

U.S. DEPARTMENT OF TRANSPORTATION INSPECTOR GENERAL ISSUES REPORT OF AUDIT OF NHTSA'S OFFICE OF DEFECTS INVESTIGATION

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On October 6, 2011, the U.S. Department of Transportation's Office of Inspector General ("OIG") issued a report on its audit of NHTSA's Office of Defects Investigation ("ODI"). The full text can be found at: <http://www.oig.dot.gov/sites/dot/files/ODI%20Final%20Report%2010-06-11.pdf>.

The OIG initiated its audit in February 2010, in the midst of the publicity over the Toyota unintended acceleration issue and related Congressional hearings. The purpose was to assess the effectiveness of NHTSA's investigation processes, both generally and as applied to unintended acceleration complaints. The report noted that from 2002 through 2009, ODI received a total of 13,778 unintended acceleration-related complaints (or approximately 4% of all consumer complaints) and reviewed between 1,400 and 2,200 of those complaints each year. The audit found that ODI identified potential UA-related risks and followed its established processes in conducting subsequent investigations and monitoring the resulting recalls. While concluding that ODI's investigative results for the Toyota UA-related cases were well supported, the report identifies several weaknesses in ODI's processes for identifying and addressing defects. Specifically, the report notes the following process deficiencies:

- ODI does not adequately track or document pre-investigation activities. ODI's primary means for determining whether an investigation is warranted are consumer complaints. OIG noted that ODI's central electronic database, ARTEMIS, does not track: 1) whether complaints are reviewed within established timelines or used to support an investigation, and 2) evidence supporting potential defects or documentation of Defect Assessment Panel decisions on which safety issues/risks to investigate. Without comprehensive documentation of pre-investigation activities, ODI's decisions are open to interpretation and questions after the fact, potentially undermining public confidence in its actions.
- ODI lacks a systematic process for determining when to involve third-party or Vehicle Research and Testing Center (VRTC) assistance. Unlike similar offices in other countries, ODI does not have test facilities directly available to its investigators. Consequently, ODI makes decisions about the need for third-party or VRTC assistance based upon individual investigators' requests to management during an investigation or defect petition review.
- ODI has not regularly followed timeliness goals for completing investigations.

- ODI has not fully implemented its redaction policy to ensure consumers' privacy.
- ODI lacks a complete and transparent record system, which contains documented support for decisions that significantly impact its investigations.
- ODI lacks a formal training program to ensure staff has the necessary skills and expertise. Technology advancements cause continual change within the automotive industry, warranting periodic review of staffing and training needs, but ODI has not developed a rigorous training program to ensure it stays abreast of these advancements.

In light of these observations, the OIG recommended the following process improvements:

1. Revise pre-investigation processes to ensure that the agency's review of each complaint is recorded and that complaints are tracked to associated investigations in ARTEMIS.
2. Establish pre-investigation processes for retaining and storing pre-investigation records, such as investigation proposals and insurance company data.
3. Require that decisions made and actions taken by ODI Defect Assessment Panels are recorded, including justifications for not proceeding to investigations.
4. Establish systematic processes for determining when a third-party or the Vehicle Research & Testing Center should be used to verify manufacturer information or assist in identifying a potential defect.
5. Revise the ODI investigation process to require justifications for continuing or closing investigations that exceed timeliness goals for preliminary evaluations (PEs) and engineering analyses (EAs).
6. Revise the ODI investigation process to establish criteria for documenting evidence, such as associated complaints, meetings with manufacturers and other stakeholders, and third-party analysis or testing conducted.
7. Strengthen ODI's redaction policy and process to better protect consumers' personal information from public availability, such as by using automated redaction software.
8. Conduct a workforce assessment to determine the number of staff required to ensure that ODI meets its objectives and determines the most effective mix of staff.
9. Develop a formal training program to assist ODI staff in acquiring the knowledge and staying abreast of ODI processes and current and new automobile technologies.

10. Develop and implement a strategy for increasing coordination with foreign countries to enhance ODI's ability to identify safety defects and to exchange information on foreign recalls.

According to the OIG's report, NHTSA agreed with most of these process changes. Although many of these changes will occur behind the scenes, they will nonetheless have a direct impact on manufacturers and the manner in which defect investigations are handled by the agency (e.g., greater effort to close or upgrade PE's within 90 - 120 days, more formal pre-investigation inquiries, enhanced documentation of informal discussions between NHTSA and manufacturer representatives).