanding of and document the Registrant’s distance accounting system and evaluate the Registrant’s internal controls. Any weaknesses in internal controls must be documented in the Audit file and should be communicated to the Registrant before the finalization of the Audit.

(b) A Walk-through test of the Registrant’s distance accounting system should be performed to ensure internal controls are functioning as described. The auditor must evaluate the impact of internal control strengths and weaknesses on the audit, determine the reliability of the Registrant’s records, and make appropriate adjustments to the Audit program.

(c) The auditor should obtain sufficient and appropriate Audit evidence in order to draw reasonable conclusions on which to base the audit opinion.

Revised April 1, 2001, Ballot 1.7.234 – Audit Procedures Manual – Ballot 1. Effective October 1, 2001.

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

203. Planning and Supervision

(a) An Audit must be adequately planned and supervised.

(b) The Audit function must include a supervisory review of the Audit file for accuracy and completeness. This review must be documented in the Audit file.

Official Commentary

Planning consists of developing an overall strategy and a detailed approach to the execution of the Audit. All persons performing the Audit need to understand the objectives of the work assigned to them and how this work relates to the overall objective of the audit. Adequate supervision ensures that the work of all persons is properly executed.

Planning and supervision continue as the Audit progresses. The nature, timing and extent of planning and supervision will vary with the complexity of the Audit and the experience of the persons assigned to the audit. Plans may need to be changed as the Audit progresses.

Revised April 1, 2001, Ballot 1.7.234 – Audit Procedures Manual – Ballot 1. Effective October 1, 2001.
Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

204. Auditor Independence

The Audit engagement, the Audit organization and the individual auditor, whether government, public or contracted by a Member Jurisdiction, must be free from personal, external, and organizational impairments to independence, and must avoid the appearance of such impairments to independence.

Official Commentary

Auditors and Audit organizations must maintain independence so their opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by objective third parties with knowledge of the relevant information. Auditors should avoid situations that could lead objective third parties with knowledge of the relevant information to conclude the auditors are not able to maintain independence and thus are not capable of exercising objective and impartial judgment on all issues associated with conducting the audit and reporting on the work. Impairments to independence include, but are not limited to, auditors processing registration applications.

Revised April 1, 2001, Ballot 1.7.234 – Audit Procedures Manual – Ballot 1. Effective October 1, 2001.
Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

205. Audit Program

Each Member Jurisdiction should use an Audit program. An Audit program provides for consistent application of Audit procedures, serves as a training tool for new auditors, and facilitates the review of the Audit. An Audit program does not preclude the use of auditor judgment. Deviations from an Audit program are acceptable if they are reasonable given the Audit circumstances and must be documented in the Audit file and approved by the Audit supervisor.

Revised April 1, 2001, Ballot 1.7.234 – Audit Procedures Manual – Ballot 1. Effective October 1, 2001.
Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

206. Working Paper Documentation

(a) Working papers must support the findings and recommendations in the Audit report. Working papers must be sufficiently detailed so a knowledgeable reader can understand them without extensive oral explanations from the auditor.

(b) Working papers may be in the form of paper or electronic media (imaged documents, spreadsheet files, databases, or word processing documents). Working papers must:

(i) Provide the principal support for the Audit report;

- (ii) Aid in the performance of and review of Audits; and**
- (iii) Document Audit procedures performed, and conclusions reached.**

Revised April 1, 2001, Ballot 1.7.234 – Audit Procedures Manual – Ballot 1. Effective October 1, 2001.
Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

ARTICLE 3

AUDITOR QUALIFICATIONS AND RESPONSIBILITIES

301. Auditor Qualification

(a) Each Member Jurisdiction is responsible for the staffing of qualified auditors based on the Member Jurisdiction’s personnel guidelines. The staff assigned to conduct Audits must possess adequate professional proficiency for the tasks required. In cases where the Audit is performed by a third party or contract auditors, the Member Jurisdiction must ensure the third party or contract auditors meet applicable professional standards.

(b) Each Member Jurisdiction must ensure its auditors maintain proficiency in IRP auditing by providing training opportunities through internal or external training sources.

Revised April 1, 2001, Ballot 1.7.234 – Audit Procedures Manual – Ballot 1. Effective October 1, 2001.
Revised September 30, 2002, Ballot 259 – Audit Procedures Manual. Effective October 1, 2003.
Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

302. Auditor Responsibilities

(a) Auditors must give all Registrants and Member Jurisdictions fair consideration in order to promote consistency in the application of the Plan and the Manual.

(b) Auditors should conduct themselves in a manner promoting cooperation and good relations with Registrants and Member Jurisdictions.

(c) The auditor is encouraged to take advantage of educational opportunities that enhance and maintain auditing proficiency.

Official Commentary

Auditors should conduct themselves at all times in a manner which will maintain the good reputation of the auditing profession. In doing so, auditors are expected to avoid any action that would discredit the profession. An auditor is expected to act in relation to other professional colleagues with the courtesy and consideration he or she would expect to be accorded by them.

The auditing profession is expected to maintain a high level of competence. This underscores the need for maintaining individual professional skill and competence by keeping abreast of and in

compliance with developments in the professional standards and pertinent legislation in all functions where an auditor practices, or is relied upon.

Revised April 1, 2001, Ballot 1.7.234 – Audit Procedures Manual – Ballot 1. Effective October 1, 2001.
Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

ARTICLE 4

AUDIT COMMUNICATIONS

401. Pre-Audit Notification

(a) At least 30 days prior to conducting the Audit, the Registrant must be contacted and advised an Audit is to be conducted of Records substantiating distance reported on the apportioned registration applications. Through the initial or subsequent audit contacts, the Registrant must be advised of the Registration Year(s) to be audited, the Reporting Period, the type of Records to be audited, and the proposed Audit start date.

(b) All Audit communication, both written and oral, must be documented in the Audit file.

(c) The Base Jurisdiction may waive notification requirements with agreement from the Registrant. Any waiver of notification requirements or postponement must be documented in the Audit file.

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

402. Opening Conference

A documented opening conference should be held with the Registrant to discuss the Registrant's operations, distance accounting system, Audit procedures, Records to be examined, sample period, and sampling procedures, etc. If the conference is held, the Audit file must contain documentation of the meeting and must include date, participants and details of the meeting.

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

403. Request for Records

(a) The auditor must request Records that support the apportioned registration application as filed.

(b) The Audit file must include documentation of all requests for Records.

Revised April 1, 2001, Ballot 1.7.255- Pre-audits. Effective October 1, 2002.
Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

404. Exit Conference

(a) An exit conference should be held with the Registrant to review Audit issues and preliminary findings. If the conference is held, the Audit file must contain documentation of the meeting, which must include the following:

(i) An overview of the post Audit process, including to whom the Audit report should be addressed:

(ii) The Registrant's rights of appeal, and any recommendations for improvement to the Registrant's distance accounting system.

(b) If an exit conference is not feasible, the Audit file must document the reasons.

(c) Issues identified during the course of the Audit and documented in the working papers, should be discussed with, and detailed information must be made available to the Registrant, upon request.

Section A amended April 10, 1998, Ballot 17.187. Effective July 1, 2000.

Revised April 1, 2001, Ballot 1.7.237 – Audit Procedures Manual – Ballot 4. Effective October 1, 2001.

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

ARTICLE 5 AUDIT PROCEDURES

501. Preliminary Audit Procedures

(a) The purpose of performing preliminary Audit procedures is to familiarize the auditor with the Registrant's business and reporting history.

(b) If a previous Audit was conducted, any findings of non-compliance should be documented in the Audit file.

(c) The auditor must identify, and document in the Audit file, the population of Vehicles in the Registration Year and in the Reporting Period pertaining to the Fleet subject to Audit. The auditor must either:

(i) list the Vehicles to be audited, indicating at least:

(1) equipment number;

(2) unit weight;

(3) Vehicle identification number; and

(4) inclusive months each Vehicle was in the Fleet; or

(ii) using an alternative method, identify the Vehicles and the time periods they were registered.

The auditor must use the Vehicle listings, or alternative method documented, to select Vehicles for Audit with respect to sampling.

(d) The auditor must apply analytical procedures to the Registrant's application subject to Audit. As a part of the analytical procedures, the auditor should summarize application information, note unusual trends or variances, and draw conclusions. The analytical procedures must be documented in the Audit file.

(e) Sample Vehicles should be representative of the Registrant's operations.

Section A amended April 10, 1998, Ballot 1.7.187. Effective July 1, 2000.

Revised April 1, 2001, Ballot 1.7.255 – Pre-audits. Effective October 1, 2002.

Revised March 31, 2004, Ballot 312 – Audit Procedures Manual. Effective October 1 2004

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

502. Evaluation of Internal Control

(a) The auditor must review and test the Registrant's internal controls. The results must be documented in the Audit file.

(b) The Auditor must:

(i) determine if there have been changes in the Registrant's distance accounting procedures or operations during the Audit period;

(ii) identify the Records that the Registrant maintains to support the registration application;

(iii) review the Registrant's Records to determine if the internal controls are functioning as described and;

(iv) determine if any review of the supporting documentation is performed by the Registrant prior to data entry.

The auditor must document the Registrant's distance accounting system. The auditor may use a questionnaire, flowchart or narrative.

The auditor should reconcile the period's distance summaries. Differences must be documented and included in the Audit file. An example of the Registrant's Records examined by the auditor should be included in the Audit file.

(c) The auditor should perform a Walk-through test of the distance accounting system.

(d) The Auditor must test the effectiveness of internal controls. Based on the result of these tests, the auditor should make an assessment of the degree of reliance that can be placed on the internal controls and whether to use a substantive or combined audit approach.

(e) Strengths and weaknesses identified in the Registrant's distance accounting system must be documented in the Audit file.

Official Commentary

For the overall audit approach, an auditor may use either a combined approach or a substantive approach.

A combined approach is used when an auditor decides to rely on the internal controls of an entity to determine the nature, extent and timing of his or her Audit procedures. The combined approach will require the auditor to evaluate and document the internal controls of the Registrant. If a combined approach is used, the auditor will reduce the substantive tests (i.e. examine fewer trips, because the internal controls will be relied upon to detect any errors that may arise during the year).

If an auditor uses a substantive approach, he or she will not rely on the internal controls of the Registrant. Rather, the auditor will increase the amount of detailed testing on source documents and distance summaries.

A substantive approach is used when

- there are no internal controls in place
- after evaluation, the internal controls are deemed unreliable, or
- the auditor has determined that it is too costly to study the internal controls of the Registrant.

Revised April 1, 2001, Ballot 1.7.255 – Pre-audits. Effective October 1, 2002.

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

503. Sampling and Extrapolation Procedures

(a) The auditor should discuss with the Registrant the proposed sample periods, sample Vehicles, and Records to be selected for Audit. At least three representative months of the Reporting Period should be selected for Audit. Generally, Audits are to be conducted on a sampling basis. The auditor may choose from a variety of sampling methods.

If tests of internal controls reveal major weaknesses in the Registrant’s distance accounting system, sampling may not be possible or the size of the sample may have to be expanded.

(b) Depending on the nature of the errors, they may be treated as isolated errors (and included in findings without being extrapolated), or they may be recurring errors requiring extrapolation. Sampling and extrapolation procedures performed by the auditor should be documented in the Audit file.

(c) If an auditor is unable to determine a method of assigning a portion of the unreported distance traveled by a Registrant, such distance should be prorated based on the audited distance in each Member Jurisdiction.

(d) In instances where the summary information does not match information reported on the apportionment application, the Auditor should attempt to determine the reason for the discrepancy. The auditor must determine whether to extrapolate to the distance per summaries or application. It is generally preferable to extrapolate to summary distance (corrected as necessary) to determine the audited distances. The auditor must document in

the Audit file and note in the Audit report the conclusions made as to whether the distance per summary or application has sufficient accuracy and reliability to be used in sampling projections.

Revised April 10, 1998, Ballot 1.7.192. Effective October 1, 1999.

Revised April 1, 2001, Ballot 1.7.255 – Pre-audits. Effective October 1, 2002.

Revised March 31, 2004, Ballot 312 – Audit Procedures Manual. Effective October 1 2004

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

504. Distance Audit Procedures

All fee changes as a result of audit adjustments will be calculated in accordance with Section 400 of the Plan.

(a) When an apportioned registration application for a new Fleet is correctly based on average per-Vehicle distance, that distance is not subject to audit.

(b) If a Registrant reports average per-Vehicle distance for a fleet and it is discovered that actual distance was traveled in any Member Jurisdiction, the auditor must remove the average per-Vehicle distance, replacing it, as necessary, with the actual distance traveled in the Member Jurisdictions.

(c) When actual distance is not reported in a Member Jurisdiction where it is determined actual distance was traveled, Apportionable Fees must be calculated for the Member Jurisdiction.

(d) If actual distance was reported in any Member Jurisdiction where no actual distance was traveled during the Reporting Period, the actual distance must be removed.

(e) If it is determined through Audit that a Vehicle does not qualify as an Apportionable Vehicle, the reported distance traveled by the Vehicle should be deducted from the Apportioned registration application and distance percentages adjusted. Full (100%) fees should also be calculated for the Vehicle for the Member Jurisdiction in which the Vehicle traveled and should be included in the fee adjustments reflected in the transmittals.

Official Commentary

With regard to average per-Vehicle distance, while not common, the valid reporting of such in a subsequent year will occur if the registrant does not operate during the respective reporting period.

The establishment of a new fleet does not automatically qualify a registrant to use average per-Vehicle distance. Auditors must exercise due diligence when determining whether the fleet is in fact new, in accordance with Section 420 of the Plan.

Revised April 10, 1998, Ballot 1.7.192. Effective October 1, 1999.

Revised April 1, 2001, Ballot 1.7.236 – Audit Procedures Manual – Ballot 3. Effective October 1, 2001.

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

ARTICLE 6 AUDIT REPORTING

601. Audit Report

(a) An Audit report, including a narrative, and a billing summary documenting the Audit must be prepared by the Base Jurisdiction and provided to the Registrant and all affected Member Jurisdictions. Where appropriate a checklist may serve this purpose. A copy of the Audit report must be kept in the Audit file. The Audit Report must contain the following information:

Registrant Information:

- (i) Name of Base Jurisdiction**
- (ii) Auditor Name**
- (iii) Date Report Issued**
- (iv) Registrant Name**
- (v) Registrant Address**
- (vi) Registrant Phone**
- (vii) Registrant Representative**
- (viii) Account Number**
- (ix) Fleet Number**
- (x) USDOT Number (where required),**
- (xi) Registration Year(s) Audited**
- (xii) Reporting Period Audited**
- (xiii) Number of Vehicles Apportioned**
- (xiv) Summary of Registrant's business operations**
- (xv) Note unusual trends or variances**

Evaluation of Internal Controls:

- (i) Summarize the evaluation of the Registrant's internal controls including:**
 - (1) Reliability of internal controls**
 - (2) Strengths and weaknesses in internal controls**
 - (3) Changes in the Registrant's accounting procedures during the audit period**

Opening Conference:

- (i) Provide the date and persons attending**

Sampling Methodology:

- (i) Describe sampling methodology or reason sampling was not performed**
- (ii) Note the periods and Vehicles sampled**

Distance Examination:

- (i) Identify source documents used by the Registrant to determine distance**
- (ii) Identify the information reflected in the distance source documents**
- (iii) Describe Audit procedures used to verify reported distance**
- (iv) Describe methodology used to allocate any unreported distance**
- (v) Note any discrepancies between monthly or quarterly summaries and Registrant's application**
- (vi) Identify any Vehicles removed from fleet and assessed full plate fee**
- (vii) Auditor's evaluation of adequacy of records**

Closing Conference and Recommendations:

- (i) Provide date and persons attending**
- (ii) Document recommendations made to Registrant**

Summary:

- (i) A narrative of the Audit procedures, findings and any additional information deemed necessary**

(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**
- (v) Net fees owed by or due to the Registrant**

Revised April 1, 2001, Ballot 1.7.237 – Audit Procedures Manual – Ballot 4. Effective October 1, 2001.

Revised April 1, 2001, Ballot 1.7.254 – Inadequate Records. Effective October 1, 2002

Revised September 20, 2012, Ballot 2011.371 – IRP Audit Rewrite. Effective July 1, 2013.

ARTICLE 7 RECORDS REVIEW

701. Definition and Purpose

A Base Jurisdiction may perform a Records Review of any Registrant's distance accounting system to ensure compliance with the Plan.

A Records Review is a thorough evaluation of the Registrant's distance accounting system and internal controls to ensure compliance with the Plan. The purpose of performing a Records Review is to mitigate potential record keeping compliance issues.

The primary differences between an Audit and a Records Review is that a Records Review:

- (i) focuses only on the adequacy of the internal controls and compliance of the distance accounting system;**
- (ii) may be limited in scope to less than a full Reporting Period;**
- (iii) may be conducted before the first renewal; and,**
- (iv) does not result in any fee adjustments;**

Adopted September 20, 2012, Ballot 2011.371, effective July 1, 2013.

702. Records Reviews

(a) A Member Jurisdiction electing to institute a Records Review program that qualifies towards the annual Audit requirement must establish procedures and guidelines similar to those for Audits. The Records Review procedures must:

- (i) comply with requirements in Article 2 General Auditing Standards and Article 3 Auditor Qualifications and Responsibilities of the Manual;**
- (ii) document the distance accounting system used by the Registrant, the items included in the source documents, and the sources used by the Registrant to determine distances;**
- (iii) assess and document internal controls;**
- (iv) determine and document the adequacy of records and identify specific deficiencies;**
- (v) result in a written report to the Registrant citing any specific deficiencies in the record keeping system;**
- (vi) record all contacts with the Registrant; and,**
- (vii) retain the completed Records Reviews according to the prevailing IRP Peer Review Audit records retention requirements.**

(b) It is strongly recommended the base jurisdiction conduct a follow up contact with the Registrant if non-compliance issues are noted.

Official Commentary

Notwithstanding Section 204, Records Reviews may be conducted by personnel processing apportioned applications if they meet all other provisions of the Manual.

Adopted September 20, 2012, Ballot 2011.371, effective July 1, 2013.

APPENDIX A

GLOSSARY

Analytical procedures – Evaluations of reported information through analysis of plausible relationships among both financial and non-financial data. Analytical procedures also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.

Appropriateness (of audit evidence) – The measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for the conclusions on which the auditor's opinion is based.

Audit file – One or more folders or other storage media, in physical or electronic form, containing the records that comprise the audit documentation for a specific engagement.

Audit procedures - the specific acts or steps performed by the auditor to attain his or her objectives in the particular audit engagement.

Audit program – a listing of audit procedures to be performed in completing an audit.

Audit sampling (sampling) – The application of audit procedures to less than 100% of items within a population of audit relevance such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.

Due Professional Care – the care and skill expected of a reasonably prudent and competent auditor.

Error – A misstatement in the distance accounting/reporting system, including the omission of an amount.

Independence – Comprises:

(a) Independence of mind – the state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism.

(b) Independence in appearance – the avoidance of facts and circumstances that are so significant a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude that a member of the assurance team's, integrity, objectivity or professional skepticism had been compromised.

Internal control – The process designed, implemented and maintained by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of a Registrant's objectives with regard to reliability of distance accounting system, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The term "controls" refers to any aspects of one or more of the components of internal control.

Must – used to specify an unconditional requirement.

Proficiency – Auditors performing the engagement should possess the knowledge, skills and other competencies needed to perform the Audit. The Audit function collectively should possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

Should – Conformance is expected unless, when applying professional judgment, circumstances justify deviation.

Sufficiency (of audit evidence) – The measure of the quantity of audit evidence. The quantity of the audit evidence needed is affected by the auditor's assessment of the risks of material misstatement and also by the quality of such audit evidence.

Tests of controls – An audit procedure designed to evaluate the operating effectiveness of controls in preventing, or detecting and correcting, material misstatements at the assertion level.

Walk-through test – Involves tracing a few transactions through the distance accounting system.

Weakness in internal control – This exists when:

(a) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the distance accounting system on a timely basis; or

(b) A control necessary to prevent, or detect and correct, misstatements in the distance accounting system on a timely basis is missing.

Working papers – The record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached (terms such as "audit documentation" or "workpapers" are also sometimes used).

The appendix is included for convenience and is not part of the official text of the Audit Procedures Manual.

APPENDIX B

EXAMPLE OF AUDIT REPORT

{Jurisdiction Name}
International Registration Plan (IRP)
Audit Report

Registrant Name:

Date:

Registrant Address:

Account #:

City

Fleet #

Zip

Fed DOT#

Registrant Phone:

Lead Auditor:

Registrant Rep:

Registration Year(s)
Audited:

Number of Vehicles
Apportioned:

Type of Operation

Commodity Class

Common Carrier

All

Passengers

Contract Carrier

Exempt

Construction

For Hire

Farm

Oil – Gas Services

For Hire Exempt

Household Goods

Other:

For Hire Rental/Leasing Co

Logs

Private

Minerals

RECORDS EVALUATION

Source Documents Maintained in Support of Distance:

- Driver Trip Reports
- Driver Logs
- Receiving Contracts
- Driver Pay Records
- Freight Bills or Manifests
- Other:

Items Reflected in Distance Source Documents Presented for Examination:

- Date of Trip (Begin & End)
- Total Trip Distance
- Carrier Name
- Routes of Travel
- Trip Origin and Destination
- Fleet Number
- Begin and End Odometer
- Vehicle Unit Number
- Driver Name
- Jurisdiction Crossing Odometer Reading
- Distance by Jurisdiction
- Other:

Sources Used by Carrier to Determine Distance:

- Odometer Readings
- Standard Distance Guide
- Other:
- Hubometer Readings
- Distance Software
- State Maps
- Estimated

Summaries Maintained in Support of Distance:

- Monthly Summaries by Vehicle
- Quarterly Summaries by Vehicle
- Annual Summaries by Vehicle
- Monthly Summaries by Fleet
- Quarterly Summaries by Fleet
- Annual Summaries by Fleet

Auditor's Evaluation of Registrant's Maintenance of Records:

- Adequate
- Inadequate

Comments on Evaluation:

Audit Findings

REGISTRANT INFORMATION:

Describe the auditee's operations and industry, where they are located and how many units are apportioned in IRP.

- Summarize relevant application information
- Note unusual trends or variances

AUDIT CONTACT:

Describe when and how the auditee was contacted and when the engagement packet was mailed.

- Document pre-audit contact was at least 30 days prior to field work
- Document a request for the records was made and that an assessment did not take place until 30 days after the request.
- Document discussions on time period of audit and required records

EVALUATION OF INTERNAL CONTROLS:

Give a synopsis of the licensee's internal controls. Find out if there have been any changes to their reporting system, procedures, accounting policies or any other necessary information.

- Document audit was adequately planned and supervised through pre-audit analysis and internal control evaluation
- Document study and evaluation of reporting system and internal accounting controls
- Determine reliability of controls
- Identify any weakness in controls and how they may impact sampling procedures
- Note any changes in the registrant's accounting procedures or operations during the audit period

OPENING CONFERENCE:

Document the opening conference date, people attending and any pertinent information discussed such as audit issues or questions concerning records.

- Verify opening conference date and persons attending
- Document any pertinent information discussed during opening conference

SAMPLING METHODOLOGY:

Describe the sampling methodology used to conduct the IRP audit. Include the number of months sampled and which months were sampled. If no sample was used, put down "100% examination".

- Describe sampling methodology or reason sample was not conducted
- "100% Examination" used if no sample conducted
- Document number of months and vehicles sampled

DISTANCE EXAMINATION:

Document and justify any audit procedures in respect to distance records. Include types of records audited, description of audit techniques employed and any changes to the apportioned distances of audited vs. reported.

- Describe types of source documents used to determine distance
- Describe type of source documents presented for examination
- Document and justify audit procedures and techniques used to verify reported distance
- Discuss method to assign or allocate unreported distance to all jurisdictions on the basis of each jurisdiction's audited percentage of total distance or reason for alternate method
- Report any discrepancy between summary and application distance (generally, projections should be to summary distance - corrected if necessary); document conclusion and methodology
- Identify any vehicles removed from fleet and assessed full plate fees

CLOSING CONFERENCE AND RECOMMENDATIONS:

Describe when the closing conference was held and any remarks or recommendations made to the licensee to assist them in improving their record keeping. Communicate any other information that may be necessary.

- Verify closing conference date and persons attending
- Verify audit closing date allows a 30 day response period to registrant and 45 day response period for member jurisdictions
- Document any remarks, suggestions and recommendations made to licensee to assist in improving their record keeping system
- Provide a detailed list of the record keeping data items required in order to be in full compliance

SUMMARY:

This section can be used for any number of jurisdictional directives to the registrant including the net amount due. They could be reminded that all affected IRP member jurisdictions have the same authority with regard to interest and/or penalties as the base jurisdiction and may elect to bill the registrant separately. Any appeals procedures and their *Taxpayers' Bill of Rights* are often discussed.

- A brief narrative of the audit procedures, findings and any additional information deemed necessary

Submitted by,

¹The appendix is included for convenience and is not part of the official text of the Audit Procedures Manual.