

**INTERIM REPORT ON NAFTA CROSS-  
BORDER TRUCKING DEMONSTRATION  
PROJECT**

*Federal Motor Carrier Safety Administration*

*Report Number: MH-2008-040*

*Date Issued: March 10, 2008*




# Memorandum

U.S. Department of  
Transportation

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION:** Interim Report on NAFTA  
Cross-Border Trucking Demonstration Project  
Report Number MH-2008-040

Date: March 10, 2008

From: Rebecca Anne Batts   
Assistant Inspector General  
for Highway and Transit Audits

Reply to  
Attn. of: JA-40

To: Federal Motor Carrier Safety Administrator

As part of our ongoing audit of the cross-border trucking demonstration project, initiated by the Department on September 6, 2007, this report presents the interim results of our required review. Section 6901 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007<sup>1</sup> (the Act) requires us to provide interim and final reports on the demonstration project to Congress and the Secretary of Transportation. Our final report is due 60 days after the conclusion of the demonstration project.

As required by the Act, our audit objectives were to determine whether:

- the demonstration project consists of a representative and adequate sample of Mexico-domiciled carriers likely to engage in cross-border operations beyond the United States municipalities and commercial zones on the United States-Mexico border,
- the Department has established sufficient mechanisms to determine whether the demonstration project is adversely affecting motor carrier safety, and
- Federal and state monitoring and enforcement activities are sufficient to ensure that participants in the demonstration project are complying with all applicable laws and regulations.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards as prescribed by the Comptroller General of the United States.

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<sup>1</sup> Public Law 110-28 (2007).

We performed such tests as we considered necessary to detect fraud, waste, and abuse. Exhibit A contains information on our scope and methodology and Exhibit B is a listing of prior OIG audit reports on this subject.

## **CURRENT STATUS OF THE DEMONSTRATION PROJECT**

The Department initiated the 1-year demonstration project in September 2007 to permit up to 100 Mexican motor carriers to operate throughout the United States. Following the Department's announcement in February 2007 that a demonstration project would be conducted, Congress set legislative conditions for initiating the project, including an initial review by our office and a Departmental response to Congress addressing any issues identified in our review. In addition, a court case is currently pending regarding the question of whether a legislative provision enacted in December 2007 places a funding restriction on the demonstration project.

### **Legislative Conditions for Initiating the Demonstration Project**

Before the demonstration project (also known as the pilot program) could begin, legislation was enacted<sup>2</sup> calling for us to review the Federal Motor Carrier Safety Administration's (FMCSA) preparations for monitoring and enforcing safety rules during the demonstration project. The legislation also required the Secretary to take action addressing any issues we raised in our review and submit a report to Congress detailing such actions prior to initiating the demonstration project.

We issued our report on September 6, 2007 detailing issues pertaining to the proposed demonstration project.<sup>3</sup> We found that although FMCSA had implemented significant initiatives in preparation for the demonstration project, the Department should, at a minimum, address three issues in its report to Congress including: (1) ensuring that adequate plans are in place to carry out the Department's commitment to check every truck every time it crosses the border into the United States, including a quality control measure to ensure this system is effective; (2) ensuring that state enforcement officials understand how to implement recent guidance on the demonstration project and that training initiatives filter down to roadside inspectors; and (3) addressing our determination that FMCSA has implemented policies, rules, and regulations that differ slightly from the language in 3 of 34 specific congressional requirements.

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<sup>2</sup> Section 6901 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Public Law 110-28).

<sup>3</sup> OIG Report Number MH-2007-065, "Issues Pertaining to the Proposed NAFTA Cross-Border Trucking Demonstration Project," September 6, 2007. OIG reports and testimonies can be found on our website: [www.oig.dot.gov](http://www.oig.dot.gov).

The Department provided a letter report to Congress on September 6, 2007, addressing the three issues raised in our audit. The report included Commercial Truck Border Crossing Implementation Plans for 25 U.S.-Mexico border crossings designed to ensure that every participating truck is checked every time it crosses the border into the United States and a quality control plan to ensure this system operates effectively. The response also provided FMCSA's outreach plan identifying past and future activities designed to ensure that state enforcement personnel have the information needed to oversee the safety of trucks participating in the demonstration project. Finally, FMCSA agreed to modify policies or take other actions to align with congressional requirements on issues involving inspection of trucks during pre-authorization safety audits, checking licenses of drivers of Mexican trucks at the border, and updating the definition of safety rules applicable to Mexican motor carriers.

### **Pending Litigation Over Whether Legislation Restricts Funding for this Demonstration Project**

During the fourth month of the demonstration project, a legislative provision enacted in the fiscal year 2008 Consolidated Appropriations Act<sup>4</sup> stated:

None of the funds made available under this Act may be used to establish a cross-border motor carrier demonstration program to allow Mexico-domiciled motor carriers to operate beyond the commercial zones along the international border between the United States and Mexico.

At this time, the Department interprets this provision to restrict funding only to future demonstration projects, but some members of Congress and interested outside parties contend that the provision restricts funding for the current, ongoing demonstration project as well. Oral arguments on this issue, among others, have been made before the 9th Circuit Court of Appeals, and a decision is pending.<sup>5</sup>

## **INTERIM FINDINGS**

At the 6-month point in the 1 year project, we found that: (1) Fewer carriers and vehicles have participated than expected so far in the project. No reliable statistical projections regarding safety attributes can be made at this point, although certain characteristics of the Mexican carriers participating in the project, such as the number of vehicles and drivers, may be representative of a larger group of carriers that have previously applied for long-haul authority. (2) The Department has established and is supporting an independent panel to assess any

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<sup>4</sup> Consolidated Appropriations Act, 2008, Public Law 110-161, Division K, Title I, § 136 (2007).

<sup>5</sup> Sierra Club, et al. v. Department of Transportation, et al., No. 07-73415 (9<sup>th</sup> Circuit filed August 29, 2007).

adverse safety impacts from the project although the panel is concerned that it will not have sufficient data to draw meaningful conclusions when the project ends. (3) FMCSA has established and enhanced mechanisms for state and Federal monitoring and enforcement of safety rules, and FMCSA records show that about 3,700 checks have been done at the border. However, a key quality control measure promised to Congress has not been implemented. This control measure is designed to ensure that checks of all Mexican drivers and vehicles crossing the border are occurring as planned. Without this quality control measure, FMCSA does not have assurance that it has checked every Mexican truck and driver that is participating in the project when they cross the border into the United States.

### **Fewer Carriers and Vehicles than Anticipated Are Participating in the Project, Which Impacts the Ability To Make Reliable Statistical Projections**

Immediately after issuing the Department's September response to Congress, FMCSA initiated the demonstration project by granting provisional operating authority to the first Mexico-domiciled carrier. However, at the 6-month point, fewer carriers than anticipated are participating in the demonstration project. Specifically, since the project's initiation, only 19 Mexican carriers have been granted provisional operating authority,<sup>6</sup> one of which withdrew<sup>7</sup> on February 1, 2008. By contrast, in April 2007, FMCSA had anticipated granting provisional authority to 25 carriers each month, until 100 were participating.

According to FMCSA records, an additional 28 carriers have qualified for the program, but they have not filed the required proof of insurance. However, even if those carriers were to file the required insurance proof and were granted provisional authority, the total number of Mexican carriers would reach only 47—just under half the 100 carriers originally envisioned.

Fewer vehicles than estimated are involved in the project and FMCSA's records indicate that only 247 trips extended beyond the commercial zones. In August 2007, FMCSA estimated that, based on the number of vehicles approved at that time, 540 vehicles would be participating in the project if 100 Mexican carriers eventually received provisional authority. By contrast, as of February 25, 2008, only 70 vehicles were identified by the 16 Mexican carriers that had participated up to that point, including the carrier that dropped out. FMCSA's records, as of February 25, 2008, show 3,680 crossings into the United States by project

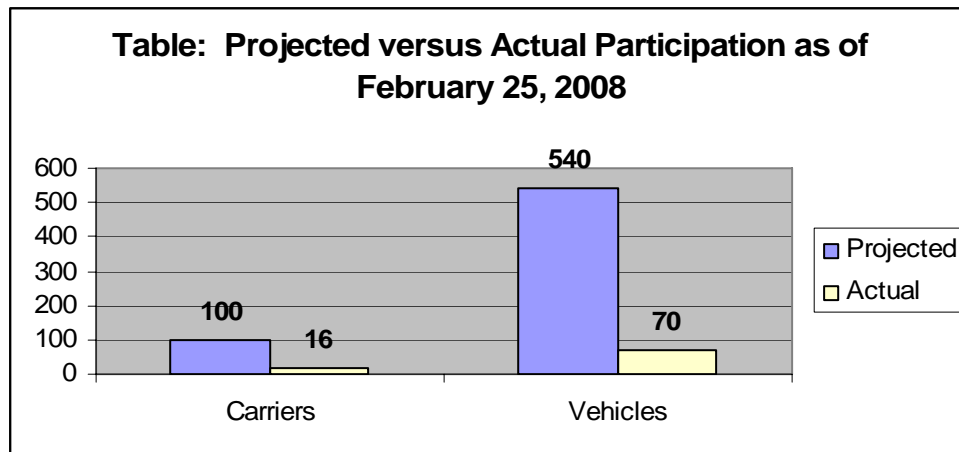
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<sup>6</sup> According to FMCSA data, 19 carriers had received provisional authority as of March 6, 2008. We limited our analyses to the 16 Mexican carriers that had received authority as of February 25, 2008, including the carrier that withdrew from the project on February 1, 2008. We did not include in our analysis data related to the 3 carriers admitted to the project after February 25, 2008.

<sup>7</sup> The carrier that withdrew, Trinity Industries de Mexico S de R L de CV, reported the largest fleet of vehicles of all demonstration project participants as of February 25, 2008—16 vehicles.

participants with 247, or 6.7 percent listing destinations beyond the commercial zones. About 89 percent of these appear to be to one state—California.

The following table compares the projected number of carriers and vehicles to those 16 carriers that were participating in the project as of February 25, 2008. Our subsequent analysis is also based on the same 16 carriers.



Source: OIG analysis of FMCSA data. Data are for carriers granted provisional operating authority as of February 25, 2008.

Although we have not independently verified the information, according to FMCSA officials and press reports, factors such as the additional costs of insurance, the uncertainty of the project, and the burdens associated with increased reviews at the border may have played a role in the limited participation of Mexican carriers.

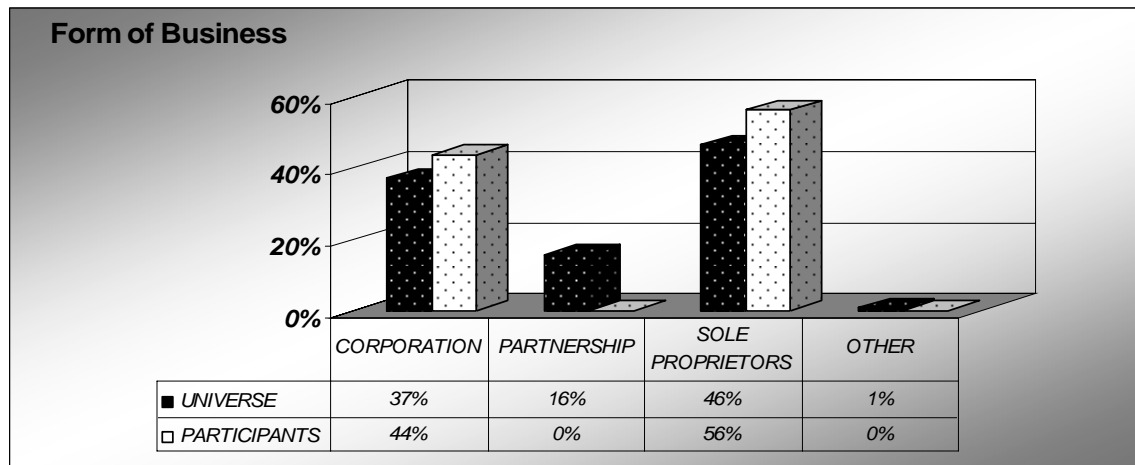
Although the 16 participants appear representative of the larger group of 723 Mexican carriers that have applied for long-haul authority, the current number of participants is not adequate to make statistically reliable projections or estimates of some important characteristics, including safety characteristics such as the number of crashes that could be expected from long-haul Mexican carriers. The 16 carriers represent about 2 percent of the 723 original applications for long-haul authority that FMCSA provided us. Our statistical analysis shows that for certain characteristics, such as the number of vehicles reported, the demonstration project participants appear to be representative of a larger group of Mexican carriers that have applied for long-haul authority in the United States over the past 10 years.

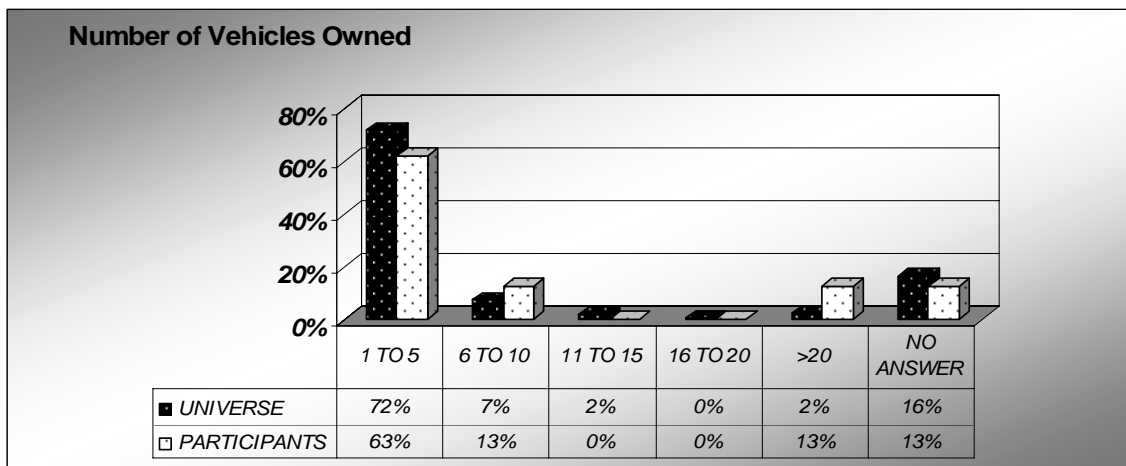
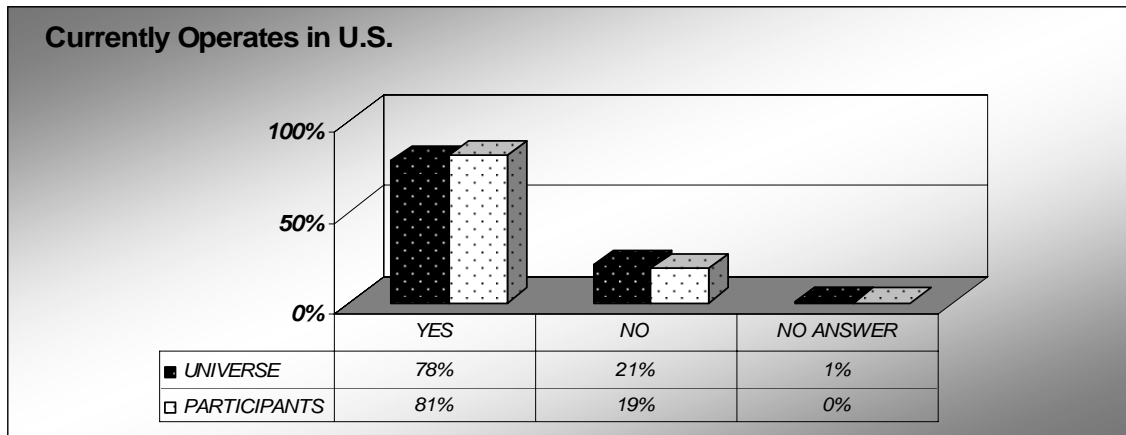
Our statistical tests on the following variables showed no statistically significant difference between the two groups.

- ◆ Form of the company's business entity
- ◆ Whether the company currently operates in the United States
- ◆ U.S. affiliation reported by the company
- ◆ Type of registration being sought by the company
- ◆ Whether the company transports hazardous materials
- ◆ Which border crossings the company intends to use
- ◆ Number of vehicles reported by the company
- ◆ Number of trailers reported by the company
- ◆ Number of drivers reported by the company
- ◆ The type of cargo the company intends to transport

The figure below compares selected characteristics of the 16 participants and the universe of 723 applicants. This figure is based on answers supplied by the 723 applicants in their application packages to FMCSA, which included the 16 demonstration project participants. We did not independently validate the information.

**Figure: Comparison of Project Participants to All Applicants**





Source: OIG Analysis of FMCSA Data. Totals may exceed 100 percent due to rounding.

As these charts and our statistical analysis demonstrate, the 16 participants appear to have characteristics that are representative of all of the Mexican carriers that have applied for long-haul authority, but the number of participants in the demonstration project to date is not sufficient to reliably predict the safety behaviors of the universe of carriers that applied for authority based on the behaviors of the participants.

### **An Independent Evaluation Panel Is Assessing Whether the Demonstration Project Adversely Affected Motor Carrier Safety in the United States**

FMCSA has stated that it will rely on the work of the Department's Independent Evaluation Panel to determine whether the demonstration project has adversely affected motor carrier safety in the United States. Our work has verified the ongoing efforts of the panel. The panel includes former U.S. Representative, Jim Kolbe, former Department of Transportation (DOT) Deputy Secretary, Mortimer Downey, and former DOT Inspector General, Kenneth Mead. As part of our work, we met with the panel and its staff to get an understanding of the panel's

role and to determine whether it is receiving all it needs to carry out its mission. As determined in our discussion with panel members and staff, the panel is attempting to assess crash data, driver traffic convictions, maintenance of vehicles and out-of-service rates, violations of critical safety regulations and other safety problems identified by enforcement personnel.

At this time, the panel reports it is receiving the data and information needed and it plans to deliver its report in October 2008. As the demonstration project continues, we will continue our open dialogue with the panel to ensure that it has the information and resources needed to complete its work.

We plan to conduct an independent examination of adverse safety effects related to project participants.<sup>8</sup> Presently, we have no information that any project participants have been involved in a crash; but like the panel, we are concerned that the low number of participants will affect the panel's ability to draw any meaningful conclusions from the data about the safety performance of the demonstration project participants.

### **A Quality Control Measure To Ensure that Checks at the Border Are Occurring Has Not Been Implemented, Although FMCSA Has Taken Other Actions Intended To Ensure Compliance with Safety Rules**

As mentioned in our last report,<sup>9</sup> checks at the border are important because they review the driver's license to ensure that the vehicle is driven by a licensed driver and that the truck has an inspection decal issued by the Commercial Vehicle Safety Alliance (CVSA). We verified that FMCSA had developed 25 site-specific border crossing plans in conjunction with U.S. Customs and Border Protection (CBP) personnel to carry out these checks at the border, and FMCSA provided us with records showing that about 3,700 checks were done since the demonstration project began in September. However, FMCSA has not implemented a quality control measure that is important for ensuring the reliability of this information, even though FMCSA committed to do so in the Department's September 6, 2007, letter report to Congress.

**FMCSA Provided Evidence Checks Are Being Conducted but has No Assurance that all Mexican Trucks and Drivers Are Being Checked at the Border as Planned.** FMCSA's policy requires that each Mexican truck that crosses the border undergoes a safety compliance check. During the check, FMCSA will verify that vehicles have current CVSA decals and that drivers have

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<sup>8</sup> We will examine crash and inspection records of the participants as well as records of Mexican carriers that have previously operated beyond the border commercial zones. Our January 3, 2005, Report Number MH-2005-032, "Follow-up Audit of the Implementation of the North American Free Trade Agreement's Cross-Border Trucking Provisions," discusses 1,300 Mexican carriers previously granted authority to operate beyond the commercial zones.

<sup>9</sup> OIG Report Number MH-2007-065, "Issues Pertaining to the Proposed NAFTA Cross-Border Trucking Demonstration Project," September 6, 2007.

valid licenses and demonstrate proficiency in the English language. To ensure that each truck is identified so that a check can be completed, FMCSA developed 25 site-specific border crossing implementation plans in conjunction with CBP personnel that specify how this will occur at each commercial port-of-entry. FMCSA also developed a quality control plan to document the extent to which FMCSA is able to achieve its goal of checking every truck every time. However, FMCSA has not implemented the quality control plan as promised.

FMCSA committed to the quality control plan in the Department's September 6, 2007, letter report to Congress.<sup>10</sup> In the report, FMCSA stated that it would acquire crossing data from CBP and perform a monthly analysis of a random 10 percent sample of the data to document the extent to which FMCSA was meeting its goal of checking every truck every time it crossed the border. However, this process is not now in place. According to a FMCSA official, FMCSA is still gathering information for this control, and is exploring other methods to verify that every Mexican truck and driver is checked at the border. Until FMCSA implements a quality control check using CBP, or another valid source of data, to establish a baseline for the number of crossings, like FMCSA, we will have no assurance that all checks are being conducted as required.

In addition to ensuring that all vehicles and drivers are checked, it is also important that accurate information is recorded during the checks to facilitate the evaluation of the project. We examined FMCSA's records for about 2,000 truck crossings for participants that occurred through January 5, 2008. To date, our analysis identified 44 of the FMCSA crossings records that had unclear or incomplete responses such as stating "not applicable" for recording a primary CVSA decal number or leaving blank the space for English language proficiency testing. To the degree that the Independent Evaluation Panel uses this information for its work, errors and omissions in crossing data would adversely affect the panel's analysis. We will obtain updated data and conduct additional analysis as the project continues.

To its credit, FMCSA has taken actions to help ensure that participants comply with safety regulations and project requirements. As the year-long demonstration project reaches its 6-month point, our interim observations regarding these actions and our plans for future work include the following.

**Insurance Requirements.** FMCSA has recorded insurance information from project participants within an established database to record such information. Our independent examination of FMCSA's Licensing and Insurance System and our direct contact with the insurance companies showed that all Mexican carriers who were issued provisional authority as of February 4, 2008, had the required

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<sup>10</sup> Enclosure 4 of the Department's September 6, 2007, letter report to Congress.

\$750,000 in bodily injury and property damage liability insurance. We will continue to verify that insurance is maintained by the participants as the demonstration project continues.

**Guidance for and Training of State Enforcement Officials.** FMCSA has provided guidance and training for state enforcement officials. We obtained information showing that 421 state officials have received further training on issues related to foreign motor carriers before and after the project initiated. To assess the impact of these efforts, we followed up on the results of our September 6, 2007, report where we noted that five state officials did not believe they were ready to enforce the requirements of the demonstration project. We have re-contacted those state officials for this review and officials now indicate that they are ready to enforce demonstration project requirements for Mexican carriers. Those officials cited completion of adequate training and receipt of FMCSA guidance as the primary reasons for their current readiness to enforce demonstration project requirements. We will continue to examine FMCSA's efforts in this area as the audit continues.

**Mexican Conviction Database.** FMCSA has established a Mexican Conviction Database to track traffic convictions of Mexican drivers occurring in the United States. We obtained evidence from FMCSA indicating that problems we identified in August 2007<sup>11</sup> with the Mexican Conviction Database (formerly known as the 52nd State System) have been corrected by the states. We also verified that a report to help identify inconsistencies in the database had been issued in January 2008. We will conduct further testing at the states as the audit continues.

**Global Positioning System (GPS).** FMCSA has contracted with a company to place global positioning devices on all U.S. and Mexican trucks that are participating in the project and FMCSA demonstrated to us how the system can identify the position of a particular truck. Data provided by FMCSA showed that as of February 21, 2008, 82 GPS units had been installed (on 38 Mexican trucks and 44 U.S. trucks) and plans were being finalized for an additional 19 GPS units to be installed (on 14 Mexican trucks and 5 U.S. trucks). As the demonstration project continues, we plan to monitor the installation and use of GPS technology, particularly as it relates to cabotage and hours-of-service violations.

**Mexican Carrier Monitoring System.** Our previous audit work has confirmed the establishment of a system for monitoring compliance of Mexican carriers operating in the United States. For this review, we obtained reports from this

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<sup>11</sup> OIG Report Number MH-2007-062, "Follow-up Audit on the Implementation of the North American Free Trade Agreement's Cross-Border Trucking Provisions," August 6, 2007.

system for demonstration project participants and we will continue to review these as the audit continues.

## **AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

We are not making any recommendations in this interim report. At this time, the NAFTA Cross-Border Trucking Demonstration Project has been in operation for only 6 months and participation by Mexican carriers has been less than anticipated. Our final report on the demonstration project will be due within 60 days of the conclusion of the project. We discussed this report with FMCSA officials on March 4, 2008, and their comments were considered in finalizing our interim report.

We appreciate the courtesies and cooperation of the FMCSA representatives during this audit. If you have any questions concerning this interim report, please call me at (202) 366-5630 or Joe Com e, the Program Director, at (202) 366-0377.

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## **EXHIBIT A. SCOPE AND METHODOLOGY**

This performance audit was conducted from December 2007 through February 2008 in accordance with Generally Accepted Government Auditing Standards as prescribed by the Comptroller General of the United States. We performed such tests as we considered necessary to detect fraud, waste, and abuse.

Our work included a review of documentation from various sources and interviews with Federal and state personnel, International Association of Chiefs of Police (IACP), and U.S. Customs and Border Protection (CBP). We also met frequently with members of the Department's Independent Evaluation Panel.

To determine whether sufficient mechanisms are established to report on whether the demonstration project has had any adverse effects on motor carrier safety, we assessed requirements identified in the memorandum of understanding between the Department and the Independent Evaluation Panel to determine whether these requirements appear sufficient to measure adverse effects. As the audit continues, we will continue to meet with the evaluation panel members to ensure they are receiving adequate support and information from the Department; and we will independently analyze safety data generated by the demonstration project participants as well as data generated by comparable groups.

To get an understanding of the monitoring and enforcement mechanisms within the United States, we spoke with state officials in five states who had previously reported that they were not ready to enforce requirements of the demonstration project. Further, we contacted General Services Administration personnel regarding border crossing layouts, and CBP personnel to verify site-specific plans at 25 U.S.-Mexico commercial border crossings. Finally, we obtained data from FMCSA regarding the Mexican Conviction Database, a list maintained by FMCSA that records details about each participating driver and vehicle that has crossed into the U.S. from Mexico, and data on the status of Mexican applications for long-haul authority. Further work for the final report will concentrate on verifying whether these mechanisms have been put into place and are operating as planned.

When we issued our September 2007 report, FMCSA had begun to provide enforcement training opportunities to its state partners to ensure that all motor carrier enforcement personnel understand requirements specific to the demonstration project. We examined new guidance issued by FMCSA since that report, as well as training and communication strategies FMCSA has planned, performed, and scheduled for state enforcement officials. We obtained data on the train-the-trainer courses they presented and the resulting training conducted by the states. As our audit continues, we will obtain additional data on training and

### **Exhibit A. Scope and Methodology**

determine whether the information has filtered down to the lowest levels of motor carrier safety enforcement.

We analyzed the 25 site-specific implementation plans that FMCSA developed to assess FMCSA and CBP's responsibility for identifying and inspecting the trucks and drivers of demonstration project participants each time they enter the United States. Further work will include site visits to a select number of border crossings to determine whether the site specific plans were implemented and are operating as planned.

We requested from FMCSA records of border crossings by demonstration project participants. FMCSA responded by providing a spreadsheet of CVSA Inspection Decal Compliance Records. Initially, we reviewed the data by sorting for different attributes, such as border crossings by participating carriers and border crossings by port-of-entry. Our secondary review consisted of narrowing data searches to identify specific anomalies in FMCSA's data collection and reporting procedures. In addition, we obtained Company Safety Profiles for Mexican carriers that were participating in the project during that time period, and compared records of inspections to the spreadsheet of CVSA Inspection Decal Compliance Records.

In examining whether the Mexican carriers participating in the demonstration project are representative of those likely to participate in long-haul operations, we chose as our universe all Mexican carriers who had submitted applications for long-haul authority in the United States in the past 10 years. We requested from FMCSA copies of all application packages submitted by Mexican carriers. The application packages included both the application and the MCS-150 forms.

We analyzed the application packages to eliminate duplicates, leaving 723 distinct applicants. We selected and recorded the following application characteristics as identified: the name of the carrier (to be used as the identifier), the date the application was received, the Mexican state in which the carrier is located, the carrier's U.S. DOT number, the carrier's form of business, (corporation, sole proprietorship, or partnership), whether the carrier operates in the United States, the carrier's MC/MX number, the carrier's U.S. tax ID number, the name of the carrier's U.S. affiliate, the type of carrier registration being requested, whether the carrier is certified to carry hazardous materials, and the border crossings the carrier plans to use. From the MCS-150 form, we selected and recorded the number of vehicles, trailers, and drivers and the type of cargo the carrier intended to haul. We conducted statistical tests on 10 of these characteristics to determine whether there was any statistically significant difference between the universe of 723 applicants and the 16 Mexican carriers that had participated in the demonstration project as of February 25, 2008. We will continue these comparisons as more Mexican carriers are added to the demonstration project.

## **Exhibit A. Scope and Methodology**

Section 6901 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 did not require us to monitor and review the U.S. motor carriers participating in the demonstration project and operating in Mexico. Therefore, the interim and final reports will not address these participants.

## **EXHIBIT B. PRIOR AUDIT COVERAGE**

### **Prior OIG Audits**

Our most recent report, issued in September 2007, identified three issues that FMCSA should address with Congress.

First, FMCSA had not developed and implemented complete, coordinated plans for checking trucks and drivers participating in the demonstration project as they cross the border. Without having site-specific border crossing plans in place and fully coordinated with CBP and the state, the Department's commitment to check every demonstration project truck every time it crosses the border into the United States is at risk. Our report also stated that these plans should include quality control measures to ensure that FMCSA's system for checking each demonstration project truck is effective. These checks are important because they will review the driver's license to ensure that the vehicle is driven by a licensed driver and that the truck has a current inspection decal issued by the CVSA. This decal shows that a vehicle received a safety inspection in the previous 3 months.

Second, we reported that a considerable number (26 of 50) of state officials responsible for coordinating motor carrier safety programs expressed one or more concerns about the demonstration project and 5 states indicated they were not ready to enforce demonstration project requirements. Despite issuing guidance and brochures on assessing English language proficiency and detailing cabotage rules, regulations, and procedures and initiating a train-the-trainer program, state concerns indicated that FMCSA should develop a feedback mechanism to ensure that critical information reaches roadside inspectors who enforce Federal safety rules.

Third, we found that FMCSA implemented 3 of 34 provisions in Section 350(a) of the fiscal year 2002 Appropriations Act using language that differed slightly from what Congress had specified. The differences related to which trucks should be inspected during pre-authorization safety audits, which drivers should undergo electronic license checks at border crossings, and the inclusion of newer safety rules applicable to Mexican motor carriers.

In its letter report to Congress, the Department addressed all of these issues. It provided Congress with site-specific plans to ensure that every truck participating in the demonstration project is checked at every border crossing; a quality control plan to document the extent to which FMCSA is able to achieve its goal of checking every vehicle at every border crossing; a Demonstration Project State Outreach Plan; and plans to address slight language differences between FMCSA implementation and legislative provisions. Enclosure 4 of the Department's letter

### **Exhibit B. Prior Audit Coverage**

report to Congress addressed quality control measures to be used based on data acquired from CBP.

OIG reports issued on this subject area are listed below.

- OIG Report Number MH-2007-065, “Issues Pertaining to the Proposed NAFTA Cross-Border Trucking Demonstration Project,” September 6, 2007.
- OIG Report Number MH-2007-062, “Follow-up Audit on the Implementation of the North American Free Trade Agreement’s Cross-Border Trucking Provisions,” August 6, 2007.
- OIG Report Number MH-2005-032, “Follow-Up Audit of the Implementation of the North American Free Trade Agreement’s Cross-Border Trucking Provisions,” January 3, 2005.
- OIG Report Number MH-2003-041, “Follow-Up Audit on the Implementation of Commercial Vehicle Safety Requirements at the U.S.-Mexico Border,” May 16, 2003.
- OIG Report Number MH-2002-094, “Implementation of Commercial Vehicle Safety Requirements at the U.S.-Mexico Border,” June 25, 2002.
- OIG Report Number MH-2001-096, “Motor Carrier Safety at the U.S.-Mexico Border,” September 21, 2001.
- OIG Report Number MH-2001-059, “Interim Report on Status of Implementing the North American Free Trade Agreement’s Cross-Border Trucking Provisions,” May 8, 2001.
- OIG Report Number TR-2000-013, “Mexico-Domiciled Motor Carriers,” November 4, 1999.
- OIG Report Number TR-1999-034, “Motor Carrier Safety Program for Commercial Trucks at U.S. Borders,” December 28, 1998.

## **Exhibit B. Prior Audit Coverage**

## EXHIBIT C. MAJOR CONTRIBUTORS TO THIS REPORT

THE FOLLOWING INDIVIDUALS CONTRIBUTED TO THIS REPORT.

<u>Name</u>	<u>Title</u>
Joe Com�	Program Director
Joan Becker	Project Manager
Chris Brothers	Project Manager
David Pouliott	Project Manager
Kimberley Bolding	Senior Auditor
Pat Conley	Senior Auditor
Tony Saraco	Senior Auditor
Gerry Sheeran	Senior Auditor
Maurice Toval	Senior Auditor
Kate Conway	Analyst
Constance Hardy	Analyst
Michael Masoudian	Analyst
Calvin Moore	Analyst
Anette Soto	Analyst
Scott Williams	Analyst
Tom Lehrich	Chief Counsel
Seth Kaufman	Associate Counsel
Petra Swartzlander	Statistician
Harriet Lambert	Writer-Editor