

EXECUTIVE DIGEST

MOTORCYCLE SAFETY EDUCATION PROGRAM AND MOTORCYCLE SAFETY FUND

INTRODUCTION

This report, issued in September 1997, contains the results of our performance* and financial related audit* of the Motorcycle Safety Education Program and the Motorcycle Safety Fund, Departments of Education and State. The financial portion of our audit covered the period October 1, 1994 through September 30, 1996.

AUDIT PURPOSE

This performance and financial related audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

The Motorcycle Safety Education Program's and the Motorcycle Safety Fund's enabling legislation is contained within several sections of the *Michigan Compiled Laws*.

The Program is administered by the Motorcycle Safety Education Unit, Office of School Management Services, Department of Education. The mission* of the Program is to improve motorcycling safety by establishing motorcycle safety courses throughout the State. The Program's primary functions include reviewing applications and recommending grants for motorcycle safety course sponsors and overseeing course operations. The Program awarded grants of \$300,000 and \$600,000 to course

sponsors in fiscal years 1995-96 and 1994-95, respectively. Program staff consist of a State Coordinator and one half-time secretary.

The Department of State is responsible for administering the examination for persons wanting to obtain a motorcycle endorsement. The examination includes both a written test and a driving test.

Funds to support the Program and certain Department of State functions are derived from original and renewal motorcycle license endorsements, annual motorcycle registration fees, and motorcycle operator driving test fees. These funds are deposited and accounted for in the Motorcycle Safety Fund. Fees deposited in the Fund in fiscal years 1995-96 and 1994-95 amounted to \$824,121 and \$767,798, respectively.

AUDIT OBJECTIVES
AND CONCLUSIONS

Audit Objective: To assess the effectiveness of the Department of Education's administration of the Motorcycle Safety Education Program.

Conclusion: The Department of Education was effective in establishing motorcycle safety courses throughout the State, but it needs to improve its overall administration of the Program. Our assessment disclosed one material condition*:

- The Program had not fully developed a comprehensive quality improvement process to periodically evaluate the effectiveness of motorcycle safety courses (Finding 1).

The Department of Education agreed and will comply with the corresponding recommendation.

Our assessment also disclosed reportable conditions* concerning the grant application review process, on-site monitoring visits, motorcycle safety course fees, and the State Coordinator certification (Findings 2 through 5).

Audit Objective: To determine the Department of Education's and the Department of State's compliance with applicable statutes regarding the collection and expenditure of fees that are accounted for in the Motorcycle Safety Fund.

Conclusion: The Departments were generally in compliance with applicable statutes regarding the collection and expenditure of fees; however, our review disclosed one instance of potential material noncompliance:

- The Department of State received reimbursement from the Motorcycle Safety Fund for certain administrative costs that may not have been allowable for reimbursement (Finding 6).

Both the Departments of State and Education agreed and will comply with the corresponding recommendation to request an Attorney General's opinion to determine which administrative costs are allowable for reimbursement from the Motorcycle Safety Fund.

We also noted a reportable condition pertaining to unauthorized expenditures (Finding 7).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Motorcycle Safety Education Program. Also, our audit scope was to examine the financial records of the Motorcycle Safety Fund for the period October 1, 1994 through September 30, 1996. Our audit was conducted in

accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

A schedule of sources and disposition of authorizations for the Motorcycle Safety Fund and a summary of grants and grant expenditures for the Motorcycle Safety Education Program for the fiscal years ended September 30, 1996 and September 30, 1995 are included in this report as supplemental information. This information was not audited by us and, accordingly, we do not express an opinion on it.

To assess the effectiveness of the Department of Education's administration of the Program, we discussed Program goals* and objectives* with Program personnel and reviewed the Program's efforts to evaluate the effectiveness and oversee operations of motorcycle safety courses. We also analyzed the Program's grant application review process and monitoring practices. Our assessment of the Department of Education's administration of the Program was for the period October 1, 1994 through December 31, 1996.

To determine compliance with applicable statutes regarding the collection and expenditure of fees accounted for in the Motorcycle Safety Fund, we examined financial records and supporting documentation maintained by the Departments of Education and State primarily for the period October 1, 1994 through September 30, 1996.

AGENCY RESPONSES

Our audit report includes 7 findings and 11 corresponding recommendations. The Department of Education's preliminary response indicated that it agreed with 5 of the

7 findings. In addition, the Department of State's preliminary response indicated that it concurred with the 1 recommendation directed primarily toward the Department of State.