



DOT

COMPLIANCE

FOR NEW ENTRANTS

WHAT YOU NEED TO KNOW



**A GUIDE CREATED BY:
TRUCKERS
BOOKKEEPING
SERVICE**

DOT COMPLIANCE FOR NEW ENTRANTS

WHAT YOU NEED TO KNOW

...CREATED BY TRUCKERS BOOKKEEPING SERVICE

In 1968, [Truckers Bookkeeping Service](#) began providing independent truckers with permitting and fuel tax reporting services. TBS specializes in helping new and established trucking companies stay in compliance with the necessary and time-consuming paperwork and requirements of the trucking industry. Our staff of specialists is skilled in ensuring that clients are relieved from the tiresome and complicated chores required by the numerous regulating agencies.

In 1998, [TBS Insurance Agency](#) was formed to provide truck insurance throughout the nation. [TBS Factoring Service, LLC](#) was started in 2004 to provide simple and flexible cash flow solutions with freight bill factoring. These three companies together provide a one-stop-shop for independent trucking.

The TBS family-ownership group, based in Oklahoma City, Oklahoma, has over 50 years experience serving independent truckers. Our clients receive outstanding service from a seasoned and dependable staff.

 **LET'S BE FRIENDS**





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DOT

COMPLIANCE

FOR NEW ENTRANTS

WHAT YOU NEED TO KNOW

Trucking is one of the most regulated industries in America. Whether you're a firm with thousands of drivers or an owner-operator with one truck, those rules apply to you. As soon as you obtain your Operating Authority, you must comply with numerous federal and state regulations.

Keeping compliant is as important as finding loads to haul and keeping a well-maintained vehicle. This Ebook will tell you how to stay DOT compliant, and help you decide whether you have time to handle the process yourself or need to hire a service provider to handle that part of your business for you. If you decide to hire a compliance service, this book will guide you through some of your regulatory and safety questions, and help you get the most for your money.

NEW ENTRANTS: UNDER A WATCHFUL EYE

The Federal Motor Carrier Safety Administration (FMCSA) has published a list of [16 violations in the Federal Register](#) that will result in the automatic failure of a new entrant safety audit.

FMCSA believes the raised standards will improve the agency's ability to identify at-risk new entrant carriers and ensure deficiencies in basic safety management controls are corrected before the new entrant is granted permanent registration.

In addition to the FMCSA and DOT, you may also be accountable to OSHA, the Department of Labor, or the Hazardous Materials Pipeline Administration dependent on your mode of operation.

CHAPTER #1

7 HABITS OF SUCCESSFUL TRUCKERS

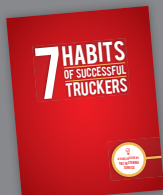
Like most worthwhile things in life, being an independent trucker is both challenging and rewarding.

First the good news: you are your own boss, rates are competitive, and there is plenty of available freight.

On the other hand, your rig is expensive and requires a lot of TLC; your cash flow, at times, is unpredictable; and staying healthy on the road is more difficult than expected. No wonder consultants who track such things say there's only a one in ten chance that a new business owner starting out today will still be in business in two years.

To help you beat those odds, we've compiled some of the best advice we've heard from truckers.

[Download our
free 19-page
Ebook today!](#)



FMCSA
DOT
SMC
CSA
BASIC
PEP
BOC-3
HM

WHO REGULATES TRUCKERS?

The Federal Motor Carrier Safety Administration (FMCSA) is the government agency responsible for writing and enforcing trucking regulations. FMCSA is a division of the Department of Transportation (DOT). FMCSA instituted the Compliance, Safety, Accountability program (CSA) along with BASIC, which stands for Behavior Analysis and Safety Improvement Category. They also implemented special rules for Hazardous Materials carriers (HM), along with Safety Management Cycles (SMC) and Pre-Employment Screening (PEP) procedures.

This alphabet soup of acronyms can be confusing, but it's also crucial to your success. If you run the rest of your business well but don't stay compliant, you won't have a business.

You can get your MC Number quickly, but you can't operate until you receive your official Operating Authority. That generally takes 3-4 weeks, assuming all your paperwork is in order and filed in a timely manner. Here is how it happens:

1. FMCSA issues your MC Number.
2. MC Number is published in the FMCSA Register.
3. 14-Day Protest Period starts when MC Number is published.
4. File Insurance (from your insurance company) and BOC-3 (you or compliance provider).
5. Receive Operating Authority after Protest Period ends and all filings are made.
6. Compliance requirements. Start planning for your New Entrant DOT Audit.

Statistically the 14th day of the "14-Day Protest Period" is the soonest and best day to purchase your insurance. Any earlier and you may be paying for insurance you are not able to use because you are not operational. You could be active on the 21st day which provides that 7-day period to bind your insurance coverage.

CHAPTER #1

FMCSA

BASIC

DOT

BOC-3

PEP

SMC

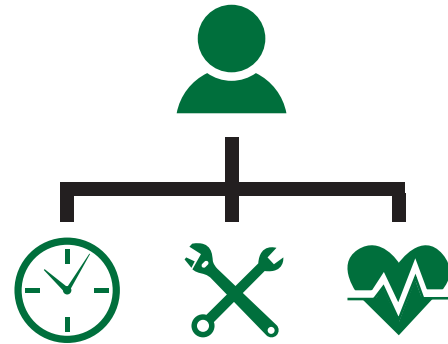
CSA

HM

WHO REGULATES TRUCKERS? (CONT.)

The FMCSA will conduct a safety audit of a new entrant carrier within the first 18 months of operation to determine if the carrier is exercising basic safety management controls. If the new entrant passes the audit, it retains the new entrant registration while remaining subject to the new entrant safety monitoring system until the end of the 18-month period, and is granted permanent registration if it successfully completes the monitoring period.

CHAPTER #2



FIRST 90 DAYS

If, as Corrie Ten Boom said, *the first step on the way to victory is to recognize the enemy* then your biggest enemy is bad or faulty record keeping. If you want to pass the New Entrant Audit – **keep the proper records from day one**. Some regulatory requirements must be in place within the first 30 days of operation:

- Drug & Alcohol Policies
- Pre-Employment Drug Testing
- Random Testing Consortium
- Driver Qualification (DQ) Files
- Reasonable Suspicion Supervision Training may be required if you supervise drivers. If you do not supervise drivers, this is not a requirement for you.



CREATE A COMPLIANCE PLAN

Write down your compliance plan just like your business plan. If you don't have a business plan, the [Small Business Administration](#) has useful information to help you develop one. Assistance in creating your compliance plan can be found on the [FMCSA web site](#). You'll find a list of all requirements, along with an [Educational and Technical Assistance Program Guide](#) and a section of [frequently asked questions](#).

New entrants face particularly strict scrutiny from the DOT and FMCSA. They are officially on probation for the first 18 months. FMCSA believes the stricter rules, which will annually affect about 40,000 motor carriers, will prevent approximately 39,929 crashes over 10 years and yield a 10-year benefit of \$3.778 billion in direct cost savings such as medical, emergency services and property damage. This will also reduce indirect costs including lost productivity and diminished quality of life.

It is important to keep up-to-date with [new regulations posted](#) on the FMCSA website and also to know the regulations of your base state and states you will pass through.

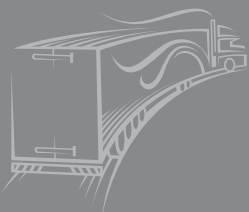
If you find staying on top of all these regulations intimidating, or even just plain annoying, you may want to hire an experienced DOT compliance company to help.

CHAPTER #3



HISTORY LESSON

SafeStat, developed in the mid-1990s, was the former system for measuring safety performance in the trucking industry. In 2008, the FMCSA expanded the model and began testing the CSA initiative that included a new tool to measure the safety of individual motor carriers called the Safety Measurement System (SMS). CSA replaced SafeStat in December 2010, as the new nationwide system and program for making roads safer for motor carriers and the public alike.



REVIEW THE BASICS

Safety management violations can ground you as surely as engine trouble. Unlike engine trouble, it may take you longer to resolve compliance violations. It only takes one good mechanic to fix most engine problems. Fixing a safety violation may involve two or three or more federal and/or state government entities.

Also, unlike maintenance problems which require straight mechanical fixes, one government regulatory agency may respond well to a wrench but another group might require a hammer.

It is not uncommon to be placed Out of Service while compliance issues are being resolved. One way to avoid this is to respond to any FMCSA letter the moment you receive it. If you are on the road, it is important to have someone you can rely on to periodically check your mailbox and to notify you of any such letter. Reportedly, some motor carriers have been issued civil penalties for failure to respond to a letter from the FMCSA.

A really good tool to have in your toolbox is to memorize the BASICS. There are seven areas of DOT scrutiny known as the Behavior Analysis and Safety Improvement Categories (BASICS). [Download the fact sheet here.](#) The DOT will require you to have policies in place and to document any issues regarding:

- Unsafe Driving
- Hours of Service
- Controlled Substances/Alcohol
- Vehicle Maintenance
- Driver Fitness
- Crash Indicator
- Hazardous Materials (HM)

CHAPTER #4



PASS OR FAIL

The new CSA requirements dictate how you are continually rated. Your BASICs scores will affect your ability to operate, bid for future business, and maintain your livelihood.

Example: ABC Company operates 4 power units and had 4 roadside inspections. Of the 4 roadside inspections, two units received OOS (Out of Service) violations. ABC Company is now rated beyond the appropriate BASIC threshold at a 50% out of service violation rating. DOT will issue an Offsite or Onsite Investigation and may not send a warning letter beforehand. Make sure you check your BASICs scores regularly – your livelihood depends on it.



HOW YOU'RE RATED

The New Entrant DOT audit is either pass or fail. The audit officer will determine if you have applied the essential elements of basic safety management controls to your business and rate you accordingly. On the next page you will find examples of BASICs violations.

If the driver is an owner-operator operating under his/her own authority, then the owner-operator is responsible for making sure he/she is DOT compliant. Owner-operators are allowed to self-manage and administer their compliance requirements. In effect, the owner-operator is both the driver and the company.

If the owner-operator leases onto a carrier, then the carrier he/she is leased to becomes responsible for DOT driver qualification reviews, such as making sure the owner-operator's credentials (license and medical card) stay current and for conducting annual reviews.

If you hire drivers, you (the company) are responsible for tracking their compliance. Make sure that your drivers' records or DQ files (Driver Qualification) are clean and up-to-date. We will cover more about hiring compliant drivers in Chapter Six.

What happens when a motor carrier fails their DOT Audit? At the conclusion of your DOT Audit, the auditor will review your scoring with you. Deficiencies are discussed and points are assigned based on the severity. If the point totals indicate you have failed your Audit, the auditor should immediately provide instructions on how to correct it or they will send the instructions via email or US mail. The motor carrier is typically provided a 10-day window to submit a Corrective Action Plan. A Corrective Action Plan is the only means allowed to respond to the areas of deficiency discovered at the DOT Audit.

Corrective Action Plans are specific and you will be provided an outline detailing the form and format for preparing your submission. Depending the severity, the motor carrier may choose to secure assistance in preparing and submitting a Corrective Action Plan from a professional provider.

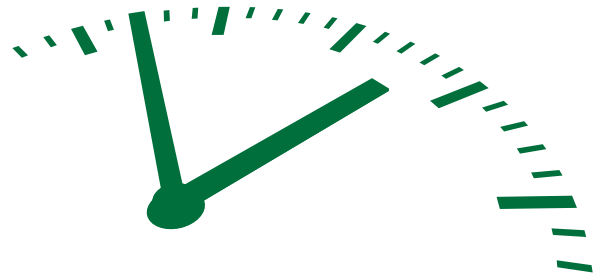
CHAPTER #4



BASIC VIOLATIONS

	<p>Unsafe Driving: Operation of commercial vehicles (CMVs) by drivers in a dangerous or careless manner.</p>	<p>Speeding, reckless driving, improper lane change, and inattention. (FMCSR Parts 392 and 397)</p>
	<p>Hours-of-Service (HOS) Compliance: Operation of CMVs by drivers who are ill or in noncompliance with the HOS regulations. This BASIC includes violations of regulations pertaining to records of duty status (RODS) as they relate to HOS requirements and the management of CMV driver fatigue.</p>	<p>HOS, RODS, and operating a CMV while ill or fatigued. (FMCSR Parts 392 and 395)</p>
	<p>Driver Fitness: Operation of CMVs by drivers who are unfit to operate a CMV due to lack of training, experience, or medical qualifications.</p>	<p>Failure to have a valid and appropriate Commercial Driver's License and being medically unqualified to operate a CMV. (FMCSR Parts 383 and 391)</p>
	<p>Controlled Substance/Alcohol: Operation of CMVs by drivers who are impaired due to alcohol, illegal drugs, and misuse of prescription or over-the-counter medications.</p>	<p>Use of possession of controlled substances/ alcohol. (FMCSR Parts 382 and 392)</p>
	<p>Vehicle Maintenance: Failure to properly maintain a CMV and/or to properly prevent shifting loads.</p>	<p>Brakes, lights, and other mechanical defects, failure to make required repairs, and improper load securement. (FMCSR Parts 392, 393, and 396)</p>
	<p>Hazardous Materials (HM) Compliance: Unsafe handling of HM on a CMV.</p>	<p>Release of HM from package, no shipping papers (carrier), and no placards/markings when required. (FMCSR Part 397 and Hazardous Materials Regulations Parts 171, 172, 173, 177, 178, 179, and 180)</p>
	<p>Crash Indicator: Histories or patterns of high crash involvement, including frequency and severity. It is based on information from State-reported crashes.</p>	

CHAPTER #5



PAPER VS. ELECTRONIC

Probably one of the most annoying things new truck drivers need to get in the habit of doing is filling out their daily log book. Paper or electronic, you should choose the type you feel the most comfortable with. They all get the job done.



VS.



CLEAR, TIMELY RECORDS

The best way to control your paperwork is to do a little bit every day and not allow it to pile up at the end of the month.

Have you ever tried to remember a movie you saw a week ago or a month ago? How many details slipped away from you? Forgetting to record your mileage or number of hours worked on the road could cost you your license. Keeping your compliance records current only takes a few minutes each day, but those minutes will save you many hours when you need to produce them for a DOT audit. Some records require you to maintain them for a specific length of time. Not doing so can result in violations with potential civil penalties. Get into the habit of recording everything as soon as it happens.

Federal law requires truckers to keep up-to-date and accurate log books in their vehicles at all times. Law enforcement officials may request these records at any time. Log books must contain complete entries of driving hours, on-duty work periods, rest breaks and time spent in the sleeping berth for the last seven days. The best way to prove you're in compliance is to make sure you record your compliance activities. [Click here](#) to find a Logbook example.

Establish procedures (write them down on paper) early on and include any training material you provide for your drivers. The DOT auditor will not just "ask" if you've been compliant, they will ask what procedures you are following and want written proof of, at minimum, a Controlled Substance Policy and Hiring Criteria (if applicable).

NEW ENTRANT DOT AUDIT REQUIRES:

- Total miles traveled in the last 365 days. You can obtain this information utilizing your logs or IFTA (International Fuel Tax Agreement) and IRP (International Registration Plan) agreements/reports.
- Copy of Insurance Certificate showing liability carried.
- List of all drivers who operated under your authority in the last 365 days. Include: name, DL#, Hire/Termination dates, part/full-time, MVR record and prior employment/safety history.
- DOT Accident Register – record any/all accidents in the last 365 days.
- List of all vehicles and trailers including plate numbers.
- Policy Manuals – Controlled Substance Policies/Procedures, Hiring Criteria.
- Controlled substance testing records.

CHAPTER #6



WHERE IT HURTS

Violations of the new HOS (Hours of Service) rules can cost a company \$11,000 per violation, and individual drivers \$2,750 per infraction.



HIRE COMPLIANT DRIVERS

As an owner-operator, you are responsible for your drivers' compliance. You can be held accountable for putting an unqualified driver on the road. You are required to perform a 3 year background investigation on all drivers and provide written evidence of the verifications you obtain.

You have to know and document your procedures. The Safety and Fitness Electronic Records (SAFER) database has information on recent CSA violations. [Click here](#) to access the site's Company Snapshot section and enter in either their MC# or DOT# to view the report. Before you hire anyone, do your research.

Your audit will require that you have obtained the driver's Motor Vehicle Record (MVR). If you wish to obtain a copy of another person's driving record, you must have that individual sign a Consent to Release form before you can receive a copy of that person's driving records. Driving records may be purchased online from his/her domiciled state's Records Management department.

Impress upon your drivers the importance of compliance. Take time to train them on your procedures, so your compliance paperwork is clear and consistent. Remember, a little time spent up front on proper training and keeping the paperwork current can be a lifesaver later in the event of trouble, or even just a routine DOT audit or traffic stop.

A solid Driver Hiring Policy is important and required by DOT. Remember, you are absorbing that driver's past 2 years safety performance on your company's CSA Score. It is advisable to verify that prospects have:

- Valid CDL for appropriate domiciled state
- Medical card that is current and valid
- Negative pre-employment drug screen
- Good prior employment safety record
- Clear prior employment drug & alcohol history
- Clean MVR (motor vehicle record)

CHAPTER #7



DO YOU KNOW YOUR COMPLIANCE COST?

Add up the number of hours you and other members of your family spend on compliance – everything from keeping records to filling out regulatory required forms and documents. Then figure out what you could make per hour if you put that time into running your business. That's your hourly compliance cost.



DIY VS. BUY

You probably went into trucking to haul loads and provide for your family. Spending time on the road, finding the next load, and maintaining your truck may not leave a lot of time for documenting your compliance with FMCSA and Department of Transportation (DOT) rules.

If you're not an expert mechanic, you probably outsource your maintenance to a garage. Some owner-operators will even buy a garage to ensure they can control their maintenance costs and to provide additional income.

Similarly, if you're not a compliance expert you might want to outsource those tasks to a company that is. The FMCSA and DOT rules are not simple. The regulations are meant to cover the entire industry, but there are times when your particular situation may not be clear. Can you be sure you've made the right regulatory decisions? In some areas DOT allows you to decide what your policies will be, but do you know what they are?

There are many companies out there who claim to provide these services for you. How can you decide if they're worth hiring? Ask a lot of questions before choosing. Are they accredited? Are they trying to sell me stuff I don't need? Do they have a certified Director of Safety on staff?

If you are knowledgeable about DOT regulations, and a real do-it-yourselfer, perhaps you only need a resource to provide the forms. On the flip-side, if you are stretched for time but want to do everything possible in order to pass your safety audit, a compliance provider may be the best choice. Use caution either way, or your business might suffer.

CHAPTER #8



WARNING SIGNS: PROVIDERS TO AVOID

Sadly, many owner-operators have been fooled by companies promising to take them through the DOT Audit, but then only took their money. Get to know who you are doing business with. Referrals from people you know are among the best ways to qualify any prospect. Below we've listed some of the worst practices of predatory firms:

- Implying they are connected with the DOT
- Using a fake or facsimile of the DOT seal on communications
- Threatening revocation of your MC Authority if you don't do this or that
- Using scare tactics of any type
- Charging high prices to just send brochures or instruction manuals



IS IT A GOOD FIT?

If you run a trucking company of any size, you are probably deluged with offers from companies claiming to do compliance cheaper and better than you can. If you've figured out your hourly compliance cost, you should be able to evaluate their offers. The most important question to ask about any company is: do they have the knowledge and experience to help get you through your New Entrant Audit and keep you compliant throughout the year?

Here are some questions to answer before signing:

1. Is the provider performing the tasks, or just providing a packet of instructions? If you're paying a company to handle your compliance issues, make sure they are actually providing the services as agreed. The motor carrier is responsible for the work performed by the provider.
2. Is the potential provider selling unnecessary services? Some companies are demanding training that may not be required of you. Can you afford to pay for something you don't need?
3. Are you just being told to take online courses? Some online courses may have value but others can be outdated. They may not have the most current regulatory information you need. Do you really have the time to take online courses when you need to be on the road?

The bottom line is that companies that are just selling information packets and online courses are not true partners in your business. They are merely providing source material that you could find online with a few clicks.

Look for an experienced compliance company who can help you with the tasks of staying current with government regulations, filing forms, and guiding you through the DOT audit process. The best compliance services providers are your partners in business. They do the compliance work for you, so you can concentrate on finding the next load.

INDEPENDENTS CHOOSE TBS

Truckers Bookkeeping Service specializes in helping new and established trucking companies stay in compliance with the necessary and time-consuming paperwork and requirements of the trucking industry. We do it right the first time!

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SE HABLA ESPAÑOL



LET TBS KEEP YOUR TRUCKS ROLLING

- MC Authority / BOC-3
- IFTA
- Fuel Tax Reporting
- DOT Compliance Services
- Permitting
- IRP Tags
- Factoring
- Insurance

Above are our most commonly requested services. If you don't see what you need on this list, just call and ask. It's more than likely that we can help.



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