

EXECUTIVE DIGEST

BUREAU OF AUTOMOTIVE REGULATION

INTRODUCTION This report contains the results of our performance audit of the Bureau of Automotive Regulation (BAR), Department of State, for the period July 1, 1994 through November 30, 1995.

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*.

BACKGROUND BAR's mission is to continuously improve the quality of vehicle repair services and practices, vehicle sales practices, vehicle maintenance for safety and consumer protection and to fulfill mandates of law.

BAR is responsible for licensing and regulating approximately 50,150 automotive mechanics, 11,500 motor vehicle repair facilities, 6,150 automotive dealers, and 850 salvage vehicle agents*. This responsibility includes

promulgating rules and developing policies and procedures regarding testing, licensing, regulation, and certification. It also includes investigating consumer complaints regarding dealers, mechanics, repair facilities, and salvage vehicle agents, as well as providing mediation services to resolve consumer complaints.

During the audit period, BAR was also responsible for licensing and regulating approximately 5,050 auto exhaust testing (AET) inspectors and 1,300 AET stations. However, effective January 1, 1996, Act 232, P.A. 1993, repealed Act 83, P.A. 1980, which established the AET Program*.

BAR expended \$6.6 million during fiscal year 1994-95 and, as of January 1, 1996, had 94 employees.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the effectiveness of BAR's licensing of automotive dealers and salvage vehicle agents.

Conclusion: We concluded that BAR was effective in its licensing of automotive dealers and salvage vehicle agents. BAR consistently met or exceeded its performance objective* of processing properly completed automotive dealer and salvage vehicle agent license applications within five days.

Audit Objective: To assess the effectiveness of BAR's regulation of automotive dealers, salvage vehicle agents, motor vehicle repair facilities, and automotive mechanics.

Conclusion: Overall, BAR's regulation of automotive dealers, salvage vehicle agents, motor vehicle repair

facilities, and automotive mechanics was effective. However, we noted four reportable conditions* relating to timeliness of the review of dealer referral cases, the Disciplinary Action Model, timeliness of inspections of dealers and body shops, and repair facilities' payment of registration fees (Findings 1 through 4).

Noteworthy Accomplishments: In November 1994, BAR convened a project team of 14 staff, known as "BAR 2000."

The project team identified as its mission: "To provide the quickest, most effective and efficient complaint resolution services to our customers." At that time, the average closing time for complaint cases was 125 days. As a result of the project team's recommendations, the average closing time for complaint cases was reduced to an average of 77 days, or a decrease of 38%.

The project team created focus groups, developed pilot projects, and conducted customer surveys to learn more efficient ways of conducting business. Other changes were made to BAR's organizational structure to improve consistency in the quality and quantity of work performed. One such change was the reassignment of three BAR division directors to new divisions to "break down division walls" and promote the sharing of information among BAR staff.

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Bureau of Automotive Regulation for the period July 1, 1994 through November 30, 1995. 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 audit methodology included identifying performance objectives that BAR used to evaluate the effectiveness of its licensing and regulation functions. Based on these objectives, we evaluated the effectiveness of BAR's licensing and regulation functions.

Also, we analyzed BAR's organizational structure and applicable statutes, policies, and procedures related to its licensing and regulatory functions. In addition, we examined records, observed activities, and conducted interviews with BAR staff to document an understanding of the internal control structure*. We also conducted tests of the internal control structure to determine if controls were working as intended by management.

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

Our audit report contains 4 findings and recommendations. BAR agreed with all our recommendations and indicated that it has complied with 1 recommendation.

BAR complied with or had taken significant steps to comply with 14 of the 15 prior audit recommendations included within the scope of our current audit. We repeated 1 prior audit recommendation in this report.