

## Best Practices for Preparing for a DOT Audit

Imagine yourself in this scenario. You have just completed a hard start to a new week. It is Tuesday afternoon and you are just wrapping up for the day when the phone rings. When you answer you have to sit back down because this is the worst of your nightmares. The caller identifies himself as a federal Safety Investigator for the Department of Transportation and informs you that he will be in your office the following Monday to perform a full Compliance Review. The next day you receive a registered letter which lists all of the documents he will need to have access to. Some of these you have never even heard of. The agenda for your week has just changes into crisis mode. You begin the process to track down the following records:

1. A list of drivers used for the last calendar year, including current drivers, terminated drivers and leased drivers with date of hire, date of termination, CDL state and license number and date of birth.
2. All driver qualification files
3. Training records
4. Controlled Substance and Alcohol Policy
5. Controlled substance testing records for the last calendar year with results and statistical summaries
6. Random Testing Selection lists for each selection period for the last calendar year
7. Driver payroll records
8. Driver records of duty status (logs, time sheets, etc.) for the past six months. If equipment is equipped with GPS, then the "ping" signals must be provided for the past six months.
9. Driver trip reports and expense records for the past six months, including scale and fuel receipts (Comdata, EFS) and all associated documents
10. Motor Vehicle accident files for the past 12 months
11. List of equipment (company #, license #, state, year, make, and GVWR)
12. Lease agreements and associated maintenance records if applicable
13. Vehicle Maintenance records for company owned, leased and owner operator leased equipment
14. Vehicle registrations
15. Driver vehicle inspection reports for the last 90 days (DVIRs).
16. All roadside inspections for the last 365 days
17. Company gross revenue for the last full year
18. Total fleet mileage for the last year
19. A copy of your MVS-90, endorsement for motor carrier policies of insurance for the current policy
20. Insurance claim information for the last calendar year
21. Hazardous materials Bills of Lading (if applicable)
22. Copy of Hazardous Materials Registration Form from PHMSA (if applicable)

This is a true story and as it turned out it went as good as can be expected but had a number of bad moments. The auditor was there for 3 weeks and brought in a Hazardous Materials specialist for the last couple days. The Safety Director was threatened with criminal behavior at one point for not resolving a serious unqualified driver issue that she knew of. Fortunately for her, she was able to locate a year old email to the driver manager that proved that she had acted appropriately. The driver manager and the driver individually were issued stiff personal penalties. The company was rated as “conditional” as a result of the audit which in itself can be costly in insurance premiums and potential business and had to pay a \$2,500 civil penalty.

Some of you who are responsible for the DOT compliance program are perhaps nervous after this story knowing that your program is not ready for this audit. On the other hand, probably most of you are able to take this audit notification in stride, confident that all is in order. The objective of this article is to provide ideas for a few best practices you can implement to prepare for the eventual call.

### **Management Control**

The purpose of a DOT audit is to ensure that **you have established “adequate management control of”... all of the DOT compliance mandates.** This control must start at the top management ranks and be communicated to everyone. Your message has to be—“Safety is your highest priority!” Management control can be summarized into four steps:

- 1. Set high standards and measurable expectations. Convert these expectations into a half dozen quick read, measurable performance objectives known as KPIs (Key Performance Indicators) for each job function.**
- 2. Develop internal systems to promptly gather data on the KPIs. Deliver actual KPI performance real time in dashboard reports to the employee and appropriate managers.**
- 3. Measure the variances between actual performance and expectations**
- 4. Hold everyone accountable for their responsibilities.**

### **Don't draw attention to yourself**

The first and most obvious way to avoid DOT scrutiny is to try and stay out of the DOT's sights as a target for an audit. Now with the new Compliance, Safety, and Accountability (CSA) program, keeping your BASIC scores well below the ALERT (unsatisfactory) thresholds will help. The DOT also prioritizes your trucks for inspections using an “International Selection System” (ISS) scoring process. The more problems they find, the more often you get inspected. It is critical that you monitor your CSA and ISS scores at least weekly. There are over 700,000 motor carriers and not enough investigators to reach them all. Therefore the DOT will employ a progressively more aggressive interdiction process as follows for those carriers who have demonstrated a need for assistance:

### Early Contact

- Warning letters
- Carrier access to Safety Data and Measurement
- Targeted Roadside Inspections

### Investigations

- Off Site Investigations
- On-site Focused Investigations
- On-site Comprehensive Investigations

### Follow-up

- Cooperative Safety Plan
- Notice of Violation
- Notice of Claim
- Operations Out-of-Service Order

Almost all of the above information is gathered at a Roadside Inspection. A full inspection (CVSA Level I) can take 30-45 minutes and will be accompanied with a detailed report including violations if any. Management must capture these reports and correct or counsel on violations within 15 days. Not responding to the corrective action mandate can trigger an audit by itself. It will take a poor inspection 24 months to fall off your record so it is critical that you prepare your drivers and equipment to do well on these inspections. **Driver training and careful monitoring of their records, frequent equipment service intervals with prompt repairs, and thorough pre-trip inspections by every driver every day will keep your BASIC scores low.**

### **Training**

Effective training is able to communicate the company expectations and regulatory standards in a manner that demonstrates the performance and ensures that the attendees remember what they heard. Training can be a major waste of time if it is not done correctly. Operating without training is even more wasteful.

Training should always be done when:

1. A new procedure is introduced or the employee is new to the organization.
2. Regular monthly or quarterly sessions keep the attention on critical issues and procedures.
3. Remedial training can minimize the probability of a poor performance reoccurrence or even minimize expensive turnover. High turnover is a ticket to poor performance and DOT visibility plus creates a need for even more training.

Everyone has a unique way they learn. Each training session must be designed to try and reach each attendee with a variety of delivery methods. Everything that is done and said in the class must relate directly back to the class objectives. **Be creative in your training programs—it should be a valuable experience for both instructor and attendee.**

## **Keep you files organized and conduct frequent internal audits**

The Federal Motor Carrier Safety Regulations (FMCSR) is the law of the land when it comes to motor carrier safety. There are hundreds of records mandated that prove to the auditor that you have control. In transportation there is an abundance of paperwork generated. New on-board electronic recorder reports can provide a wealth of real time performance data to both the company and enforcement if used effectively—ensure that it is captured and reviewed before the DOT does.

Even though it may be after-the-fact, once you know there is a problem or opportunity to improve, you have the opportunity to design a plan to correct it (the DOT refers to a “good faith effort”, in industry we may call it CYA). All of this data, whether it is designed to meet a regulatory requirement or internal operations metric, should be audited as promptly as possible for legal and performance ramifications. **All carriers should have a weekly or even daily internal audit program to check records that are turned in.**

These records must be organized and maintained to be ready on short notice. When working with the government we learn quickly that “if there isn’t a document to prove it, then you didn’t do it”. Counseling and correction if applicable should be done BEFORE they are filed if possible. The six major files are as follows with their FMCSR regulatory reference:

1. Proof of insurance (387.7 and 387.9)
2. Accident files and register (390.15(d))
3. Alcohol and drug testing records (382.401)
4. Driver Qualification files (391.51 and 391.53)
5. Hours of Service (395.8)
6. Maintenance (396.3, 396.9, 396.11, 396.17)  
Hazardous Materials compliance is always checked but comes from a different regulations (49 CFR Parts 107-180).

*Note: For free FMCSR regulations go to [www.fmcsa.dot.gov](http://www.fmcsa.dot.gov) and look in the upper left corner of their home page.*

## **Accountability**

All of us have a specific reason for being hired by our employer. The company’s strategy and objectives required that your job function be created. Therefore specific performance for each of the job titles is essential to the company’s success. It is management’s responsibility to set these job descriptions and expectations as appropriate and monitor and motivate to ensure the expectations are met.

If performance is not acceptable then the responsible manager has either missed on properly setting the expectation or failed to effectively motivate the person responsible. This is the most difficult challenge in management but if it is missed, the company cannot succeed.

Collecting prompt performance data and translating that data into variances from standard can quickly identify and start the process to correct a developing performance problem.

The most effective employee motivator is positive reinforcement combined with understood consequences (rewards or discipline). Business accountability is much like being a good parent. If we blend love and respect with an appropriate level of discipline, the relationship will usually be positive. **Holding employees accountable for their performance is essential to any long term audit success and ultimately, profitability.**

Finally, often the daily demands of a business can trump the stated priority of safety even in a well-run company. Internal audits get reduced because we don't have time that day. Records begin to get backlogged and not filed. Variance reports don't get generated or read. Performance slips and no one notices. Soon, what you thought was a solid safety and compliance culture has become risky. It is like watching yourself grow old—you don't notice until it hard to get out of bed one day or your knee gives out while jogging. **Progressive companies will conduct regular simulated DOT audits annually if possible or at least every other year as a spot check.** This will provide an opportunity to fine tune and correct issues before the DOT calls or worse yet, after there has been an accident and what could have been prevented has just happened and it's too late.

3000-5000 fatalities happen every year involving a commercial motor vehicle. 70% of these are the other vehicle's fault. That leaves 30% of the fatalities (approximately 1500 per year) who have been killed because of something we did or didn't do in our industry. **Passing a DOT is not our primary objective for a solid safety and compliance culture—safety of your employees and the public is the primary target.** None of us want to be involved in any way with hurting someone or calling a spouse to say that their partner is not coming home. Preparing for DOT audits will reap incredible benefits for your company, your employees, and the public.

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Optima's most popular transportation service is conducting simulated DOT audits to identify opportunities for improvement. Once opportunities have been identified the solutions are usually obvious and can be corrected with a serious management commitment. Implementing a vibrant safety and compliance culture is the ultimate objective at Optima.