



An Audit Report on

The Department of Public Safety's Driver License Division

December 2018

Report No. 19-014



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Overall Conclusion

The Department of Public Safety (Department) does not have sufficient controls over its processes for issuing driver licenses and identification cards to ensure that it collects, retains, and verifies all required information to prevent the issuance of driver licenses and identification cards to ineligible applicants.

The Department complied with transfer requirements related to driver license funds outlined in the General Appropriations Act.

Controls Over Driver License and Identification Card Issuance Processes

Missing required documentation. For the driver licenses and identification cards tested that were issued between September 1, 2016, and February 28, 2018, the Department did not have sufficient controls to ensure that it consistently collected or retained all required documentation to support its **verification of applicants' eligibility**. Specifically, the Department did not have all required documentation:

- For 15 (25 percent) of the 60 noncommercial driver licenses and identification cards tested.
- For 24 (40 percent) of the 60 commercial driver licenses tested.

Examples of missing documentation included applications, proof of Social Security numbers, proof of Texas residency, thumbprint scans, and skills test results.

Lack of effective oversight over the issuance processes. To monitor and identify issues related to the issuance of driver licenses and identification cards, the Department relies on reviews conducted by its regional offices, as well as secondary reviews performed by headquarter employees of all commercial driver licenses issued. However, the Department had not (1) documented procedures for how those reviews should be performed, (2) monitored to verify that those reviews were occurring, or

Background Information

The Department of Public Safety (Department) is the Texas issuing authority for driver licenses, commercial driver licenses, and identification cards. Issuance services are performed by **the Department's headquarters** and regional offices.

Employees in more than 230 regional offices are the primary point of contact for Texans seeking in-person driver license services. Those offices perform services such as verifying the eligibility of applicants for driver licenses and identification cards, as well as administering and reviewing results of knowledge and skills examinations.

Applicants must prove eligibility by providing documentation confirming:

- Identity,
- U.S. citizenship or lawful presence,
- Texas residency,
- Social Security number, and
- Other requirements applicable to specific license types.

In addition to issuance support activities, the Department's **Driver License Division** is responsible for oversight of driver records sales, managing several high-profile programs related to state and federal licensing systems, and the offender identification card program. In addition, it maintains a call center for the dissemination of driver license-related information to customers.

The Department was appropriated \$141,399,382 in fiscal year 2018 for its Driver License Services and Driver Safety strategies.

Sources: The Department and the General Appropriations Act (85th Legislature).

(3) ensured that identified issues, such as those related to missing documentation or incorrect information, were appropriately resolved.

The Department generally relies on its employees to process and issue driver licenses and identification cards independently without supervisory reviews. Therefore, it is important that the Department develop and implement an effective monitoring and documented review process to help ensure that driver licenses and identification cards issued comply with all requirements. In addition, if the Department is not evaluating the monitoring efforts by its regional offices, it may not identify areas in which processes should be improved to help ensure that driver licenses and identification cards are issued only to eligible applicants.

User Access to Driver License System Data

Auditors also identified significant weaknesses in the Department's controls over access to the information in its Driver License System. In addition, the Department did not have a sufficient process in place to detect employee misuse of the driver license information. The identified weaknesses place driver license data at risk of unauthorized and/or inappropriate access, use, and modification. Auditors communicated details about certain information technology control weaknesses separately to the Department in writing.

Pursuant to Standard 7.41 of the U.S. Government Accountability Office's *Government Auditing Standards*, certain information was omitted from this report because that information was deemed to present potential risks related to public safety, security, or the disclosure of private or confidential data. Under the provisions of Texas Government Code, Section 552.139, the omitted information is also exempt from the requirements of the Texas Public Information Act.

Compliance with Transfers and Annual Reporting Requirements

The Department complied with transfer requirements related to driver license funds outlined in the General Appropriations Act. In addition, the Department submitted its annual report on the effectiveness of the Driver License Improvement Plan, as required by the General Appropriations Act. However, the Department did not document its process for determining which expenditures should be included in that annual report.

Table 1 on the next page presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Table 1

Summary of Chapters and Related Issue Ratings		
Chapter	Title	Issue Rating ^a
1	The Department Should Implement Sufficient Controls to Prevent the Issuance of Driver Licenses and Identification Cards to Ineligible Applicants	Priority
2	The Department Should Improve Controls Over Access to Its Driver License System to Prevent and Detect Inappropriate Use of Driver License Data	Priority
3	The Department Complied with Transfer Requirements Related to Driver License Funds, But It Should Document Its Process for Reporting Expenditures in Its Driver License Improvement Plan Annual Report	Medium

^a A chapter/subchapter is rated Priority if the issues identified present risks or effects that if not addressed could critically affect the **audited entity's ability to effectively administer the program(s)/function(s) audited**. **Immediate action is required to address** the noted concern and reduce risks to the audited entity.

A chapter/subchapter is rated High if the issues identified present risks or effects that if not addressed could substantially affect the **audited entity's ability to effectively administer the program(s)/function(s) audited**. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

A chapter/subchapter is rated Medium if the issues identified present risks or effects that if not addressed could moderately affect the **audited entity's ability to effectively administer program(s)/function(s) audited**. **Action is needed to address the noted concern** and reduce risks to a more desirable level.

A chapter/subchapter is rated Low if **the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited** or the issues identified do not present significant risks or effects that would negatively affect the **audited entity's ability to effectively administer the program(s)/function(s) audited**.

Auditors communicated other, less significant issues separately in writing to the Department's management.

Summary of Management's Response

At the end of certain chapters in this report, auditors made recommendations to address the issues identified during this audit.

The Department generally agreed with the recommendations in the report. The **Department's detailed management responses are** presented immediately following the recommendations in Chapters 1 and 3.

Audit Objectives and Scope

The objectives of this audit were to:

- Determine whether the Department has processes and related controls to help ensure that its Driver License Division collects, verifies, and records all required documentation when issuing driver licenses and identification cards.
- Determine whether the Department adequately secures personal information in the Driver License System and ensures that employees access and use **information only for necessary, job-related purposes**.

- Determine whether selected financial transactions associated with the Driver License Division comply with applicable requirements.

The audit scope included all driver licenses and identification card transactions that occurred between September 1, 2016, and February 28, 2018; driver license transfers that occurred between September 1, 2017, and February 28, 2018; and Driver License Improvement Plan expenditures that occurred during the **Department's 2017 annual reporting period** (September 1, 2016, through November 27, 2017).

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Detailed Results

Chapter 1

The Department Should Implement Sufficient Controls to Prevent the Issuance of Driver Licenses and Identification Cards to Ineligible Applicants

Chapter 1
Rating:
Priority ¹

Driver License

For the purpose of this report, a “driver license” refers to:

- Driver licenses issued to individuals for personal motor vehicles, and
- Commercial driver licenses issued to individuals to drive a class of commercial motor vehicles.

The Department of Public Safety (Department) did not have sufficient controls over its processes for issuing driver licenses and identification cards to ensure that it collects, retains, and verifies all required information to prevent the issuance of driver licenses and identification cards to ineligible applicants. (See text box for a definition of “driver license” for this report.) In addition, the Department should strengthen its processes for performing federally required reviews of commercial driver license applications prior to the issuance of those licenses.

From September 1, 2016, through February 28, 2018, the Department processed and issued approximately 10.5 million driver licenses and identification cards and collected \$205.7 million in fees at 237 driver license offices. (See Appendices 3 and 4 for more information on driver licenses and identification cards issued in the state.)

The Department’s controls are not sufficient to ensure that it collects, retains, and verifies all required information prior to the issuance of a driver license and/or identification card.

Collecting and Retaining Required Information. For the driver licenses and identification cards tested that were issued between September 1, 2016, and February 28, 2018, the Department did not consistently collect or retain all documentation required by applicable statutes, rules, and the Department’s policies and procedures. Specifically, the Department did not have all required documentation:

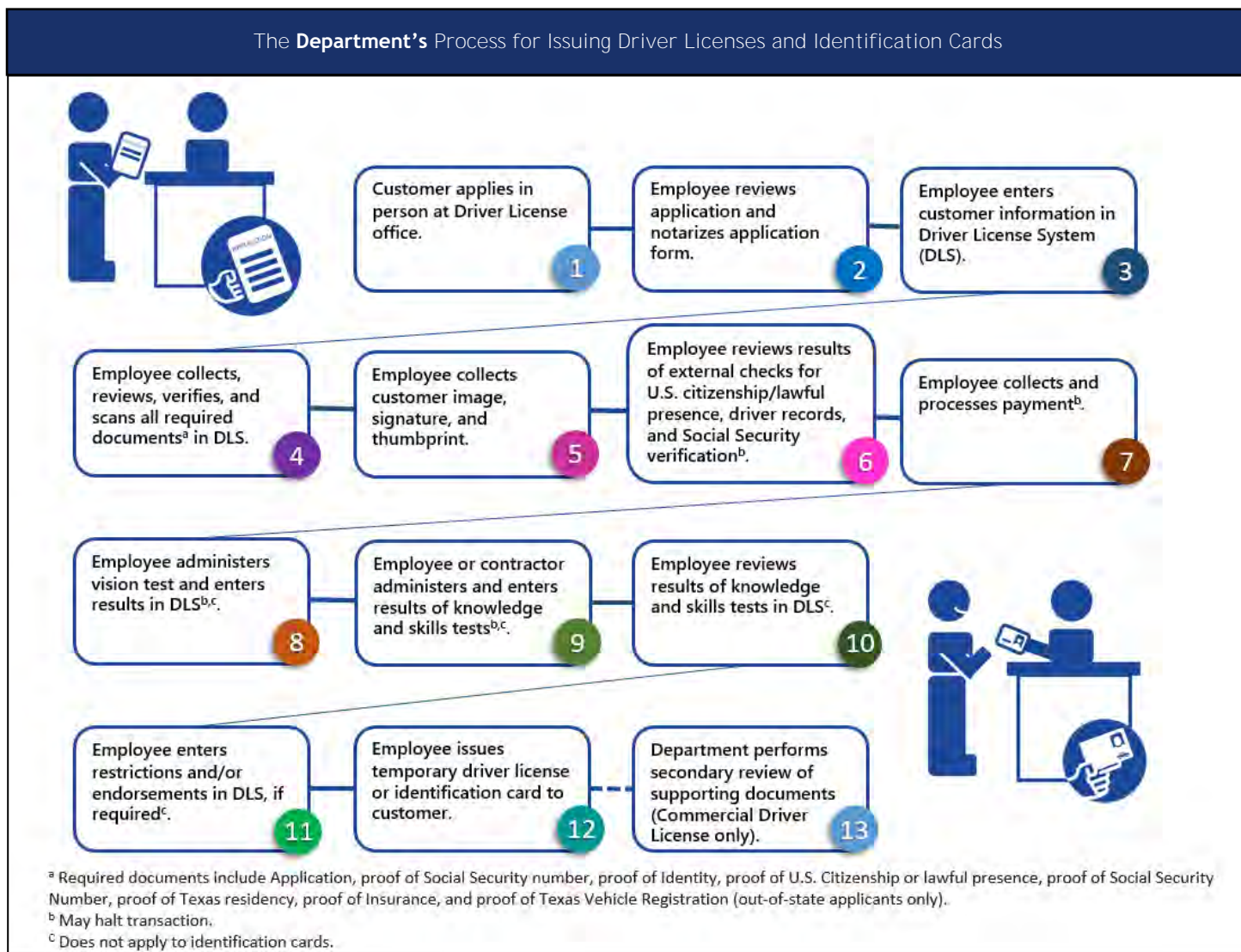
- For 15 (25 percent) of 60 driver licenses and identification cards tested (excluding commercial driver licenses).
- For 24 (40 percent) of 60 commercial driver licenses tested.

¹ The risk related to the issues discussed in Chapter 1 is rated as Priority because they present risks or effects that if not addressed could critically affect the audited entity’s ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.

Examples of missing documentation included applications, proof of Social Security numbers, proof of Texas residency, proof of insurance, proof of Texas vehicle registration (out-of-state applicants only), thumbprint scans, and skills test results.

The Department generally relies on its employees to process and issue driver licenses and identification cards independently; therefore, it is important for the Department to ensure that its employees obtain and scan all required documentation. Figure 1 summarizes the Department’s process for issuing driver licenses and identification cards.

Figure 1



Source: Auditors created figure based on information provided by the Department.

The Department's Driver License System requires certain data fields to be completed before an employee can move forward with a transaction such as name, date of birth, and Social Security number. However, the Driver License System does not contain data fields for some required information. For example, it does not have data fields for proof of Texas residency, insurance, or Texas vehicle registration (for out-of-state applicants). The Driver License System also allows employees to complete a driver license and identification card transaction and issue a temporary driver license or identification card without uploading scans of all required documents.

In addition, for six commercial driver licenses issued in the sample tested, the Department did not have documentation to support that the applicants had previously obtained a commercial learner's permit. Effective July 8, 2015, under United States Code of Federal Regulations, Title 49, Section 383.25, the Federal Motor Carrier Safety Administration requires an applicant for a commercial driver license to obtain a commercial learner's permit before a commercial driver's license can be issued. The Department did not start issuing commercial learner's permits until October 2016. However, its process for ensuring compliance with the federal requirement is not adequate: 5 of the 6 commercial driver licenses issued without a prior permit were issued after October 2016.

As a result of not collecting and/or retaining all required information, the Department cannot ensure that it (1) verified all required information and (2) issued driver licenses and identification cards only to eligible applicants.

The Department's monitoring processes are not sufficient to prevent the issuance of driver licenses and identification cards to ineligible applicants or adequately identify and address instances in which driver licenses and identification cards were issued to ineligible applicants.

The Department's processes related to the monitoring of driver licenses and identification cards issued by its driver license offices had the following weaknesses:

- The Department does not have documented policies and procedures to establish a consistent and comprehensive review process.
- The Department relies on reviews conducted by its regional offices to monitor and identify issues related to the issuance of driver licenses and identification cards. It also relies on its regional managers to ensure that those reviews are conducted each month. According to the Department, the regional offices should review 2 to 10 driver licenses and identification cards issued each month to verify that all the required documentation was uploaded to support that the applicant was eligible to receive a license. However, the Department had not (1) provided the

regional offices documented procedures for how those reviews should be performed and documented and (2) monitored to verify that those reviews were occurring. In addition, while one regional office that auditors visited asserted that it conducted those reviews, as well as conducted more extensive reviews of driver licenses and identification cards issued by newer employees, it did not have any documentation showing that those reviews occurred or which driver licenses and identification cards and employees were selected for review.

- The Department does not receive results of reviews from the regional offices or evaluate those results; therefore, it cannot (1) ensure that errors related to specific driver licenses and identification cards issued are appropriately resolved or (2) identify and address broader, systemic problems.

The Department generally relies on its employees to process and issue driver licenses and identification cards independently without supervisory reviews. Therefore, it is important that the Department develop and implement an effective monitoring and documented review process to help ensure that driver licenses and identification cards issued comply with all requirements. In addition, if the Department is not evaluating the monitoring efforts by its regional offices, it may not identify areas in which processes should be improved to help ensure that driver licenses and identification cards are issued only to eligible applicants.

For commercial driver licenses, the Department implemented a federally mandated secondary review prior to the issuance of those licenses; however, it should strengthen that review process.

Under United States Code of Federal Regulations, Title 49, Section 383.73, the Federal Motor Carrier Safety Administration requires the Department to have a secondary review of certain documents prior to the issuance of a commercial driver license (see text box). While the Department's headquarter employees are generally performing those reviews, the Department should improve the effectiveness of them. Specifically:

- **The Department's processes for performing the secondary reviews are not sufficient to verify that applicants meet all requirements. For 19 (35 percent) of the 54 commercial driver licenses tested that received a secondary review, the Department did not identify all missing required**

Required Secondary Review of
Commercial Driver License
Before Issuance

Federal Regulations require:

- At least two persons within the driver licensing agency to participate substantively in the processing and verification of the documents involved in the licensing process for initial issuance, renewal, upgrade, or transfer of a commercial driver license.
- The documents being processed and verified must include, at a minimum, those provided by the applicant to prove legal presence and domicile, the information filled out on the application form, and knowledge and skills test scores.

Source: United States Code of Federal Regulations, Title 49, Section 383.73, Federal Motor Carrier Safety Administration.

information. Examples of missing information included incomplete or missing application forms and skills test scores. As a result, there is a risk that the Department issued commercial driver licenses without the appropriate restrictions, endorsements, and class types.

- The Department has implemented a secondary review process; however, it has not developed documented policies and procedures for performing those reviews. **The Department provided a list of some of the required documents for different commercial driver license types to its headquarter employees who perform the secondary reviews. However, that list did not include other required documents, such as those to prove legal presence and domicile. The Department also did not provide any procedures for conducting those reviews, including descriptions of what information the documentation should include to ensure that the assigned restrictions, endorsements, and class types are adequately supported. Documented policies and procedures could help ensure that reviewers consistently identify all instances of missing and incomplete documentation.**
- The Department does not monitor to ensure that the secondary reviews of commercial driver licenses are occurring. **Six (10 percent) of 60 commercial driver licenses tested did not have evidence of a secondary review. Effective May 2011, the Federal Motor Carrier Safety Administration required states to perform secondary reviews of commercial driver license transaction documents. The Department was unable to provide auditors with the date it started performing those secondary reviews. The six commercial driver licenses issued with no evidence of a secondary review occurred between September 2016 and October 2016.**
- The Department does not have a process to ensure that action is taken to address the results of its secondary reviews. **As of August 2018, the Department had not taken any actions to ensure that missing information or other issues identified during those secondary reviews were addressed before or after the issuance of the commercial driver license. The Department stated that its regional managers were responsible for following up on issues identified from the secondary reviews of commercial driver licenses issued. The Department had documentation to support its secondary reviews beginning in October 2016; however, the Department asserted that it was not until around April 2018 that it informed the regional managers of how they could access the results of those reviews. In addition, the Department did not have documented procedures for how the issues identified in those reviews should be addressed, and it had not followed up to ensure that the regional managers took the necessary actions. As a result of not adequately following up on those reviews, the Department may have issued commercial driver licenses to individuals who lacked the requirements to legally drive a commercial vehicle.**

In addition to issuing licenses to ineligible applicants, a lack of effective oversight increases the risk of inappropriate use of driver's license information and fraudulent driver license and identification card transactions going undetected. (See Chapter 2 for more information about identified issues related to Department employees' use of driver license information.)

Recommendations

The Department should:

- Ensure that it collects and retains all documentation required to support eligibility for driver licenses and identification cards issued.
- Identify and implement additional controls in its Driver License System to help ensure that employees obtain, record, scan, and upload all required documentation.
- Document policies and procedures for the reviews of driver licenses and identification cards that its regional offices are required to perform.
- Ensure that its regional offices document the specific driver licenses and identification cards and type of driver licenses it reviewed each month and the results of those reviews.
- Monitor regional compliance with established review requirements to verify that those reviews are occurring and to help identify and address systemic issues.
- Document its process and the requirements for performing the secondary reviews of commercial driver licenses.
- Monitor and address issues resulting from the secondary reviews of commercial driver licenses, including procedures for regional offices to identify and follow-up on commercial driver licenses with missing documentation.

Management's Response

The Department agrees that the Driver License System does not automatically alert the employee when other fields are left blank, when a document has not been scanned or when a document has been scanned incorrectly.

The Department also agrees controls and monitoring over the issuance of driver licenses and identification cards should be strengthened. However, due to the volume of transactions, the Department would need significant additional management resources to extend its current supervisory reviews. In order to review a transaction, each supervisor would need to manually inspect the Driver License Application submitted against each field in the system and review each document to ensure that it is valid and matches the data that is input into the system.

The Department will strengthen its current control environment over the issuance of driver licenses and identification cards by documenting its policies and procedures for required regional reviews, ensuring those reviews are documented, and monitoring regional compliance with those policies and procedures. In addition, the Department will also document its policy and process for performing secondary reviews of commercial driver licenses, and monitor those activities accordingly.

The Department Should Improve Controls Over Access to Its Driver License System to Prevent and Detect Inappropriate Use of Driver License Data

Chapter 2
Rating:
Priority²

Auditors identified significant weaknesses in the Department’s controls over access to the information in its Driver License System. In addition, the Department did not have a sufficient process in place to detect employee misuse of the driver license information. To minimize security risks, auditors communicated details about the identified weaknesses related to access, employee use of driver license data, and other sensitive information technology issues separately to the Department in writing.

Pursuant to Standard 7.41 of the U.S. Government Accountability Office’s *Government Auditing Standards*, certain information was omitted from this report because that information was deemed to present potential risks related to public safety, security, or the disclosure of private or confidential data. Under the provisions of Texas Government Code, Section 552.139, the omitted information is also exempt from the requirements of the Texas Public Information Act.

² The risk related to the issues discussed in Chapter 2 is rated as Priority because the issues identified issues present risks or effects that if not addressed could critically affect the audited entity’s ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.

The Department Complied with Transfer Requirements Related to Driver License Funds, But It Should Document Its Process for Reporting Expenditures in Its Driver License Improvement Plan Annual Report

Chapter 3
Rating:
Medium³

The Department complied with selected financial requirements for driver license funds outlined in the General Appropriations Act related to transfers. However, it should document its process for reporting expenditures in its Driver License Improvement Plan annual report to help ensure consistency regarding the expenditures included in that report.

Transfers

Effective September 1, 2017, the General Appropriations Act (85th Legislature) required the Department to obtain the Legislative Budget Board's written approval when transferring funds out of its Driver License Services and Driver Safety goal (Driver License goal). The Department made one transfer out of the Driver License goal from September 1, 2017, through February 28, 2018 when it transferred \$67.9 million out of the Driver License goal for emergency paper warrants for the city of Houston and Harris County in response to Hurricane Harvey. The Legislative Budget Board stated to

auditors that it considered the transaction to be reasonable and did not need written approval because the transfer was done in response to an emergency and was reversed within five days of the transaction.

Driver License Improvement Plan Report

The Department submitted an annual report in December 2017 on the effectiveness of the Driver License Improvement Plan, as required by the General Appropriations Act (84th Legislature) (see text box). However, the Department did not document its process for determining which expenditures should be included in that annual report. As a result, it has not consistently reported information related to its costs associated with its efforts for driver license improvements. Specifically, in the report that it submitted in December 2017:

Driver License Improvement Plan Reporting

The Department shall provide an annual report on the effectiveness of the Driver License Improvement Plan not later than December 1 of each fiscal year.

The report shall include information related to specific expenditures, program outcomes and outputs, obstacles to improvement, and any other information that the Department deems necessary in order to fully report on the progress of the Driver License Improvement Plan.

Source: Rider 42, page V-55, the General Appropriations Act (84th Legislature).

- The Department did not include all expenditures related to Driver License Improvement Plan projects. **The Department reported that it expended \$32.1 million in Driver License Improvement Plan expenditures in its 2017 annual report. While that report included expenditures associated with new approved projects budgeted for the reporting period, it did not include other expenditures related to projects approved during the prior**

³ The risk related to the issues discussed in Chapter 3 is rated as Medium because the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

biennium. As a result, for the 2017 report, the Department did not include \$15.7 million in Driver License Improvement Plan expenditures related to technology upgrades that were expended during the reporting period. In its annual report it submitted for 2016, the Department included all expenditures and encumbrances associated with its appropriations in the driver license strategies for the purpose of driver license improvements⁴. The Department stated that for the 2017 annual report, it had decided to include only expenditures and encumbrances associated with new projects that had been approved for the biennium. However, it did not document that decision.

- The Department included \$6.7 million in expenditures in its 2017 annual report that it did not categorize as Driver License Improvement Plan-related costs in its accounting system. **The Department uses special index codes in its accounting system for tracking expenditures related to the Driver License Improvement Plan.** Documentation that the Department provided auditors showed that the \$6.7 million amount was related to full-time equivalent employee costs and facilities costs for some regional driver license offices that were not coded in the Department's accounting system as costs related to the Driver License Improvement Plan.

Having a documented process would help the Department ensure that it uses a consistent process for reporting its costs associated with its Driver License Improvement Plan and minimize potential confusion about the expenditures included in its annual report.

Recommendation

The Department should document its process for determining which expenditures should be included in its annual Driver License Improvement Plan report.

⁴ Rider 42, page V-55, the General Appropriations Act (84th Legislature) states that included in the amounts appropriated for the Department's driver license strategies is \$74,652,503 in fiscal year 2016 and \$67,304,297 in fiscal year 2017 in General Revenue Funds for the purpose of the Driver License Improvement Plan.

Management's Response

The Department will continue to follow the General Appropriations Act rider language and continue to work with leadership offices and the LBB regarding the content and format of the annual Driver License Improvement Plan report.

The Department will document its process for determining which expenditures will be included in its annual Driver License Improvement Plan report each year.

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to:

- Determine whether the Department of Public Safety (Department) has processes and related controls to help ensure that its Driver License Division collects, verifies, and records all required documentation when issuing driver licenses and identification cards.
- Determine whether the Department adequately secures personal information in the Driver License System and ensures that employees access and use information only for necessary, job-related purposes.
- Determine whether selected financial transactions associated with the Driver License Division comply with applicable requirements.

Scope

The audit scope included all driver license and identification card transactions that occurred between September 1, 2016, and February 28, 2018; driver license transfers that occurred between September 1, 2017, and February 28, 2018; and Driver License Improvement Plan expenditures that occurred during the Department's 2017 annual reporting period (September 1, 2016, through November 27, 2017).

Methodology

The audit methodology included reviewing driver license and identification card transactions, documentation, and other information in the Department's Driver License System; reviewing Driver License Division expenditures and transfers from the Uniform Statewide Accounting System; reviewing statutes and Department policies and procedures; conducting interviews with Department staff; and performing selected tests and other procedures.

Data Reliability and Completeness

Auditors reviewed datasets obtained from the Department's Driver License System for validity and completeness by (1) reviewing user access; (2) reviewing data query language; (3) testing application controls over data accuracy; (4) and performing analysis of the data.

Auditors also reviewed user access to the Uniform Statewide Accounting System (USAS) and relied on prior State Auditor's Office audit work that tested general controls over USAS.

Based on these observations, auditors determined that the data from USAS was sufficiently reliable for the purpose of this audit. Because of the weaknesses identified related to user access (see Chapter 2), the driver license data is of undetermined reliability. Therefore, all findings and recommendations in this report are based on and/or corroborated by evidence such as auditors' review of documentation scanned in the Driver License System.

Sampling Methodology

Auditors selected different risk-based samples of (1) driver licenses/identification cards issued and (2) commercial driver licenses issued for compliance with laws and Department policies and procedures. Auditors analyzed driver license transactions and stratified the population by local driver license office issuance volume and selected samples that occurred during the audit period through random selection. The sample items were generally not representative of the population. Therefore, it would not be appropriate to project the test results to the population.

Information collected and reviewed included the following:

- Department policies and procedures.
- Driver License Data from the Department's Driver License System between September 1, 2016, and February 28, 2018.
- Documentation scanned in the Driver License System to support driver licenses and identification cards issued.
- Commercial Driver License – *CDL Lookback Error Reports*.
- List of active user accounts in the Driver License System.
- List of active user accounts in USAS.
- Funds transferred from the Driver License Services and Driver Safety appropriations obtained from USAS.
- The Department's Driver License Improvement Plan annual report submitted in December 2017.
- The Department's Driver License Improvement Plan expenditures obtained from USAS.

- Relevant Department internal audit reports.

Procedures and tests conducted included the following:

- Interviewed Department management and staff.
- Tested samples of (1) driver licenses/identification cards and (2) commercial driver licenses issued to determine if the Department collected, verified, and recorded all applicable documentation in compliance with applicable requirements.
- Performed selected analysis of employee use of Driver License System data for compliance with law and Department policies and procedures.
- Tested access to the Driver License System and the database and servers that support it to determine whether user system access permissions were appropriate and managed according to Department policies.
- Tested system password settings to determine compliance with Department policies.
- Tested change management documentation to determine whether changes were appropriately documented, authorized, approved, and tested.
- Tested the Department's Driver License System application controls.
- Reviewed the physical controls of the Department's data center.
- Reviewed financial information reported in the Driver License Improvement Plan annual report, submitted in December 2017, for accuracy and completeness.
- Tested Department transfers out of the Driver License goal for compliance with requirements in Rider 52, pages V-57 and V-58, the General Appropriations Act (85th Legislature).

Criteria used included the following:

- Texas Transportation Code, Chapters 521 and 522.
- Title 37, Texas Administrative Code, Chapters 15 and 16.
- Title 1, Texas Administrative Code, Chapter 202.
- General Appropriations Acts (84th and 85th Legislatures).

- United States Code of Federal Regulations, Title 49, Section 383, Federal Motor Carrier Safety Administration.
- Department policies and procedures.

Project Information

Audit fieldwork was conducted from February 2018 through October 2018. We conducted this performance audit 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.

The following members of the State Auditor's staff performed the audit:

- Stacey Williams, CGAP (Project Manager)
- Michelle Rodriguez, CFE (Assistant Project Manager)
- Scott Boston, MPAff
- Joe Kozak, CISA, CPA
- Austin McCarthy, MAcy
- Bill Morris, CPA
- Taylor Sams, MBA
- Mary Schwing, CFE, CGMA, CPA
- Michelle Ann Duncan Feller, CPA, CIA (Quality Control Reviewer)
- Courtney Ambres-Wade, CGAP (Audit Manager)

Issue Rating Classifications and Descriptions

Auditors used professional judgement and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Table 2 provides a description of the issue ratings presented in this report.

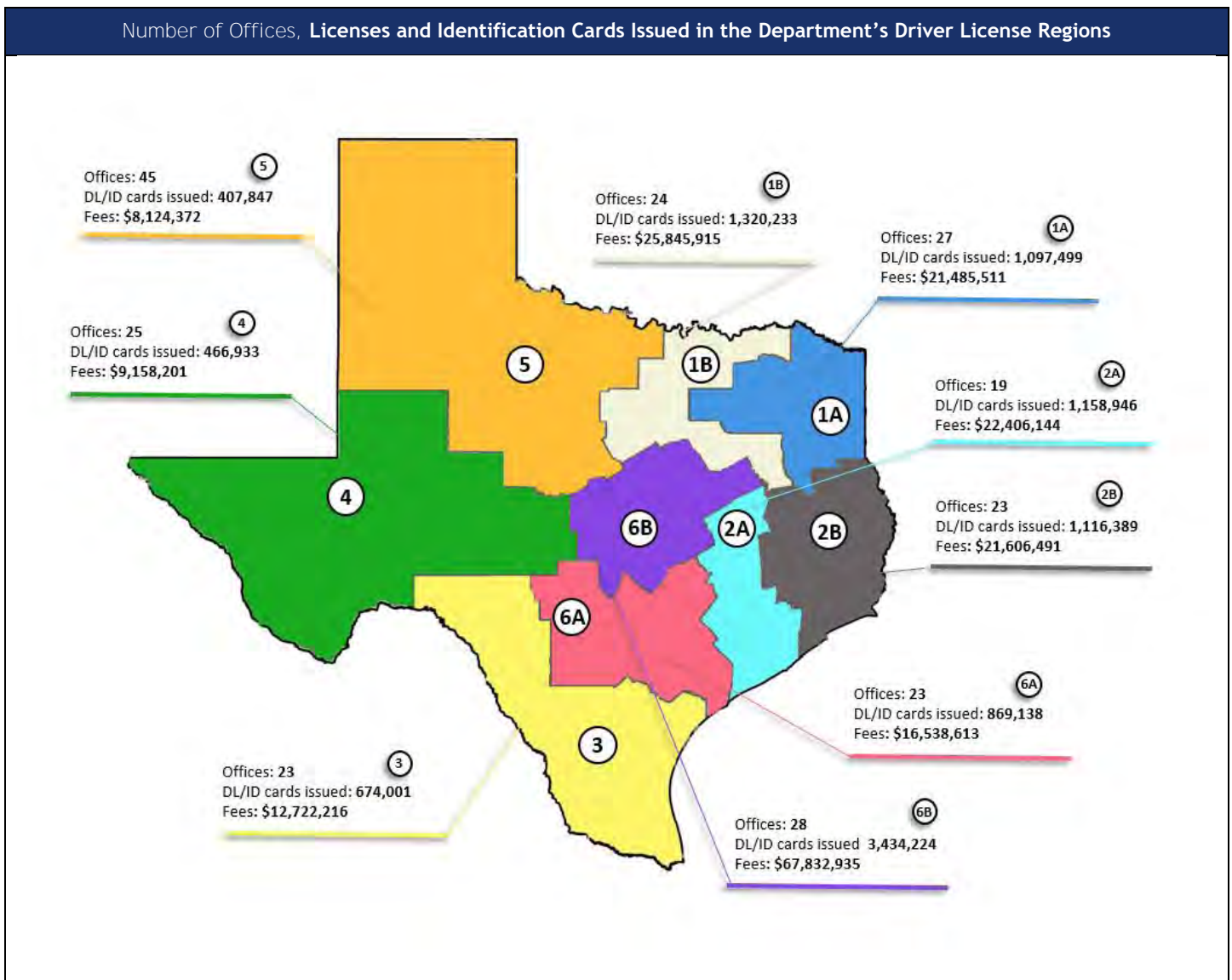
Table 2

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

Number of Offices, Driver Licenses and Identification Cards Issued and Fees Collected by the Department’s Nine Driver License Regions

Figure 2 shows the Department of Public Safety’s (Department) 237 driver license offices by region, number of driver licenses and identification cards issued (DL/ID cards issued), and fees collected. While the number of offices are generally evenly distributed among the regions, the volume of DL/ID cards issued was higher in the eastern regions. Region 6B had the highest volume of DL/ID cards issued because the Department headquarters, which process online transactions, including renewals, remakes, and duplicates, is in that region.

Figure 2



Source: The State Auditor’s Office created this map based on information the Department provided.

Local Driver License Offices With Highest Number of Driver Licenses and Identification Cards Issued (Top 20)

Table 3 shows the Department of Public Safety's 20 driver license offices that issued the highest number of driver licenses and identification cards between September 1, 2016, and February 28, 2018. The 20 locations listed in Table 3 accounted for 55 percent of all driver licenses and identification cards issued statewide and associated fees collected during this time period.

Table 3

Local Driver License Offices With Highest Number of Driver Licenses and Identification Cards Issued (September 1, 2016, through February 28, 2018)		
Location Name	Number of Licenses and Identification Cards Issued	Total Amount Collected
Department Headquarters ^a	2,679,527	\$53,089,885
Houston - Gessner (Super)	294,604	\$5,596,353
Rosenberg	250,578	\$4,966,094
Spring	250,437	\$4,899,255
San Antonio North	232,489	\$4,372,596
Garland North	232,235	\$4,437,281
Fort Worth	204,635	\$3,939,115
Houston North	184,387	\$3,566,280
Dallas - Southwest	161,258	\$3,047,101
Pflugerville	149,612	\$2,856,724
Houston - Dacoma	146,458	\$2,764,529
Carrollton	131,159	\$2,620,773
San Antonio - Perrin - Beitel	124,015	\$2,339,828
Plano	119,180	\$2,420,146
Austin - S. Congress	106,261	\$2,022,709
San Antonio - General McMullen	106,126	\$1,889,123
Hurst	105,088	\$2,064,625
Lake Worth	104,832	\$2,045,287
Austin - N. Lamar	103,301	\$1,962,302
Fort Worth - South	103,260	\$1,949,826
Totals	5,789,442	\$112,849,832
^a Of the headquarters' total transactions, 99 percent consisted of driver license and identification card renewals, remakes, or duplicates, while about 1 percent consisted of the issuance of original and modified driver licenses and identification cards.		

Source: The Department.

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