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January 2017

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

**DEPARTMENT OF HIGHWAY SAFETY  
AND MOTOR VEHICLES**

Commercial Driver's License Program  
and Prior Audit Follow-Up



Sherrill F. Norman, CPA  
Auditor General

## **Executive Director of the Department of Highway Safety and Motor Vehicles**

The Department of Highway Safety and Motor Vehicles is established by Section 20.24, Florida Statutes. The head of the Department is the Governor and Cabinet. Pursuant to Section 20.05(1)(g), Florida Statutes, the Governor and Cabinet are responsible for appointing an Executive Director of the Department. Terry L. Rhodes served as Executive Director during the period of our audit.

The team leader was Millicent Burns, CPA, and the audit was supervised by David R. Vick, CPA.

Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, by e-mail at [davidvick@aud.state.fl.us](mailto:davidvick@aud.state.fl.us) or by telephone at (850) 412-2817.

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# DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

## Commercial Driver's License Program and Prior Audit Follow-Up

### **SUMMARY**

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This operational audit of the Department of Highway Safety and Motor Vehicles (Department) focused on the Commercial Driver's License Program and Commercial Motor Vehicle Safety Enforcement. The audit also included a follow-up on the findings noted in our report No. 2014-107. Our audit disclosed the following:

#### **Commercial Driver's License Program**

**Finding 1:** Department controls for monitoring the third-party administrators (TPAs) and skills testers responsible for conducting commercial driver's license examinations need enhancement to ensure monitoring activities are timely conducted and appropriately documented.

#### **International Fuel Tax Agreement Licensing and Information Technology Controls**

**Finding 2:** As similarly noted in our report No. 2014-107, Department records did not always evidence that the status of applicants for International Fuel Tax Agreement (IFTA) licenses had been verified through the IFTA Clearinghouse prior to issuing IFTA licenses.

**Finding 3:** The Department did not always timely deactivate user access privileges to the Florida Real Time Vehicle Information System (FRVIS) or the Florida Accounting Information Resource Subsystem upon a user's separation from Department employment. A similar finding was discussed with Department management in connection with our report No. 2014-107.

**Finding 4:** Certain security controls related to user authentication for FRVIS and the Cashier Receipts System need improvement to better protect the confidentiality, integrity, and availability of Department data and information technology resources. A similar finding was noted in our report No. 2014-107.

### **BACKGROUND**

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The mission of the Department of Highway Safety and Motor Vehicles (Department) is to provide highway safety and security through excellence in service, education, and enforcement. The Department operates in partnership with county tax collectors and local, State, and Federal law enforcement agencies to promote a safe driving environment, issue driver's licenses and identification cards, and provide consumer protection and public safety services. For the 2015-16 fiscal year, the Legislature appropriated approximately \$447.7 million to the Department and authorized 4,414 positions.

# FINDINGS AND RECOMMENDATIONS

## COMMERCIAL DRIVER'S LICENSE PROGRAM

Federal regulations<sup>1</sup> establish testing and licensing requirements for commercial motor vehicle operators and require states to administer knowledge and skills tests to qualified commercial driver's license (CDL)<sup>2</sup> applicants. The United States Department of Transportation, Federal Motor Carrier Safety Administration, is responsible for developing policies, procedures, and guidelines to evaluate state CDL program compliance and for managing grants that enable states to implement changes to remain in compliance with new Federal regulations. The Department, Division of Motorist Services, Bureau of Commercial Vehicles and Driver Services, is responsible for overseeing State compliance with Federal and State regulatory and statutory CDL requirements.

As permitted by State law<sup>3</sup> and Federal regulations,<sup>4</sup> the Department contracted with public and private entities to administer the written and driving skills portions of State CDL examinations. These examinations are provided throughout the Department's eight geographical compliance monitoring zones, which are shown in **EXHIBIT A** to this report. The contracted entities, known as third-party administrators (TPAs), utilized skills testers to conduct CDL examinations. Department compliance officers in each zone were responsible for monitoring the TPAs and skills testers to ensure compliance with State law and Federal regulations. Table 1 shows, by compliance zone, the number of TPAs, skills testers, and individual testing sites active during the period January 2014 through March 2016.

**Table 1**  
**Number of CDL**  
**Third-Party Administrators, Skills Testers,**  
**and Testing Sites by Compliance Zone**  
**January 2014 Through March 2016**

Compliance Zone	Third-Party Administrators	Skills Testers	Testing Sites
1	20	32	32
2	24	56	35
3	20	59	26
4	17	42	22
5	14	59	19
6	23	48	28
7	24	61	41
8	17	36	23
<b>Totals</b>	<b><u>159</u></b>	<b><u>393</u></b>	<b><u>226</u></b>

Source: Department records.

<sup>1</sup> Title 49, Part 383, Code of Federal Regulations.

<sup>2</sup> Title 49, Section 383.5, Code of Federal Regulations, defines a CDL as a license issued to an individual by a state or other jurisdiction of domicile, in accordance with the standards contained in Title 49, Part 383, Code of Federal Regulations, which authorizes the individual to operate a class of a commercial motor vehicle.

<sup>3</sup> Section 322.56(1), Florida Statutes.

<sup>4</sup> Title 49, Section 383.75, Code of Federal Regulations.

## Finding 1: CDL Program Monitoring

Federal regulations<sup>5</sup> require the Department to conduct, at least once every 2 years, unannounced, on-site inspections of TPA and skills testers records, and covert and overt monitoring of CDL examinations conducted by skills testers. In addition, State law<sup>6</sup> requires the Department to monitor the CDL examinations administered by the TPAs and specifies that such monitoring is to include annual on-site inspections of the TPAs and tests of random samples of drivers approved for licensure by the TPAs. Federal regulations<sup>7</sup> require the Department to take prompt and appropriate remedial action against any TPA that fails to comply with State or Federal standards for the CDL testing program.

The Department established the *Manual for CDL and Third Party Testing Compliance Officers (CDL Manual)* to provide guidance to Department compliance officers for conducting inspections of TPA facilities and records and skills testers records. The *CDL Manual* instructed compliance officers to conduct annual facility inspections of each TPA, including a review of the records of skills testers employed by the TPA, utilizing an *On-Site Facility Inspection Sheet* (inspection checklist). For each on-site inspection, the compliance officers were to evaluate the items on the inspection checklist for compliance and prepare a written report of their findings.

As part of our audit, we evaluated Department processes and procedures related to CDL Program monitoring and examined Department records related to the on-site monitoring conducted for 16 TPAs, and 32 skills testers employed by the 16 TPAs, during the period July 2014 through March 2016. Our audit procedures disclosed that:

- The *CDL Manual* did not provide sufficient instructions for compliance officers to complete the inspection checklists. For example, the compliance officers were to indicate on the inspection checklist whether the TPA complied with State law, Federal regulations, Department and other pertinent administrative rules, and all applicable local ordinances. However, the *CDL Manual* did not specify how compliance officers were to determine and document which local ordinances were applicable, or what criteria should be used to evaluate TPA compliance.
- The Department did not maintain sufficient documentation to support the monitoring activities performed or the specific records reviewed during the on-site inspections for the 16 TPAs. For example, compliance officers were to indicate on the inspection checklists the results of the tests of skills tester and driver applicant records. However, the completed inspection checklists did not list the names of the specific skills testers or driver applicant records reviewed during the on-site inspections.
- Department records did not evidence for 3 TPAs that compliance officers had followed up on deficiencies noted on the inspection reports. The deficiencies noted included faded lines on testing routes that needing repainting, copies of drivers' licenses not being included as part of testing records, skills testers with no evidence of updated motor vehicle records, and skills site measurements not meeting the dimensions required for basic skills testing.

In addition, we analyzed Department data related to monitoring activities conducted by the Department for 159 TPAs and 393 skills testers during the period January 2014 through March 2016. Our analysis

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<sup>5</sup> Title 49, Section 384.229, Code of Federal Regulations.

<sup>6</sup> Section 322.56(4), Florida Statutes.

<sup>7</sup> Title 49, Section 383.75(a)(6), Code of Federal Regulations.

disclosed that the Department did not always timely inspect TPA and skills testers records or test random samples of drivers approved for licensure by the TPAs. Specifically, we found that:

- Annual facility inspections for 78 TPAs were conducted 1 to 428 days late (average of 79 days late) and the annual facility inspections for 32 of the 78 TPAs were conducted 33 to 428 days late (average of 179 days late).
- Department records for the 159 TPAs did not evidence the date Department staff had last tested a random sample of drivers approved for licensure by the TPAs.

In response to our audit inquiry, Department management indicated that compliance officer staffing shortages and turnover contributed to untimely inspections and the absence of documentation to support monitoring and follow-up activities.

Absent sufficient instructions for completing inspection checklists, the risk is increased that Department compliance officers will not consistently conduct TPA inspections in accordance with management expectations. In addition, timely conducted and adequately documented monitoring activities, including appropriately following up on deficiencies noted, would enable Department management to demonstrate compliance with State law and that TPAs and skills testers complied with applicable Federal regulations, State laws, and other requirements.

**Recommendation:** We recommend that Department management enhance the *CDL Manual* to provide specific instructions for completing inspection checklists. We also recommend that Department management strengthen procedures to ensure that TPA and skills testers monitoring is timely conducted in accordance with State law and Federal regulations and the results of all monitoring activities, including follow-up on deficiencies noted, are adequately documented.

INTERNATIONAL FUEL TAX AGREEMENT LICENSING  
AND INFORMATION TECHNOLOGY CONTROLS

As part of our audit, we also evaluated whether Department management had corrected, or was in the process of correcting, the deficiencies noted in our report No. 2014-107 including those related to International Fuel Tax Agreement (IFTA) licensing and selected Department information technology (IT) controls.

**Finding 2: IFTA Licensure Procedures**

As authorized by State law,<sup>8</sup> the State is a party to the IFTA, a multijurisdictional program regulating interstate motor carriers. The IFTA addresses the administration and collection of fuel use taxes paid by motor carriers and is designed to make uniform the administration of motor fuel use taxation laws applicable to motor vehicles operated in multiple member jurisdictions. Pursuant to the IFTA, a motor carrier with interstate operations can register vehicles and be licensed for fuel tax reporting purposes in one base state. The Department, upon receipt of a completed application and all required supporting documentation, is responsible for issuing IFTA licenses to motor carriers in good standing.

The IFTA *Articles of Agreement* specify that the Department is not to issue an IFTA license to an applicant if the applicant has an IFTA license under revocation by another member jurisdiction. The *Articles of*

<sup>8</sup> Section 207.0281, Florida Statutes.

*Agreement* established the IFTA Clearinghouse for participating IFTA members to maintain and administer licensee demographic and transmittal data, including the licensee's status, and to provide a mechanism for participating members to exchange, view, and retrieve data. Department procedures<sup>9</sup> for processing new IFTA license applications required staff to utilize the IFTA Clearinghouse to determine whether an applicant had previously been licensed in another jurisdiction and, if so, the status of the applicant's license in that jurisdiction.

The Department utilizes the Florida Real Time Vehicle Information System (FRVIS) to account for various motor carrier activities, including those related to the IFTA program. According to Department records, during the period July 2014 through December 2015, the Department issued 5,492 new IFTA licenses.

In our report No. 2014-107 (finding No. 2), we noted that the Department did not always verify the status of new applicants for IFTA licenses through the IFTA Clearinghouse prior to issuing IFTA licenses. As part of our audit follow-up procedures, we examined Department records related to 40 new IFTA licenses issued during the period July 2014 through December 2015 and found that, for 4 licenses, Department records did not include evidence, such as a notation on the application, that the IFTA Clearinghouse had been reviewed prior to approving the application for a new IFTA license. In response to our audit inquiry, Department management indicated that review of the IFTA Clearinghouse had not been documented for these licenses due to staff oversight. In March 2016, Department procedures for processing new IFTA license applications were updated to specify that staff were to indicate that the applicant was in good standing by documenting review of the IFTA Clearinghouse and initialing and dating the applications.

Absent verification of an applicant's license status through the IFTA Clearinghouse prior to license issuance, the risk is increased that the Department may issue licenses to ineligible applicants, contrary to the requirements of the IFTA *Articles of Agreement*.

**Recommendation:** We recommend that Department management ensure that, prior to issuing an IFTA license, Department records evidence verification of the applicant's IFTA license status in other jurisdictions through the IFTA Clearinghouse.

### **Finding 3: Access Controls**

Effective IT access controls are intended to prevent and detect inappropriate access to IT resources and protect the confidentiality, integrity, and availability of data. Effective access controls include measures to timely deactivate user access privileges when a user separates from employment or when access to the information resource is no longer required. The Department's *Information Security Policy Manual* specified that a user's access to a system was to be removed when the access was no longer required, such as in instances of terminations of employment.

In connection with our report No. 2014-107 (finding No. 3), we discussed with Department management the results of our audit procedures that showed that the Department did not always timely deactivate FRVIS user access privileges upon a user's separation from Department employment. As part of our audit follow-up procedures, we evaluated the timeliness of the deactivation of user access privileges to FRVIS, as well as to the Florida Accounting Information Resource Subsystem (FLAIR), upon a user's

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<sup>9</sup> Department, Bureau of Commercial Vehicle and Driver Services, Procedure MS-EXAM-001, *Entering a New Account Application for the International Fuel Tax Agreement*.

separation from Department employment. Our evaluation again disclosed that user accounts were not always timely deactivated. Specifically, we found that:

- 116 of the 242 Department FRVIS user accounts deactivated during the period July 2014 through January 2016 were deactivated 2 to 283 business days (an average of 57 business days) after the user separated from Department employment.
- 6 of the 24 FLAIR user accounts deactivated during the period July 2014 through December 2015 were deactivated 2 to 27 business days (an average of 12 business days) after the user separated from Department employment.

In response to our audit inquiry, Department management indicated that FRVIS user access privileges were not timely deactivated due to delays in notifying personnel responsible for deactivating the privileges. In addition, Department management indicated that delays in notifying personnel responsible for deactivating FLAIR user access privileges and turnover contributed to the untimely deactivation of FLAIR access privileges. Department management also indicated that two instances of untimely deactivation resulted from the Department keeping the access privileges active to facilitate financial statement processing.

Delays in deactivating user access privileges upon an employee's separation from Department employment increase the risk of inappropriate access to IT resources and unauthorized disclosure, modification or destruction of Department data and IT resources.

**Recommendation: To minimize the risk of compromising Department data and IT resources, we recommend that Department management strengthen procedures for timely notifying personnel responsible for deactivating IT access privileges and ensure that all IT access privileges are deactivated immediately upon a user's separation from Department employment.**

#### **Finding 4: Security Controls**

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. As similarly noted in our report No. 2014-107 (finding No. 3), our follow-up audit procedures disclosed that certain security controls related to FRVIS and the Cashier Receipts System (CRS) needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Department data and related IT resources. However, we have notified appropriate Department management of the specific issues. Without adequate security controls related to FRVIS and CRS user authentication, the risk is increased that the confidentiality, integrity, and availability of Department data and related IT resources may be compromised.

**Recommendation: We again recommend that Department management strengthen security controls related to FRVIS and CRS user authentication to ensure the continued confidentiality, integrity, and availability of Department data and related IT resources.**

### ***PRIOR AUDIT FOLLOW-UP***

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings included in our report No. 2014-107.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from November 2015 through June 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of Highway Safety and Motor Vehicles (Department) focused on the Commercial Driver's License Program and Commercial Motor Vehicle Safety Enforcement. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies noted in our report No. 2014-107.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings

and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Reviewed applicable laws, Department policies and procedures, and other guidelines, and interviewed Department personnel to gain an understanding of Commercial Motor Vehicle Safety Enforcement.
- From the population of 203 commercial motor carrier compliance investigations conducted during the period July 2014 through December 2015, examined Department records for 25 compliance investigations to determine whether compliance investigations were conducted in accordance with State law, Federal regulations, and Department policies and procedures; penalties were assessed in accordance with State law and Department rules; and law enforcement personnel conducting the compliance investigations were appropriately certified in accordance with Federal regulations.
- From the population of 165,469 commercial motor vehicle inspections conducted during the period July 2014 through December 2015, examined Department records for 75 commercial motor vehicle inspections to determine whether commercial motor vehicle inspections were conducted in accordance with State law, Federal regulations, and Department policies and procedures; penalties were assessed in accordance with State law and Department rules; and law enforcement personnel conducting the commercial motor vehicle inspections were appropriately certified in accordance with Federal regulations.
- Reviewed applicable laws, Department policies and procedures, and other guidelines, and interviewed Department personnel to gain an understanding of Federal reporting requirements for Motor Carrier Safety Assistance Program (MCSAP) grants.
- From the population of six quarterly financial reports submitted by the Department to the Federal Motor Carrier Safety Administration (FMCSA) that included financial data for the period July 2014 through December 2015, examined two quarterly financial reports and applicable Department records to determine whether the reports were mathematically accurate, prepared in accordance with the required accounting basis, reconciled to Department financial records, appropriately approved by Department management, and timely submitted to the FMCSA.
- From the population of six quarterly performance reports submitted by the Department to the FMCSA that included performance data for the period July 2014 through December 2015, examined two quarterly performance reports and applicable Department records to determine whether the reports described specific program objectives and progress towards meeting those objectives, addressed whether expenditures were commensurate with budgeted expenditures, contained amounts and information that were adequately supported, and were appropriately approved by Department management and timely submitted to the FMCSA.
- From the population of 1,272 expenditure transactions, totaling \$10,984,378, made during the period July 2014 through December 2015 and related to three Department MCSAP Basic grant agreements, examined Department records for 40 expenditure transactions, totaling \$2,805,779, to determine whether the expenditures were properly authorized and paid, correctly recorded in

Department accounting records, made in accordance with applicable laws, regulations, and guidelines, and supported by sufficient documentation.

- Reviewed applicable laws, Department policies and procedures, and other guidelines, and interviewed Department personnel to gain an understanding of the Commercial Driver's License (CDL) Program.
- From the population of 159 third-party administrators (TPAs) under contract with the Department as of January 8, 2016, examined Department records related to 27 TPAs to determine whether Department contracts included the provisions specified by State law and Federal regulations and the Department had, prior to contracting with the TPA, assessed whether the TPA was qualified to provide CDL skills testing services.
- From the population of 394 skills testers under contract with the Department as of January 8, 2016, examined Department records related to 25 skills testers to determine if Department contracts included the provisions specified by State law and Federal regulations and the Department had assessed whether the skills testers were qualified to provide CDL skills testing services.
- From the population of 159 TPAs under contract with the Department as of January 8, 2016, examined Department records related to 16 TPAs to determine whether the TPA maintained a current license issued by the Department and the insurance coverages required by State law.
- From the population of 159 TPAs and 393 skills testers subject to monitoring during the period January 2014 through March 2016, examined Department records related to 16 TPAs, and 32 skills testers employed by those same 16 TPAs, to determine whether the Department's on-site monitoring of the TPAs and skills testers was appropriately conducted in accordance with State law and Federal regulations.
- Reviewed Department procedures and analyzed Department monitoring records related to 159 TPAs and 393 skills testers subject to monitoring during the period January 2014 through March 2016 to determine if annual TPA inspections, including reviews of skills tester records, and annual random inspections of drivers approved by the TPAs, were timely conducted. In addition, we analyzed Department records to determine whether timely follow-up actions were taken by the Department for TPAs that did not comply with State and Federal standards.
- Evaluated Department records for 11 Department compliance monitors employed during the period July 2014 through January 2016 to determine whether the monitors possessed sufficient qualifications to perform TPA and skills tester monitoring and received appropriate training related to the performance of their job functions. In addition, we analyzed Department records to determine whether Department staffing levels were sufficient to support the appropriate monitoring of TPAs.
- Evaluated Department actions taken to correct the findings noted in our report No. 2014-107. Specifically, we:
  - Performed inquiries of Department management, inspected Department records, and reviewed Department policies and procedures to determine whether the Department had ensured that timely and appropriate actions were taken and documented when organizations that received specialty license plate proceeds did not timely submit required audit reports or attestations to the Department and when certain expenditures from the specialty license plate proceeds exceeded the limits established by State law.
  - From the population of 49 specialty license plate audit reports submitted to and reviewed by the Department during the period July 2014 through January 2016, examined Department records related to 10 audit reports to determine whether the reports were timely submitted and Department staff timely reviewed the reports for compliance with applicable guidelines.

- From the population of 50 specialty license plate compliance attestation reports submitted to and reviewed by the Department during the period July 2014 through January 2016, examined Department records related to 10 specialty license plate compliance attestation reports to determine whether the reports were timely submitted, Department staff timely reviewed the reports for compliance with State law, and the Department took appropriate actions if expenditures from specialty license plate proceeds exceeded the limits established by State law.
- From the population of 5,492 new International Fuel Tax Agreement (IFTA) licenses issued during the period July 2014 through December 2015, examined Department records for 40 licenses to determine whether the Department, prior to issuing an IFTA license, verified the applicant's IFTA licensure status in other jurisdictions through the IFTA Clearinghouse.
- Obtained an understanding of selected information technology (IT) controls for the Florida Real Time Vehicle Information System (FRVIS) and the Cashier Receipts System (CRS), assessed the risks related to those controls, evaluated whether selected general IT controls were in place, and tested the effectiveness of the controls.
- Examined Department records related to user access privileges for FRVIS, the CRS, IFTA Clearinghouse, and the International Registration Plan (IRP) Clearinghouse, to determine whether the Department performed periodic reviews of the appropriateness of user access privileges during the period July 2014 through January 2016.
- For 25 users of FRVIS and the CRS, 11 users of the IFTA Clearinghouse, and 9 users of the IRP Clearinghouse, examined Department records to determine whether the access privileges granted were commensurate with the user's job responsibilities and properly approved.
- Compared system user access privilege deactivation dates to People First employee separation dates and evaluated the timeliness of the deactivation of system access privileges for:
  - The IRP Clearinghouse user account deactivated during the period July 2014 through January 2016.
  - The three CRS user accounts deactivated during the period May 18, 2015, through April 12, 2016.
  - The 242 FRVIS user accounts deactivated during the period July 2014 through January 2016.
- Compared active system user access privileges lists to People First employee separation dates and evaluated whether the user accounts for employees who separated from Department employment during the period July 1, 2014, through January 18, 2016, remained on the active system user access privileges lists for:
  - The nine IRP Clearinghouse and 11 IFTA Clearinghouse user accounts active as of March 3, 2016.
  - 5 of the 231 CRS user accounts active as of March 15, 2016.
  - 27 of the 1,149 FRVIS user accounts active as of January 31, 2016.
- For the period July 2014 through January 2016, compared Department employee separation dates recorded in People First to purchasing card cancellation dates recorded in FLAIR purchasing card records and assessed whether the Department timely canceled the purchasing cards for 11 employees who separated from Department employment and to determine whether any charges had been made subsequent to the employees' separation dates.

- Evaluated the effectiveness of selected controls over the authorization, documentation, testing, approval, and implementation of 8 of the 100 FRVIS program changes initiated during the period July 2014 through January 2016.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Department operations.
- Observed, documented, and evaluated the effectiveness of selected Department processes and procedures for:
  - Budgeting, cash management, refunds, purchasing, settlement agreements, fixed capital outlay expenditures, and financial reconciliations.
  - The administration of Department contracts in accordance with applicable guidelines. During the period July 1, 2014, through December 4, 2015, the Department was responsible for 805 active contracts.
  - The administration of Department travel in accordance with State law and other applicable guidelines. During the period July 2014 through December 2015, Department travel expenditures totaled approximately \$3,443,939.
  - The administration of tangible personal property in accordance with applicable guidelines. As of December 31, 2015, the Department was responsible for tangible personal property with related acquisition costs totaling \$23,895,729.
- Interviewed Department management, examined Department forms, and evaluated Department compliance with applicable statutory requirements for collecting and utilizing individuals' social security numbers.
- Examined Department records for the period July 2014 through December 2015 to determine whether the Department had timely performed FLAIR user access privilege reviews and taken appropriate actions in accordance with Department policies and procedures. Additionally, we examined FLAIR access control records for 24 FLAIR user accounts deactivated during the period July 2014 through December 2015 to determine whether access privileges had been timely deactivated or updated when employees transferred to positions where the same access privileges were not required.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## **AUTHORITY**

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

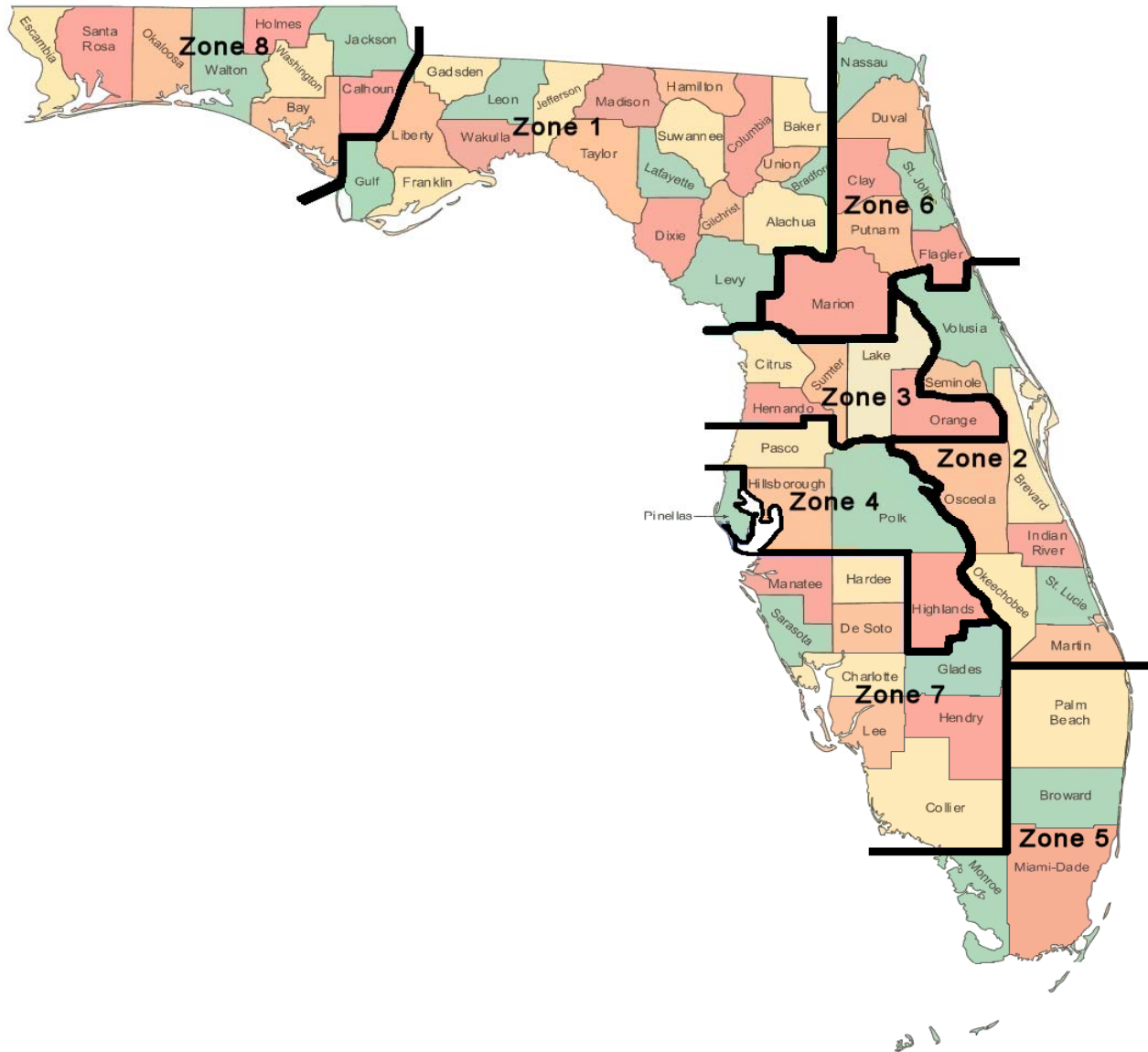


Sherrill F. Norman, CPA  
Auditor General

# EXHIBIT A

## COMMERCIAL DRIVER'S LICENSE PROGRAM GEOGRAPHICAL COMPLIANCE MONITORING ZONES

AS OF MARCH 22, 2016



Source: Department records.

# MANAGEMENT'S RESPONSE

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**Terry L. Rhodes**  
Executive Director

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**Rick Scott**  
Governor

**Pam Bondi**  
Attorney General

**Jeff Atwater**  
Chief Financial Officer

**Adam Putnam**  
Commissioner of Agriculture

December 28, 2016

Sherrill Norman, CPA  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Thank you for the opportunity to respond to the preliminary and tentative findings and recommendations from your operational audit of the Department of Highway Safety and Motor Vehicles. We appreciate the efforts of your staff and in accordance with Section 11.45(4)(d), Florida Statutes, we have included our response to the recommendations made in your report.

The Department of Highway Safety and Motor Vehicles is committed to providing highway safety and security through excellence in service, education, and enforcement. The results of your report will be used as part of the Department's continuous efforts to improve operations.

If you have any questions regarding our response, please contact David Ulewicz, Audit Director at (850) 617-3104.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry L. Rhodes".

Terry L. Rhodes  
Executive Director

TLR/jl  
Enclosure

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**Department of Highway Safety and Motor Vehicles  
Response to the Auditor General's Operational Audit  
Preliminary and Tentative Audit Findings**

**Finding No. 1: Commercial Driver's License Program**

Department controls for monitoring the third-party administrators (TPAs) and skills testers responsible for conducting commercial driver's license examinations need enhancement to ensure monitoring activities are timely conducted and appropriately documented.

**Recommendation**

We recommend that Department management enhance the CDL Manual to provide specific instructions for completing inspection checklists. We also recommend that Department management strengthen procedures to ensure that TPA and skills testers monitoring is timely conducted in accordance with State law and Federal regulations and the results of all monitoring activities, including follow-up on deficiencies noted, are adequately documented.

**Agency Response**

With respect to Department processes and procedures, the Department has revised the Manual for CDL and Third Party Testing Compliance Officers (CDL Manual) to include specific instructions for completing all forms used by the CDL Compliance unit. Updates to the CDL Manual have been ongoing since September 2016, and will be completed by December 31, 2016.

The Department concurs with the finding that the Department did not always inspect TPAs annually as required by state statute. It should be noted that Florida law is more stringent than federal regulations which require biannual inspections. Annual facility inspections were previously deemed to be compliant if the inspection was completed within the same month as the previous year's inspection. To avoid confusion our procedure has been revised to require facility inspections to be completed within 365 days of the previous inspection. Compliance with this change will be monitored by Bureau management.

Section 322.56(4), F.S. requires the Department to test, at least annually, a random sample of the drivers approved by the third party for licensure. The Department participates in scheduled and random testing of drivers, while in the vehicle with the skill tester, in a process referred to as "co-scoring." The Department's policy is to co-score with every tester annually and will ensure that its records evidence these dates. The Department monitors testing before the license is issued to minimize the risk of fraud and ensure public safety.

As part of our ongoing efforts to improve the effectiveness of the CDL program, the Department continues to fill vacancies within this unit and has implemented a more robust monitoring procedure by management to ensure that all TPA's and testers are properly monitored in accordance with state law and federal regulations.

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**Finding No. 2: Verification of IFTA through IFTA Clearing House**

As similarly noted in our report No. 2014-107, Department records did not always evidence that the status of applicants for International Fuel Tax Agreement (IFTA) licenses had been verified through the IFTA Clearinghouse prior to issuing IFTA licenses.

**Recommendation**

We recommend that Department management ensure that, prior to issuing an IFTA license, Department records evidence verification of the applicant's IFTA license status in other jurisdictions through the IFTA Clearinghouse.

**Agency Response**

We concur. Department management confirms that the IFTA clearinghouse verification has been documented by running daily reports of all newly established IFTA accounts and using designated staff to look for a specific notation that indicates the IFTA clearinghouse was checked.

**Finding No. 3: Florida Real Time Vehicle Information System (FRVIS) or the Florida Accounting Information Resource Subsystem User Access Privileges**

The Department did not always timely deactivate user access privileges to FRVIS or the Florida Accounting Information Resource (FLAIR) Subsystem upon a user's separation from Department employment. A similar finding was discussed with Department management in connection with our report No. 2014-107.

**Recommendation**

To minimize the risk of compromising Department data and IT resources, we recommend that Department management strengthen procedures for timely notifying personnel responsible for deactivating IT access privileges and ensure that all IT access privileges are deactivated immediately upon a user's separation from Department employment.

**Agency Response**

The Department recognizes the importance of strengthening procedures for timely notifying personnel responsible for deactivating IT access privileges immediately upon a user's separation from Department employment. FLAIR access controls were strengthened during the audit period to minimize the risk of compromising data and IT resources. In April 2016, the Department initiated a quarterly review of all users which requires the user's supervisor to verify and certify that access to FLAIR is still required for the employee. Additionally, a bi-annual review is completed to ensure all Department FLAIR users are current Department employees. The Department also continues to suspend FRVIS users that do not access the system for 90 days

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and has instituted a new notification process directly to our FRVIS system access area, upon a member's separation from the Department.

**Finding No. 4: FRVIS User Authentication and Cashier Receipts System**

Certain security controls related to user authentication for FRVIS and the Cashier Receipts System need improvement to better protect the confidentiality, integrity, and availability of Department data and information technology resources. A similar finding was noted in our report No. 2014-107.

**Recommendation**

We again recommend that Department management strengthen security controls related to FRVIS and CRS user authentication to ensure the continued confidentiality, integrity, and availability of Department data and related IT resources.

**Agency Response**

The Department recognizes integrity, confidentiality, and availability of the Department's data and IT resources as a key responsibility in maintaining automated systems. In response to audit inquiry, an update to the CRS was deployed in August 2016. This update strengthened security controls relating to CRS user authentication to ensure the continued confidentiality, integrity, and availability of Department data and related IT resources. The Department is also enhancing FRVIS security controls related to user authentication. Enhancements to FRVIS will be completed and downloaded to a group of Department FRVIS users for pilot testing on December 28, 2016 and a group of FRVIS field offices on January 12, 2017. Statewide deployment will take place on January 26, 2017.