

August 17, 2023

Lindsey Perry, CPA, CFE  
Auditor General  
2910 N 44.th Street, Suite 410  
Phoenix, Arizona 85018-7571

Subject: Motor Vehicle Division's (MVD) oversight of Commercial Driver License Examination Providers

Dear Ms. Perry:

Attached is the Arizona Department of Transportation's response to the performance audit of the Motor Vehicle Division's oversight of commercial driver license examination providers and examiners.

We appreciate being given the opportunity to respond.

If you have any questions, please do not hesitate to contact my office.

Sincerely,



Jennifer Toth  
Director

**Finding 1:** MVD has not inspected some CDL providers and examiners at least once every 2 years or used some inspection methods as required by federal regulations, putting public safety at risk

**Recommendation 1:** MVD should inspect all CDL providers and examiners at least once every 2 years using all inspection methods as required by federal regulations.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: During COVID, an FMCSA waiver was in place that extended the timeframes to perform these inspections, in recognition that many tests were not occurring and that some states were closing completely. When the waiver ended, the department was out of compliance. The department is accelerating its return to full compliance by utilizing additional MVD resources. The department has already reduced the number of examiners not inspected by 75% since the Auditor General conducted its review.

**Recommendation 2:** MVD should assess the impact of its current number of inspectors on its inspection timeliness and take action as needed to ensure it has a sufficient number of inspectors to conduct inspections of all third-party CDL providers and examiners at least once every 2 years, such as utilizing MVD examiners to complete some coscore inspections of third-party CDL examiners.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The department has reviewed staffing needs and is training its own CDL examiners to conduct third party inspections to increase capacity. A pilot has already begun and formal procedures will be documented through the pilot phase.

**Recommendation 3:** MVD should continue to consult with FMCSA on how it should comply with all federal regulations related to CDL inspections, such as conducting unannounced inspections of providers' and examiners' records, and covert and overt monitoring of examiners, and incorporate this guidance into its inspection procedures.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The department has requested clarification from FMCSA regarding covert and overt inspections and is currently awaiting a response. The department will ensure that follow-ups are conducted as needed until the issues are fully clarified. FMCSA conducts an annual program review and has not communicated our current practice as deficient in this regard.

**Recommendation 4:** MVD should develop or update and implement written policies and procedures for tracking and monitoring the timely completion of CDL provider and examiner inspections using all inspection methods required by federal regulations, including:

**Recommendation 4a:** Identifying the total number of active contracted CDL providers and certified examiners.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will use CSTIMS as the system of record for tracking and will use its functionality to implement this recommendation. To the degree additional tracking tools are needed, they will be in sync with and reconciled to CSTIMS.

**Recommendation 4b:** Accurately recording inspection completion and due dates in the AAMVA scheduling system.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The Department will use CSTIMS as the system of record for tracking and will use its functionality to implement this recommendation. To the degree additional tracking tools are needed, they will be in sync with and reconciled to CSTIMS.

**Recommendation 4c:** Using the AAMVA scheduling system to monitor and select CDL providers and examiners for inspections, including time frames for how often staff should review the system to identify when CDL skills tests will be administered to applicants, and how to prioritize providers and examiners for an inspection. As AAMVA makes changes to the AAMVA scheduling system, MVD should modify its policies and procedures to incorporate any new processes for using the system.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The department is reviewing all tools available in the CSTIMS program operated by AAMVA and the resources it offers that may aid our view of tracking examiners coming up for inspection, along with those completed and not inspected. In addition, any in-house tracking tools will be modified as noted above. Changes to procedures will be formally documented.

**Recommendation 4d:** MVD management's review of the completion of CDL provider and examiner inspections at least once every 2 years, using all inspection methods required by federal regulations.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: Using the tools we mentioned above, we will ensure management has a better line of sight to ensure all inspections have been completed as required. These inspections are being incorporated into monthly business reviews.

**Finding 2:** MVD not holding some CDL providers and examiners accountable for addressing inspection violations may jeopardize public safety

**Recommendation 5:** MVD should ensure that CDL inspection violations identified are corrected and enforcement action issued is consistent and appropriate by developing and implementing written policies, procedures, and guidance, including defined staff roles and responsibilities for:

**Recommendation 5a:** Tracking and monitoring that providers adequately respond to inspection reports and requests for information, including providing detailed action plans outlining how violations will be corrected and prevented from reoccurring.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The department will utilize new and existing tools to ensure the effective monitoring of action plans, as well as appropriate follow-up on any actions for completion and use the data for future training/education. Procedures will be documented in conjunction with our processes.

**Recommendation 5b:** Determining and issuing enforcement action to respond to identified CDL inspection violations, including guidance for taking appropriate, consistent, progressively stringent, and timely enforcement actions that address the violation(s), including requiring CDL examiners to complete retraining courses when an MVD inspector identifies a need for retraining.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: The department is currently developing the relevant procedures and will create formal documentation of the standard enforcement actions and tracking.

**Recommendation 5c:** Tracking and overseeing the enforcement actions taken to ensure that violations identified are being addressed appropriately, such as ensuring that CDL examiners have completed retraining courses and have refrained from conducting skills tests until completing required retraining, or whether additional enforcement action is needed.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: Using the tools and processes mentioned in 5a and 5b, the department will implement effective tracking and oversight of enforcement actions.

**Recommendation 6:** MVD should develop and implement a written management review process for ensuring that CDL inspection violations identified are corrected and enforcement action issued is consistent and appropriate.

Department response: The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

Response explanation: Items identified will be part of regular business reviews and dashboards for leadership and existing escalation processes for those tools will be used as needed. Formal documentation will be created.