

STATE OF NORTH CAROLINA

PERFORMANCE AUDIT

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
DIVISION OF MOTOR VEHICLES

DRIVER'S LICENSING PROCESS

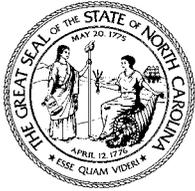
JULY 2005

OFFICE OF THE STATE AUDITOR
LESLIE W. MERRITT, JR., CPA, CFP
State Auditor

Performance Audit
of the
North Carolina Department of Transportation
Division of Motor Vehicles
Driver's Licensing Process

OFFICE OF THE STATE AUDITOR
LESLIE W. MERRITT, JR., CPA, CFP
STATE AUDITOR

July 2005



STATE OF NORTH CAROLINA
Office of the State Auditor

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet
<http://www.ncauditor.net>

July 20, 2005

The Honorable Michael F. Easley, Governor
Members of the North Carolina General Assembly
Secretary Lyndo Tippet

Ladies and Gentlemen:

We are pleased to submit this performance audit of *the Driver's Licensing Process* for the state. The program is administered by the Division of Motor Vehicles within the North Carolina Department of Transportation.

This report consists of an executive summary and sections for each of the objectives that contain overview information, discussion of issues and conclusions. The objectives of the audit were: 1) whether the Division of Motor Vehicles has sufficient procedures in place to ensure only qualified applicants receive North Carolina driver's licenses, and 2) whether regulations are consistently enforced in Division driver license offices throughout the state. Secretary Tippet has reviewed a draft copy of this report, and his written comments are included as Appendix E, page 39.

We wish to express our appreciation to Secretary Tippet and his staff for the courtesy, cooperation, and assistance provided us during this effort.

Respectfully submitted,

A handwritten signature in cursive script that reads "Leslie W. Merritt, Jr.".

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY OF ISSUES	1
❑ Overall Conclusions and Program Summary	1
❑ Key Points	3
❑ Reason for the Audit.....	4
❑ Summary of Objectives, Scope, and Methodology	4
REVIEW RESULTS	5
❑ OBJECTIVE 1: Sufficient Procedures	5
Overview	5
Methodology	5
Conclusions	6
Specific Findings.....	7
❑ OBJECTIVE 2: Consistent Enforcement	14
Overview	14
Methodology	14
Conclusions	15
Specific Findings.....	16
TABLES:	
1 Major Security Changes Implemented for Issuance of North Carolina Driver’s Licenses	7
2 North Carolina Driver’s License Procedures Compared to Other States.....	8
3 Documents Allowed for Proof of Residency in North Carolina.....	8
4 Driver’s License Field Offices Visited.....	14
5 Documentation Inconsistencies	18
6 Forms of Identification No Longer Accepted as of February 2004.....	25
7 Division of Motor Vehicles Expenditures and Revenues: FY 2002- December 2004	28
EXHIBITS:	
1 Number of Driver’s Licenses and Identification Cards Issued: FY 2002 – 2005	1
2 Driver’s Licenses Total Operating Expenses vs. Total Revenues: FY 2002-2005	1
3 Automated Testing Machines.....	9
4 Exterior and Interior Views of One-Person Office.....	10
5 Accessible Equipment and Supplies.....	10
6 Mobile Unit #1—Exterior and Interior Views.....	12
7 Example of Unverified Information	17
8 Examiner’s Workstations	26
9 Division of Motor Vehicles, Driver License Section Organizational Chart: May 2005.....	27

TABLE OF CONTENTS

	<u>Page</u>
APPENDICES:	
A Objectives, Scope, and Methodology	23
B Driver’s Licensing Program Overview.....	25
C Requirements for Receiving Driver’s Licenses by State	31
D Federal REAL ID Act (H.R. 1268).....	35
E Response from the Secretary of the Department of Transportation.....	39
DISTRIBUTION OF REPORT	41

NORTH CAROLINA'S DRIVER LICENSING PROCESS

ADMINISTERED BY THE DEPARTMENT OF TRANSPORTATION,
DIVISION OF MOTOR VEHICLES

Overall Conclusions

North Carolina and all other states are facing the need to make substantial changes to their driver's licensing processes as a result of the REAL ID Act that was signed by the President in May 2005 (Appendix D, page 35). North Carolina's Division of Motor Vehicles has already made a number of changes since the September 11th terrorist attacks. These changes, along with other changes required by the REAL ID Act, will improve the security of driver's licenses issued in the state. However, the costs of implementing the REAL ID Act are the state's responsibility. At the time of the audit, North Carolina's Division of Motor Vehicles did not have a good estimate of those costs.

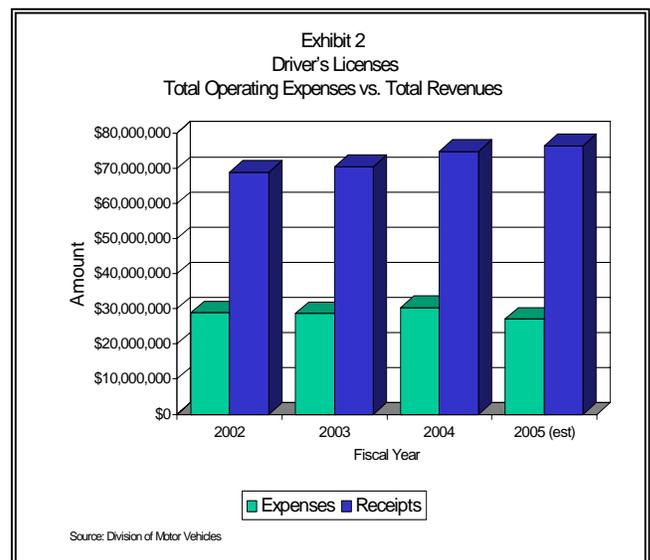
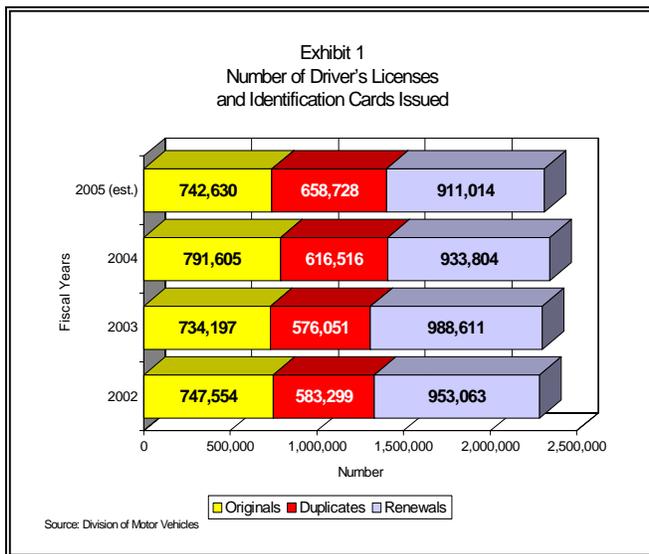
The Division of Motor Vehicles is responsible for administering the state's driver's licensing program, with 6.3 million active driver's licenses or identification cards being issued. Exhibit 1 shows the number of original licenses, duplicates, and renewals issued each year for the past four fiscal years. Exhibit 2 shows that the cost of operations for the Division has averaged approximately one-fifth of the total revenues generated by the Division from the sale of driver's licenses and identification cards for that same period.

Program Summary
(Appendix B, page 25)

North Carolina began to regulate operators of motor vehicles in 1913. North Carolina issues driver's licenses according to state statutes. An applicant for a driver's license in North Carolina must present certain accepted documents that prove his identity and his residency in the state. Additionally, the applicant must present a valid Social Security number or Individual Taxpayer Identification Number (ITIN) and provide proof of insurance for his vehicle.

The Division of Motor Vehicles operates 127 driver's license field offices in 99 of the state's 100 counties. Camden is the only county without service within its geographic boundaries; these citizens are served in surrounding counties. There are 124 stand-alone facilities and three mobile units for areas where there are no structured offices. The Division issued approximately 2.35 million driver's licenses and identification cards for fiscal year 2005.

When fully staffed, the Division has 495 examiners, with a total staff complement of 838 for the License Section. Examiners must undergo both initial training and periodic in-service training on statutory requirements for issuance of driver's licenses and the Division's policies and procedures.



NORTH CAROLINA'S DRIVER LICENSING PROCESS
ADMINISTERED BY THE DEPARTMENT OF TRANSPORTATION,
DIVISION OF MOTOR VEHICLES

OSA Report No. PER-2005-0214

July 20, 2005

The Division has modified its existing policies and procedures to refine the type of documentation that it will accept to prove identity and residency. However, the state still accepts an Individual Taxpayer Identification Number in lieu of a Social Security number. (The REAL ID Act eliminates the ITIN as accepted documentation.) Additionally, the state has made few changes to the accepted documentation for proof of insurance. Thus, North Carolina's licensing laws may not be as restrictive as those of surrounding states.

Recommendations to assure that only qualified applicants receive driver's licenses and to assure compliance with the REAL ID Act include:

- Requiring applicants who need interpreters to make an appointment at specified Division field offices and establishing an agreement with the Administrative Office of the Courts to share interpreters;
- Converting the one-person field offices to mobile unit sites on established days to eliminate security risks, both to the examiners and the safeguarding of critical supplies and equipment required to increase the security of the license itself;
- Communicating basic information on acquiring driver's licenses through updating the web site periodically, providing loose handouts of any changed information with the printed driver's handbook, and publicizing procedures that allow driver's to make appointments and to renew licenses up to 180 days prior to the license expiration date.

To assure consistent application of existing regulations, the Division needs:

- To provide changes to policies and procedures to the examiners in a timely and consistent manner and to standardize in-service training. At the time of the audit, 29 of the 30 field offices visited were using an outdated *Examiner's Manual*;
- To improve the controls over information input into the Division's computer system and to install scanning equipment in the field offices to allow documentation to be retained for review and verification;
- To curtail the ability of senior examiners to allow exceptions to the required documentation and to establish periodic reviews of data input for accuracy.

NORTH CAROLINA’S DRIVER LICENSING PROCESS
ADMINISTERED BY THE DEPARTMENT OF TRANSPORTATION,
DIVISION OF MOTOR VEHICLES

Key Points from Audit

Page

Objective 1: Sufficient Procedures

- North Carolina’s driver’s licensing laws may not be as restrictive as surrounding states, with many having tighter requirements for documents used as proof of identity, residency, and insurance. Having less restrictive requirements appears to encourage individuals from other states to travel to North Carolina to obtain a driver’s license. 7
- Allowing “unregulated” interpreters for applicants who do not speak English may compromise the integrity of the driver’s license process. Since the examiner is not fluent in the foreign language, the interpreter could be providing answers to the applicant. This would defeat the purpose of the test and could result in an unqualified driver obtaining a license. 9
- One-person field offices pose security risks. In providing the one-person offices, the Division has placed examiners in situations that may make them more susceptible to harm and that lessen security over critical equipment and supplies. 10
- The Division is encountering difficulty in fitting the existing mobile units with current technology. Each of the three units is using old camera equipment and supplies. As a result, the Division has issued less secured driver’s licenses to those applicants who used the mobile units. 11
- Communication of basic information on acquiring driver’s licenses needs improvement through periodic updates of the web page, providing handouts of any changes with the printed driver’s manual, and publicizing procedures that would make license renewal more efficient. 12

Objective 2: Consistent Enforcement

- Information is not provided to examiners in a timely and consistent manner. All examiners do not have access to e-mail or the Internet. Distribution of information is through the chain of command and left to the discretion of the senior examiners. 16
- Controls over information input into the Division’s computer system¹ are weak. None of the test results are reviewed by a supervisor before being accepted into the computer system. Inaccurate or false information may be entered resulting in the issuance of the license to a person who does not meet the statutory requirements. 17
- Examiner discretion has led to inconsistencies in field offices. Senior examiners have authority to make exceptions, allowing forms of documentation not on the approved list. Field offices are not handling required forms in the same manner. 18

¹ The Division implemented the State Automated Driver’s License System (SADLS) in 1994. This system contains sensitive identity information on drivers such as name, address, Social Security number or ITIN, and birth date.

NORTH CAROLINA'S DRIVER LICENSING PROCESS
ADMINISTERED BY THE DEPARTMENT OF TRANSPORTATION,
DIVISION OF MOTOR VEHICLES

Reason for the Audit--Following the terrorist attacks of 2001, North Carolina and other states began implementation of stricter procedures for the issuance of driver's licenses. In order to assess North Carolina's progress on these homeland security issues, the State Auditor determined that there was a need to review the Division of Motor Vehicles licensing procedures.

Summary of Objectives, Scope, and Methodology-- (Appendix A, page 23)

The audit objectives were to determine (1) whether the Division of Motor Vehicles has sufficient procedures in place to ensure only qualified applicants² receive North Carolina driver's licenses, and (2) whether regulations are consistently enforced in Division driver license offices throughout the state.

The scope of this audit encompassed only the operations associated with the issuance of driver's licenses at the Division of Motor Vehicles, Department of Transportation. It included the headquarters operations in Raleigh, as well as the field operations in the local Division offices across the state.

Methodology consisted of interviewing personnel, reviewing, and analyzing data at both the headquarters' and local offices' level for the driver's licensing program. Site visits were conducted at 30 of the 127 local offices. (See Table 4, page 14 for list.)

² "Qualified applicants" refers to those applicants who provide authentic documents to prove identity, residency, vehicle insurance, and Social Security number or individual taxpayer identification number as required in General Statute 20-7.

Objective 1. Sufficient Procedures

Overview: Driver's licenses were created for the purpose of protecting public safety by recognizing those individuals who meet the necessary standards to receive state sanction to operate a motor vehicle. However, driver's licenses are used today in many situations to verify identity.

Since the terrorist attacks of September 11, 2001, concern over state driver's licenses issuance procedures has grown. By some accounts, some of the terrorists obtained state driver's licenses and, aided by them, lived unnoticed while preparing their attack. These reports raised concern over the procedures used by states to grant driver's licenses. The issuance of "valid" state driver's licenses to the hijackers focused attention on the need for better security procedures in issuing licenses.

States recognize that changes need to be made to improve the integrity of license issuance and the verification of documents used to obtain a license. By September 2002, more than 30 states had introduced legislation to strengthen driver's licensing processes.³ At the federal level, Public Law 109-13 signed by the President in May 2005 sets identity security standards for state driver's licenses. Thus, all 50 states will have to make changes to comply with this law.

As in other states, North Carolina issues driver's licenses according to state statutes.⁴ In general, an applicant for a driver's license in North Carolina must present certain accepted documents that prove his identity and his residency in the state. Additionally, the applicant must present a valid Social Security number or Individual Taxpayer Identification Number (ITIN) and provide proof of insurance for his vehicle.

Methodology: To achieve this objective, we reviewed existing General Statutes and the North Carolina Administrative Code relating to driver's licenses, and reviewed pending legislation. Additionally, we examined financial records, reviewed prior reports, examined computer controls, and Division policies and procedures. We interviewed current and former Division personnel, and interviewed others who have specific knowledge relative to procedures. Lastly, we visited a sample of local Division offices where we observed procedures, the condition of the facilities, equipment, and security measures (see page 14).

³ Subcommittee on Highways and Transit Hearing on Driver's License Security Issues, September 5, 2002.

⁴ North Carolina General Statute 20-7.

FINDINGS AND RECOMMENDATIONS

Conclusions: North Carolina's Division of Motor Vehicles has made a number of changes since the September 11th terrorist attacks that improve the security of driver's licenses issued in the state. The Division has modified its existing policies and procedures to refine the type of documentation that it will accept to prove identity and residency. However, the state still accepts an Individual Taxpayer Identification Number in lieu of a Social Security number, and has made few changes to the accepted documentation for proof of insurance. Thus, North Carolina's licensing laws may not be as restrictive as those of surrounding states.

Additionally, the Division allows any person who can speak both English and a foreign language to act as interpreter for non-English speaking applicants for driver's licenses. This practice could compromise the integrity of the process since license examiners generally would not be able to determine if the interpreter is giving the applicant the answers to the knowledge questions.

Two other issues that impact the Division's effectiveness in issuing driver's licenses related to field office space and technology. The Division currently operates 19 one-person offices spread throughout the state. These offices pose significant security risks, both to the examiners and to safeguarding the critical supplies and equipment required to increase the security of the license itself.

The Division has an opportunity to close these one-person offices and convert them to stations served by its mobile units. To fully serve the state, the Division would need to purchase three additional mobile units at an estimated cost of \$585,000. The Division also must resolve the problems it has encountered in upgrading its existing mobile units to digital imagery technology and must establish reliable portable connection stations at the various locations.

Lastly, the Division needs to improve its communication of basic information on acquiring driver's licenses. The Division's web site should be updated on a regular basis and handouts of changes to printed material should be given to applicants along with the printed driver's handbooks. The Division should also explore ways to better publicize procedures that allow driver's to make appointments and to renew licenses up to 180 days prior to the license expiration date. Drivers also need to know the most current fees and penalties for not renewing by the expiration date.

FINDINGS AND RECOMMENDATIONS

Specific Findings: Objective 1—Sufficient Procedures

NORTH CAROLINA’S DRIVER’S LICENSING LAWS MAY NOT BE AS RESTRICTIVE AS SURROUNDING STATES.

All states have worked to enhance driver’s license issuance standards, to document authenticity, and to verify driver’s information. This has helped states to ensure that driver’s licenses are issued to persons who meet the state standards for operating a motor vehicle.⁵

Since September 11, North Carolina has made a number of changes to improve the security of driver’s licenses. The Division of Motor Vehicles has made considerable progress in improving its procedures to help assure that only qualified applicants are granted driver’s licenses. Table 1 shows the major changes North Carolina implemented during fiscal years 2004 and 2005.

Table 1 Major Security Changes Implemented for Issuance of North Carolina Driver’s Licenses	
<ul style="list-style-type: none">• No longer accepted for proof of identity:<ul style="list-style-type: none">○ Birth certificates from other nations○ School records from other nations○ Military identification cards from Mexico○ Official tax records○ Marriage licenses from other nations○ Vehicle registrations or certificates of title○ Matricula Consular issued by Mexican government consular offices○ Federal Credencial Para Votar (voter registration card) issued by Mexican government○ Photo Cedula (internal passport issued by several Central American governments)	<ul style="list-style-type: none">• Implementation of the following:<ul style="list-style-type: none">○ Fraudulent Document Recognition Training Program○ Driver’s license featuring the kinegram overlay to help make it more difficult to alter the license or to counterfeit it○ Face recognition technology --- performs a one-to-one face recognition match against previous applicant images at the time of issuance○ On-line and batch verification of Social Security number with the Social Security Administration
Source: North Carolina Division of Motor Vehicles	

Many surrounding states have tighter requirements for documents used as proof of identity, residency, and insurance, as shown in Table 2, page 8. For example, Florida, Georgia, South Carolina, and Virginia do not accept the Individual Taxpayer Identification Number (ITIN); only eight states other than North Carolina accept it. Having less restrictive requirements appears to encourage individuals from other states to travel to North Carolina to obtain a driver’s license. Appendix C, page 31 contains

⁵ Driver's License Integrity, 2005 National Conference of State Legislatures

FINDINGS AND RECOMMENDATIONS

summary information for all states relative to the documentation required to qualify for a driver's license in each state.

Procedure/Document	Required Or Allowed		
	By North Carolina	*No. Of Southeastern States	**Total No. Of States
Legal presence in US	No	9	40
Proof of residency	Yes	9	45
Matricula Consular	Yes	2	8
Statements from homeless shelters as proof of residency	Yes	1	4
Utility bills as proof of residency	Yes	7	29
Pre-printed business letterhead as proof of residency	Yes	6	28
Corporate or bank statements as proof of residency	Yes	5	21
Affidavits for proof of residency /identification	Yes	0	2
ITIN in lieu of Social Security Number	Yes	1	8
Finger/thumb print for driver's license issuance	No	2	3
* Southeastern States: Alabama., Arkansas, Florida, Georgia, Louisiana, Mississippi South Carolina, Tennessee, Texas, Virginia			
**Includes District of Columbia			
Source: State Division of Motor Vehicles Websites			

Some of the documents designated as acceptable for proof of residency in North Carolina (see Table 3) are either easily forged or the information provided by the applicant is not verified. These documents are frequently used by applicants for obtaining licenses. Because of the number of applicants and the inability to validate these documents electronically, examiners could unknowingly accept false documents and issue a driver's license to an unqualified individual.

Additionally, North Carolina allows applicants unable to obtain a Social Security number to use the ITIN. ITINs are intended to be used for federal tax purposes only and are obtained with minimal identification, such as a foreign voter's registration card. The Division does not have access to a database for verifying ITINs as it does for Social Security numbers. Most states have found that the ITIN card is easy to illegally reproduce and only eight states other than North Carolina now accept it.

Any document issued by the State of North Carolina or any of its political subdivisions (county, city, tax district, etc.) or by the federal government
North Carolina voter registration card
Pre-printed bank or other corporate statement
Correspondence on pre-printed business letterhead
Apartment lease, housing contract, mortgage statement
Utility bill (power bill, cable bill, water bill, etc.) or contract for utility service
School records signed by school official
Matricula Consular issued by the Mexican Consulate
Letter from homeless shelter
Sworn Affidavit
Source: North Carolina Division of Motor Vehicles

Many of these same issues are being discussed at the federal and state level. Recently approved or pending legislation is summarized in Appendix B, page 28. The passage of

FINDINGS AND RECOMMENDATIONS

the REAL ID Act at the federal level will require all states to make significant changes to their procedures for issuing driver's licenses. Any changes that North Carolina makes should reflect those requirements, as well as any state legislation addressing this issue.

RECOMMENDATION

The General Assembly and Department/Division personnel should re-examine the list of acceptable documents that can be used to obtain a North Carolina driver's license. Those documents that can be easily forged or that cannot be verified electronically should be considered for elimination. All changes should conform to the requirements for the federal REAL ID Act.

ALLOWING "UNREGULATED" INTERPRETERS FOR APPLICANTS WHO DO NOT SPEAK ENGLISH MAY COMPROMISE THE INTEGRITY OF THE DRIVER'S LICENSE PROCESS.

At the time of the audit, 45 Division offices were equipped with automated testing machines that provided the driver's license knowledge test in English, Spanish, Korean, Japanese, and Chinese. Exhibit 3 shows an applicant about to take the test on one of the automated machines in a Division office near Charlotte. In these offices an interpreter is allowed for applicants who speak a language other than those listed. In the other 82 offices, the applicant should be directed to an office with an automated testing system if the foreign language is one of those provided. Currently, the interpreter can be any individual who claims to speak both English and the foreign language.



Since the examiner is not fluent in the foreign language, the interpreter could be providing answers to the applicant. This would defeat the purpose of the test and could result in an unqualified driver obtaining a license.

While interpreters are allowed to translate written test questions, they are not allowed to go on road tests with the non-English speaking applicant. Thus, the examiner must use hand signals or limited foreign phrases to communicate driving instructions. This situation could endanger the applicant, the examiner, and other citizens encountered during the road test.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION

The Division should explore alternatives for interpreter services for non-English speaking applicants. One possibility might be networking with the Administrative Office of the Courts on identifying, training, and sharing interpreters. Non-English speaking applicants should be required to schedule a time for the driver tests at specified offices to facilitate sharing interpreters with the Courts System. The cost of the interpreter service should be charged to the applicants who require them.

ONE-PERSON FIELD OFFICES POSE SECURITY RISKS.

Currently, the Division has 19 one-person offices primarily intended to provide convenient services to citizens. These offices are often located in donated space or space that was not designed specifically to be a Division office. Thus, these offices often have limited space for the examiner, equipment, and waiting areas for the applicants. Exhibit 4 depicts an example of a one-person office in the western part of the state.

Exhibit 4
Exterior and Interior Views of One-Person Office



Exhibit 5
Accessible Equipment and Supplies



Exhibit 5 shows an office where the equipment and supplies are easily accessible to persons in the office when the examiner is away from his workstation. In many of the one-person offices, the license camera equipment and the materials specifically intended to limit illegal duplication of licenses are left unattended while the examiner gives road tests. Additionally, the examiners do not have a ready means of letting another Division employee know that they are giving a road test, increasing the danger to the examiner's safety.

FINDINGS AND RECOMMENDATIONS

In providing the one-person offices, the Division has placed examiners in situations that may make them more susceptible to harm and that lessen security over critical equipment and supplies.

RECOMMENDATION

The Division should review the activity of all one-person field offices. If the review shows that the activity only supports one examiner, these offices should be closed and converted to mobile unit sites on set days. The approximate cost of a mobile unit is \$195,000. Since these units can service multiple locations, the Division should be able to purchase three additional mobile units to cover the one-person offices at a cost of \$585,000. As of May 2005, the Division has two new mobile units on order to replace two of the three existing units.

THE DIVISION IS ENCOUNTERING DIFFICULTY IN FITTING THE EXISTING MOBILE UNITS WITH CURRENT TECHNOLOGY.

The Division operates three mobile units that provide services for citizens living in remote areas where license offices are not easily accessible. Each unit is equipped with technology capable of issuing driver's licenses and identification cards to approved applicants. Currently, the units are using old camera equipment and supplies. As a result, the Division has issued less secured driver's licenses to those applicants who used the mobile units. The Division has been working with the State Information Technology Services Office to upgrade the units with digital imagery. However, it is encountering difficulty equipping the units with the more secure digital imagery now used in stationary field offices.

The mobile units also have other technological challenges that need to be resolved. For example, Mobile Unit #1 serves stations throughout eastern North Carolina. Each station has portable connections that allow the unit to provide services (see Exhibit 6, page 12). Currently, stations located in Jackson, Gates County, Hatteras, Currituck, and Scotland Neck have only one active phone jack. Therefore, only the computer is connected at these stations. Since there is no phone service available for the applicants or staff, the staff has to use personal cell phones to conduct business.

FINDINGS AND RECOMMENDATIONS

Exhibit 6 Mobile Unit #1—Exterior and Interior Views



The Division has a list of planned technology projects that includes updates for the digital imagery systems for both the stationary offices and the mobile units. However, the Department's technology plan did not include specific projects for the Division of Motor Vehicles. Review of the Department's technology plan showed that it had not been updated since 2001 despite a state requirement to update annually.

RECOMMENDATION

The Division should continue to work with the State Information Technology Services Office to resolve technology problems, upgrade camera technology in mobile units, activate the external phone connectors at all mobile sites, and explore the use of wireless connections. The Department should update its strategic technology plan and include a set schedule for upgrading all Division of Motor Vehicles' technology.

COMMUNICATION OF BASIC INFORMATION ON ACQUIRING DRIVER'S LICENSES NEEDS IMPROVEMENT.

The Division provides handbooks, available in both English and Spanish, to individuals wishing to obtain a North Carolina driver's license. Depending on availability, the handbooks can be obtained from the driver's license offices located across the state. An identical version is also posted on the Division's web page. Reprinting of the handbook is done periodically to update for changes. However, the Division does not provide handouts showing changes between reprints.

At the time of the audit, both the printed and web-based versions of the handbook contained incorrect information. Fees for driver's licenses and special identification cards were listed incorrectly, and the web page sent the user to an outdated fee schedule.

FINDINGS AND RECOMMENDATIONS

Having current fee information available would eliminate confusion for applicants. It also would reduce the expense of returning incorrect out-of-state renewals.⁶ For 2005, there were approximately 2,000 renewals by mail.

Additionally, both versions of the handbook listed the Matricula Consular as an accepted proof of age, identity, and residency. As of February 2004, North Carolina no longer accepts the Matricula for proof of identity but continues to accept it as proof of residency (see discussion on page 7).

Lastly, information that could make renewing driver's licenses more efficient for applicants is not widely publicized. Drivers now may make an appointment for issuance or renewal and can renew a license up to 180 days prior to expiration. The Division also needs to inform applicants of the potential penalty if equipment or office closure prevents the renewal by the expiration date. Providing this information to applicants can save time for both drivers and Division staff, as well as improve the Division's public image.

RECOMMENDATION

The Division should regularly update the website to include current and accurate information. In addition, as handbook information changes, loose handouts should be printed and distributed with the handbooks. The website should be updated at the time of any policy changes. Lastly, the Division should publicize renewal information through public service announcements, posters, and include this information on renewal notices.

<p>Auditor's Note: Since discussing this concern with Division personnel during the fieldwork portion of the audit, the Division has updated both the printed and web versions of the handbook and is considering how to eliminate time sensitive data from the handbook altogether.</p>

⁶ For individuals temporarily residing outside the state, North Carolina Law (NCGS 20-7(f)(2)) and Division procedures allow license renewal by mail.

FINDINGS AND RECOMMENDATIONS

Objective 2. Consistent Enforcement

Overview: The Division of Motor Vehicles has been given responsibility for implementing and overseeing the state’s driver’s licensing program. The Division has a number of roles that include qualifying applicants for learner’s permits, driver’s licenses, and identification cards. Through establishing and enforcing strict standards for obtaining driver’s licenses, the Division is responsible for ensuring only knowledgeable, safe drivers are licensed. To accomplish that goal, the Division has established policies and procedures that all of the field offices are expected to follow to ensure consistent enforcement of the driver’s licensing laws and regulations.

Methodology: To achieve this objective, we reviewed general statutes and administrative code relative to the driver's licensing program. Additionally, we reviewed the Division’s operational policies and procedures and performed a general controls review of the Division’s computer system, the State Automated Driver’s License System. Lastly, we conducted on-site visits to 30 (24%) of the 127 field offices as shown in Table 4. The sites were selected to be representative of the various types of office environments throughout the state⁷. During the on-site visits, we interviewed personnel, observed daily operations including road tests, assessed site security risks, and reviewed documentation. Lastly, we examined information contained in the computer system at the Raleigh headquarters office.

Table 4
Driver’s License Field Offices Visited

	DMV Office	County	Facility Type		DMV Office	County	Facility Type
1	Graham	Alamance	DMV	16	Mount Holly	Gaston	Leased
2	Jefferson	Ashe	Donated	17	Greensboro (West)	Guilford	DMV
3	Newland	Avery	Donated	18	Raeford	Hoke	Donated
4	Washington	Beaufort	DMV	19	Marshall	Madison	Leased
5	Elizabethtown	Bladen	Leased	20	Charlotte (East)	Mecklenburg	Leased
6	Asheville (West)	Buncombe	DMV	21	Goldsboro	Wayne	DMV
7	Concord	Cabarrus	DMV	22	Mobile Unit (#1)	Northampton	DMV
8	Hudson	Caldwell	DMV	23	Hillsborough	Orange	DMV
9	Hickory	Catawba	Leased	24	Greenville	Pitt	Leased
10	Fayetteville (West)	Cumberland	Leased	25	Mayodan	Rockingham	Donated
11	Mocksville	Davie	Donated	26	Roseboro	Sampson	Donated
12	Wallace	Duplin	Donated	27	Monroe	Union	DMV
13	Durham (South)	Durham	Leased	28	Fuquay-Varina	Wake	Donated
14	Winston-Salem (South)	Forsyth	DMV	29	Wilmington (South)	New Hanover	Leased
15	Louisburg	Franklin	Leased	30	Mount Olive	Wayne	Donated

Source: Representative sample selected by OSA

⁷ The sample was selected to assure statewide coverage. It included each district, offices that had the most transactions and most affidavits, facility type, representatives of the various sized offices, both rural and urban offices, and Division management suggestions.

FINDINGS AND RECOMMENDATIONS

Conclusions: The Division of Motor Vehicles operates 127 driver's license field offices across the state, and when fully staffed has 495 examiners. The Division issued approximately 2.35 million driver's licenses and identification cards for fiscal year 2005. Examiners must undergo both initial training and periodic in-service training on statutory requirements for issuance of driver's licenses and the Division's policies and procedures.

However, changes to policies and procedures are not provided to the examiners in a timely and consistent manner. Currently, all examiners do not have access to e-mail or the Internet; therefore, change notifications are distributed manually through the chain of command to the examiners. Additionally, the in-service training is not standardized and 29 of the 30 field offices visited were using an outdated *Examiner's Manual*.

A second area of concern is that examiners input data into the Division's computer system with little review or oversight. Data includes applicant's knowledge, vision, and road test results, as well as descriptions of the documentation presented by the applicant to prove identity, residency, insurance, and Social Security number or ITIN. Currently, the system does not require examiners to review comments that indicate problems with documentation previously presented by an applicant before issuing a license.

Lastly, senior examiners have the authority to make exceptions to the data requirements and allow documentation not specifically listed in either the general statutes or the approved list compiled by the Division. Also, the Division field offices did not consistently notify first-time applicants of the need to complete a Sex Offender Registration form. Nor do the field offices have a standard timeframe for retaining these forms or affidavits of residency supplied by applicants.

FINDINGS AND RECOMMENDATIONS

Specific Findings: Objective 2—Consistent Enforcement

INFORMATION IS NOT PROVIDED TO EXAMINERS IN A TIMELY AND CONSISTENT MANNER.

The Division's *Examiner's Manual* is considered the overriding policy authority for the field offices. The manual is updated periodically. Between updates, senior managers disseminate policy and procedure changes to district supervisors. These updates can be distributed verbally, electronically (e-mail), or in print. District supervisors then disseminate information to senior examiners in the field offices. Since all examiners do not have e-mail access, senior examiners distribute information to the staff at their discretion. Division management was unable to provide the number of examiners that do not have e-mail access.

Examiners receive revised manuals during in-service training scheduled every two years. Training sessions include review of manual updates and changes to General Statutes, operations, technology, strategic direction of the Division, and policies and procedures. These sessions are taught by various Department and Division staff members. Thus, examiners may receive different information depending on who teaches the in-service courses.

As part of the audit, we reviewed the *Examiner's Manual* in the field offices that we visited. The manual was revised in August 2003 and was last updated in September 2004. Revisions included updates to the table of contents and rules for acceptance of documentation used to verify an applicant's identity. Of the 30 offices visited, 29 (97%) did not have an updated *Examiner's Manual*.

Not receiving information in a timely manner and outdated manuals cause confusion over daily activities. It also leads to inconsistent enforcement of policies and potentially inconsistent treatment of applicants.

RECOMMENDATION

The Division should provide e-mail and Internet access to all employees as soon as practical. Management should create an Intranet so that employees can access the most current version of the manual and policy and procedure updates. Management should establish procedures for disseminating policy changes and information using the Intranet. At the time of the audit, Division management did not have an estimate of the costs to provide this access. Lastly, in-service training should be standardized to assure that all employees receive the same information and instructions.

FINDINGS AND RECOMMENDATIONS

CONTROLS OVER INFORMATION INPUT INTO THE DIVISION'S COMPUTER SYSTEM⁸ ARE WEAK.

Procedures require the examiner to input information describing the type of documentation presented by the applicant for identification, residency, Social Security number, and insurance. However, no copies of these documents are kept, nor is there a supervisory review before the information is accepted into the system.

While the results of the automated knowledge test are entered directly into the computer, an examiner enters all manual tests results. None of the test results are reviewed by a supervisor before being accepted into the computer system.

Since Division examiners input information without any verification, inaccurate or false information may be entered resulting in the issuance of the license to a person who does not meet the statutory requirements. Exhibit 7 details a situation where lack of verification of information may have allowed an applicant to improperly obtain a license.

Exhibit 7 Example of Unverified Information (See Auditor's Note)

- Applicant presented passport and New Jersey driver's license that had different dates of birth at one Division office. The examiner noted the problems with the documentation in the comments section of computer entry to explain why the license was not issued. Per existing policy, the documents were returned to the applicant.
- Same applicant went to a second Division office, where it appears he presented the same documents. It also appears that the second examiner did not read the comments entered by the first examiner.
The computer entry showed that the second examiner accepted the passport to prove identity. The record also reflected that the road test was waived, indicating that the applicant had a valid driver's license from another state.
Without copies of the documentation or verification by a supervisor, there is no way to know if this applicant improperly obtained a license.

Source: Summarized by OSA from SADLS

Auditor's Note: Since discussing this concern with Division personnel during the fieldwork portion of the audit, the Division has implemented plans to add a computer edit that would require examiners to indicate that they have reviewed the comments portion of the computer file before completing the process for a license.

RECOMMENDATION

The Division should continue efforts to place automated testing machines in the 82 sites that do not have them (see page 9 for discussion). The estimated cost for these machines is \$816,911, which has been requested from the General Assembly. Additionally, the Division should scan in documents accepted for proof of residency, identification, and insurance and periodically review them for compliance. However, the Division must make significant security improvements to its computer system before implementing the scanning process. The Division is currently working with the Board of Elections to purchase scanning equipment as part of the Motor Voter Program (estimated cost of \$426,108). Lastly, the Division should research the feasibility of automating the sign and vision tests so results could be directly input into SADLS.

⁸ The Division implemented the State Automated Driver's License System (SADLS) in 1994. This system contains sensitive identity information on drivers such as name, address, Social Security number or ITIN, and birth date.

FINDINGS AND RECOMMENDATIONS

EXAMINER DISCRETION HAS LED TO INCONSISTENCIES IN FIELD OFFICES.

When a person obtains a license, learner’s permit, or an identification card for the first time in North Carolina, Division staff is required to obtain proof of identity, residency, and insurance, as well as a valid Social Security number or ITIN from the applicant. Division policy outlines approved documentation for each of these categories, the majority of which is contained in general statutes. However, senior examiners have authority to make exceptions, allowing other forms of documentation not on the approved list. Table 5 shows examples of documentation accepted in lieu of those on the approved list.

Purpose of Document	*DMV Approved Documentation	Documentation Allowed By Some Examiners
Proof of Identity	Original Social Security card	Laminated Social Security card
Proof of Identity	Certified birth certificate issued by a government agency in the US, Puerto Rico, a US territory, or Canada, or US Report of Consular Birth Abroad	Photocopies of birth certificates or ones provided by hospital at the time of birth
Proof of Residency	Pre-printed bank or other corporate statements	Information printed on checks; online bank statements
Proof of Insurance	Insurance card with name, policy number, and issue and expiration date; copy of insurance policy with name and the issue and expiration date on it.	Insurance information without name of applicant, policy number, and issue and expiration date.
*Acceptable documents per policy as of 2/4/04 Source: Division of Motor Vehicles and information provided to OSA during interviews		

Some field offices only provide the North Carolina’s Sex Offender Registration form⁹ to adults, not all first-time applicants as required by policy. Additionally, field personnel are unsure about the time frame for maintaining and storing sex offender and affidavit forms. These forms are stored in cabinets without being reviewed. Some offices maintain forms continuously while others maintain them for only 12 months. The Division’s policy states that “eventually” these documents will be collected and imaged.

Failure to apply consistent policies and procedures causes confusion for both applicants and staff, and results in inconsistent, potentially unfair, treatment of the applicants.

⁹ Division policy requires examiners to notify all individuals obtaining an original driver’s license of North Carolina’s Sex Offender Registration requirement as of June 2004. This procedure serves as notice to sex offenders that they must register with the local Sheriff’s Department within 10 days of establishing residency in North Carolina.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION

The Division should review and revise existing policies and procedures on acceptable documentation consistent with new federal requirements. The Division should specifically establish a policy for record retention and review of documents such as the sex offender forms and affidavits. Lastly, Division management should require strict adherence to policies and procedures. Staff should be required to clearly document and justify all exceptions to policy.

FINDINGS AND RECOMMENDATIONS

[This page left blank intentionally.]

APPENDICES

Appendix	Description	Page
A	Objectives, Scope, and Methodology	23
B	Driver's Licensing Program Overview	25
C	Requirements for Receiving Driver's Licenses by State	31
D	Federal REAL ID Act (H.R. 1268)	35
E	Response from the Secretary of the Department of Transportation	39

APPENDICES

[This page left blank intentionally.]

APPENDICES

APPENDIX A Objectives, Scope, and Methodology

North Carolina General Statutes (GS) 147-64.6 empowers the State Auditor to conduct performance audits of any State agency or program, as well as local entities receiving State and federal funds. Performance audits are reviews of activities and operations to determine whether the resources are being used economically, efficiently, and effectively and whether program objectives are being reached.

Following the terrorist attacks of 2001, North Carolina and other states began implementation of stricter procedures for the issuance of driver's licenses. In order to assess North Carolina's progress on these homeland security issues, the State Auditor determined that there was a need to review the Division of Motor Vehicles' licensing procedures. The audit sought to determine:

- ◆ Does the Division have sufficient procedures in place to ensure only qualified applicants receive North Carolina driver's licenses?
- ◆ Are regulations consistently enforced in Division offices throughout the state?

We conducted the fieldwork during the period March to May 2005. The scope of the audit encompassed only the operations associated with the issuance of a driver's license and included both the headquarters in Raleigh and the field offices located throughout the state.

To achieve the audit objectives, we employed various auditing techniques that adhere to the generally accepted auditing standards as promulgated in *Government Auditing Standards* issued by the Comptroller General of the United States. These techniques included:

- Review of existing General Statutes and the North Carolina Administrative Code relating to the driver's licensing program,
- Review of pending legislation,
- Examination of financial records,
- Review of prior audit reports,
- Review of general computer controls,
- Review of Division policies and procedures,
- Review of organizational charts,
- Interviews with former and current Division and Department personnel,
- Interviews with law enforcement personnel, and
- Site visits to a representative sample of field offices.

APPENDICES

APPENDIX A Continued

This report contains the results of the audit including conclusions and recommendations. Specific recommendations aimed at improving the operations of the program in terms of economy, efficiency, and effectiveness are reported. Because of the test nature and other inherent limitations of an audit, together with the limitations of any system of internal and management controls, this audit would not necessarily disclose all weaknesses in the systems or lack of compliance. Also, projections of any of the results contained in this report to future periods are subject to the risk that procedures may become inadequate due to changes in conditions and/or personnel, or that the effectiveness of the design and operation of the procedures may deteriorate.

APPENDICES

APPENDIX B Driver's Licensing Program Overview

BACKGROUND--The driver's licensing function in North Carolina has a long history, with its roots dating to 1913 when the General Assembly began to regulate operators of motor vehicles. In 1935, the General Assembly authorized the issuance of a license to drive upon proof that the person had been operating a motor vehicle for at least one year prior to the effective date of the act.

The Division of Motor Vehicles currently operates driver's licensing offices in 99 of 100 counties in North Carolina. Camden is the only county without service inside its geographic boundaries; its citizens are served in neighboring counties. There are 124 stand-alone facilities and three mobile units used to provide service to areas where there are no structured offices. There are 495 licensing examiner positions as of May 2005.

To obtain a North Carolina driver's license, a person must:

- Complete an application form provided by the Division.
- Present at least two forms of identification approved by the Commissioner of the Division (at least one of these forms must indicate the applicant's address).
- Be a resident of North Carolina.
- Provide Social Security number or Individual Taxpayer Identification number.
- Provide proof of insurance.
- Demonstrate physical and mental ability to drive a motor vehicle safely.

Over the years, use of driver's licenses has expanded from proof of having the ability to operate a vehicle safely to a form of identification accepted throughout the world. Thus, individuals have devised ways to produce fraudulent driver's licenses. In 1968 the photo license system began because of the increase in fictitious licenses.

The Division continues to improve safety and security in its Driver's License section through its Operation Stop Fraud Program. Areas of improvement include the following:

- New standards for proof of identity (See Table 6).
- Applicant's Social Security numbers are being verified through the Social Security Administration.

Birth certificates from other nations
School records from other nations
Military identification cards from Mexico
Official tax records
Marriage licenses from other nations
Vehicle registrations or certificates of title
Matricula Consular issued by Mexican government
Federal Credencial Para Votar (voter registration card) issued by Mexican government
Photo Cedula (international passport issued by several Central American governments)
Source: Division of Motor Vehicles

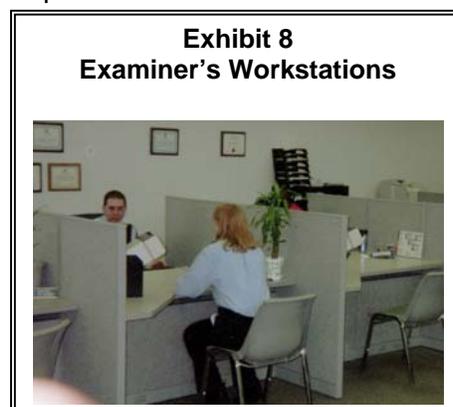
APPENDICES

APPENDIX B Continued

- Driver's license examiners have received nationally certified fraudulent document training.
- Implementation of the world's largest database for face recognition technology (comparing current picture to previous one), with 17+ million images of North Carolina drivers.

Customer service has been and continues to be a priority with the Division. The following illustrate operational and structural changes made to enhance the licensing experience:

- Implementation of the State Automated Driver License System (SADLS) that created a paperless application process for applicants.
- Improved customer service by allowing insurance companies to fax insurance information.
- Elimination of policy requiring renewal applicants with four or more points to take knowledge test.
- Renovated field offices by installing examiner workstations with privacy panels and improved customer waiting areas. (Exhibit 8)
- Installation of Computer Assisted Testing Systems (CATS) allowing applicant to take test in English, Spanish, Korean, Chinese, and Japanese by using touch screen technology.
- Installation of Q-Matic Automated Queuing System to provide management data on wait times and length of time required to service the customer and to better utilize its resources.
- Reduction in customer wait times as a result of 45 new driver license examiner positions established by the General Assembly effective FY03-04 and 25 new positions effective FY04-05.
- Access to Internet service for applicants to request replacements for a lost license and update address records (approximately 100,000 transactions annually).
- Merging of License and Vehicle Registration call centers into one, providing quicker access to customer service representatives.



MISSION AND GOALS

The mission of the Driver License Section is to deliver quality driver license services, promote highway safety, and furnish timely and accurate information by providing excellent customer service, enforcing motor vehicle laws and maintaining the integrity of official driver's license records. Its goals are to provide a program designed to prevent traffic accidents and reduce the number of injuries and property loss.¹⁰

¹⁰ Division of Motor Vehicles web page, www.dmv.dot.state.nc.us

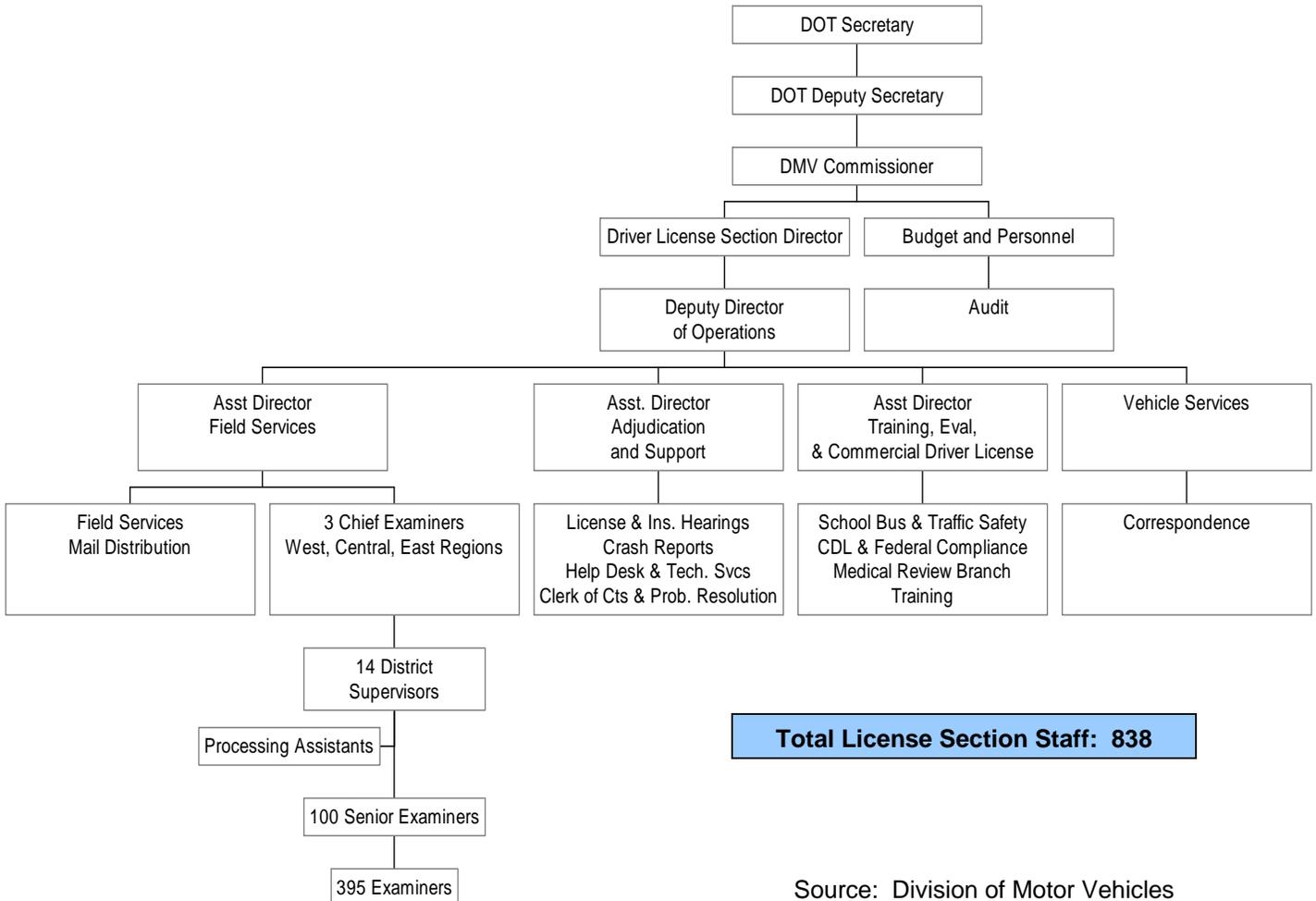
APPENDICES

APPENDIX B Continued

ADMINISTRATION

The Division of Motor Vehicles, which houses the Driver License Section, is headed by the Commissioner who is appointed by the Secretary of Transportation. The responsibilities of the Driver License Section are delegated to the Director, who reports to the Commissioner. The Director supervises 838 positions, including 495 licensing examiner positions assigned to the 127 field offices across the state (Exhibit 9). This administration was responsible for the issuance of 2.3 million Driver's Licenses and Identification Cards in fiscal year 2003 – 2004 and 1.1 million from July 2004 to December 2004.

EXHIBIT 9
Department of Transportation
Division of Motor Vehicles, Driver License Section
 Organizational Chart as of May 2005



APPENDICES

APPENDIX B Continued

BUDGET AND FUNDING

The Division of Motor Vehicles collects fees for driver's licenses and special identification cards that are deposited in Department accounts. Table 7 shows the Division's expenditures and revenues 2002 through December 2004. The Division's funding is allocated by the General Assembly from the Department's funding. The fees collected are not used to offset the expenditures for the Division.

	Fiscal Year			
	2002	2003	2004	Thru 12/04
Personal Services	\$22,132,175	\$22,113,969	\$23,570,869	\$10,962,115
Purchased Services	2,498,739	5,244,955	5,736,718	2,338,547
Supplies	547,568	385,951	266,590	106,937
Property, Plant & Equipment	3,238,310	532,136	412,593	80,663
Other Expenses & Adjustments	409,605	26,630	29,640	12,844
Aid & Public Assistance	-0-	-0-	4,081	-0-
Reserves	-0-	-0-	-0-	2,126
Interagency Transactions	-0-	-0-	382,490	-0-
Total Expenses	\$28,826,397	\$28,303,641	\$30,402,981	\$ 13,503,232
Division Revenues	\$ 1,297,552	\$ 541,010	\$ 148,007	\$ 65,570
Appropriations	\$27,528,845	\$27,762,631	\$30,254,974	\$13,437,662
REVENUES FROM LICENSES AND IDENTIFICATION CARDS	\$68,941,464	\$74,463,916	\$74,839,529	\$38,200,167

Source: Division of Motor Vehicles Budget Reports

PENDING LEGISLATION

The events of September 11, 2001 have had a profound effect on the issuance of driver's license and personal identification (ID) cards in the state of North Carolina and the nation. The focus on the security of driver's licenses and ID cards has increasingly shifted toward the types of documentation and authenticity of the documentation presented in order to receive a driver's license or ID card. Legislation at both the federal and state level has been presented to address these security issues and concerns. An overview of the legislation introduced in North Carolina General Assembly is as follows:

- **House Bill #40 and Senate Bill #5:** These bills would eliminate the acceptance of the Individual Taxpayer Identification Number (ITIN) issued by the Internal Revenue Service for driver's licenses and personal ID cards.
- **House Bill #267 and Senate Bill #154:** These bills would authorize eight-year driver's licenses and also allow for Internet renewal of licenses

APPENDICES

under certain circumstances, and determine the duration of licenses for certain visa holders during their stay in the United States.

- **House Bill # 1451 and Senate Bill #419:** These bills are a result of the United States Congress REAL ID Act of 2005 signed into law by the President in May 2005. (The Act is presented in its entirety starting on page 36.) The bills state that an application is to be completed and presented to the Division of Motor Vehicles to request a driver's license or identification card. Also included are the following provisions:
 - The Division may copy documents presented and hold them for a brief time to verify their authenticity.
 - The Division may hold those copies for at least seven years if required by federal law.
 - At least one of the forms of identification will contain evidence that the applicant is either a citizen of the United States or is an alien lawfully admitted for permanent or temporary residence in the United States.
 - Eliminates the allowance of the Individual Taxpayer Identification Number (ITIN).
 - Eliminates allowance of foreign documents for proof of residency.
 - Eliminates allowance for pre-printed business letterhead.
 - Eliminates allowance of "any other document deemed reliable by the Division."
 - Eliminates the allowance of the Matricula Consular for North Carolina.
 - Eliminates the allowance of a similar document issued by any consulate or embassy of another country.

APPENDICES

[This page left blank intentionally.]

APPENDICES

APPENDIX C Requirements for Receiving Driver's Licenses by State

States	Proof of Residency		Age & Identity		Social Security Number		ITIN# in lieu of SSN		Proof of Insurance (Financial Responsibility)		Matricula Consular		Affidavits		Legal U.S. Citizen/ Authorized Legal Presence		Additional Documents
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
Alabama		X	X		X			X		X		X		X	X		
Alaska		X	X		X			X		X		X		X		X	May renew driver license up to a year prior to expiration date.
Arizona	X		X		X			X	X			X		X	X		Concealed handgun license, professional license, Affidavit of Identification from Department of Correction (with photo and within 15 days).
Arkansas	X		X		X			X	X			X		X	X		Draft registration card, concealed handgun license, pilot's license. Bureau of Indian Affairs/Indian Treaty Card (no tribal cards).
California	X		X		X			X	X			X		X	X		Agency issues interim license for 60 days. Will receive new photo license via mail. Thumb print required. Renew via Internet. Federal proof of Indian blood degree, northern mariana card, Mexican border crossing card with valid I-94.
Colorado	X		X		X			X	X			X		X	X		Native American Tribal Identification Card.
Connecticut	X		X		X			X	X			X		X	X		Connecticut pistol permit w/photo, baptismal certificate, expired passport, State DSS issued photo public assistance card.
Delaware	X		X		X			X	X			X		X	X		Welfare card, northern mariana card, know road signs in English.
District of Columbia	X		X		X		X			X		X	X		X		Unexpired health insurance card, ID card from govt. agency with photo.
Florida	X		X		X			X	X			X		X	X		Baptism certificate, life insurance policy 2 years old, family bible record. Canadian citizen not required to show legal presence.
Georgia	X		X		X			X	X			X		X	X		Fingerprint required. Insurance policy, previous year income tax return acceptable.
Hawaii		X	X		X			X	X			X		X		X	No State Driver License Agency , handled by city/county jurisdiction. Medicaid ID card acceptable.
Idaho	X		X		X			X	X		X			X	X		Pilot's license, concealed weapon permit, junior/senior high school photo activity card, military yearbook/annual, printed photo directory of a religious organization, newspaper clipping with photo and name, photo work ID card at county discretion, Idaho auto dealer/salesman photo ID card, Dept of Corrections and Juvenile Corrections photo ID card.
Illinois	X		X		X			X	X			X		X	X		Cancelled check (90 days), major brand credit cards.

APPENDICES

APPENDIX C Continued

States	Proof of Residency		Age & Identity		Social Security Number		ITIN# in lieu of SSN		Proof of Insurance (Financial Responsibility)		Matricula Consular		Affidavits		Legal U.S. Citizen/ Authorized Legal Presence		Additional Documents
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
Indiana	X		X		X			X	X			X	X		X		Prescription plan card, gun permit, Indiana County pre-sentence investigation report w/ clerk stamp or seal, major credit or bank card, pay check stub-computer generated, child support check from Family and Social Services Administration.
Iowa	X		X		X		X		X			X		X	X		Pay stub, Bureau of Indian Affairs card, health insurance card, gun permit, pilot's license, employer ID Card, Canadian Social Insurance card, welfare card, medical records original.
Kansas		X	X		X			X	X			X		X	X		Common law certificates signed by both parties and notarized, Bureau of Indian Affairs Tribal ID, welfare card, life or health insurance card/policy, foreign driver's license, baptismal certificate.
Kentucky	X		X		X		X		X			X		X	X		
Louisiana	X		X		X			X	X			X		X	X		Native American Tribal ID, baptismal certificate, burial plot deeds, insurance policy, Medicare/Medicaid card, high school yearbook, law enforcement officer's badge ID.
Maine	X		X		X			X	X			X		X		X	Unemployment card, baptismal records, concealed weapon permit.
Maryland	X		X		X			X	X			X		X	X		Retail sales/financial institution sales agreement, canceled check, handgun permit, major credit card bill, US savings bond, residential service contract, 1st class mail from government agency, mail with post-marked envelope from accredited college or university.
Massachusetts	X		X		X			X	X			X		X		X	Firearms permit, school yearbook w/name, U.S. Coast Guard Merchant Mariner card, checkbook, student tuition bill or loan coupons, life insurance.
Michigan	X		X		X			X	X			X		X	X		Little Traverse Bay Bands of Odawa Indians tribal ID Card, high school yearbook.
Minnesota	X		X		X			X	X			X		X	X		Pilot's license, firearm permit, student ID card, American Indian card, northern mariana card.
Mississippi	X		X		X			X	X			X		X	X		Gun permit, pilot license, student ID card w/photo, medical records, health insurance card, Bureau of Indian Affairs card/Indian treaty card, Tribal ID NOT acceptable.
Missouri	X		X		X			X	X			X		X	X		Photo public assistance card, health insurance card, medical records, non-English language birth certificate

APPENDICES

APPENDIX C Continued

States	Proof of Residency		Age & Identity		Social Security Number		ITIN# in lieu of SSN		Proof of Insurance (Financial Responsibility)		Matricula Consular		Affidavits		Legal U.S. Citizen/ Authorized Legal Presence		Additional Documents
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
Montana	X		X		X			X	X			X			X		Life insurance policy, canceled mail addressed to applicant, Social Service written statement for homeless applicant, Medicaid/Medicare card, firearm license, pilot license.
Nebraska	X		X		X			X	X		X			X	X		Draft card issued before 1973, letter from Neb. Dept of Health and Human Services, Tribal Card, Mexican Consulate card, Medicare card.
Nevada	X		X		X			X	X			X		X	X		Certificate of Degree of Indian Blood.
New Hampshire	X		X		X			X	X			X		X	X		State hunting or fishing license, baptismal certificate.
New Jersey	X		X		X			X	X			X		X	X		Firearm purchase card, FAA pilot license, ATM bank card, health or prescription card, 1099-int form, Medicaid card.
New Mexico	X		X		X			X	X			X		X	X		Church records, Indian census card, check book.
New York	X		X		X			X	X			X		X	X		Welfare card, Medicaid card, pistol permit, Saint Regis Mohawk Tribe ID card, supermarket check cashing card, union card, health or prescription card, life insurance policy, cancelled check, ATM/debit card, major credit card.
North Carolina	X		X		X		X		X		X		X		X		
North Dakota	X		X		X			X	X			X		X	X		
Ohio	X		X		X			X	X			X		X	X		Credit card, foreign birth certificate, health insurance card, medical records, gun permit, pilot's license, human services ID-no photo required, Bureau of Indian Affairs/Indian treaty card-tribal ID not acceptable.
Oklahoma	X		X		X			X	X			X		X	X		Tribal ID card, insurance policy, pilot license, diploma, official certified deeds, gun permit, lifetime hunting and fishing license, medical examiner certificate, tax commission agriculture exempt permit.
Oregon	X		X		X			X	X		X			X		X	Guatemalan Consulate Card issued in the U.S., Confederated Tribes of Oregon Tribal ID Card approved by DMV, homeless shelter letter, Job Corp ID card, current W-2 and 1099 tax forms, bound checkbook, bank or credit card, bankruptcy court document, Oregon health plan letter, Merchant Marine ID, pilot license.
Pennsylvania	X		X		X			X	X			X		X	X		Weapons permit, W-2 form.

APPENDICES

APPENDIX C Continued

States	Proof of Residency		Age & Identity		Social Security Number		ITIN# in lieu of SSN		Proof of Insurance (Financial Responsibility)		Matricula Consular		Affidavits		Legal U.S. Citizen/ Authorized Legal Presence		Additional Documents
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
Rhode Island	X		X		X			X	X			X		X		X	Baptism certificate, personal check, welfare check stub or food stamp card.
South Carolina	X		X		X			X	X			X		X	X		Homeless shelter letter, welfare/social services card, Medicaid card, weapons permit.
South Dakota	X		X		X			X	X			X		X	X		Tribal ID card, bureau of Indians Affairs/treaty/birth certificate, gun permit, Canada Social Insurance card, health insurance card, welfare card.
Tennessee	X		X		X		X		X		X		X	X			Federal census record, union membership cards, loan documents.
Texas	X		X		X			X	X		X		X		X		Insurance policy, consular document issued by a state or national government, thumbprint required.
Utah	X		X		X		X		X		X		X	X			Major credit card, bankcard, church records, concealed weapons permit, BIA/Tribal Treaty/ID card.
Vermont	X		X		X			X	X			X		X	X		Canadian Department of Indian Affairs issued ID card, Civil Union certificate, W-2 form, health insurance, Canadian social insurance card, welfare card.
Virginia	X		X		X			X	X			X		X	X		Gun permit, pilot license, Va. criminal justice agency offender information form, welfare/SS ID card, Medicare/Medicaid card, W-2 or 1099 form.
Washington	X		X		X			X	X		X		X		X		Concealed weapons permit, King County Club Entertainer card, bus pass, immunization record, medical coupon, Mexican Matricula/Military Card, cancelled checks/checkbook, Guatemala Cedula.
West Virginia	X		X		X		X		X			X		X	X		Homestead tax exemption, weapons permit, W-2 form; less than 18 months.
Wisconsin	X		X		X		X		X		X		X		X		Northern mariana card, Mexican voter registration card w/photograph and signature, American Indian card, credit card, Canadian Social Insurance card, Wisconsin Forward card and Badger Care card, private investigator license.
Wyoming		X	X		X		X		X			X		X	X		

Source: Compiled by OSA from each state's web page information

APPENDICES

APPENDIX D REAL ID Act

109th CONGRESS
1st Session
H. R. 1268

An act making emergency supplemental appropriations for the fiscal year ending September 30, 2005, to establish and rapidly implement regulations for State driver's license and identification document security standards, to prevent terrorists from abusing the asylum laws of the United States, to unify terrorism-related grounds for inadmissibility and removal, to ensure expeditious construction of the San Diego border fence, and for other purposes.

TITLE II--IMPROVED SECURITY FOR DRIVERS' LICENSES AND PERSONAL IDENTIFICATION CARDS

SEC. 201. DEFINITIONS.

In this title, the following definitions apply:

- (1) DRIVER'S LICENSE- The term 'driver's license' means a motor vehicle operator's license, as defined in section 30301 of title 49, United States Code.
- (2) IDENTIFICATION CARD- The term 'identification card' means a personal identification card, as defined in section 1028(d) of title 18, United States Code, issued by a State.
- (3) SECRETARY- The term 'Secretary' means the Secretary of Homeland Security.
- (4) STATE- The term 'State' means a State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

SEC. 202. MINIMUM DOCUMENT REQUIREMENTS AND ISSUANCE STANDARDS FOR FEDERAL RECOGNITION.

(a) Minimum Standards for Federal Use-

- (1) IN GENERAL- Beginning 3 years after the date of the enactment of this division, a Federal agency may not accept, for any official purpose, a driver's license or identification card issued by a State to any person unless the State is meeting the requirements of this section.
- (2) STATE CERTIFICATIONS- The Secretary shall determine whether a State is meeting the requirements of this section based on certifications made by the State to the Secretary of Transportation. Such certifications shall be made at such times and in such manner as the Secretary of Transportation, in consultation with the Secretary of Homeland Security, may prescribe by regulation.

(b) Minimum Document Requirements- To meet the requirements of this section, a State shall include, at a minimum, the following information and features on each driver's license and identification card issued to a person by the State:

- (1) The person's full legal name.
- (2) The person's date of birth.
- (3) The person's gender.
- (4) The person's driver's license or identification card number.
- (5) A digital photograph of the person.
- (6) The person's address of principle residence.
- (7) The person's signature.
- (8) Physical security features designed to prevent tampering, counterfeiting, or duplication of the document for fraudulent purposes.
- (9) A common machine-readable technology, with defined minimum data elements.

(c) Minimum Issuance Standards-

(1) IN GENERAL- To meet the requirements of this section, a State shall require, at a minimum, presentation and verification of the following information before issuing a driver's license or identification card to a person:

- (A) A photo identity document, except that a non-photo identity document is acceptable if it includes both the person's full legal name and date of birth.
- (B) Documentation showing the person's date of birth.
- (C) Proof of the person's social security account number or verification that the person is not eligible for a social security account number.
- (D) Documentation showing the person's name and address of principal residence.

(2) SPECIAL REQUIREMENTS-

- (A) IN GENERAL- To meet the requirements of this section, a State shall comply with the minimum standards of this paragraph.
- (B) EVIDENCE OF LAWFUL STATUS- A State shall require, before issuing a driver's license or identification card to a person, valid documentary evidence that the person--
 - (i) is a citizen of the United States;
 - (ii) is an alien lawfully admitted for permanent or temporary residence in the United States;
 - (iii) has conditional permanent resident status in the United States;
 - (iv) has an approved application for asylum in the United States or has entered into the United States in refugee status;
 - (v) has a valid, unexpired nonimmigrant visa or nonimmigrant visa status for entry into the United States;
 - (vi) has a pending application for asylum in the United States;

APPENDICES

APPENDIX D continued

- (vii) has a pending or approved application for temporary protected status in the United States;
 - (viii) has approved deferred action status; or
 - (ix) has a pending application for adjustment of status to that of an alien lawfully admitted for permanent residence in the United States or conditional permanent resident status in the United States.
- (C) TEMPORARY DRIVERS' LICENSES AND IDENTIFICATION CARDS-
- (i) IN GENERAL- If a person presents evidence under any of clauses (v) through (ix) of subparagraph (B), the State may only issue a temporary driver's license or temporary identification card to the person.
 - (ii) EXPIRATION DATE- A temporary driver's license or temporary identification card issued pursuant to this subparagraph shall be valid only during the period of time of the applicant's authorized stay in the United States or, if there is no definite end to the period of authorized stay, a period of one year.
 - (iii) DISPLAY OF EXPIRATION DATE- A temporary driver's license or temporary identification card issued pursuant to this subparagraph shall clearly indicate that it is temporary and shall state the date on which it expires.
 - (iv) RENEWAL- A temporary driver's license or temporary identification card issued pursuant to this subparagraph may be renewed only upon presentation of valid documentary evidence that the status by which the applicant qualified for the temporary driver's license or temporary identification card has been extended by the Secretary of Homeland Security.
- (3) VERIFICATION OF DOCUMENTS- To meet the requirements of this section, a State shall implement the following procedures:
- (A) Before issuing a driver's license or identification card to a person, the State shall verify, with the issuing agency, the issuance, validity, and completeness of each document required to be presented by the person under paragraph (1) or (2).
 - (B) The State shall not accept any foreign document, other than an official passport, to satisfy a requirement of paragraph (1) or (2).
 - (C) Not later than September 11, 2005, the State shall enter into a memorandum of understanding with the Secretary of Homeland Security to routinely utilize the automated system known as Systematic Alien Verification for Entitlements, as provided for by section 404 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (110 Stat. 3009-664), to verify the legal presence status of a person, other than a United States citizen, applying for a driver's license or identification card.
- (d) Other Requirements- To meet the requirements of this section, a State shall adopt the following practices in the issuance of drivers' licenses and identification cards:
- (1) Employ technology to capture digital images of identity source documents so that the images can be retained in electronic storage in a transferable format.
 - (2) Retain paper copies of source documents for a minimum of 7 years or images of source documents presented for a minimum of 10 years.
 - (3) Subject each person applying for a driver's license or identification card to mandatory facial image capture.
 - (4) Establish an effective procedure to confirm or verify a renewing applicant's information.
 - (5) Confirm with the Social Security Administration a social security account number presented by a person using the full social security account number. In the event that a social security account number is already registered to or associated with another person to which any State has issued a driver's license or identification card, the State shall resolve the discrepancy and take appropriate action.
 - (6) Refuse to issue a driver's license or identification card to a person holding a driver's license issued by another State without confirmation that the person is terminating or has terminated the driver's license.
 - (7) Ensure the physical security of locations where drivers' licenses and identification cards are produced and the security of document materials and papers from which drivers' licenses and identification cards are produced.
 - (8) Subject all persons authorized to manufacture or produce drivers' licenses and identification cards to appropriate security clearance requirements.
 - (9) Establish fraudulent document recognition training programs for appropriate employees engaged in the issuance of drivers' licenses and identification cards.
 - (10) Limit the period of validity of all driver's licenses and identification cards that are not temporary to a period that does not exceed 8 years.
- SEC. 203. LINKING OF DATABASES.**
- (a) In General- To be eligible to receive any grant or other type of financial assistance made available under this title, a State shall participate in the interstate compact regarding sharing of driver license data, known as the 'Driver License Agreement', in order to provide electronic access by a State to information contained in the motor vehicle databases of all other States.
 - (b) Requirements for Information- A State motor vehicle database shall contain, at a minimum, the following information:
 - (1) All data fields printed on drivers' licenses and identification cards issued by the State.
 - (2) Motor vehicle drivers' histories, including motor vehicle violations, suspensions, and points on licenses.

APPENDICES

APPENDIX D continued

SEC. 204. TRAFFICKING IN AUTHENTICATION FEATURES FOR USE IN FALSE IDENTIFICATION DOCUMENTS.

(a) Criminal Penalty- Section 1028(a)(8) of title 18, United States Code, is amended by striking 'false authentication features' and inserting 'false or actual authentication features'.

(b) Use of False Driver's License at Airports-

(1) IN GENERAL- The Secretary shall enter, into the appropriate aviation security screening database, appropriate information regarding any person convicted of using a false driver's license at an airport (as such term is defined in section 40102 of title 49, United States Code).

(2) FALSE DEFINED- In this subsection, the term 'false' has the same meaning such term has under section 1028(d) of title 18, United States Code.

SEC. 205. GRANTS TO STATES.

(a) In General- The Secretary may make grants to a State to assist the State in conforming to the minimum standards set forth in this title.

(b) Authorization of Appropriations- There are authorized to be appropriated to the Secretary for each of the fiscal years 2005 through 2009 such sums as may be necessary to carry out this title.

SEC. 206. AUTHORITY.

(a) Participation of Secretary of Transportation and States- All authority to issue regulations, set standards, and issue grants under this title shall be carried out by the Secretary, in consultation with the Secretary of Transportation and the States.

(b) Compliance With Standards- All authority to certify compliance with standards under this title shall be carried out by the Secretary of Transportation, in consultation with the Secretary of Homeland Security and the States.

(c) Extensions of Deadlines- The Secretary may grant to a State an extension of time to meet the requirements of section 202(a)(1) if the State provides adequate justification for noncompliance.

SEC. 207. REPEAL.

Section 7212 of the Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108-458) is repealed.

SEC. 208. LIMITATION ON STATUTORY CONSTRUCTION.

Nothing in this title shall be construed to affect the authorities or responsibilities of the Secretary of Transportation or the States under chapter 303 of title 49, United States Code.

TITLE III--BORDER INFRASTRUCTURE AND TECHNOLOGY INTEGRATION

SEC. 301. VULNERABILITY AND THREAT ASSESSMENT.

(a) Study- The Under Secretary of Homeland Security for Border and Transportation Security, in consultation with the Under Secretary of Homeland Security for Science and Technology and the Under Secretary of Homeland Security for Information Analysis and Infrastructure Protection, shall study the technology, equipment, and personnel needed to address security vulnerabilities within the United States for each field office of the Bureau of Customs and Border Protection that has responsibility for any portion of the United States borders with Canada and Mexico. The Under Secretary shall conduct follow-up studies at least once every 5 years.

(b) Report to Congress- The Under Secretary shall submit a report to Congress on the Under Secretary's findings and conclusions from each study conducted under subsection (a) together with legislative recommendations, as appropriate, for addressing any security vulnerabilities found by the study.

(c) Authorization of Appropriations- There are authorized to be appropriated to the Department of Homeland Security Directorate of Border and Transportation Security such sums as may be necessary for fiscal years 2006 through 2011 to carry out any such recommendations from the first study conducted under subsection (a).

SEC. 302. USE OF GROUND SURVEILLANCE TECHNOLOGIES FOR BORDER SECURITY.

(a) Pilot Program- Not later than 180 days after the date of the enactment of this division, the Under Secretary of Homeland Security for Science and Technology, in consultation with the Under Secretary of Homeland Security for Border and Transportation Security, the Under Secretary of Homeland Security for Information Analysis and Infrastructure Protection, and the Secretary of Defense, shall develop a pilot program to utilize, or increase the utilization of, ground surveillance technologies to enhance the border security of the United States. In developing the program, the Under Secretary shall--

(1) consider various current and proposed ground surveillance technologies that could be utilized to enhance the border security of the United States;

(2) assess the threats to the border security of the United States that could be addressed by the utilization of such technologies; and

(3) assess the feasibility and advisability of utilizing such technologies to address such threats, including an assessment of the technologies considered best suited to address such threats.

(b) Additional Requirements-

(1) IN GENERAL- The pilot program shall include the utilization of a variety of ground surveillance technologies in a variety of topographies and areas (including both populated and unpopulated areas) on both the northern and southern borders of the United States in order to evaluate, for a range of circumstances--

(A) the significance of previous experiences with such technologies in homeland security or critical infrastructure protection for the utilization of such technologies for border security;

(B) the cost, utility, and effectiveness of such technologies for border security; and

(C) liability, safety, and privacy concerns relating to the utilization of such technologies for border security.

APPENDICES

APPENDIX D continued

(2) TECHNOLOGIES- The ground surveillance technologies utilized in the pilot program shall include the following:

- (A) Video camera technology.
- (B) Sensor technology.
- (C) Motion detection technology.

(c) Implementation- The Under Secretary of Homeland Security for Border and Transportation Security shall implement the pilot program developed under this section.

(d) Report- Not later than 1 year after implementing the pilot program under subsection (a), the Under Secretary shall submit a report on the program to the Senate Committee on Commerce, Science, and Transportation, the House of Representatives Committee on Science, the House of Representatives Committee on Homeland Security, and the House of Representatives Committee on the Judiciary. The Under Secretary shall include in the report a description of the program together with such recommendations as the Under Secretary finds appropriate, including recommendations for terminating the program, making the program permanent, or enhancing the program.

SEC. 303. ENHANCEMENT OF COMMUNICATIONS INTEGRATION AND INFORMATION SHARING ON BORDER SECURITY.

(a) In General- Not later than 180 days after the date of the enactment of this division, the Secretary of Homeland Security, acting through the Under Secretary of Homeland Security for Border and Transportation Security, in consultation with the Under Secretary of Homeland Security for Science and Technology, the Under Secretary of Homeland Security for Information Analysis and Infrastructure Protection, the Assistant Secretary of Commerce for Communications and Information, and other appropriate Federal, State, local, and tribal agencies, shall develop and implement a plan--

- (1) to improve the communications systems of the departments and agencies of the Federal Government in order to facilitate the integration of communications among the departments and agencies of the Federal Government and State, local government agencies, and Indian tribal agencies on matters relating to border security; and
- (2) to enhance information sharing among the departments and agencies of the Federal Government, State and local government agencies, and Indian tribal agencies on such matters.

(b) Report- Not later than 1 year after implementing the plan under subsection (a), the Secretary shall submit a copy of the plan and a report on the plan, including any recommendations the Secretary finds appropriate, to the Senate Committee on Commerce, Science, and Transportation, the House of Representatives Committee on Science, the House of Representatives Committee on Homeland Security, and the House of Representatives Committee on the Judiciary.

Passed the House of Representatives March 16, 2005.

Attest:
Clerk.

APPENDICES

APPENDIX E RESPONSE FROM THE SECRETARY OF TRANSPORTATION



STATE OF NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

MICHAEL F. EASLEY

1501 MAIL SERVICE CENTER, RALEIGH, N.C. 27699-1501

LYNDO TIPPETT

GOVERNOR

SECRETARY

July 18, 2005

The Honorable Leslie W. Merritt, Jr. CPA, CFP
State Auditor
Two South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Dear Auditor Merritt:

This is in response to the Draft Performance Audit Report on the Driver's Licensing Process. I commend your audit team for a thorough and professional review of the driver licensing process and appreciate the opportunity to respond. North Carolina Division of Motor Vehicles employees have been complimentary of your staff for their conscientious, detailed and open-minded approach to the assignment.

As the Overall Conclusions section mentions in the audit report, we have made a concerted effort since the September 11, 2001, tragedy to ensure that only applicants qualified under North Carolina law receive driver licenses or identification cards. Since we initiated the Governor's Operation Stop Fraud Program in fall 2002, we have made several changes within the scope of state law, including:

- Reduction in the types of identification documents accepted so that only government documents issued in the United States or validated by the federal government are accepted;
- Implementation of Social Security number verification;
- Implementation of face recognition technology for field office verification of identity and for law enforcement investigations;
- Training of all examiners and License and Theft inspectors in fraudulent document recognition; and
- Implementation of a high-security kinegram overlay for driver licenses to prevent counterfeiting or tampering.

We recognize that more changes to statutory requirements must be made, and we have been working actively with the General Assembly this year on a variety of proposals that parallel your concerns -- including proof of legal presence, improved documentation of residency, and elimination of the use of the Individual Taxpayer Identification Number (ITIN).

APPENDICES

The Honorable Leslie W. Merritt, Jr. CPA, CFP
July 18, 2005
Page 2

As the draft audit correctly notes, the US REAL ID Act, passed by Congress and signed by President Bush in May, will improve the security of driver licenses issued in North Carolina, as well as throughout the nation. The audit also notes, "the costs of implementing the REAL ID Act are the state's responsibility." After discussing the requirements of the law with our national association, other states, and the Department's Information Technology staff, we realize that the requirements of the federal law will require a virtual rewrite of our mainframe computer system.

The requirements for verification of documents will be a labor-intensive process that will require significant staff and equipment to accomplish. As referenced in your report, the Driver License Section operates on only 20 percent of the revenue it generates, and we are hopeful that some of the revenue generated by Driver License operations can be appropriated toward making driver licenses more secure and in compliance with federal law. We will work with the General Assembly to draft enabling legislation to carry out this Congressional mandate.

Your report also expresses concerns that "one-person field offices pose security risks." We agree with your conclusion that offices whose activity only supports one examiner should be converted to sites served by our mobile service centers. Currently, we are in the process of purchasing two additional mobile service centers that can be used for this.

Your report identifies other issues where there is concern that unqualified persons may receive driver licenses or identification cards, including issues such as the use of interpreters for languages not available on automated testing, improved controls of information inputs to the computer system, and documentation of proof of insurance. I am asking Commissioner Tatum to review the existing processes with a goal of developing more secure approaches.

To ensure integrity of the testing process, we will implement a process of using court-certified interpreters and other certified interpreters. Division of Motor Vehicles and Information Technology staff will work to implement better controls over information inputs to the computer system, and also will work with the Office of the Commissioner of Insurance to improve verification of insurance. I also am asking Commissioner Tatum to examine ways to improve the flow of information to customers and Driver License staff and to improve consistency in the application of the law and policy by Driver License staff.

We appreciate your recognition that we have made many improvements to the security of our processes in the last several years, and that we have additional initiatives underway. We will continue to improve the security of our driver licenses and to improve our services to the citizens of North Carolina. Thank you for the opportunity to respond to the draft audit.

Sincerely,



Lyndo Tippet

LT/wh

cc: Commissioner of Motor Vehicles George Tatum

DISTRIBUTION OF AUDIT REPORT

In accordance with General Statutes 147-64.5 and 147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

EXECUTIVE BRANCH

The Honorable Michael F. Easley
The Honorable Beverly M. Perdue
The Honorable Richard H. Moore
The Honorable Roy A. Cooper, III
Mr. David T. McCoy
Mr. Robert L. Powell
Mr. Lyndo Tippet
Mr. George Tatum

Governor of North Carolina
Lieutenant Governor of North Carolina
State Treasurer
Attorney General
State Budget Officer
State Controller
Secretary, Department of Transportation
Commissioner, Division of Motor Vehicles

LEGISLATIVE BRANCH

Appointees to the Joint Legislative Commission on Governmental Operations

President Pro Tempore
Senator Marc Basnight, Co-Chair
Senator Charles W. Albertson
Senator Thomas M. Apodaca
Senator Daniel G. Clodfelter
Senator Walter H. Dalton
Senator Charlie S. Dannelly
Senator James Forrester
Senator Linda Garrou
Senator Kay R. Hagan
Senator Fletcher L. Hartsell, Jr.
Senator David W. Hoyle
Senator John H. Kerr, III
Senator Ellie Kinnaird
Senator Jeanne H. Lucas
Senator Anthony E. Rand
Senator R. C. Soles, Jr.
Senator Richard Y. Stevens
Senator A. B. Swindell, IV
Senator Scott Thomas

Speaker of the House
Representative James B. Black, Co-Chair
Representative Martha B. Alexander
Representative Harold J. Brubaker
Representative E. Nelson Cole
Representative James W. Crawford, Jr.
Representative William T. Culpepper, III
Representative W. Pete Cunningham
Representative Beverly M. Earle
Representative Joe Hackney
Representative R. Phillip Haire
Representative Julia C. Howard
Representative Daniel F. McComas
Representative Charles L. McLawhorn
Representative Henry M. Michaux, Jr.
Representative Richard T. Morgan
Representative Edd Nye
Representative William C. Owens, Jr.
Representative Wilma M. Sherrill
Representative Thomas E. Wright

Other Legislative Officials

Mr. James D. Johnson

Director, Fiscal Research Division

July 20, 2005

ORDERING INFORMATION

Copies of this report may be obtained by contacting the:

Office of the State Auditor
State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Internet: <http://www.ncauditor.net>

Telephone: 919/807-7500

Facsimile: 919/807-7647