



http://www.agcocorp.com/_ui/images/WL00033_sized.jpg

Fertilizer Tonnage Audit Process

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Image by Bruno Monginoux 2006

North Dakota Tonnage

All agricultural fertilizer

Specialty fertilizers 25 pounds and over

Products sold to end users within the state

Approximately 2,000,000 Tons distributed to end users yearly

Retail Reports include a \$0.20 / Ton fee

2013 Legislative Session – Prelude to Audit Program

- Wholesale reporting

- 3 years of financial records retention required



Image by Bruno Monginoux 2006

Case for change

- Industry Support
- Self Reporting
- Level playing field



http://www.deere.com/common/media/images/product/tillage/nutrient_applicators/2510s_strip_trill_residue_master_applicator/2510s_strip_till_applicator_454174_642x462.png



Concerns

- Attitude of a “Overbearing Regulatory Environment”
- Smooth Rollout
- Industry Acceptance



<http://www.farmmanagement.pro/wp-content/uploads/2013/12/VRA1-600x330.png>



Developing a Process

Looked at other states programs

Indiana – Brett Groves

Georgia – Charles Royal

Worked with Industry

Tax Department

How would you cheat an Audit?



<http://www.erptraining9.com/blog/wp-content/uploads/2013/07/developing.jpg>



Audit Process

Testing - 4 tests to validate financial figures

Test Balanced Tonnage Reported

Test Sequential Invoices

Test Data Validity in Accounting System

Test Inventory Process



Audit Process

Test to Balance Inventory

Inventory IN	Inventory OUT
Purchases	Retail Sales
Transfers In	Transfers Out
Retail Returns	Wholesale Sales
Wholesale Returns	Inventory Adjustments SUB
Inventory Adjustments ADD	

What's left?

Year End Inventory



Key Aspects

Selection method

- Tiered groups of dealers based off tonnage sold

- Random Selection

- Selective Targets

Data Management Platform

- Kelly Registration systems

 - Paperless Audit

 - Ag Department Systems

Confidentiality

- “Information requested pertains to buying or selling of goods.”

- “Information has not been previously disclosed”



Expectations

Zero reporting agencies are the most likely to manipulate tonnage reported

Site visits are painless

Requested information easy to
produce by dealers

People want to be in compliance



JOHN STENNES/GRAND FORKS HERALD



The only good questions are ones that are asked

Thank You!!

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