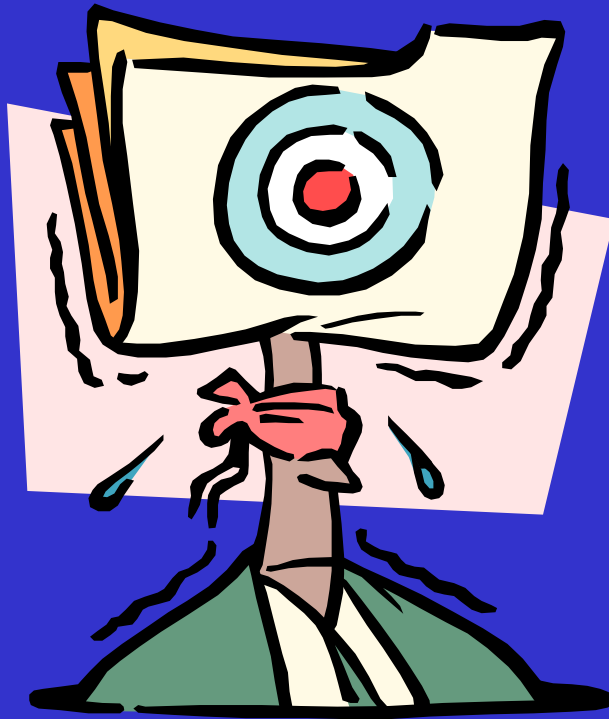


Surviving a U.S. DOT Compliance Review



Why Worry About it?

- Never been audited before
- I pass my CHP inspection every year
- I drug test my drivers
- We've never had an accident
- We run a “good” company

Prior Audit Triggers

- Complaint
- Hours of Service Violations
- Maintenance Violations
- Accidents



Crashes and Fatalities have made Bus Companies a target for enforcement

Fatal & Non Fatal Bus Crashes in California

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
136	346	430	1109

Fatal Bus Crashes in California

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
32	37	32	29

Bus Fatalities in California

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
43	34	32	N/A

DOT Audits in CA 2006

1061 Total Audits

625 Satisfactory 58.9%

290 Conditional 27.3%

100 Unsatisfactory 9.8%

46 Not Rated 4.34%

DOT Audits in CA 2006

1061 Total Audits

203 Acute Violations

1074 Critical Violations

7885 Other Non-Acute or Critical Violations

9162 Violations Total

DOT Audits in CA

393 Interstate Passenger Transportation
Companies within California

144 audited in 2006

81 audited in 2007

23 Conditional Ratings

CHP Terminal Inspection VS DOT Compliance Review

CHP

- Strong focus on vehicle condition
 - State Specific Requirements
Pull Notice, Driver Proficiency
- Unsatisfactory Rating 120 follow-up
No penalty

CHP Inspection VS DOT Compliance Review

DOT

- Predominately Administrative
- Follows comprehensive Federal Standards
- In-depth Hours of Service review compares source documents
- PENALTIES FOR NON-COMPLIANCE

The DOT has sent a letter
requesting a Compliance Review.

What next?

- Answer the letter
- Get clarification for any item requested that you are unfamiliar with.
- Gather information requested
- Perform a self audit

Documents Commonly Request

- Equipment List by Vehicle Type
- Driver List
- Company's Gross Revenue for the last fiscal year and fiscal year end date
- Total Fleet Mileage for past 365 days

Documents Commonly Request

- Vehicle Maintenance Files & annual inspection reports
- Driver Vehicle Inspection Reports
- Accident Register
- MCS-90

Documents Commonly Request

- Driver Qualification File 391.51

Driver Application, Driving Record,
Inquiry to Previous Employer, Annual
Review of Driving Record, Medical
Examiners Certificate

Documents Commonly Request

- Driver Hours of Service (Logs) and supporting documentation 395.8

Supporting documentation may include fuel receipts, payroll records, toll receipts, hotel bills, meal receipts, passenger manifests.

Documents Commonly Request

- Controlled Substance and Alcohol Testing Program Information 382
 - Summary of testing and test dates
 - Supervisor Training
 - Drug Test Policy

How Do I Prepare?

- Organize all requested documents
- Become knowledgeable in Federal Regulations
- Get help prior to the audit (Peers, consultants, Insurance Company)
- Conduct a self audit

What to expect

- Anticipate 1-5 days for inspection depending on the size of your company.
- Expect an in-depth review of all compliance requirements.
- Expect fines for non-compliance.

What to Expect

- Be Cordial and Accommodating.
- Provide specific documentation when asked.
- Have a current FMSCR manual with the interpretations available for reference.
- Ask Questions.

Most Frequent Acute Violations

- 382.305 Failing to randomly test for drug & alcohol 73 violations
- 382.115A Failing to implement a drug testing program 58 violations
- 383.37a Allowing a driver to drive on a suspended or revoked license 11 violations
- 382.215 Using a driver who has tested positive for a drug test 7 violations

Most Frequent Acute Violations

- 390.35 Requiring, permitting or making false records 3 violations
- 391.15a Driving a CMV while disqualified 2 violations
- 387.31a Bus-Inadequate or no financial responsibility 2 violations

Most Frequent Critical Violations

- 396.11 Driver Vehicle Inspection Reports 245 violations
- 383.301 Using a driver before receiving a pre-employment test result 192 violations
- 395.8k Failing to preserve supporting documents for 6 months 107 violations
- 396.3b Failing to maintain minimum inspection records and maintenance 48 violations

Most Frequent Critical Violations

- 391.52 Inquiries into employment record not kept in DQ File 45 violations
- 395.8 No record of duty status 44 violations
- 396.17a Using a CMV not periodically inspected 36 violations
- 391.5a Failing to maintain a DQ file on each driver 35 violations

What does a Conditional Rating Mean?

- Potential Loss of Business
- Increased Insurance Premiums or possibly cancellation
- Fines
- Follow-up Review by DOT

Resources for Compliance

- JJ Keller

<http://www.jjkeller.com/>

- Label Master

<http://www.labelmaster.com/>

- <http://www.fmcsa.dot.gov/rules-regulations/rules-regulations.htm>

- Lancer Insurance www.lancerinsurance.com