

## EXECUTIVE DIGEST

# AUTOMOBILE THEFT PREVENTION AUTHORITY

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### INTRODUCTION

This report, issued in February 2000, contains the results of our performance audit\* of the Automobile Theft Prevention Authority (ATPA), Michigan Department of State Police (MSP).

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### AUDIT PURPOSE

This performance 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\* .

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### BACKGROUND

ATPA was established by Act 10, P.A. 1986 (Sections 500.6101 - 500.6111 of the *Michigan Compiled Laws*). ATPA was specifically created to reduce automobile theft in Michigan. A seven-member Board of Directors, appointed by the Governor with the advice and consent of the Senate, directs ATPA's operations. The director of MSP serves as the Board chairman. The Board officially began operations on October 1, 1986. Act 174, P.A. 1992, which became effective on July 23, 1992, made ATPA a permanent part of MSP.

ATPA awards funds to law enforcement agencies, local prosecutors, and nonprofit community organizations for

programs designed to reduce automobile theft. The funding for these grants comes from assessments paid by automobile insurance policyholders. Annually, each insurance company authorized to write automobile insurance in the State of Michigan must remit to ATPA an assessment equal to \$1 multiplied by the insurer's total earned car years of insurance. An "earned car year" is defined as 12 months of insurance coverage on a vehicle. For example, if an agent insured 12 different cars for 1 month each, the total assessment would be one earned car year. Likewise, 12 different cars insured for 12 months each would equal 12 earned car years.

For the fiscal year ended September 30, 1998, ATPA received approximately \$6 million in assessments from insurance companies. Since ATPA began its operations in 1986, total revenues have exceeded \$78 million (this includes the annual assessments collected from insurance companies and interest earned on unexpended funds). Expenditures for automobile theft prevention programs for this same period totaled approximately \$70 million.

As of July 31, 1999, ATPA's staff consisted of five employees. Total program expenditures for the fiscal year ended September 30, 1998 were approximately \$5.8 million.

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AUDIT OBJECTIVE,  
CONCLUSION, AND  
NOTEWORTHY  
ACCOMPLISHMENTS

**Audit Objective:** To assess the effectiveness of ATPA in administering grants for automobile theft prevention programs.

**Conclusion:** We concluded that ATPA was generally effective in administering grants for automobile theft prevention programs. However, we noted reportable

conditions\* related to the analysis of automobile theft prevention methods and grant payments (Findings 1 and 2).

**Noteworthy Accomplishments:** ATPA reported that, during 1998, 17 law enforcement programs funded by ATPA recovered 2,824 vehicles with an estimated value of \$26 million and 2,438 individuals were arrested. During 1998, 5 county prosecutors funded by ATPA grants issued 2,202 arrest warrants. ATPA provided materials and instruction to agencies throughout Michigan for etching vehicle identification numbers on windshields. ATPA reported that nearly 6,000 vehicles are etched annually.

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AUDIT SCOPE AND  
METHODOLOGY

Our audit scope was to examine the program and other records of the Automobile Theft Prevention Authority. Our audit was conducted in accordance with *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.

Our methodology included the testing of records primarily covering the period August 1, 1997 through July 31, 1999. We conducted a preliminary survey of ATPA's operations to gain an understanding of the activities and to form a basis for selecting certain operations for audit. This included discussions with staff regarding their functions and responsibilities and reviews of program records and annual reports.

We examined program activity data and compared Michigan vehicle theft with national data for analyses of trends of automobile thefts and related arrests. We

reviewed ATPA's controls and procedures for awarding grant funds, for verifying grant fund expenditures, and for assessing the results and outcomes of the programs funded.

Also, we conducted surveys (see supplemental information) requesting feedback from various entities related to automobile theft prevention activities within their respective communities and their satisfaction with ATPA activities.

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**AGENCY RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP**

Our audit report includes 2 findings and 2 corresponding recommendations. The agency preliminary response indicated that ATPA agreed with both recommendations.

ATPA complied with 6 of the 7 prior audit recommendations. One prior audit recommendation is repeated in this report.