






How to Survive a DOT Audit

11:00 AM Eastern Time (New York)
10:00 AM Central Time (Chicago)
9:00 AM Mountain Time (Denver)
8:00 AM Pacific Time (Los Angeles)



Housekeeping Items

- Audio streamed through computer speakers
- Widgets are resizable and moveable
 - Minimize/maximize 
 - Expand/shrink 
- Enter questions using the 
- Check out the resources area to download today's slides 
- Chat via the Q&A if you need tech help, or click on 



How to Survive A DOT Audit

October 18, 2018



How To Survive a DOT Audit

This webcast will cover ...

- A regulatory overview
- Best practices in compliance
- A case study in implementation
- Question & Answer

Attention Attendees:

- + Thank you for attending!
- + You will be muted during the event.
- + Please use the Q&A feature to send in questions to us. We'll try to answer them during the Q&A period if they are not covered in the presentation.
- + The slides and recording will be posted within 7 days at: www.jjkeller.com/nptcinfo



Gary Petty
President & CEO
National Private Truck Council



Meet Your Presenters



Gary Petty
President & CEO
National Private Truck Council



Tom Bray
Industry Consultant -
Transportation
J. J. Keller & Associates



Tom Moore, CTP
Senior Vice President
National Private
Truck Council



Jeff Wermuth, CTP
Director of
Transportation,
Clifford W.
Perham/Shaw's



How to Survive a DOT Audit: The Regulatory Perspective



Tom Bray
Industry Consultant - Transportation
J. J. Keller & Associates, Inc.



Selection

- Not random!
 - CSA scores
 - Most common reason an existing property carrying company is selected for audit
 - Complaint
 - Accident
 - "Program" audit
 - New-entrant
 - Passenger-carrying
 - Drug/alcohol task force



Tom Bray
Industry Consultant – Transportation
J. J. Keller & Associates, Inc.



Types of Audits

- New-entrant: Educational with pass/fail components
- Focused: Look at specific issues based on CSA scores or complaints
- Comprehensive: Look at everything
 - Also known as compliance review
 - Only a full compliance review will lead to a final rating



Tom Bray
Industry Consultant – Transportation
J. J. Keller & Associates, Inc.



Notification

- Carrier notified
 - Call
 - Letter
 - Questionnaire
- No excuse for not having records available if provided notification
 - Failing to cooperate and present requested documents can lead to an out-of-service order



Tom Bray
Industry Consultant – Transportation
J. J. Keller & Associates, Inc.



Six Factors

- Factor 1, General: Parts 387 and 390
 - Carrier registration/authority
 - Insurance
 - Accident register
 - Vehicle marking
- Factor 2, Drivers: Parts 382, 383, and 391
 - DQ files for select drivers
 - Drug and alcohol program records for select drivers



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Industry Consultant – Transportation
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Six Factors

- Factor 3, Operational: Parts 392 and 395
 - Schedules
 - Driver behavior on the road (driving violations)
 - Cargo securement
 - Hours of service compliance
 - Logs (time records) and supporting documents for select drivers



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Industry Consultant – Transportation
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Six Factors

- Factor 4, Vehicles: Parts 393 and 396
 - Verification of vehicle out-of-service rate
 - Maintenance records for selected vehicles
 - Inspection of "ready" vehicles if necessary
- Factor 5, Hazardous Materials
 - Shipment paperwork and shipments carried
 - Training records
 - Incident handling (if applicable)
 - Tank engineering, maintenance, inspection, and testing records (if required)
 - Security plan (if required)



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Industry Consultant – Transportation
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Six Factors

- Factor 6, Recordable Accident Rate per Million Miles
 - Accident rate greater than 1.5 (1.7 for "urban" carriers) lead to failing this Factor
 - Carrier can ask that non-preventable crashed be removed from the calculation



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Scoring the Factors

- Violation of an acute regulation: 1 point assigned to appropriate factor for each violation
- Pattern of violations of a critical regulation: 1 point assigned to appropriate factor
- Pattern of violations relative to an hours-of-service regulation: 2 points assigned to appropriate factor
 - "A pattern" defined as violation found on 10 percent or more of the records checked



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Scoring the Factors

- Factor scores ("ratings")
 - "Satisfactory" — if the acute and/or critical=0 points
 - "Conditional" — if the acute and/or critical=1 point
 - "Unsatisfactory" — if the acute and/or critical=2 or more points



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Final Rating

- Carrier rating based on combination of Factor ratings

Factor ratings		Overall safety rating
Unsatisfactory	Conditional	
0	2 or fewer	Satisfactory.
0	more than 2	Conditional.
1	2 or fewer	Conditional.
1	more than 2	Unsatisfactory.
2 or more	0 or more	Unsatisfactory.



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Beyond Compliance



Tom Moore, CTP
Senior Vice President
National Private Truck Council



What to Do? First Steps

- Reply to the notification letter
- Get clarification for any item requested with which you are unfamiliar
- Gather information requested
- Organize all requested documents
- Become knowledgeable in Federal Motor Carrier Safety Regulations and what the audit will likely cover
- Get help prior to the audit (peers, consultants, insurance company)



Tom Moore, CTP
Senior Vice President
National Private Truck Council



What's Next?

- In case of investigation/audit, have documents current and correct, in particular:
 - Accident register and files
 - Proof of insurance
 - Driver qualification files
 - Drug and alcohol program and testing records
 - Logs (or time records) and supporting documents
 - HM training and shipment paperwork
 - Vehicle maintenance files
 - Program management information (what do you do to stay safe and compliant?)



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Senior Vice President
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Longer Term Strategies: Be Proactive

- Establish and maintain a relationship with local DOT officers
- Invite DOT to attend driver safety meetings
- Provide equipment to be used to train academy graduates
- Provide equipment to be used to verify physical agility of civilian DOT inspectors



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Senior Vice President
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No Surprises: Internal Audits

- Many of our members have been conducting internal reviews/mock audits
- Audit forms / tools updated regularly – at least annually
- All locations audited periodically
 - Self assessments
 - Official audit)
- Cover all operational aspects managed by local sites
- Third party and/or internal staff



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Senior Vice President
National Private Truck Council



The DOT Performance Audit

- Driver Qualification Files
- Safety Performance History Files
- Education and Training Records
- Company Policies
- Alcohol & Drug Testing Records
- Hours of Service Compliance – Driver Logs
- Equipment Maintenance Records



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Senior Vice President
National Private Truck Council



Internal Audit - Goals

- Internal Audits measure a location's "readiness" for DOT audits and issues requiring corrective action
- Reinforce 'Best Practices' known to improve DOT compliance requirements; reduce risks of life, financial, and property loss due to accidents; and enhance operating performance
- Internal audits used by local site management, senior company management, legal and risk departments to assess field location DOT Compliance and performance
- Promote and communicate consistency for adherence in DOT compliance responsibilities within corporate operational business structure



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Senior Vice President
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Mock Auditing Pointers

- Actually check records, don't just say "we do that." The key is: do your records prove that you do that?
- Use FMCSA selection methods when selecting drivers and vehicles to audit.
- Follow the same 6 factor format.
- Use a "by the numbers checklist" when auditing driver files (and other files).



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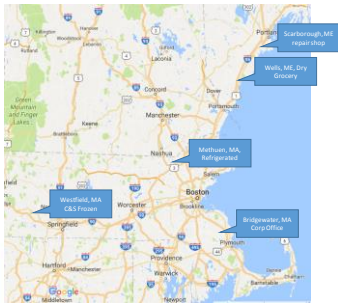
The Fleet Perspective: Clifford W. Perham/Shaw's



Jeff Wermuth, CTP
Director of Transportation
Clifford W. Perham/Shaw's



Fleet Overview



Fleet Statistics

- Service to 153 New England Grocery stores covering 5 states.



- Division of the Albertsons/Safeway Companies

- Wells
 - 50 tractors
 - 56 drivers
 - 150 trailers
- Methuen
 - 46 tractors
 - 56 drivers
 - 150 trailers
- 18 mechanics
- 13 managers
- 5 admin
- 8.5 million miles
- 39,000 deliveries



Audit triggers

First Audit

- Pre-CSA scoring
- Credible complaint
- Had not reviewed in 10+ years
- Provided one month of preparation time

Second Audit

- Two fatal accidents
 - Both non-preventable
- Increase in two CSA categories
- Provided one week of preparation time



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Top Points

- The best way to survive an audit is to not have one.
- Straight, clean and neat wins the day.
- Know what shape your records are in before the DOT knocks on your door.
- The DOT really is an asset.



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Avoiding the audit

- Follow the advice already provided.
- Check your CSA scores regularly.
- Identify trends and address them to avoid increasing scores and attention.
- Review the data and file challenges to any that are not yours.



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Straight Clean and Neat

- The impression that you have a process, and follow the process, matters.
- The more organized and easier it is for the auditor, the more likely the review will go well.
- The harder the information is for them to find and the more disorganized you are, will increase the amount of time the auditor is on location.



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Know where you are

- Standardize the materials the DOT will look at
 - Driver Qualification files
 - Accident files
 - Drug\Alcohol files
 - Maintenance files
 - Logs
- Develop some form of checklist to identify any missing items and doggedly pursue these items.
 - Recommend an electronic version that allows notes and/or scorecarding



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Driver Qualification Files

- Standardize
 - Hand the auditor a summary of how the file is kept in advance of reviewing the files. This demonstrates your process.
 - Initial hire documents on the left, clipped in place
 - Renewable items on the right, clipped in place
- Keep the items in the same order for every file.
- Identify any missing paperwork and document their absence.
- Be clear about what is in the file.
 - We kept certain documents in the file that were not required.
 - If you choose to keep more than is required, do it for all files.



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Driver Qualification Files

- Do not keep Human Resource Records in the file
 - I-9
 - Policy sign offs
 - Disciplinary records
 - Benefits information
- The auditor does not need these items and providing them will slow them down.
- These documents are also auditable



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Driver Qualification File

- The DOT is more interested in your latest files.
- They look for how you are doing today more than what was done in the past.
- Make sure all of your newly hired drivers have complete paperwork as you described.
- Expect that all drivers with accidents and violations will be requested.
- If you have the resources, invest in scanning programs and keep everything digitized.
 - However, if you are audited, print the documents, do not hand over access to the software to the auditor.



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Accident files

- Similar to the qualification files, have a process and an order you use for the whole file.
- Recommended documents
 - Report of what happened with details.
 - 7 day log
 - Police report
 - Pictures
 - Digital camera file
 - Drug test results. If no test was administered provide documentation for why.
- Accidents that were not your fault should include as much supporting documentation as possible.
 - If you are being audited for a high crash rating, the auditor will review all of your crashes and issue a new score based on the number of non-preventable accidents.
 - The burden of proof is on the carrier to provide the facts of the accident.
- If possible, digitize the information.



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Drug and Alcohol files

- Smaller file, less organization required.
- Keep all files in date order.
- Make sure you only have what you need.
- If you have employed a driver with a previous positive result, the auditor will ask for all of the back to work compliance paperwork as well as the increased testing results.



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Maintenance files

- The auditor will request all files for equipment involved in maintenance violations.
- Keep all documents in order.
- Provide the proof that everything was repaired and repairs were signed off.



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Driver Logs

- The auditor will likely ask for logs that belong to drivers with CSA violations.
- They will definitely ask for logs from drivers that had CSA log violations.
- They will ask about your process for addressing drivers with violations.
- They will also ask for your payroll records.
 - They will compare payroll to the log to look for evidence of off duty pay.
 - Best practice: If the driver is being paid, they are logged on duty.



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The DOT at the Door

- Make sure your security teams are aware that an auditor is coming.
- Meet the auditor personally at the entrance.
- Upon arrival ask for their ID.
 - The auditor will not see this as a threat. They will be reviewing personal information. You owe it to your employees to ensure the person reviewing the information is a government agent.
- Have a comfortable working space available for them.
 - Make sure the room is blocked out for the days the auditor is there. Do not allow anyone in the room after the auditor leaves for the day.
 - A quiet space allows the auditor to focus and move through the review faster.
- Keep like files together and in alphabetical or date sequence order.
- Ensure that someone that can answer policy and procedure questions is with the auditor at all times.
- If you don't have a document, make clear that you don't have it.



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The DOT as an Asset

- Their goal is to prevent accidents.
- Ask questions, both to clarify and for best practice.
- Do not hesitate to contact them with questions after the audit. They do understand that there are many regulations and not everyone is an expert.

They are from the Government and really are there to help you.



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How did we adjust?

First Audit

- Standardized files across all divisions
- New hire checklists
- Improved training of fleet personnel
- Yearly internal audit
 - Centralization of the files.

Second Audit

- Digitized files
- Wider accessibility
- KPI review with senior management
- Added to personal reviews



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Question & Answer Session



Gary Petty
President & CEO
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Tom Bray
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More Questions?



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NPTC/J.J. Keller Webcast Series

- Today's webcast concludes our 2018 webcast series
- Visit www.jjkeller.com/nptcinfo to review our library
- Watch this space for our 2019 webcast line-up – Coming Soon



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today's webcast!

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