

DOT Outsourcing: An Opportunity to Improve Your Business



More often than not, the decision to outsource compliance work is triggered by an event, such as a DOT or IRP audit, that sends a clear signal that current processes aren't working. When you're up against a 60-day deadline on a conditional SafeStat rating from the DOT, quick compliance becomes a priority.

A better option, and one that can ultimately be healthier for your organization, is to be proactive about exploring the costs and benefits of outsourcing compliance. Ask yourself, "What is my company not able to do because my staff is burdened with compliance?"

Compliance tasks tend to drain resources that could be used elsewhere. If there's a lack of expertise within your company or you're spending too much time on compliance, it becomes a roadblock to generating income.

When you outsource compliance tasks, that third party can take care of the data, giving your people time to manage, provide training, and remedy the deficiencies.

For example, we met with management at a company with more than 1,000 drivers. Together we discovered that they were spending extraordinary time trying to get logs audited. They couldn't keep up with auditing, let alone find time to counsel the drivers to get them into compliance. Realizing this was putting them at considerable risk for noncompliance and safety issues, they outsourced the log auditing.

Is outsourcing an option that can free you to focus on the bottom line instead of compliance tasks? To get the most out of outsourcing, you need to do some legwork up front. Put thought into what you want to accomplish, and carefully assess potential providers to be sure you make the right choice. The following tips will help you get started.

1. Define Compliance Objectives.

To identify the ROI for outsourcing, work through each area of your company that's impacted by DOT and IFTA/IRP compliance. The work functions that are the most complex and

time-consuming to manage are below. It's here where you need to evaluate costs and benefits.

- **Driver qualification.** Within each driver's file, you need to document information required by the Federal Motor Carrier Safety Regulations (FMSCA). The mere presence of a document in the drivers file doesn't equate to compliance. A thorough audit of your DQ files will uncover deficiency at some level. We know – we see it every day. An outsourcing partner can objectively audit your files and establish goals to bring files back into compliance quickly and accurately.

- **Driver log auditing.** Log errors and falsification can lead to heavy DOT enforcement. An outsource partner can help initially establish a driver training program, and then can actually assist with log auditing. Start with attainable goals, such as counseling 10% of drivers the first month, and an additional 10% each month after. As a company, you counsel your drivers, and let the service provider audit the logs, doing what they do best.

- **Drug and alcohol program management.** Your drug and alcohol policy must contain eleven key components to be 100% compliant. The number-one source of regulatory violations in drug and alcohol program management lies within companies' drug and alcohol policies — its much more than randoms, pre-employment tests and site management. Select a partner that is proven and manages beyond the fundamentals.

- **Fuel Tax reporting.** Many states are increasing the number of audits they perform — and if you don't have adequate records, state auditors are allowed to use their discretion on how they assess you. It doesn't take many missing miles or fuel receipts for the dollars to add up quickly. In fact, the penalties and interest of an IFTA or IRP audit can be more costly than the actual tax dollars, especially when a 1% monthly penalty accrues for three or four years. Bottom line: Working with an outsourcing provider will reduce your audit exposure by properly documenting all miles, all states of travel, all routes and all fuel purchases. A fuel tax reporting provider will work with you to get mileage and fuel data downloaded or entered keeping your records sound.

2. Do Some Legwork.

What exactly does “compliance” mean to you? In addition to helping you operate legally, focusing on compliance can also provide you with ready answers to questions that affect how you run your operation — ultimately supporting your efforts to operate efficiently and profitably.

Do you know exactly when documents expire in your DQ files? Are you getting 24-hour turnaround on drug tests? Can you immediately see hours-of-service compliance? Do you know where all of your vehicles/trailers/equipment reside? Do you have ready access to vehicle titles and registration documents?

The right outsourcing provider can stay on top of these issues for you. It’s critical to look at the value your outsourcing partner can provide, especially in today’s marketplace. Implementing a partnership takes an investment in time and energy, and if you sign on with a provider who is unable to satisfy your needs, or who isn’t compatible with your company, it can be difficult to make a change. You don’t want to make a mistake.

Do your homework on an outsource provider for DOT compliance:

- Do they have the resources to give you what you need?
- Do they have other capabilities you may not need today, but may need later?
- Can they grow with you?
- How flexible is the potential provider?
- Can they tailor their services to meet your needs?
- What will they do to make sure implementation goes smoothly?
- What kind of support will the provider give you during a DOT or IRP audit?

Be sure the provider you choose is financially stable and has the infrastructure and expertise you need. Nearly anybody can process data, but it takes experience and up-to-date knowledge to achieve compliance.

For example, I assisted a company that switched their driver qualification files to us from another provider. The company assumed it was at 100% compliance with its current provider, but as their files were audited, it was found they were actually 0% compliant. Not one driver file was in compliance!

What was the difference? The other provider was only confirming that documents were present, while the audit we performed was based on the letter of the law – documents are present, all fields are complete, and nothing is expired, such as training, licenses, medical cards, etc.

Remember, it’s difficult to change from one service provider to another. Get answers to all of your questions before you enter a partnership. Plus, ask for references ... and check them.

3. Remain Accountable and Diligent.

After you’ve selected your outsourcing partner, your work isn’t done. You need to stay focused on your original goals throughout implementation and beyond, and make sure your outsourcing partner knows them, too.

While your outsourcing partner can take a lot of work off of your plate, your day-to-day compliance responsibilities won’t disappear. Even the best providers aren’t magicians, and they can’t get you into compliance without your help and support. For example, you need to send in driver logs on time for the provider to give you current log audit results. If your provider is handling your DQ files and alerts you to expiring documents, you need to communicate with your drivers to get the updated paperwork. If your provider is handling your fuel tax reporting, you need to collect the receipts from your drivers and send them in or ensure that mileage data is transferred to the provider.

Look at your outsourcing partner as an extension of your business, because that’s what it is. As with other areas within your company, you need to be prepared to communicate and share the necessary data with your outsourcing partner to get the job done right.

Having worked with hundreds of businesses in many industries, it’s clear while processes and priorities differ, accountability to compliance must be maintained. Logistics and supply chain activity shouldn’t be jeopardized by inadequate attention to regulations. A partner that helps you manage DOT and IFTA compliance must have the capabilities, infrastructure and experience to support you. When you take the steps to ensure you are working with someone you can trust — and then make the outsourcing arrangement a true partnership — you can realize the best possible benefits of outsourcing compliance.



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