

PERFORMANCE AUDIT
OF THE
BUREAU OF DRIVER SAFETY

DEPARTMENT OF STATE

June 2004

“...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.”

– Article IV, Section 53 of the Michigan Constitution

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Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Bureau of Driver Safety
Department of State

Report Number:
23-270-03

Released:
June 2004

The Bureau of Driver Safety is responsible for assessing the driving skills of licensed drivers who have been identified as high risk or unsafe, conducting hearings for persons who have lost their driving privileges and are requesting to have them reinstated, and licensing and monitoring the private driver training schools and third-party testing entities that perform road tests of all persons seeking a driver license.

Audit Objectives:

1. To assess the Driver Assessment Division's effectiveness in evaluating and restricting high-risk drivers.
2. To assess the Driver License Appeal Division's effectiveness in administering appeals for driver license restrictions and suspensions.
3. To assess the Driver Training and Testing Division's effectiveness in licensing and monitoring private driver training schools and third-party testing entities.

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Audit Conclusions:

1. We concluded that the Driver Assessment Division was effective in evaluating and restricting high-risk drivers.
2. We concluded that the Driver License Appeal Division was effective in administering appeals for driver license restrictions and suspensions.
3. We concluded that the Driver Training and Testing Division was effective in licensing and monitoring private driver training schools and third-party testing entities.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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AUDITOR GENERAL

June 3, 2004

The Honorable Terri Lynn Land
Secretary of State
Treasury Building
Lansing, Michigan

Dear Secretary Land:

This is our report on the performance audit of the Bureau of Driver Safety, Department of State.

The report contains our report summary; description of agency; audit objectives, scope, and methodology and prior audit follow-up; comments; and a glossary of acronyms and terms.

Our comments are organized by audit objective.

We appreciate the courtesy and cooperation extended to us during the audit.

AUDITOR GENERAL

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Description of Agency

The Department of State serves the citizens of the State of Michigan with programs designed to enhance driver safety. The Bureau of Driver Safety is responsible for overseeing the Department's driver safety programs for both regular and commercial driver licenses (Sections 257.301 - 257.329 and Sections 256.601 - 256.609 of the *Michigan Compiled Laws*, respectively).

The divisions within the Bureau of Driver Safety that carry out the driver safety programs include the Driver Assessment, Driver License Appeal, and Driver Training and Testing Divisions:

- a. The Driver Assessment Division is responsible for assessing the driving skills of licensed drivers who have been identified as high risk or unsafe. As a result of these assessments, Division analysts may restrict, suspend, or revoke a person's driver license.
- b. Driver License Appeal Division staff conduct hearings for persons who either have lost their driving privileges and are requesting to have them reinstated or have had their driving privileges restricted and are requesting to have the restriction reduced.
- c. The Driver Training and Testing Division's responsibilities include licensing and monitoring private driver training schools and third-party testing (TPT) entities and individuals working for these schools and entities. Since 1997, TPT entities have been responsible for performing all road tests of individuals seeking either a new driver license or an endorsement to an existing license.

The Driver Assessment, Driver License Appeal, and Driver Training and Testing Divisions expended approximately \$7.0 million during fiscal year 2002-03 and, as of December 31, 2003, had 82 employees. Subsequent to our audit fieldwork but prior to the release of the audit report, the Department moved these three divisions to the Bureau of Regulatory Services.

Audit Objectives, Scope, and Methodology and Prior Audit Follow-Up

Audit Objectives

Our performance audit* of the Bureau of Driver Safety, Department of State, had the following objectives:

1. To assess the Driver Assessment Division's effectiveness* in evaluating and restricting high-risk drivers*.
2. To assess the Driver License Appeal Division's effectiveness in administering appeals for driver license restrictions and suspensions.
3. To assess the Driver Training and Testing Division's effectiveness in licensing and monitoring private driver training schools and third-party testing (TPT) entities.

Audit Scope

Our audit scope was to review the Department of State's driver safety programs and their records. 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 we considered necessary in the circumstances.

Audit Methodology

Our audit procedures, conducted from September through December 2003, generally covered the period January 1, 2002 through December 31, 2003. We performed a preliminary review of the Driver Assessment, Driver License Appeal, and Driver Training and Testing Divisions' operations to gain an understanding of their responsibilities and to plan the audit. We interviewed employees, reviewed documentation, and conducted limited testing in each division.

To accomplish our first objective, we reviewed how high-risk drivers were scheduled for assessment to determine if they were prioritized for assessment in accordance with procedures. We reviewed backlog reports and staff activity reports to determine if the waiting list for assessments was minimized and if staff were performing at optimum

* See glossary at end of report for definition.

levels. We compared analysts' assessment decisions with procedures to verify that decisions were consistent with procedures.

To accomplish our second objective, we reviewed the driver license appeal process and determined how appeals were prioritized and scheduled. We followed the hearing process by observing three appeal hearings and reviewing the hearing officers' documented decisions. We evaluated the agency's monitoring of workload and appeals dispositions.

To accomplish our third objective, we reviewed licensing requirements and agency files to determine if the Driver Training and Testing Division was properly licensing and monitoring driver training schools and TPT entities. We also reviewed the Division's controls in place to ensure that private driver training school owners and instructors were licensed and had submitted required medical and criminal background information, that TPT examiners received required training, and that examiners met required qualifications. We further evaluated the Division's on-site inspection process and monitoring procedures.

Our audit did not include an examination of the graduated driver license (GDL). The State implemented GDL on April 1, 1997 in an effort to reduce the number of injuries and deaths caused by vehicular crashes involving inexperienced young drivers. Under GDL, drivers younger than 18 years entering the licensing system must go through a three-stage process before receiving full licensure. In 2001, a private research organization performed a study of the effect that GDL had on traffic crashes among 16-year-old drivers. This same organization completed a subsequent review to determine the long-term effect that GDL had on reducing crashes involving young drivers. The anticipated release of this second study is early 2004.

Prior Audit Follow-Up

Within the scope of this audit, we followed up 7 of the 14 audit recommendations from our January 1991 performance audit of the Bureau of Driver Improvement, Department of State (#2327090). We also followed up 2 of the 4 audit recommendations from our August 1999 performance audit of Driver Safety Programs, Departments of State and Education (#2370097). The Department of State complied with all 9 prior audit recommendations.

COMMENTS

EVALUATION AND RESTRICTION OF HIGH-RISK DRIVERS

COMMENT

Audit Objective: To assess the Driver Assessment Division's effectiveness in evaluating and restricting high-risk drivers.

Conclusion: We concluded that the Driver Assessment Division was effective in evaluating and restricting high-risk drivers.

ADMINISTRATION OF APPEALS FOR DRIVER LICENSE RESTRICTIONS AND SUSPENSIONS

COMMENT

Audit Objective: To assess the Driver License Appeal Division's effectiveness in administering appeals for driver license restrictions and suspensions.

Conclusion: We concluded that the Driver License Appeal Division was effective in administering appeals for driver license restrictions and suspensions.

LICENSING AND MONITORING OF PRIVATE DRIVER TRAINING SCHOOLS AND THIRD-PARTY TESTING (TPT) ENTITIES

COMMENT

Audit Objective: To assess the Driver Training and Testing Division's effectiveness in licensing and monitoring private driver training schools and TPT entities.

Conclusion: We concluded that the Driver Training and Testing Division was effective in licensing and monitoring private driver training schools and TPT entities.

GLOSSARY

Glossary of Acronyms and Terms

effectiveness	Program success in achieving mission and goals.
GDL	graduated driver license.
high-risk driver	A driver who may be afflicted with a mental or physical disability, has accumulated 12 or more points in a two-year period, is a probationary driver with violations, has been involved in three or more negligent crashes, has contributed to the cause of a fatal crash, has driven under the influence of alcohol or drugs, or has violated license restrictions imposed on his/her license.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
TPT	third-party testing.