

## **THE NEW AUDIT PROGRAM: A YEAR IN REVIEW**

The new Ministry Audit program has been in use for almost a year now. In my experience, the new program is much more "fair" in terms of allowing some lee-way on driver hours, but there is a much heavier burden on the carrier to be able to find specific pieces of information.

In general, I find that the majority of carriers are passing the audit, but are subjected to a number of charges being laid against both the driver and the company. As we are all aware, all of those associated points are levied against the company's CVOR.

Carriers must be aware of the important of having organized files as it's very beneficial to be able to provide the auditor with the required information in a timely and organized fashion.

Some of the key areas of concerns during an audit have been:

1. Effective January 1, 2010, Ministry auditors have the right to request records for those vehicles equipped with satellites. I have been advised by an auditor that even if the satellite provider only keeps 60 days worth of records, the MTO expects a carrier to download that information on a regular basis and keep this supporting documentation for 6 months.
2. A carrier must be careful in terms of what documentation they choose to include as part of the log verification process. Although it might be verifying the driver logs against fuels and border crossing receipts, a company may choose not to audit logs against bills of lading or satellite records. A corresponding did permit charge to the company is likely if an auditor finds falsifications between log entries and bills of lading, expense receipts or satellite records. The thinking behind this type of charge is simply that the carrier has these extra tools available, but chooses not to use them.
3. The vehicles selected for the audit have undergone a roadside inspection somewhere in North America. As a part of the audit process, carriers are asked to provide their copy of the roadside vehicle inspection report (Canada and US) for a particular inspection.

4. A carrier will be asked to provide the Driver's Vehicle Inspection Report (DVIR) for a vehicle for a specific date. Normally that date would be the date of a roadside inspection. If defects were found, or if the vehicle was placed out of service, those defects must be recorded on the DVIR. Further, the vehicle maintenance file must provide proof that repairs were carried out in a timely manner after the defect was reported.

5. Collision review is much more in depth under new audit program. Not only does the carrier need to have a file for each collision on record proving that the collision was reported and investigated, but the auditor will ask to see the drivers log for that month (if within the 6 month period), as well as the maintenance file for the vehicle involved in the collision.

6. Driver and vehicle lists must be current. If a driver hasn't driven in the last 6 months, the driver should be removed from your current list. It's important to cancel the plates for older trailers just sitting in the yard. If they are still recorded as plated, they should be included on your current vehicle list, which in turn increases the number of vehicles the auditor is entitled to review.

7. Make sure you have a written maintenance policy and that all vehicles, including those owned by owner operators, follow that policy. Review your maintenance records to ensure that dates and odometer readings are included on all invoices/receipts.

We've all had to tighten our belts over the last couple of years. In many companies, staff numbers have been cut drastically. The time and resources spent in conducting a self audit are well worth it. It is far better to find any shortcomings yourself during a review that it is for an auditor to tell you about them after an audit.

In some instances, it might be beneficial to hire an independent 3<sup>rd</sup> party to conduct a mock audit to provide an unbiased review. An independent 3<sup>rd</sup> party will outline the deficiencies and provide some recommendations.

For further information on the current audit process and what you can do to ensure you are ready, please feel free to contact me.