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OFFICE OF THE  
**AUDITOR GENERAL**

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August 7, 2017

The Honorable Bob Worsley, Chair  
Joint Legislative Audit Committee

The Honorable Anthony Kern, Vice Chair  
Joint Legislative Audit Committee

Dear Senator Worsley and Representative Kern:

Our Office has recently completed a 24-month followup of the *Arizona Department of Transportation—Motor Vehicle Division* regarding the implementation status of the 23 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in April 2015 (Auditor General Report No. 15-104). As the attached grid indicates:

- 21 have been implemented;
- 1 has been implemented in a different manner; and
- 1 legislative recommendation has been partially implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Arizona Department of Transportation's efforts to implement the recommendations from the April 2015 performance audit report.

Sincerely,

Dale Chapman, Director  
Performance Audit Division

DC:ka  
Attachment

cc: John Halikowski, Director  
Arizona Department of Transportation

# Arizona Department of Transportation— Motor Vehicle Division

## Auditor General Report No. 15-104 24-Month Follow-Up Report

### Recommendation

### Status/Additional Explanation

#### Finding 1: MVD should improve field office customer service

<p>1.1 MVD should better assess the entire customer service experience by:</p> <ul style="list-style-type: none"> <li>a. Considering reestablishing a mystery shopper program and developing policies and procedures to address concerns or variations in customer service that the program identifies;</li> <li>b. Improving the response rate of the customer satisfaction survey in order to obtain more useful information by implementing one or more of the following options: (1) printing the survey link on customers' receipts and return letters, (2) ensuring customer service representatives inform customers about the survey, and/or (3) enabling customers to complete surveys before leaving the field office; and</li> <li>c. Taking steps to capture more complete wait-time information such as the time customers wait to obtain a numbered ticket.</li> </ul>	<p><b>Implemented in a different manner at 24 months</b> MVD has implemented a different approach to assess the entire customer experience. According to MVD officials, MVD leadership regularly visits field offices to speak with employees, as well as customers, to better understand their experiences. Additionally, MVD employees have daily morning meetings to discuss performance from the previous day and areas for improvement.</p> <p><b>Implemented at 12 months</b></p> <p><b>Implemented at 24 months</b></p>
<p>1.2 Once MVD has improved its assessment of the entire customer service experience, it should:</p> <ul style="list-style-type: none"> <li>a. Use the results of the assessment to revise existing field office performance goals and establish new goals to ensure that its goals more fully reflect the entire customer service experience;</li> <li>b. Modify existing data collection, reports, and management meeting discussions to incorporate information about field office performance related to the new and revised goals into MVD's decision-making process; and</li> </ul>	<p><b>Implemented at 24 months</b></p> <p><b>Implemented at 24 months</b></p>

## Recommendation

## Status/Additional Explanation

- c. Develop and implement policies and procedures for improving field office customer service based on the information it has gathered, including steps MVD will take to improve performance in field offices that are not meeting customer service performance goals, as well as addressing problems auditors identified, such as cleanliness of field offices and the demeanor of customer service representatives.

**Implemented at 24 months**

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- 1.3 MVD should develop and implement a comprehensive plan to provide quality customer service that focuses on improving the overall customer experience, including:

- a. Taking steps to shift customers away from field offices by informing customers about alternative options for conducting MVD transactions, encouraging customer service representatives to inform customers about alternative options, and providing information stating what transactions can be performed at the kiosk and/or advertising the benefits of using the kiosk.

**Implemented at 12 months**

- b. Improving queue management functionality by considering ways to update and improve the functionality of its queue management system, such as adding an online appointment system and adding software that will more independently manage the queue of customers.

**Implemented at 24 months**

- c. Improving the information it provides to its customers so they better understand the general process at field offices and can effectively complete their transactions. Specifically, MVD should:

**Implemented at 24 months**

- Reassess signage or identify other ways to provide information to its customers in field offices. This should include providing information on documents needed for transactions; information about the general process at field offices, including how the queue works; and directing customers to the Department's Web site for helpful information; and
- Develop and implement policies and procedures to help ensure that its information desk staff review necessary documents with customers prior to issuing the customer a numbered ticket.

Recommendation	Status/Additional Explanation
<p>d. Assessing the feasibility of establishing an agreement with the Arizona Department of Health Services, Office of Vital Records to obtain access to records of customers who were born in Arizona for the purpose of verifying legal presence rather than sending customers away.</p>	<p><b>Implemented at 24 months</b> According to MVD, management spoke with a representative of the Arizona Department of Health Services (DHS) to assess the feasibility of establishing an agreement regarding access to records. The representative stated that the Office of Vital Records is only able to provide MVD with access to records on a case-by-case, individually evaluated basis. Therefore, MVD is unable to enter into an agreement with DHS to view birth records at this time.</p>
<p>1.4 MVD should reassess and determine how best to allocate available resources to implement the comprehensive customer service plan.</p>	<p><b>Implemented at 24 months</b></p>
<p><b>Finding 2: MVD should improve oversight of its Ignition Interlock Program</b></p>	
<p>2.1 The Legislature should consider revising statute to explicitly authorize the Department to conduct periodic inspections of ignition interlock device installers.</p>	<p><b>Partially implemented at 24 months</b> Laws 2017, Ch. 331, amended statutes relating to the Ignition Interlock Program, requiring that installers contract with the Department, specifying some terms of installer contracts, and authorizing MVD to take corrective action for noncompliance with contractual requirements. Based on this statutory change, the Department reported that it plans to include inspection authority provisions in its contracts with installers.</p>
<p>2.2 MVD should develop and implement policies and procedures for conducting inspections of ignition interlock device installers. These policies and procedures should address:</p> <p>a. The rule requirements that should be checked at each inspection and those requirements that can be reviewed periodically; and</p> <p>b. How inspectors should verify compliance with the rule requirements and what inspectors should review.</p>	<p><b>Implemented at 24 months</b></p> <p><b>Implemented at 24 months</b></p>
<p>2.3 MVD should take the following steps to improve its ignition interlock device complaint-handling process:</p> <p>a. Include information on its website about the types of ignition interlock device complaints that it can address and the type of information complainants should include when they file a complaint;</p> <p>b. Improve access to information about the complaint-handling process on its website;</p> <p>c. Develop and implement policies and procedures to guide its investigation of the complaints it receives about ignition interlock installers and manufacturers; and</p>	<p><b>Implemented at 12 months</b></p> <p><b>Implemented at 12 months</b></p> <p><b>Implemented at 24 months</b></p>

Recommendation	Status/Additional Explanation
<p>d. Continue to track the complaints that it receives in a systematic manner, including the name of the installer that is the subject of the complaint, and periodically review complaint information to identify problematic patterns or trends that it should address.</p>	<p><b>Implemented at 24 months</b></p>
<p>2.4 The Legislature should consider revising statute to expand and specify the Department's disciplinary authority to address certified installers' and manufacturers' statutory and rule noncompliance. Potential disciplinary options could include letters of concern, probation, civil penalties, cease and desist authority, and suspension and/or revocation of certifications.</p>	<p><b>Implemented at 24 months</b> Laws 2017, Ch. 331, amended statutes relating to the Ignition Interlock Program, requiring that installers contract with the Department, specifying some terms of installer contracts, and authorizing MVD to take corrective action for noncompliance with contractual requirements. Specifically, Laws 2017, Ch. 331, requires ignition interlock service providers' contracts with the Department to include corrective actions for noncompliance, including penalty provisions and liquidated damages. Additionally, this legislation requires the director to mail a cease and desist order if there is reasonable cause to believe an installer is in violation and allows the director to conduct a hearing if said person fails to comply with the cease and desist order.</p>
<p><b>Finding 3: MVD uses several methods to oversee third-party offices, but should enhance two aspects of its oversight</b></p>	
<p>3.1 As MVD makes changes to any of its third-party oversight processes, it should ensure that these changes do not weaken its oversight of third parties.</p>	<p><b>Implemented at 24 months</b></p>
<p>3.2 To improve third-party transaction processing accuracy oversight, MVD should:</p> <p>a. Continue with its plans to modify its quarterly transaction errors analysis process to enable it to differentiate between serious and minor errors and better identify third parties with consistent serious errors; and</p> <p>b. After identifying third parties with serious errors or patterns of problems, address concerns by taking corrective action such as requiring training, probation, or suspension of the processor or third party's authority.</p>	<p><b>Implemented at 24 months</b></p> <p><b>Implemented at 24 months</b></p>
<p>3.3 The Department should continue with its plans to provide payment reconciliation error reports to MVD on a monthly rather than quarterly basis and MVD should follow up with the third parties as needed.</p>	<p><b>Implemented at 24 months</b></p>