

Approval Date: June 4, 2019
Revision Date: June 4, 2019
Effective Date: July 1, 2019
Status: Interim Policy



Audit Subcommittee Recommendations to the UCR Board

Addressing Non-Compliant Carrier Audit Reports

Participating states are required to perform audits each year on carriers who retreat from one payment bracket to a lower payment bracket to verify that the company has properly deducted vehicles from its UCR payment. If a participating State fails to meet the audit requirements of the UCR Agreement, Section 19, or fails to meet the audit reporting standards required by Paragraph 5 of Section 19, the Board will take the following action:

1. The Chair of the UCR Audit Subcommittee shall notify the State that it is out of compliance with the requirements of Section 19, and specify how the state has failed to comply; and

The Chair of the UCR Board shall require a representative of the State to appear before the Board to present the state's action plan to come into compliance. Upon such a presentation, the Board may approve the State's plan or may amend its terms in order better to ensure the State's timely compliance.

2. If, after a period of six months following the appearance of the State before the UCR Board, the State fails to follow its action plan, and remains out of compliance, the Chair of the Board shall send a letter to the State's governor (or, if the State's agency that administers the UCR program does not fall under the governor's authority, to the head of that agency), outlining the consequences to the State if it remains out of compliance, and emphasizing that the UCR is a cooperative program, whose continued success depends on each of the participating States doing its part.
3. If after a period of six months following the Chair's letter to the State's governor, the State remains out of compliance, the State shall be suspended. Representatives of a suspended State may not serve on the UCR Board or on any UCR subcommittee, and shall not receive any administrative funding from the Board, except such funding for travel to audit training that may be available generally to a participating State. Once suspended, a State shall remain suspended until it comes into compliance with the requirements of Section 19 of the UCR Agreement.

4. If after a period of six months following the suspension of a State for noncompliance with the requirements of Section 19 of the UCR Agreement, the State remains out of compliance, the Board may sequester the State's UCR revenues until the State comes into compliance.

A State may demonstrate compliance with Section 19 by filing an accurate, timely audit report, as required by that Section, and by submitting evidence to the Audit Subcommittee sufficient to indicate, in the Subcommittee's judgment, that the State has reached compliance.

*The following document, “Audit Requirements” was previously posted as Section 19 of the UCR Agreement.

AUDIT REQUIREMENTS*

Participating states are required to perform audits each year on carriers who retreat from one payment bracket to a lower payment bracket, to verify that the company has properly deducted vehicles from its UCR payment. If a carrier neither pays what the state shows it to owe nor justifies its retreat, the state shall, pursuant to the requirements of due process, determine to suspend the carrier’s current year UCR registration, pending the carrier’s acceptable compliance noted in Step 1.

Beginning July 1, 2019, the mandated audit sequence is:

- (1) Review and close 100% of Tier 5 and 6 motor carriers based within their State listed on the Focused Anomalies Review (FARs) report or listed on the MCS- 150 retreat list, as of March 31st for the previous 12-month period.

To close a FAR, a State Auditor shall:

- (a) Verify the motor carrier under review has made the onetime adjustment in the National Registration System (NRS) for the year being audited; or
- (b) Upload supporting documents to validate the motor carrier’s retreat to a lower UCR Tier into the NRS Audit Matrix.

Step 1 must be completed prior to advancing to Step 2.

- (2) Review and close 100% or up to 100 of the Tier 1 – 4 motor carriers based within their State listed on the FARs report as of March 31st for the previous 12-month period. Review of the Tier 1 – 4, MCS-150 retreated motor carriers are optional.
- (3) Steps 1 and 2 are to be completed by March 31st. In addition, states may audit any carrier that is subject to UCR registration requirements. Additionally, States may audit any motor carrier that is on their FARs or Retreat reports after the public side of the NRS Portal has closed through December 31st.

Motor Carriers underpaying UCR fees for one or more registration years (as required by the Motor Carrier Record Keeping requirement) shall pay the difference. This section does not prohibit states from assessing fines or penalties in addition to the UCR fees.

- (4) The Audit Subcommittee Chair shall prepare the final audit report as of March 31st for the previous 12-month period and present it to the Board by June 1st.