

Arizona Department of Transportation Motor Vehicle Division's (MVD) Oversight of Third Parties

MVD failed to ensure authorized third-party companies consistently issued vehicle titles, driver licenses, and identification cards only to qualified and/or authorized individuals/entities, increasing public safety risks such as unsafe drivers, vehicle and identify theft, fraud, and terrorism

Audit purpose

To determine whether MVD effectively oversaw third parties to ensure they issued vehicle titles, driver licenses, and identification (ID) cards only to qualified and authorized individuals/entities.

Key findings

- Issuing vehicle titles, driver licenses, and ID cards to unqualified or unauthorized individuals/entities can put public safety and welfare at risk. For example:
 - Unqualified drivers who receive driver licenses may pose safety risks on public roadways.
 - Unauthorized and/or fraudulent vehicle title transfers increase the risk of vehicle theft.
 - Fraudulently obtained ID documents may facilitate fraud, identity theft, terrorism, and other crime.
- Statute authorizes Department to contract with private companies (third parties) to provide some MVD services at retail locations throughout the State; Department is required and the contract allows for MVD to oversee third parties to ensure they provide these services to qualified and/or authorized individuals/entities, and MVD requires third parties to self-review their transactions and correct identified errors within 7 days.
- Third parties lacked documentation confirming individuals/entities were qualified and/or authorized to obtain a vehicle title, driver license, or ID card for 25 of 130 transactions we reviewed; some third parties inaccurately reported to MVD these transactions were error free when they were not, and others had identified but not timely corrected the errors.
- MVD has not sustained monitoring and oversight processes consistent with our previous recommendations made in 2015 to hold third parties accountable for identifying and timely correcting erroneous transactions or held third parties to the same quality assurance standards as MVD employees who provide similar services.

Key recommendations

MVD should:

- Ensure third parties issue vehicle titles, driver licenses, and ID cards only to qualified and/or authorized individuals/entities by developing and implementing written policies and procedures for monitoring and overseeing third parties, including to ensure they identify and timely correct errors that can put public safety at risk.
- Modify and implement its third-party quality assurance process to more closely align with its quality assurance process for MVD employees.