

STANDARD 15
FACILITY AUDIT

TABLE OF CONTENTS

	PAGE
1. INTRODUCTION	15-5
2. DEFINITIONS	15-5
3. POLICY	15-6
4. AUDIT PROCESS	15-8
5. THIRD PARTY AUDITS	15-9
APPENDIX A - STANDARD PRACTICE	15-11
APPENDIX B - FACILITY AUDIT SAMPLE GUIDELINES	15-18
APPENDIX C - THIRD PARTY AGENTS/AUDITORS SELECTION AND CERTIFICATION GUIDELINES	15-19

1. **INTRODUCTION**

The purpose of the National Safety Code (NSC) Facility Audit is to monitor carriers for compliance with all applicable highway safety regulations including but not limited to those covered by the National Safety Code for Motor Carriers. An audit consists of a detailed examination of certain records which are required to be maintained by bus and truck carriers, interviewing personnel who are responsible for safety management, conducting on- and off-highway Commercial Vehicle Safety Alliance (CVSA) inspections on commercial vehicles and recording the audit findings.

The Facility Audit serves as a means of evaluating a carrier's safety/compliance performance with respect to the identification of violations and the use of consistent and acceptable sampling guidelines as provided under Appendix B. In addition the audit results can be used in conjunction with a carrier profile to establish a carrier safety rating (NSC Standard 14, Carrier Safety Rating). To that end, the audit must be both quantifiable, uniformly delivered within each jurisdiction and compatible with other jurisdictions.

All drivers and vehicles over which the carrier exercises control including company drivers and vehicles, owner operators, leased vehicles and drivers acquired through driver services are subject to audit. (See Section 4a, Audit Process: Sample Size Selection)

The decision as to whether Facility Audits are done by appointment or on an unannounced basis should be left to the auditor or audit team. Either method may be selected, depending upon the specific circumstances prevailing at the time or in a particular situation.

2. **DEFINITIONS**

Within the context of this standard, the following definitions apply:

“authority to operate commercial vehicles” (*permis d’exploiter des véhicules commerciaux*) means the form or forms of licensing required to operate commercial vehicles in the jurisdiction where vehicles under a carrier's responsibility are registered and where the NSC audits are carried out.

“daily commercial trip inspection reports” (*rapports quotidiens de ronde de sécurité de véhicule commercial*) means the report which includes pre-trip and/or post trip commercial vehicle inspections.

“facility audit” (*vérification en entreprise*) means a quantifiable, performance based audit designed to review a carrier's compliance, the results of which are used to establish a safety rating.

“facility auditor” (*vérificateur d’entreprise*) means a person authorized to conduct a motor carrier facility audit and includes both a government employed and a third party auditor.

“third party audit” (*vérification externe*) means a facility audit undertaken by a third party auditor on behalf of the government.

“third party auditor” (*vérificateur externe*) means a person authorized to conduct a motor carrier facility audit, who is not a government employee.

“third party agent” (*représentant externe*) means an individual or organization that is authorized on behalf of the government to administer the scheduling and delivery of third party audits through the deployment of third party auditors.

“time marker” (*carnet de bord*) means a written record used to establish the time and location of a driver and/or commercial motor vehicle on a highway for the purposes of ensuring compliance with various Acts, regulations and inspections. Such a record might include reference to the time, date, plate and unit number (power unit and/or trailer), location and any other relevant details.

“safety rating” (*cote de sécurité*) means an evaluation developed pursuant to NSC Standard 14 of a motor carrier's safety performance.

3. **POLICY**

Every jurisdiction will have in place legislation or regulations ¹ setting out at least the following requirements:

(a) **Record Keeping Requirements**

- (i) Every carrier shall maintain records of the driver licensing qualifications of each person who operates commercial vehicles on its behalf, the hours of service worked by each driver and supporting documents; convictions for traffic offences or criminal driving offences incurred by such drivers, traffic accidents, and training records.

The carrier shall obtain a current driver profile from the appropriate government agency and shall review same prior to hiring the driver.

- (ii) Every carrier shall maintain, for each of its commercial vehicles, records of vehicle maintenance and inspection procedures carried out in accordance with the commercial vehicle maintenance standards; records as required in NSC Standard #'s 11, 12, and 13; and Notices of Defect received from vehicle manufacturers and proof that such defects have been corrected.
- (iii) Every carrier shall set out a written program which provides for continuous and regular inspection, maintenance and repair of commercial vehicles.

¹ Except for hours of service requirements, a jurisdiction may use means other than legislation or regulations to ensure that carriers meet the requirements set forth in Section 3.a (i).

(b) **Preservation of Records**

The records required to be maintained by carriers in accordance with subsection a) shall be preserved in such a manner as to be accessible for inspection and audit purposes subject to the prescribed retention period as set out by regulation.

(c) **Location of Records**

The records required to be maintained and preserved under subsections a) and b) shall be kept, or made available, at the carrier's main place of business in the jurisdiction where the carrier's commercial vehicles are base plated or at such other location as may be accepted by the jurisdictional agency responsible for NSC Audits.

(d) **Inspection of Records**

(i) The records required to be maintained and preserved under subsections a) and b) shall be made available for inspection by duly authorized inspectors during normal business hours at the location prescribed in subsection c).

(ii) No person shall alter, deface or otherwise falsify any of the records required to be maintained and preserved in accordance with subsections a) and b).

(iii) No person shall obstruct a duly authorized inspector from entering the carrier's premises for the purpose of inspecting the carrier's records and vehicles and no person shall obstruct a duly authorized inspector from carrying out such inspections.

(e) **Sanctions**

(i) Where a carrier fails to maintain the required records; fails to produce such records for inspection; alters, defaces or otherwise falsifies such records; or obstructs the inspection of records, sanctions may be prescribed in legislation or regulations which may consist of probation, suspension or cancellation of authority to operate commercial vehicles, or fines in such amounts as are consistent with the severity of the offence.

(ii) Where an audit of a carrier's records reveals that the carrier has failed to comply with the requirements of relevant regulations, sanctions shall be prescribed in legislation or regulations which may consist of amending the carrier's Safety Rating as to its fitness to operate commercial vehicles, probation, suspension or cancellation of authority to operate commercial vehicles, or fines in such amounts as are consistent with the severity of such non-compliance.

(f) **Exemptions**

Jurisdictions may, for reasons of practicability exempt certain classes of carriers from the applicability of this standard in whole or in part.

4. **AUDIT PROCESS**

(a) **Sample Size Selection**

In establishing a vehicle sample size the auditor will:

- (i) record the total number of power units and trailers under the operator's control (including owned vehicles, leased vehicles and owner/operators);
- (ii) consult Appendix B to determine the appropriate vehicle sample size; the sample should be proportionate to the mix of power units and trailers in the fleet.

In establishing a driver sample size, the auditor will:

- (i) determine the number of drivers over which the carrier exercises control, through discussion with the carrier prior to conducting the audit (including company drivers, owner/operators and drivers acquired through driver services);
- (ii) consult Appendix B to determine the appropriate driver sample size;

Selected driver and vehicle records to be audited through a random process.

(b) **Audit Selection**

Each jurisdiction will, at a minimum, conduct facility audits in accordance with this standard on carriers, under the following conditions:

- (i) where a carrier's accident, detention, and conviction record or when combined, equates to a "Conditional " safety rating as defined in NSC Standard 14: Safety Rating;
- (ii) where a carrier's accident record surpasses a pre-determined threshold beyond their jurisdiction's industry average;
- (iii) where a carrier is involved in a serious highway safety related incident, such as: severe collision, criminal driving offences, vehicle impoundments, or wheel separation (at the discretion of each jurisdiction);

- (iv) where a carrier requests a facility audit to secure a "Satisfactory" safety rating (these facility audits may be provided by an authorized 3rd party provider and paid for by the carrier);
- (v) upon request from another jurisdiction to perform a facility audit on their behalf, for reasons which conform to the intent of this standard, and;
- (vi) by each jurisdiction on a predetermined number of motor carriers who have received limited exposure to enforcement efforts.

(c) **Audit Procedures**

The standard practice to be followed in preparing for, and carrying out a Facility Audit is set out in Appendix A.

(d) **Audit Summary Reports**

The standard practice to be followed in the preparation of audit summary reports and the procedures to be followed by the NSC Administration in acting upon the audit results are as set out in Appendix A: Standard Practice.

5. **THIRD PARTY AUDITS**

The scarcity of government resources, coupled with a maturing motor carrier industry, encourages alternative approaches to undertaking facility audits. Each jurisdiction shall adhere to this section should it choose to implement the concept of third party audits.

(a) **Responsibilities**

A third party auditor shall undertake and adhere to the requirements of the National Safety Code and any other pertinent jurisdictional requirements; shall gather and assess information by inspecting records and equipment and by conducting interviews; and shall produce a report to be submitted to the motor carrier and to the carrier's base plate jurisdiction.

(b) **Accreditation, Decreditation and Training**

A third party auditor must be accredited by each jurisdiction in which he works in. Accreditation will be granted after the candidate has successfully completed appropriate training, which at a minimum shall adhere to nationally accepted motor carrier facility auditor selection and certification criteria as outlined in Appendix C. The accrediting jurisdiction shall have the authority to revoke accreditation, for cause.

Facility auditors, including those that have had their accreditation revoked or which has expired shall provide such information to reciprocating jurisdictions upon request.

Each jurisdiction shall maintain a list of its third party agents and third party facility auditors including those that have had their accreditation revoked or expired and shall provide such information to reciprocating jurisdictions upon request.

(c) **Appeals**

Each jurisdiction conducting third party audits shall establish an appropriate appeal mechanism for third party auditors who have had their accreditation revoked.

(d) **Verification of Audit Results**

Third party audit results shall be subject to assessment by a jurisdiction for the purpose of verifying carrier and/or auditor performance and audit results.

(e) **Conflict of Interest**

It is important that a third party agent and/or facility auditor not only be free of conflict of interest, but also be seen to be free of any appearance of conflict of interest.

For the purpose of selecting third party agents, third party auditors and government employed facility auditors, only those persons or organizations that have no material interest in the outcome of a facility audit shall be considered to be free of conflict of interest.

Each jurisdiction shall require its third party agents, third party auditors and government employed facility auditors to declare any conflict of interest involving the conduct of any facility audit.

(f) **Agreement of Confidentiality**

Each third party agent and third party auditor shall be required, by each jurisdiction for which he or she is accredited, to sign an agreement of confidentiality.

APPENDIX A

STANDARD PRACTICE

1. Audit Preparation

- (a) Upon identifying a carrier for a Facility Audit, review the carrier's audit file (if any) for the most recent audit conducted. This provides the auditor with a record of the types of records maintained by the carrier for each aspect of the carrier's operation to be audited, and the types of source documents used to maintain those records. The audit file should contain the name(s) of the person(s) to be contacted to initiate the audit and a copy of the Carrier Profile. Make a list of each type of record and source document to be audited and the contact person(s) name(s). In the absence of a previous audit, select a carrier based on the audit selection criteria set out in Subsection 4b or any other criteria established by the jurisdiction.
- (b) Upon selection of a carrier, confirm that the carrier is not exempt or dormant by way of inspecting the jurisdiction's Vehicle Registration Database for plate validations and Registered Gross Weight on the carrier's vehicles.
- (c) Arrange for or conduct the required number of CVSA inspections in advance of the scheduled audit date. Where necessary, CVSA inspections can be conducted on the carrier's premises (level 5) provided records available establish that the vehicle was recently on the highway or is presently available for dispatch. Proper planning of audits is essential in order to gather sufficient numbers of time markers and may require additional resources and lead time.
- (d) Gather as many time markers as possible on the carrier well in advance of the audit. Time markers may include CVSA Inspection Reports, violation-tickets and time marker observation records. Proper planning of audits is key to gathering sufficient numbers of time markers and may require additional resources and lead time.
- (e) Upon gathering the time markers the following process may be employed:
 - (i) Search appropriate databases for the carrier's place of business, names of corporate officer(s), and/or contact person(s), outstanding fines, fleet size, driver name(s) and convictions, vehicle(s) registered gross weight, vehicle plate number(s) and other relevant vehicle data.
 - (ii) Contact by telephone and in writing, the corporate officer(s) or contact person(s) to:
 - confirm the location of the records and obtain a complete list of the records to be viewed;

- arrange a date and time; and
- request a complete list of drivers' licence numbers (including part-time drivers) and check their status on the jurisdiction's driver system for inappropriate licence class (or not licensed), multiple licences, or suspended licence. Be prepared to check these names against those captured on the time markers and Carrier Profile to ensure the list is accurate and complete.

2. Records not produced

- (a) If, on arriving at the carrier's place of business, the records are not available, the inspector may report the matter to the head of the agency responsible for issuing authority to operate commercial vehicles. The report will outline the arrangements which had been made by the auditor and the carrier's failure to provide the required records. The agency may then contact the carrier, advising that it must appear at a hearing.
- (b) Upon reaching a decision, the agency responsible for issuing authority to operate commercial vehicles will notify the carrier, stating any condition the carrier must meet.
- (c) Arrange for the Carrier Profile to be updated to show the carrier's status.

3. Elements for Inspection

- (a) Personnel/Payroll records should contain the following information for each person employed as a driver of commercial vehicles:
 - (i) driver's name, date of birth and driver licence number;
 - (ii) current licence class and status (active, probationary, conditional, suspended, etc.);
 - (iii) current driver abstract issued within the last 12 months;
 - (iv) other driving qualifications as applicable (air brake endorsement, transportation of dangerous goods certificate, extended combinations endorsement);
 - (v) all traffic offences and criminal driving offences for which the driver was convicted during the past 2 years;
 - (vi) all reportable accidents involving NSC vehicles, in which the driver was involved during the past 2 years;

- (b) A record of each driver's hours of service during each trip driven. Source documents will consist of driver logs maintained by each driver or copies of the printouts produced by electronic recording devices. The records shall be maintained in a systematic manner.
- (c) Vehicle Maintenance Records should contain the following information for each commercial vehicle operated by the carrier.
- (i) Trip inspection reports filed for each trip made by the commercial vehicle, and evidence that repairs were made with respect to safety defects noted on such reports. Source documentation with respect to the latter would consist of dated work orders describing the repairs done, either "in-house" or at outside truck repair shops. The system used to maintain these records should be set up in such a way that each commercial vehicle under the carrier's control has a specific file.
- (ii) Vehicle Inspection records for each commercial vehicle, showing that each has been safety inspected in accordance with and at such intervals as are prescribed in regulations pursuant to the Commercial Vehicle Maintenance Standards; and that repairs were made with respect to safety defects detected at the time of such inspections. Source documentation with respect to such records would consist of:
- Dated vehicle inspection reports signed by the fleet maintenance manager in the case of a certified shop, or the person authorized to conduct such inspection where the inspection is carried out by an appointed motor vehicle inspection facility;
 - Dated work orders describing the repairs done, either "in-house" or at an outside truck repair shop.

There should be evidence of a recall system which will remind the person in charge of vehicle maintenance when safety inspections and other preventative maintenance inspections are due to be carried out for each commercial vehicle in the carrier's fleet, in accordance with frequencies prescribed in regulation pursuant to NSC Vehicle Maintenance Standards.

- (d) Staff Training Development Records should contain the following information:
- (i) The names of all persons who are responsible for training/certifying drivers in procedures to be followed in the transportation of dangerous goods and their qualifications to conduct such training/certification. This requirement applies only to carriers that transport dangerous goods as defined in *Transportation of Dangerous Goods Regulations* and that conduct their own "in-house" TDG training/certification programs.

- (ii) Where companies are certified to train and test drivers for professional classes of driver licenses, records should indicate the names of all persons who are responsible for training/testing and their qualifications to conduct training/testing.
- (e) Records of all accidents reported in accordance with jurisdictional accident reporting requirements.
- (f) Records of compliance with highway safety laws and regulations (traffic convictions, criminal convictions, highway vehicle inspection failure notices, government sanctions).

4. **Audit Categories/Procedures**

(a) **Driver Licence Qualification**

Consult the driver licence data base for the proper class, condition and/or status of licence and where a driver selected for review is from a jurisdiction other than the base plated jurisdiction, confirm that a valid driver licence can be produced. Verify that valid Dangerous Goods Training Certificates have been issued as necessary.

A Driver Licence Qualification violation occurs when:

- (i) a driver can be placed on a highway in a commercial motor vehicle without the required driver licence or evidence of training in the transportation of dangerous goods (when required).

(b) **Hours of Work**

Review, for a one calendar month period, any available records such as observation reports, payroll records, driver trip reports, bridge tolls, dispatch records, invoices, bills of lading, CVSA Inspection Reports, fuel receipts and accommodation receipts to verify the accuracy of the information reported on the daily log or other time records and compliance with the hour of work rules.

A Falsification or Missing Log/Time Record violation occurs when:

- (i) it can be proven that the logs, time records or supporting documents are inaccurate or missing;
- (ii) fuel stops and CVSA inspections are not noted;
- (iii) CVSA inspections are not recorded as on-duty, not driving;

- (iv) unexplained gaps appear in the odometer reading as indicated on the logs;
or
- (v) a log or time record cannot be produced when required.

A Data Item (Form & Manner) violation occurs when:

- (i) any one prescribed item is missing or incomplete as indicated on the log or time record; or
- (ii) the driver fluctuates between using the odometer and hubdometer reading to record the total distance driven, without a written explanation on the log.

(c) **CVSA Inspection**

Level I and 5 CVSA inspections may be used from any jurisdiction provided only the most recent inspections are selected to meet the sample size in Appendix B, Column 2 and any inspection so selected must be conducted within 12 months of the audit date. For the purposes of a Level 5 CVSA inspection, the auditor must be able to place the vehicle on a highway recently or prove the vehicle is ready for dispatch before an out-of-service defect is counted as a violation.

A CVSA violation occurs when:

- (i) one or more CVSA out-of-service defects are detected.

(d) **Preventative Maintenance**

Using the CVSA inspection report, if available, for a supporting document, establish whether any defects detected on the vehicle(s) should have been detected and corrected through preventative maintenance.

A Preventative Maintenance violation occurs when:

- (i) the CVSA inspection report reveals defects which should have been detected and corrected by the carrier prior to dispatch;
- (ii) the carrier fails to establish a preventative maintenance program;
- (iii) the carrier fails to comply with the carrier's own maintenance intervals; or
- (iv) proper maintenance records cannot be found for defects detected during a CVSA inspection.

(e) **Pre/Post Trip Inspections**

Using the CVSA inspection, if available, for a supporting document, establish whether any defects detected on the vehicle(s) should have been detected by the driver as part of a pre or post trip inspection.

A Pre/Post Trip Inspection violation occurs when:

- (i) a vehicle is placed on a highway with one or more defects which should have been detected during a prescribed Daily Commercial Vehicle Trip Inspection.

(f) **PMVI**

Using the CVSA inspection report, if available, for a supporting document, establish whether a vehicle(s) was operated on a highway without a valid inspection sticker(s) or other evidence of compliance in the 12 month period immediately preceding the audit date.

A PMVI violation occurs when:

- (i) a vehicle is placed on a highway without a valid inspection sticker or other evidence of compliance within the twelve month period immediately preceding the audit date.

5. **Insurance**

Where a carrier has no public liability insurance or is inadequately insured and it is evident that the carrier cannot immediately arrange for such coverage:

- (a) an audit report indicating as such will be submitted to the head of the agency responsible for NSC Audit for sanctioning; and
- (b) the jurisdiction will direct appropriate remedial action to effect compliance.

6. **Audit Summary Report**

An audit summary report must be prepared for each audit and distributed in accordance with the following procedures.

The report is to include the following elements:

- (a) name of carrier being audited;
- (b) NSC number or equivalent;

- (c) date and location of audit;
- (d) number of drivers related to the operation being audited;
- (e) number of commercial vehicles related to the operation being audited;
- (f) description of the nature of the discrepancies noted for each element of the audit;
and
- (g) an audit score based on the degree to which the carrier is in compliance.

APPENDIX B

FACILITY AUDIT SAMPLE GUIDELINES		
Number (Drivers/Vehicles)	Column I Minimum Sample Size (Drivers/Vehicles)	Column 2 Minimum Sample Size (CVSA)
1	1	1
2 to 5	All	2
6 to 9	6	2
10 to 12	8	3
13 to 15	9	3
16 to 18	10	3
19 to 22	11	3
23 to 26	12	5
27 to 32	13	5
33 to 40	14	5
41 to 50	15	5
51 to 64	16	5
65 to 85	17	5
86 to 121	18	8
122 to 192	19	13
193 to 413	20	20
414 to 500	21	21
+501	25	25

Jurisdictions will have some flexibility in applying Appendix B.

The sample sizes indicated in column 1 are the minimum sample sizes which a jurisdiction shall apply during the course of an audit.

In order to support the overall evaluation of a carrier's safety status, it is recommended that the number of CVSA inspections conducted in the previous 12 months corresponds to column 2.

APPENDIX C

THIRD PARTY AGENTS/AUDITORS SELECTION AND CERTIFICATION GUIDELINES

The purpose of this appendix is to assist jurisdictions in selecting and certifying third party agents and auditors to deliver facility audits as part of carrier safety rating processes. Each jurisdiction should ensure that third party agents and third party auditors satisfy minimum selection and qualification criteria and re-certification standards.

It is recognized that not all jurisdictions will find it necessary to select a third party agent to administer the process.

PREREQUISITE GUIDELINES

Third Party Agent:

- (a) minimum of 5 years management/corporate experience
- (b) familiarity with auditing principles
- (c) experience in supervising/monitoring/assigning staff
- (d) must be bondable
- (e) must provide disclosure re: civil judgements
- (f) officers/principals subject to criminal record check
- (g) no undischarged bankruptcies
- (h) must meet conflict of interest guidelines
- (i) must satisfy reference checks

Third Party Auditor:

- (a) minimum of grade 12 education or equivalent
- (b) at least 2 years of transportation related experience, enforcement or auditing experience
- (c) must be bondable
- (d) subject to criminal record check
- (e) must meet conflict of interest guidelines
- (f) satisfactory reference checks
- (g) demonstration of appropriate aptitude and interpersonal skills

CERTIFICATION REQUIREMENTS:

Third Party Agent:

Individual(s) charged with the task of training, performance monitoring and/or quality control of facility audits will be required to attend training and certify in the same manner as third party auditors.

Third Party Auditor:

Candidates will be required to achieve a passing grade in each of 3 modules:

Module I - Knowledge of National Safety Code and Applicable Legislation

- (a) including driver qualification, trip inspection, vehicle maintenance, dangerous goods and hours of work. This module will also address inter-jurisdictional differences in National Safety Code related legislation and practical application to extra-provincial carrier operations.

Module 2 - Commercial Vehicle Inspections

- (a) trained to utilize data from level 1 and level 5 CVSA International inspections in establishing an appropriate safety rating.

Module 3 - Facility Audit Training

- (a) audit procedures and principles, file processing and auditor code of ethics and decorum.