



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**

**DEPARTMENT OF SAFETY AND
HOMELAND SECURITY**

Performance Audit Report

October 2016

Justin P. Wilson, Comptroller



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October 5, 2016

The Honorable Ron Ramsey
Speaker of the Senate
The Honorable Beth Harwell
Speaker of the House of Representatives
The Honorable Mike Bell, Chair
Senate Committee on Government Operations
The Honorable Jeremy Faison, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
The Honorable David Purkey, Commissioner
Department of Safety and Homeland Security
Tennessee Tower
Nashville, TN 37243

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the Department of Safety and Homeland Security. This audit was conducted pursuant to the requirements of the Tennessee Governmental Entity Review Law, Section 4-29-111, *Tennessee Code Annotated*.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the Department of Safety and Homeland Security should be continued, restructured, or terminated.

Sincerely,

Deborah V. Loveless, CPA
Director

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
Department of Safety and Homeland Security
October 2016

PRIOR AUDIT FINDINGS

Follow-up Item 1: Management Information Weaknesses (Not Resolved)

October 2013 Department of Safety and Homeland Security Audit, Finding 1

Unresolved issue: A-List has not yet resolved some deficiencies of the previous driver license information system

A-List, the department's new driver license information system, has not resolved three weaknesses of the previous system: the system is still not integrated with the driver license testing system, so pass/fail attempts from the driver license exam had to be entered manually by examiners; driver exam results can only be extracted at each individual driver license station, thus management and staff cannot gather and assess data at a central location; and the system is not integrated with the customer queuing system, Q-Matic, which is used to document customer arrival times and customer service times at stations. The department plans to resolve these problems with contracts. If properly implemented, these contracted services appear to satisfy the three management information system deficiencies (page 6).

Follow-up Item 2: Monitoring of Access to the Driver License System (Resolved)

October 2013 Department of Safety and Homeland Security Audit, Finding 2

The department now adequately monitors access to the A-List driver license system's and drivers' history records, reducing the risk of unauthorized and untraceable changes to driver records (page 10).

Follow-up Item 3: Information System Security Controls (Resolved)

October 2013 Department of Safety and Homeland Security Audit, Finding 3

Based on our testwork, the department staff now follows the state's information system procedures in one specific area, resulting in a decreased risk of fraudulent activity or loss of data (page 11).

Follow-up Item 4: Unreliable School Bus and Child-care Vehicle Inspection Process (Resolved)
October 2013 Department of Safety and Homeland Security Audit, Finding 5

The Tennessee Highway Patrol has developed and implemented a reliable school bus and child-care vehicle inspection process to conduct all annual inspections as required by statute. In April 2014, the Pupil Transportation Section implemented a new computer system for school bus and child-care vehicle inspections called the THP Electronic Bus Inspection System (page 11).

Follow-up Item 5: Fatality Reports (Resolved)

October 2013 Department of Safety and Homeland Security Audit, Finding 4

At the time of the 2013 audit, the department had failed to submit to the Department of Education the required monthly reports of fatalities of minors related to driving under the influence, in accordance with Section 4-3-2014, *Tennessee Code Annotated*. However, Chapter 58 of the Public Acts of 2015 removed this reporting requirement, effective July 1, 2015 (page 14).

CURRENT AUDIT FINDINGS

The Ignition Interlock Device Program did not require monthly and final reports from participants before restoring licenses, nor did the program enforce application requirements for installers and installation site owners

The department did not ensure that its staff obtained all required monthly monitoring reports from ignition interlock device providers to determine Ignition Interlock Device Program participants' compliance with program requirements and eligibility for an unrestricted driver license. In addition, the department did not maintain documentation that program participants successfully completed the full term and requirements of the ignition interlock restriction, as required by General Order 1315 (the policy and procedure guiding the program). The department also did not enforce all application requirements in the rules and regulations for installers and installation site owners (page 16).

The Driver Services Division does not measure total wait times for driver license applicants at driver license stations

The Driver Services Division does not measure client wait times at driver license stations starting as soon as clients attempt to access services (i.e., enter a line) either in the building or outside the building, in cases of lines extending outside. Instead, wait times are measured from the time a client receives a ticket at the driver license station to the time the examiner enters the client's transaction into the computer upon the transaction's completion (page 27).

OBSERVATIONS

The audit report also discusses the following issues: road skills test appointments (page 30), assignment of points for traffic violations (page 33), school district safety plans (page 35), and the Handgun Permit Unit's revenues and expenditures (page 37).

Performance Audit Department of Safety and Homeland Security

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Purpose and Authority for the Audit	1
Statutory Responsibilities and Organization	1
AUDIT SCOPE	6
PRIOR AUDIT FINDINGS	6
Follow-up Item 1 – Management Information Weaknesses (Not Resolved) October 2013 Department of Safety and Homeland Security Audit, Finding 1	6
Unresolved Issue: A-List has not yet resolved some deficiencies of the previous driver license information system	7
Follow-up Item 2 – Monitoring of Access to the Driver License System (Resolved) October 2013 Department of Safety and Homeland Security Audit, Finding 2	10
Follow-up Item 3 – Information System Security Controls (Resolved) October 2013 Department of Safety and Homeland Security Audit, Finding 3	11
Follow-up Item 4 – Unreliable School Bus and Child-care Vehicle Inspection Process (Resolved) October 2013 Department of Safety and Homeland Security Audit, Finding 5	11
Follow-up Item 5 – Fatality Reports (Resolved) October 2013 Department of Safety and Homeland Security Audit, Finding 4	14
OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS	15
Ignition Interlock Device Program	15
Finding 1 – The Ignition Interlock Device Program did not require monthly and final reports from participants before restoring licenses, nor did the program enforce application requirements for installers and installation site owners	16

TABLE OF CONTENTS (Cont.)

	<u>Page</u>
Wait Times for Driver License Applicants	27
Finding 2 – The Driver Services Division does not measure total wait times for driver license applicants at driver license stations	27
Observation 1 – The Driver Services Division needs to improve both its review of wait times for road skills test appointments and public access to the wait times at driver license stations	30
Points Assigned to Driver Records	32
Observation 2 – The Department of Safety and Homeland Security did not have policies and procedures to monitor the assignment of points for traffic violations to driver records	33
Office of Homeland Security Policies and Procedures	34
Observation 3 – The Department of Safety and Homeland Security did not have overall policies and procedures for reviewing school district safety plans	35
Handgun Permit Fees	36
Observation 4 – The Department of Safety and Homeland Security needs to monitor the effect of Chapter 736 of the Public Acts of 2016 on the Handgun Permit Unit’s revenues and expenditures to help ensure the unit’s budget is balanced	37
APPENDICES	40
Appendix 1 – Title VI and Other Information	40
Appendix 2 – Performance Measures Information	45
Appendix 3 – Budget Information	46
Appendix 4 – Handgun Permit Fees Analysis	47

Performance Audit

Department of Safety and Homeland Security

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Department of Safety and Homeland Security was conducted pursuant to the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, *Tennessee Code Annotated*. Under Section 4-29-238, the department is scheduled to terminate on June 30, 2017. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. This audit is intended to aid the committee in determining whether the Department of Safety and Homeland Security should be continued, restructured, or terminated.

STATUTORY RESPONSIBILITIES AND ORGANIZATION

In 1939, the General Assembly established the Department of Safety to exercise authority over the Tennessee Highway Patrol. During its 77 years of service, the department has evolved into a multi-faceted agency. Today, the department's general areas of responsibility are law enforcement, safety education, motorist services, and disaster preparedness and prevention. While each area performs different functions, they all work together toward the common goal of ensuring the public's safety. In 2007, the Governor's Office of Homeland Security merged into the Department of Safety by Executive Order 48, creating the Department of Safety and Homeland Security.

As stated in Section 4-3-2001 et seq., *Tennessee Code Annotated*, the Department of Safety and Homeland Security's main responsibility is public safety services. In order to accomplish its mission, the department is organized into three main divisions: the Tennessee Highway Patrol, Driver Services, and the Office of Homeland Security. The department's headquarters are in Nashville, and the department maintains a strong local presence in Tennessee with field offices throughout the state. Approximately half of the department's more than 1,600 employees are commissioned law enforcement officers.

Administratively, the department includes Internal Audit; Fiscal Services; Human Resources; Information Technology; Research, Planning, and Development; and Grants and Special Projects Divisions. These divisions work together to accomplish the goals of the department.

The Legal Division serves in an advisory capacity to all divisions of the department. Attorneys work with the state attorney general's office in all appealed asset forfeiture cases and

any claims cases that are filed against the department or its employees. In addition, this division prepares, tracks, and advises the Commissioner on any legislation relative to the department, and the general counsel serves as one of the legislative liaisons.

With an office in each of the three main divisions of the state (Knoxville, Nashville, and Memphis), the Legal Division also administers asset forfeiture laws, manages all aspects of asset forfeiture cases, and represents the law enforcement agencies that seize properties. The staff is responsible for processing all administrative hearings relative to seizures arising from the Tennessee Drug Control Act, second-time DUI, driving on a revoked license, and auto theft. The division provides legal training to law enforcement officers to enable them to prepare better cases and to strengthen the division's ability to represent them.

The Driver Improvement Section of the Legal Division evaluates driving records based on crashes and/or convictions for traffic violations to identify and keep track of high-risk drivers. In addition to conducting hearings for drivers' accumulated points and accidents, this section reviews drivers who have physical, mental, or medical conditions that could impair their driving ability.

Tennessee Highway Patrol

The Tennessee Highway Patrol (THP) is responsible for the enforcement of all federal and state laws relating to traffic and the investigation of accidents involving personal injury, property damage, and fatalities. THP is also active in criminal interdiction, which involves the suppression of narcotics on the roads, highways, and interstate systems in Tennessee. The highway patrol has eight district headquarters in Chattanooga, Cookeville, Fall Branch, Knoxville, Jackson, Lawrenceburg, Memphis, and Nashville. THP is divided into the following functional areas: the Inspectional Services Bureau, Special Operations, the Special Investigations Bureau, the Protective Services and Special Programs Bureau, Commercial Vehicle Enforcement, and the Safety Training Center.

Inspectional Services Bureau

The primary mission of the Inspectional Services Bureau is to ensure that employees of the department meet the highest standards of professionalism, integrity, and ethical performance. The Internal Investigations Unit manages the investigative and disciplinary processes for the department.

Special Operations

Special Operations consists of six specialized units: 1) The Aviation Unit is responsible for all air support and related responsibilities for the THP and other agencies. 2) The Special Weapons and Tactical Squad consists of specially equipped officers who provide security for dignitaries and respond to prison riots, high-risk arrests, hostage situations, and other incidents requiring the use of tear gas and high-powered or automatic weapons. 3) The Canine Unit uses dogs trained in detecting explosives and drugs, and tracks wanted or missing individuals. 4) The Explosive Ordinance Disposal Unit is required to locate and render safe all suspected bombs or their components, and to destroy old and unstable explosives. 5) The Public Safety Divers Unit

has certified divers who search for drowning victims, victims of felonious crimes, murder weapons, and stolen vehicles. 6) The Search and Rescue Unit has members trained to perform search and rescue missions either by using a helicopter hoisting system or rappelling from cliffs.

Special Investigations Bureau

The Special Investigations Bureau consists of three specialized units: 1) The Criminal Investigation Unit investigates crimes such as vehicle theft, odometer tampering, driver license fraud, and vehicular homicide. It also assists the Inspectional Services Bureau and conducts investigations as requested by the director of the Tennessee Bureau of Investigation and approved by the Commissioner of Safety and Homeland Security. 2) The Critical Incident Response Team's responsibility is to investigate and/or reconstruct serious motor vehicle traffic crashes. Unit members also assist local, state, and federal law enforcement agencies and investigate all criminal homicides worked by the THP. 3) The Identity Crimes Unit investigates identity crimes and assists local, state, and federal agencies with the investigation of certain identity crimes.

Protective Services and Special Programs Bureau

The Protective Services and Special Programs Bureau consists of the following units: 1) The Protective Services Division is responsible for the protection of the Governor, legislators, justices, and other dignitaries, as well as the state capitol and state employees. This division also works with state agencies to help provide instruction on bomb threats, personal safety, mail handling procedures, and responses to violent intruders. 2) The State Facility Protection Unit is authorized to conduct investigations and make arrests for public offenses committed on state property. 3) The Special Programs Unit's functions include increasing public awareness of highway safety issues, ensuring pupil and daycare transportation safety, Drug Abuse Resistance Education (D.A.R.E.), and driver education courses (traffic schools). 4) The Handgun Permit Unit issues, denies, suspends, and revokes handgun carry permits, and also regulates handgun safety schools and instructors to ensure compliance with state statute and federal law.

Commercial Vehicle Enforcement

The Commercial Vehicle Enforcement Section works to ensure the safe and legal operation of commercial vehicles in Tennessee. The section operates six commercial vehicle inspection sites throughout the state. Major enforcement activities include inspecting commercial vehicles and driver logs; patrolling highways with a focus on truck traffic violations; and weighing commercial vehicles both at interstate inspection sites and with portable scales along the highway.

Safety Training Center

The Safety Training Center is responsible for the coordination of various personnel necessary for the ongoing support of the Department of Safety and Homeland Security. The center serves as the operations hub for the Trooper Cadet School, dispatch communications training, ordnance, and the Motorcycle Rider Education Program.

Driver Services Division

The primary focus of the Driver Services Division is to issue driver licenses and identification cards to qualified applicants. The division also provides additional customer conveniences such as receiving voter registration applications, issuing driving records, processing handgun permit applications, and reinstating licenses. The division also issues commercial driver licenses as part of a federal program that requires standardized testing for commercial drivers. The division maintains and staffs 44 driver services centers across the state and has contracts with 39 county clerk and municipal locations to provide express duplicate and renewal license services. The division has expanded self-service options for the public by providing duplicate and renewal license services via the Internet and by placing self-service kiosks in all of its centers.

The Financial Responsibility Section administers the Financial Responsibility Law by coordinating all cancellations, revocations, and suspensions of driver licenses that may result from crashes; moving traffic convictions; truancy; failure to appear in court; and violations of laws related to the Drug-Free Youth Act, alcohol use, weapons possession, court-ordered child support payments, and uninsured motorists. The division maintains the driver records that include violations committed in Tennessee and violations committed by Tennessee-licensed drivers in other states. In conjunction with the driver services centers, the division is responsible for reinstating canceled, suspended, and revoked driver licenses.

The Commercial Driver License Issuance Unit (CDL Unit) oversees and monitors commercial driver license testing, as well as the Cooperative Driver Testing Program for teens and adults wanting to obtain a regular operator's license. The CDL Unit also oversees the processing requirements for the Patriot Act as it applies to the Hazardous Materials Endorsement.

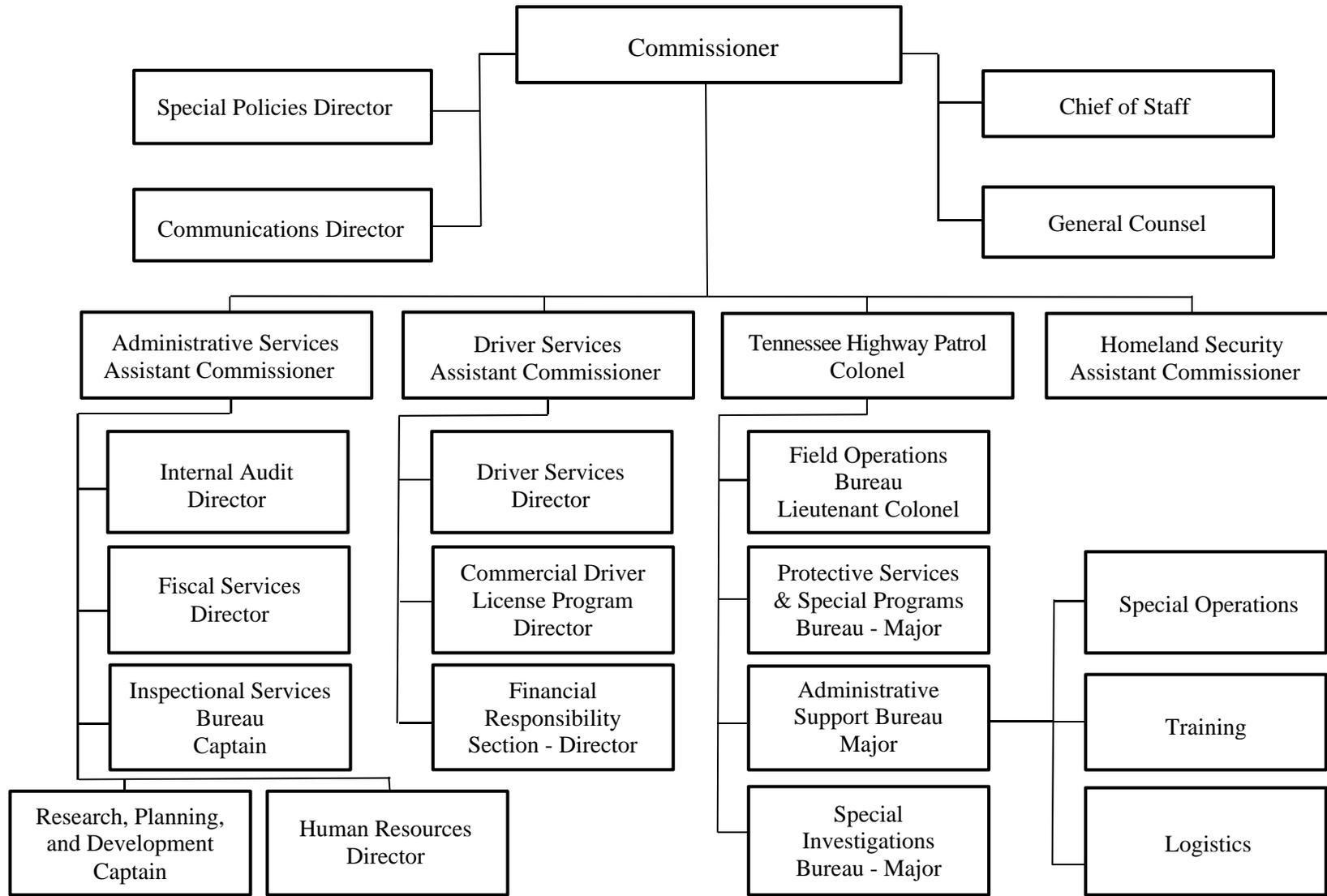
Office of Homeland Security

The Office of Homeland Security has primary responsibility and authority for coordinating and directing the state's homeland security activities. Functions include, but are not limited to, planning, coordination, and implementation of all homeland security prevention, detection, and protection, as well as terrorism-response operations. The office coordinates with agencies throughout the state and with the U.S. Department of Homeland Security in Washington, D.C. In conjunction with the Tennessee Bureau of Investigation, the office operates an intelligence-gathering Fusion Center.

In addition to its Nashville central office, the Office of Homeland Security oversees three regional offices in East, Middle, and West Tennessee. The office has 11 Homeland Security Districts throughout Tennessee to provide organized, coordinated multi-county teams to maximize efforts to prevent, protect against, and respond to manmade or natural incidents. The office works with these districts to manage and disseminate federal funds to protect Tennesseans.

An organization chart of the department is on the following page.

Organizational Chart
 Department of Safety and Homeland Security
 As of September 2015



AUDIT SCOPE

We audited the Department of Safety and Homeland Security's activities for the period January 2015 to June 2016. Our audit scope included a review of internal controls and compliance with laws, regulations, and provisions of contracts or grant agreements that are significant within the context of the audit objectives. Departmental management is responsible for establishing and maintaining effective internal controls and for complying with applicable laws, regulations, and provisions of contracts and grant agreements.

For our sample design, we used non-statistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that non-statistical sampling provides sufficient, appropriate audit evidence to support the conclusions in our report. We present more detailed information about our methodologies in the individual report sections.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PRIOR AUDIT FINDINGS

Follow-up Item 1 – Management Information Weaknesses (Not Resolved)

October 2013 Department of Safety and Homeland Security Audit, Finding 1:

“As noted in the 2008 and 2010 Performance Audits, the Department of Safety and Homeland Security still has not replaced its now 35-year-old driver license information system, which would improve management's ability to analyze data and improve customer service”

The audit recommended the following:

- The Commissioner and management of the department should sign the contract as soon as possible so that the new [driver license information] system implementation can begin. The Commissioner should ensure that the future system includes the ability to track all necessary information in unique fields and to seamlessly interface with a testing system to track scores and test dates. The Q-Matic reporting component should also allow for real-time reports to enhance management's ability to improve customer service and obtain a better understanding of wait times.

The Uniform Classified and Commercial Driver License Act (Section 55-50-101 et seq., *Tennessee Code Annotated*) gives the Department of Safety and Homeland Security, and specifically the Driver Services Division, the power to regulate driver licenses in Tennessee. This regulatory responsibility results in the processing of huge amounts of data concerning driver licensees (driver records, examination results, etc.). The 2013 audit found the following deficiencies with the department's antiquated driver license information system:

- the system was still not integrated with the driver license testing system, so pass/fail attempts from the driver license exam had to be entered manually by examiners (increasing the risk that a driver license examiner could fraudulently enter passing grades for applicants, resulting in issuances of licenses to ineligible drivers);
- driver exam results could only be extracted at each individual driver license station, and thus management and staff could not gather and assess data at a central location (impeding management's ability to analyze exam results to determine which questions may be unfair or hard to understand in order to provide an overall better experience for the customer); and
- the system was not integrated with the customer queuing system, Q-Matic, used to document customer arrival times and customer service times at stations (increasing the risk that wait times manually entered by a driver license examiner could be inaccurate or manipulated, and impeding management's ability to effectively analyze and resolve chronic delays using complete and accurate data).

Our objective was to determine whether the Driver Services Division has effectively addressed these three deficiencies. In order to do so, we interviewed the Assistant Commissioner for Driver Services and reviewed related contracts. Based on our interviews and reviews, we determined these issues have yet to be resolved.

Unresolved Issue:

A-List has not yet resolved some deficiencies of the previous driver license information system

In February 2015, A-List replaced the old driver license information system, which was over 35 years old. A-List allows Driver Services Division examiners to use a single, web-based interactive screen, replacing the need to move between multiple displays with the previous system. The new system also reduces paperwork.

The Assistant Commissioner for Driver Services stated that all three management information deficiencies found in the 2013 performance audit were in the process of being resolved through vendor contracts. She stated that an "add on" to A-List will resolve both A-List's lack of integration with the driver license testing system and driver exam results, and the issue of driver exam results not being available in a central database. However, division management also said that they can easily obtain this information from driver license stations. A virtual line management system will integrate with the customer queuing system, documenting customer arrival times and customer service times at driver license stations. We reviewed the

two related contracts, and they appear to satisfy the three management information deficiencies, if properly implemented.

Not expeditiously remedying the three information deficiencies increases the risk that inaccurate or fraudulent information may be entered into A-List, and impedes division management from analyzing data to improve customer service.

Recommendation

The Driver Services Division should take steps to remedy management information deficiencies in A-List as soon as possible by timely implementing related vendor contracts. These steps should include a seamless, online interface between A-List and the driver license testing system to track scores and test dates (and to store this information in a central database), and also between A-List and the customer queuing system to allow for real-time tracking of waiting times and allow for related real-time reports.

Management's Comment

We concur in part with the finding.

- (1) For bullet point #1 regarding pass/fail scores being entered manually into the system and the potential for fraud, we agree in part. While the exam score is manually entered, there is a procedure in place that reduces the ability to enter incorrect scores. When a customer takes the computerized knowledge test, the test is scored by the computer. Once the test has been completed, the examiner will print out the results of the test. The examiner will scan the test results into the driver record and it will be maintained in the system. The examiner manually enters the score into the record. A random review is completed weekly by each branch manager. In addition, a weekly printout is reviewed by the manager to make sure that the scores entered match the exam results printed out by the computer for all the customers taking a computerized exam.

If the exam is a written test, the examiner will print the test from the computer and give it to the customer. Once the test has been completed, a different examiner will take the test and grade it. A branch manager then reviews the test to make sure it was graded correctly and signs it to show it was validated. It is scanned and placed into the customer's record and maintained in the system.

The Department of Safety has taken measures to directly interface the A-List system with the driver testing system. In 2015, we contracted with FAST Enterprises to create a seamless driver exam system that would score the exam and record the score without manual input from an examiner. This system has been completed and will be implemented October 1, 2016, in all of the driver services centers. The rollout is scheduled to be completed by the end of October.

- (2) For bullet point #2 regarding the driver exam results not being in a centralized location, thus hindering management's ability to gather and assess the data, we agree in part.

Management has the ability to retrieve the exam results by using the applicant's social security number, driver license number, or the applicant's name depending on which identifier was used when the exam was administered.

When management needs to analyze the exam data from 43 of the 44 driver service centers (one center is an express center), there are two options available. The first option is to retrieve the data from each testing console in a text file and import the data into an Excel spreadsheet for review. This is a simple process that management has used in the past.

The second option is to extract information from a report called "results.dat file" from each testing console. The report contains daily, weekly, monthly, and yearly exam activity that has been stored on the testing console.

Both methods for retrieving the exam data have been used by the department's Compliance Officer and the state's Knowledge Testing System vendor when management needs to review exam results.

When a more thorough review is needed, the branch manager can quickly fax or email the exam data to the senior management team in minutes. Since both of these options are available, we believe management has the necessary tools to analyze the test results without a central location.

Management does not use exam results to determine if a test question was too difficult or unfair. The test questions are reviewed annually and changed in accordance to new laws passed in legislation. All of the questions have been reviewed by Professor Elizabeth Shoenfelt and her staff at Western Kentucky University and a report was issued in 2011 that the test was valid and reliable. Whether a customer misses a question or not is not necessarily determined by the comprehension of the person testing. It is more directly related to the amount of time the customer studied the driver manual. Many of our customers fail not because of their lack of understanding, but rather the lack of studying. If a customer does not study the manual prior to taking the test, it is likely that they will miss the alcohol and drug related questions because they include laws for first and second offenses and the rate of alcohol metabolism. These questions, mandated by law, are not designed to be easy but are designed to educate drivers on the risks associated with drinking and driving. All of the questions and answers in the test are in the driver manual provided to customers. There are also practice tests available on the Driver Services website.

- (3) We partially agree with bullet point #3 that, during the audit period, there were deficiencies related to interfacing between systems, but the department has executed a contract that should address these issues. In the past, the customer's wait time began at the information counter and ended at the service counter. The department is in the process of implementing new check-in kiosks across the state with four centers fully equipped and operating. The

remaining kiosks will be installed over the next two months and should be completed by the end of November. The new kiosks will measure the wait time as closely as we can measure it.

Follow-up Item 2 – Monitoring of Access to the Driver License System (Resolved)

October 2013 Department of Safety and Homeland Security Audit, Finding 2:

“The department did not monitor access to the driver license system’s and drivers’ history records, increasing the risk of unauthorized and untraceable changes to driver records”

The audit recommended the following:

- The Commissioner should ensure all applicable divisions of the department address the risks associated with unauthorized edit access to drivers’ history records in the department’s annual risk assessment. The Commissioner should ensure that each division monitors to ensure only authorized employees edit the drivers’ history records and division management reviews and maintains reasons for the changes. Finally, the Internal Audit Director should ensure that Internal Audit staff members thoroughly monitor access for high-risk areas of the driver license system.

The 2013 audit found that because of driver license system’s limitations, edits made by the users were not automatically tracked, which meant that users had the capability to make undetected, unauthorized changes to driver histories. For example, edits to violation codes could change the dollar amount of drivers’ reinstatement fees or entirely remove offenses from drivers’ records. In February 2015, A-List replaced the old driver license information system, which was over 35 years old (see Follow-up Item 1 for a description of A-List).

Our audit objective was to determine if the Department of Safety and Homeland Security’s monitoring of the driver license information system, A-List, prevents unauthorized edits of information in that system. We talked to department staff, including Driver Services Division staff with access to A-List, and also reviewed relevant A-List computer screens and reports. In addition, we reviewed department policies and procedures regarding monitoring access to A-List.

We concluded that the department resolved the 2013 audit finding. In order for a department employee to gain access to A-List for specific purposes, the employee’s supervisor must submit a form to A-List’s Security Administrator for her approval. The Security Administrator stated that she used bi-annual A-List security reports that are sent to program supervisors for them to review in order to update information on employee need for access, which was confirmed by Driver Services Division management we interviewed.

A-List has features that allow division management to detect edits made by their staff. For example, the system issues a “time stamp” when a change is made, which displays the employee’s identifying user ID and the time and date the change was made. In addition, reversals on a driver’s record appear in grey to identify the edits made. A-List’s “snapshot”

feature also lets an employee with the proper security clearance (i.e., a supervisor) review and view the past edit via a recording of the edit.

The Internal Audit Director reviews Driver Services Division employee access and edits to A-List through several reports. These reports include information on free driver licenses, photo identification, background checks of drivers' histories in other states, fee waivers, duplicate or invalid social security numbers, and voided transactions.

Follow-up Item 3 – Information System Security Controls (Resolved)

October 2013 Department of Safety and Homeland Security Audit, Finding 3:

“The department did not follow information systems procedures and did not maintain proper information systems security controls, increasing the risk of fraudulent activity and data loss”

The audit recommended the following:

- The Commissioner should ensure that these conditions are remedied through procedures that encompass all aspects of effective information systems controls. Management should evaluate and identify all significant risks, including the risks noted in this finding, in management's documented risk assessment. The Commissioner should implement effective controls to ensure compliance with applicable requirements, assign staff to be responsible for ongoing monitoring of the risks and mitigating controls, and take action if deficiencies occur. The risk assessment and the mitigating controls should be adequately documented and approved by the Commissioner.

The Department of Safety and Homeland Security has taken effective measures to resolve this issue. These measures should be continuously and effectively applied, and updated, as needed. The wording of this observation does not identify specific vulnerabilities, including possible vulnerabilities, that could allow someone to exploit the department's systems. Disclosing this information could present a potential security risk by providing readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. We provided department management with detailed information regarding the results of our review.

Follow-up Item 4 – Unreliable School Bus and Child-care Vehicle Inspection Process (Resolved)

October 2013 Department of Safety and Homeland Security Audit, Finding 5:

“The Tennessee Highway Patrol, by not having a reliable school bus and child-care vehicle inspection process, failed to conduct all annual inspections as required by statute”

The audit recommended the following:

- The Commissioner, in coordination with the Department of Education and the Department of Human Services, should ensure the Department of Safety and

Homeland Security receives accurate data to carry out its responsibilities for school bus and child-care vehicle inspections. This coordination between the three departments should include uniform data formats including accurate buses and child-care vehicles in operation and proper vehicle identification numbers (VINs). Department of Safety and Homeland Security management should comply with the statutory requirement of “no less than one (1) inspection annually of each school bus that transports school children,” and the similar rule requirement to inspect child-care transportation vehicles. Specific steps for management to take include

- creating a mechanism to ensure that the department has a complete population of all school buses and child-care vehicles to be inspected annually,
- coordinating with district supervisors to plan for inspectors to complete all necessary inspections annually, and
- communicating any errors (such as inaccurate VINs) noted during inspection to the school districts that provide the listings so that future listings will not contain the same errors.

Section 49-6-2109(b), *Tennessee Code Annotated*, requires the Department of Safety and Homeland Security to “make no less than one (1) inspection annually of each school bus that has been in use for fifteen (15) years or less from the in-service date and that transports school children, in order to determine whether it can be used safely to protect properly the lives of school children.” In addition, since January 2004, in accordance with Department of Human Services’ (DHS) Rule 1240-4-3-13(6)(h), the department has also been responsible for inspecting all child-care vehicles designed to carry 10 or more passengers “in accordance with the schedule established by the Department of Safety.”

During the 2013 audit, the Department of Safety and Homeland Security’s Pupil Transportation Section did not have a centralized database of active school buses and child-care vehicles. Instead, the department had to rely on information received from individual school systems, school bus owners, and the Department of Education (ED) in the case of school buses; and from DHS in the case of child-care vehicles. The department avoided using information obtained from ED because of lack of uniform formatting and incorrect data, making the creation of an accurate master list difficult. Thus, the department had to rely on information obtained from school systems and bus owners, which was self-reported and was not independently verified for accuracy or completeness.

Regarding information on active child-care vehicles, the department had a data-sharing (table-like information that included providers’ names and identification numbers) agreement with DHS, receiving downloads that listed daily updates from each licensed child-care provider, not just the ones that transported children. Unfortunately, this database did not have information on whether vehicles were subject to inspections (e.g., VINs and last inspection dates), just that the child-care provider was “approved for transport.” At the end of the child-care vehicle inspection cycle, department staff compiled a list of child-care vehicles that were inspected based

on the requests received by the individual child-care providers. The department staff did not compare the list of inspections performed to the data downloaded from DHS or utilize the list for future inspections.

The 2013 audit found that for 10,032 school bus inspections for the period January 2011 through April 2013, 3,532 (35%) were late, conducted more than a year after the last inspection. Based on the department's list of 809 child-care vehicle inspections, 72 of 809 child-care vehicle inspections (9%) were conducted more than a year after the previous inspection. Because of inadequate data, the audit could not determine if all school buses and child-care vehicles were inspected by the Pupil Transportation Section or how timely each inspection was.

Our objective was to determine if the Pupil Transportation Section has implemented an inspection system that ensures that all school buses and child-care vehicles appear to have timely annual inspections. We reviewed relevant statutes, rules and regulations, and policies and procedures. We also talked to Pupil Transportation Section staff and vendor staff. In addition, we reviewed inspection data, which included conducting a file review.

We conclude that the department resolved the 2013 audit finding. Details are in the following description.

Implementation of New Computer System

In April 2014, the Pupil Transportation Section implemented a new computer system for school bus and child-care vehicle inspections called the THP Electronic Bus Inspection System. This system uses a centralized database where school systems, school bus owners, and child-care providers directly enter information on active vehicles. One result of the transition to the new system, however, was that inspection data was lost when the system being replaced "crashed." Thus, we were limited when conducting our file review to inspections conducted in calendar years 2014 and 2015.

We reviewed a random sample of 50 vehicles to determine if their required 2015 annual inspections were timely. (This random sample cannot be projected to the total population of 10,986 inspections for that period.) We did this by comparing a vehicle's 2015 inspection date to its 2014 inspection date. A date comparison revealed that four inspections (8%) were late.

However, General Order 900-6 (the department's policies and procedures in this area) issued in May 2016, formalized the definition of "annual inspection" (there had been no formal definition before) as an "inspection performed within the period of twelve (12) months that begins with the first month following the month in which the last inspection was performed." For example, an annual inspection performed on April 15, 2015, must be followed up by an inspection by May 1, 2016, at the latest. Using this standard, only one inspection (2%) was late (by six days).

Follow-up Item 5 – Fatality Reports (Resolved)

October 2013 Department of Safety and Homeland Security Audit, Finding 4:

“The department failed to submit to the Department of Education the required monthly reports of fatalities of minors related to driving under the influence”

The audit recommended the following:

- The Commissioner should ensure that department staff prepare and send the monthly report of DUI-related fatalities involving minors to the Department of Education, in accordance with Section 4-3-2014, *Tennessee Code Annotated*, or the Commissioner should consider revising the law to accommodate the toxicology reports process.

The Department of Safety and Homeland Security’s Research, Planning, and Development Division did not report DUI-related accidents involving the deaths of minors to the Department of Education on a monthly basis, as required by Section 4-3-2014, *Tennessee Code Annotated*. The section stated:

Beginning October 1, 2006, and every month thereafter, the department of safety shall report to the department of education any death of a person eighteen (18) years of age or younger that occurred as the result of a motor vehicle accident in which a driver eighteen (18) years of age or younger was driving under the influence of an intoxicant or drug. The report shall include the following information:

- (1) The nature of the vehicular accident;
- (2) The background of the victim; and
- (3) The impact on the victim’s family and friends.

However, Chapter 58 of the Public Acts of 2015 removed this reporting requirement, effective July 1, 2015. Section 4-3-2014 was deleted, and Section 49-1-219 was amended with the following language:

The commissioner of education, in consultation with the commissioner of safety, shall develop advisory guidelines for LEAs [local education agencies] to use in developing an annual report to inform high school students of any death of a person eighteen (18) years of age or younger that resulted from a motor vehicle accident in which a driver eighteen (18) years of age or younger was driving under the influence of an intoxicant or drug. The guidelines shall emphasize consultation at the local level with appropriate authorities.

The Department of Safety and Homeland Security should provide any assistance required by the Department of Education in complying with this new reporting requirement, including developing advisory guidelines for local education agencies.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

IGNITION INTERLOCK DEVICE PROGRAM

Section 55-10-417, *Tennessee Code Annotated*, allows a court to “order the installation and use of an ignition interlock device for any conviction of” driving under the influence (DUI) under the supervision of the Department of Safety and Homeland Security. The department’s website describes an ignition interlock device as

an alcohol detection device that is installed on a motor vehicle and analyzes breath samples of the driver. The device prevents an alcohol-impaired person from starting the vehicle and requires random retests be submitted during operation of the vehicle.

The amount of time an individual is required to use such a device typically ranges from six months to a year. During this period, the individual is issued a restricted driver license with the code 16. According to the department’s *2015 Interlock Statistics* report, issued in February 2016, 5,892 devices were installed in 2015. (Section 55-10-418, *Tennessee Code Annotated*, requires the department to annually issue such a report to the General Assembly.)

Our audit objective was to assess how the department ensures the proper installation and use of ignition interlock devices. Specifically, we were interested in finding out whether the department

- adequately monitors DUI offenders for proper installation of these devices for the period of time required by related policies and procedures; and
- ensures that device installation businesses (including device manufacturers) and installers have met the requirements to participate in the Ignition Interlock Device Program.

We reviewed relevant statutes, rules and regulations, policies and procedures, and reports related to the program. We also talked to department staff, including those in the Ignition Interlock Device Program, the Driver Services Division, and the Financial Responsibility Unit. In addition, we performed two file reviews, one of which focused on program participant monitoring and one of which focused on installer participation requirements.

Finding

- 1. The Ignition Interlock Device Program did not require monthly and final reports for participants before restoring licenses, nor did the program enforce application requirements for installers and installation site owners**

We determined weaknesses in both monitoring program participants and ensuring device installers and manufacturers met Ignition Interlock Device Program requirements. Details concerning these two areas are in the following finding.

Participants/DUI Offenders Reports to Meet Ignition Interlock Device Program Requirements

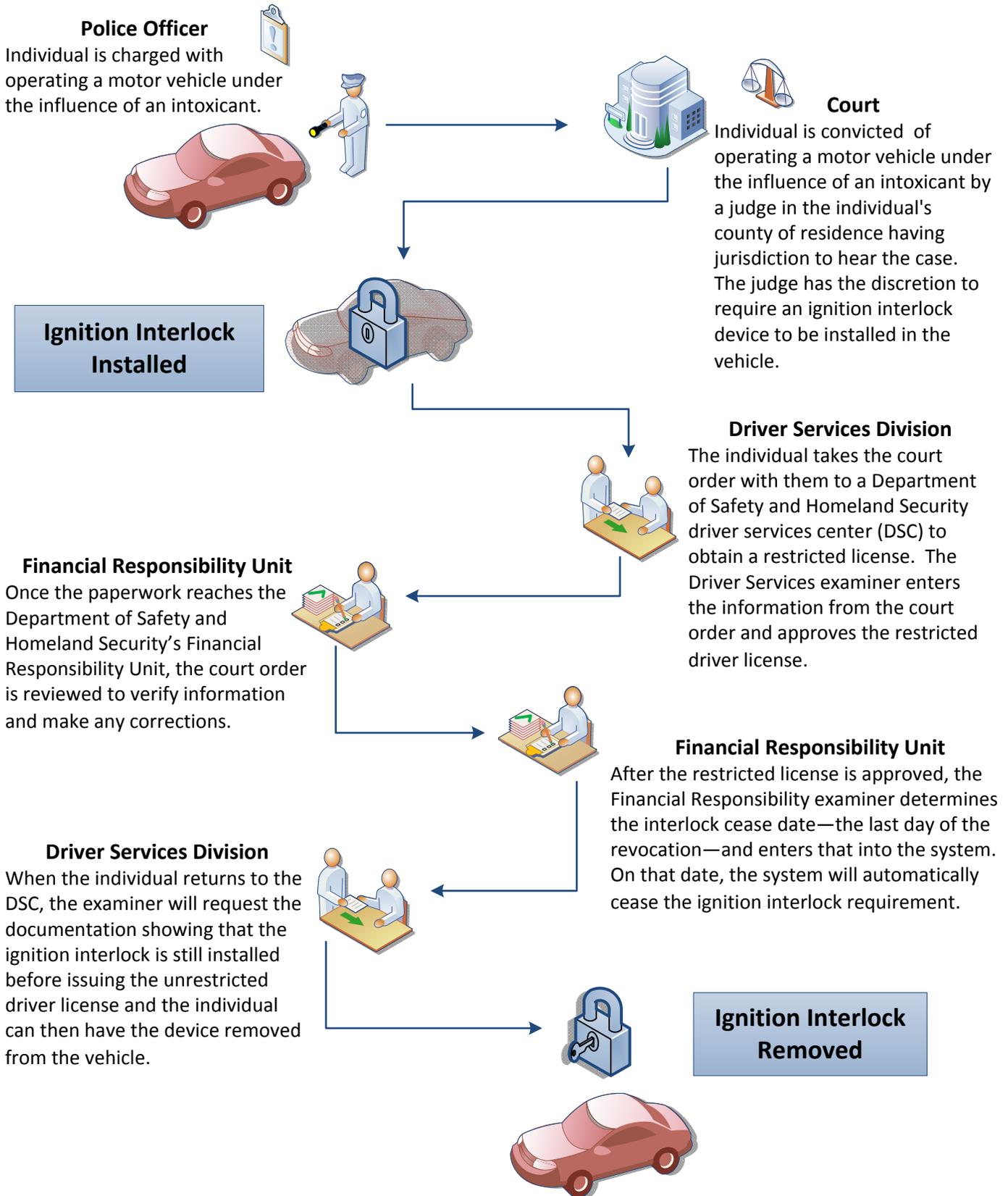
The Driver Services Division and the Financial Responsibility Unit are responsible for reviewing and approving requests for restricted and unrestricted driver licenses in the State of Tennessee. Individuals convicted of driving under the influence (DUI) and ordered to install an ignition interlock device in their vehicle are to provide Driver Services examiners with the court order and documentation from the installation site demonstrating the installation of the device before the division can issue a restricted license. The following set of pictures demonstrates the installation and use of an ignition interlock device, and the flowchart on page 18 outlines the steps individuals go through when ordered to have such a device installed in their vehicle.

Installation and Use of Ignition Interlock Device



Source: *Ignition Interlock Institutes: Promoting the Use of Interlocks and Improvements to Interlock Programs*, July 2013, National Highway Traffic Safety Administration.

**Ignition Interlock Court Order Assignment and
Department of Safety and Homeland Security Processing
As of June 30, 2016**



General Order 1315 (the policy and procedure guiding the Ignition Interlock Device Program) was amended on January 1, 2016, to require that before a program participant can be issued an unrestricted license and have the ignition interlock removed, the participant must provide the driver license examiner documentation from either a provider (i.e., a device installation business or device manufacturer) or the department itself that he or she has successfully completed the full term and requirements of the ignition interlock restriction. This includes proof that the device was installed and maintained for the duration ordered by the court or the department (the department can extend the period of participation up to six months in certain circumstances). However, Driver Services Division and Financial Responsibility Unit management stated that this process had been implemented as early as a year before the policy went into effect. This requirement supplemented the previous requirement that participants provide proof that a device had been installed in their vehicle before getting a restricted license. During the file review, we determined that the department did not maintain documentation of participant compliance from the providers in the department’s A-List system before or after the new policy took effect.

Rule 1340-03-06-.10 requires providers to perform monthly monitoring of participants with ignition interlock providers to ensure these participants comply with program requirements. Providers submit monitoring reports to the department monthly. We reviewed the monthly reports of a random sample of 20 program participants who were released from the program (and thus allowed to get unrestricted licenses) from August 2015 to January 2016 to see if these individuals met program requirements (i.e., did not violate the terms of the program by trying to operate a motor vehicle under the influence of alcohol). (This random sample cannot be projected to the total population of 2,286 program participants for that period.) We also reviewed the records of the individuals who were released from the program in January 2016 to see if they had provided documentation to the department that they complied with the program, as required by the amended General Order 1315. Tables 1 and 2 show the results of our review.

Table 1
Compliance With Ignition Interlock Program Requirements
Sample of Participants Released From Program
August 2015 to January 2016

Program Requirement	Compliance Documented	
	Number of Participants	Percent
Individuals listed in provider monthly reports*	12 of 20	60%
Individuals listed in all monthly reports reviewed in sample period	4 of 20	20%
Individuals providing documentation of compliance at the end of participation period beginning January 1, 2016	0 of 8	0%

*Monthly reports from ignition interlock device manufacturers.
Source: Department of Safety and Homeland Security.

Table 2
Violations of Ignition Interlock Program Requirements
Sample of Participants Released From Program
August 2015 to January 2016

Number of individuals listed with violations*	8 of 12 (66%)
Number of violations for those individuals listed in provider monthly reports	3-42 violations for each person

* Monthly reports from ignition interlock device manufacturers.
Source: Department of Safety and Homeland Security.

We also determined that the monthly reports provided by the ignition interlock device manufacturers did not contain information on miles driven by participants, as required by the rules, or any other evidence to demonstrate that the vehicle with the installed device had been used since the last monthly monitoring visit.

In conclusion, the department cannot ensure the Ignition Interlock Device Program is working effectively since our review found that the program did not monitor some participants and gave all participants sampled an unrestricted license with no documentation that they had complied with the program requirements. According to department staff, Driver Services employees do not have access to violation data reported by providers to the department. Once the court-ordered cease date has been reached, the A-List system automatically removes the code 16 restriction and the individual can obtain an unrestricted license if the Driver Services employee is presented with proper documentation. This documentation was not available to auditors during the review of information contained in each participant’s file on A-List. However, state law effective July 2016, described below, makes the program’s requirements stricter.

Chapter 888 of the Public Acts of 2016

Until recently, driver license examiners automatically provided Ignition Interlock Device Program participants an unrestricted license upon their completion of the program, regardless of the violations mentioned in monthly progress reports. However, the General Assembly passed Public Chapter 888, which Governor Haslam signed in April 2016, making the requirements for participants to obtain an unrestricted license much stricter starting July 1, 2016.

Specifically, the public chapter amends statutes regulating ignition interlock devices to require courts to “order the installation and use of a functioning ignition interlock device for a three hundred sixty-five (365) consecutive day period or for the entire period of the person’s driver license revocation, whichever is longer.” In addition, participants must be violation-free for the last 120 days they are in the program.

To prove that he or she has met the statutory requirements of the program, the individual at the end of the assigned time period must “take the vehicle to a certified ignition interlock provider for a final download of the offender’s data file and shall send the data file to the

department.” Using the data file, department staff determine if the participant meets the requirements for an unrestricted license.

Without adequate information on participant compliance with the program, the department and the courts cannot ensure the program meets its main goal: maintaining public safety by keeping DUI offenders off the road.

Ignition Interlock Provider Application and Reporting Requirements

Rule 1340-03-06-.02 describes an ignition interlock device provider as “a person or company engaged in the business of manufacturing, selling, leasing, servicing and/or monitoring ignition interlock devices.” The rule describes an ignition interlock device installer as “a person or company, affiliated with an Ignition Interlock Device Provider and engaged in the installation, monitoring, maintaining, and removal of ignition interlock devices.”

Rule 1340-03-06-.01 requires the department to “establish uniform, statewide, minimum standards for ignition interlock devices and for the certification of ignition interlock device installers and the approval of such installers pursuant to” Section 55-10-417, *Tennessee Code Annotated*. This is the Research, Planning, and Development Division’s responsibility.

Division staff certify providers and installers for the program through an application process. Manufacturers, owners, and installers must apply for certification through the department. For installation site owners and installers, part of these applications must include certification by the manufacturer that installers have received the training to install, maintain, and remove the manufacturer’s ignition interlock device(s), as required by Rule 1340-03-06-.07. Program staff conduct and produce inspection reports and interim inspection reports during the approval process and during an audit or inspection. Participants in the program pay providers for the installation, monthly maintenance, and removal of the ignition interlock devices.

In addition to application reporting requirements, providers must provide monthly progress reports on program participants. Rule 1340-03-06-.10 requires that

 Servicing, inspection, and monitoring of each ignition interlock device shall occur thirty (30) days after the initial installation and at least every thirty (30) days thereafter. The Ignition Interlock Provider shall maintain records on every Ignition Interlock Program Participant, including the results of every monitoring check. Violations or evidence of non-compliance and the reasons for such will be reported to the Department by mail, electronic transmission or facsimile within forty-eight (48) hours of detection.

The rule requires monthly reports, regardless of whether any violations are discovered. Rule 1340-03-06-.12 also requires that providers submit to the department interim status reports on the progress of participants halfway through their course in the program.

Ignition Interlock Installation Sites

We reviewed the application records of a random sample of 20 device installation sites to determine if information in the records met the requirements of department rules and regulations. (This random sample cannot be projected to the total population of 98 installation sites.) Table 3 summarizes application requirements we found that were not met. All applications met the following requirements:

- the name of the business or individual applying;
- the site’s physical address;
- a list of installers at the site;
- the site owner’s statewide criminal history report from the Tennessee Bureau of Investigation;
- the fee structure for the device installation;
- the name and address of the device manufacturer;
- background checks for all installers at the site; and
- liability coverage (at least \$1,000,000 per occurrence with a \$3,000,000 aggregate total liability that covers defects or problems in or with product design and materials, workmanship during manufacture, calibration, installation and removal, and use).

Table 3
Noncompliance With Ignition Interlock Program Application Requirements
Sample of Installation Sites
April 2016

Requirement	Rule	Ignition Interlock Installation Sites Meeting Requirement
Confirmation that owner and installers are not Department of Safety and Homeland Security employees	1340-03-06-.06	0 of 20 (0%)
Installers certified by manufacturer to install, maintain, and remove devices	1340-03-06-.07	2 of 20 (10%)

Source: Department of Safety and Homeland Security.

As noted in the table, the primary deficiencies in installation site application records were lack of confirmation that owners and installers were not employees of the department (to avoid conflicts of interest) and lack of manufacturer certification that installers were qualified to do their jobs. In addition to installer qualifications, department rules and regulations are concerned with the personal integrity of installers and owners; Rule 1340-03-06-.06 requires that no installer or owner have a “conviction for a felony or any crime involving violence, dishonesty, deceit, fraud or indecency.” However, five owners had assault (e.g., domestic assault) convictions, while installers had convictions for offenses such as disorderly conduct, passing bad

checks, and assault. While not felony offenses, they appear to fall outside of the policy requiring that owners and installers do not have a conviction for *any* crime involving violence, dishonesty, deceit, fraud, or indecency.

The Ignition Interlock Device Program Administrator stated that the program did not reject an owner’s application based on a conviction if the conviction occurred 10 years or more before the application date. Although Rule 1340-03-06-.06 does mention 5- and 10-year timeframes for installers that work at an installation site regarding DUI offenses, the rule does not (nor does any other rule) mention any other grace period for owners or installers for offenses. Without enforcing clear and fair rules and regulations regarding ignition interlock device providers and installers, the department cannot ensure that qualified individuals install, maintain, and remove ignition interlock devices.

Monthly Monitoring Report Contents

Rule 1340-03-06-.10 requires providers’ monthly monitoring reports to contain several types of information. During our file review of device installation sites, we also assessed the contents of the January 2016 reports from the program’s seven manufacturers. (There were an additional two manufacturers, but they were new to the program and thus had no participant clients.) Table 4 summarizes the conclusions of our review for specific provider monthly reporting requirements.

**Table 4
Compliance With Monthly Reporting Requirements
January 2016 Ignition Interlock Provider Reports**

Monthly Reporting Requirement	Manufacturers that Met Requirement
Name of program participant whose device was monitored	7 out of 7 (100%)
Number of miles driven during the monitoring period	0 out of 7 (0%)
Charges for monitoring visit	0 out of 7 (0%)
Date of next scheduled monitoring visit	0 out of 7 (0%)
Any type of repair work performed on the ignition interlock device and probable cause	0 out of 7 (0%)
Any areas of discussion with the program participant concerning problems or questions with the device or the status of the participant	0 out of 7 (0%)
Altering, tampering with, bypassing, or removing the ignition interlock device	7 out of 7 (100%)
Failure to abide by the terms and conditions of the court order or lease agreement, including failure to appear for a monitoring visit	0 out of 7 (0%)
Lockouts or violations, and the reasons for such events	7 out of 7 (100%)
Indications of noncompliance, such as failure to take a random or time test	7 out of 7 (100%)
Data indicating that the program participant has attempted to start the vehicle while under the influence of alcohol	7 out of 7 (100%)

Source: Department of Safety and Homeland Security.

Six of the 11 requirements of Rule 1340-03-06-.10 (shaded) were not met by these monitoring reports. Further, program staff stated that they did not receive interim status reports, called Program Status Reports, from providers on the progress of participants, as required by Rule 1340-03-06-.12. The rule requires the following information in such a report:

- program participant error in operation and reasons for such;
- faulty automotive equipment;
- apparent misuse or attempts to circumvent the ignition interlock device, which did or did not cause damage, and the reasons for such; and
- ignition interlock device failure due to material defect, design defect, and/or workmanship errors in construction, installation, or calibration.

Without timely, adequate, and complete information about program participant compliance, the department is impeded in taking steps to improve such compliance (e.g., informing probation officers and the courts involved with program participants).

Recommendation

The Department of Safety and Homeland Security should ensure that its staff obtain timely information in monthly monitoring reports from providers to ensure that all Ignition Interlock Device Program participants are in compliance with program requirements and thus eligible for an unrestricted driver license or that they are making adequate progress towards that eligibility.

The department should ensure that any information obtained by participants from their ignition interlock provider (e.g., data files) is adequately encrypted to ensure the information's integrity, allowing a fair review of whether the participants met the program's requirements and are now qualified for an unrestricted driver license. The department should create and promulgate a rule specifying what it expects in the data files (type of information, format, layout, etc.) it receives from participants, and how the data should be transferred to the department.

The department should take steps to ensure program providers adequately meet all application and reporting requirements in the program's rules and regulations.

Management's Comment

- a. We concur in part. The Ignition Interlock Device (IID) Program did not require monthly and final reports for program participants before restoring licenses. We also did not receive an interim Program Status Report as required by Rule 1340-03-06-.12. To correct this issue, all providers (manufacturers) have been notified that within two days after completing a monitoring check, they are required to send a *monitoring report* to the department's email address, safety.interlock@tn.gov, including the mileage driven and the other information listed in Rule 1340-03-06-.10. Likewise, the department is in the

process of amending Rule 1340-03-06-.12, which will require a new Program Compliance/Non-Compliance Report to capture the compliance criteria now required by the July 1, 2016 passage of Section 55-10-425, *Tennessee Code Annotated*. The expected date of implementation for the amended Rule is September 2017.

At the time of the audit, we do not agree that monthly and final reports were required before restoring participants' licenses. However, based on General Order 1315, we do agree that documentation should have been provided from the ignition interlock provider or the Department of Safety and Homeland Security to driver license examiners prior to restoring participants' licenses. The removal of the ignition interlock restriction (code 16) from the license was based only on a required specific time period and was not dependent on driver violations, to be in compliance with the program. This time period was entered into the A-List driver license system and the restriction was removed only after the proper time period elapsed.

With the implementation of Public Chapter 888, which became effective on July 1, 2016, manufacturers are now required to monitor drivers for Ignition Interlock Device Program violations. The manufacturer must issue the participant a certificate of compliance once the 120-day violation-free period has been properly achieved. This certificate of compliance must be presented to the department before the code 16 restriction can be removed.

- b. We concur in part. At the time of the audit, the IID Program application process did not require written documentation of training by the manufacturer or additional written documentation that the applicant was not an employee of the department. To correct this issue, the program applications have been amended to identify if the applicant is an employee of the department, and the department's rules are being amended to require the manufacturer to submit a copy of the technician's certificate of training during the application process. The language of Rule 134-03-06-.06 is being amended as follows: "shall have no conviction for a felony or any crime involving violence, dishonesty, deceit, fraud or indecency within ten (10) years prior to the date of the application or any conviction of vehicular homicide or vehicular assault regardless of the date of conviction." The expected date of implementation for the amended rule is September 2017.

At the time of the audit, we do not agree that the application requirements for installers and installation site owners were not being enforced. These requirements were being verified by different methods as described below.

- (1) On an annual basis, all departmental employees are required to read and sign General Order 263, "Conflicts of Interest and the Acceptance of Gifts and Gratuities." Below are two excerpts from this policy.

Section IV. A. 2.

An employee shall not accept or maintain outside employment with a business which receives funds from or is regulated, in any manner by, the DOSHS [Department of Safety and Homeland Security].

Section IV. A. 4.

An employee shall not own a controlling interest in, or engage in, a financial transaction for personal gain with an entity administered by or doing business with the DOSHS.

- (2) Proof of training was verified by departmental IID troopers at the time of the on-site inspection through personnel interviews. During the interview, new installers were questioned regarding the installation of IID device training they had received. In order to be approved, installers would have to describe in detail one of the following two types of training.
 - i. The installer reviewed the device installation manuals and watched the installation training videos provided by the manufacturers, and/or
 - ii. A representative of the manufacturer provided them with hands-on training by demonstrating the proper installation of an IID.
- c. We concur. To ensure that the Ignition Interlock Device Program providers adequately meet the application and reporting requirements of the program, the department is taking the following steps:
 - (1) To avoid conflicts of interests, the program application has been amended to determine if the applicant (i.e., vendor, manufacturer, provider, or installer) is an employee of the department.
 - (2) The requirements of Rule 1340-03-06-.03 are being amended to require a certificate of training, issued by the manufacturer, to be submitted with all technician applications. The requirements of Rule 1340-03-06-.06 are being amended to allow a 10-year grace period for certain criminal convictions prior to the date of the application. The expected date of implementation for the amended rule is September 2017.
 - (3) To comply with the current reporting requirements, all providers (manufacturers) have been notified that within two days after completing a monitoring check, they are required to send a *monitoring report* to the department's email address, safety.interlock@tn.gov, including the mileage driven and the other information listed in Rule 1340-03-06-.10.

- (4) For future reporting requirements, the department is amending Rules 1340-03-06-.09 and 1340-03-06-.10 to require manufacturers to submit all installation reports, monitoring reports, removal reports, and compliance or non-compliance reports into the department's A-List automated reporting system. Rule 1340-03-06-.12 is being amended to require a Program Compliance/Non-Compliance Report rather than a Program Status Report. The expected date of implementation for the amended rule is September 2017. The department's A-List automated reporting system is expected to be ready to accept these reports by October 2016.

WAIT TIMES FOR DRIVER LICENSE APPLICANTS

Section 55-50-202, *Tennessee Code Annotated*, authorizes the Department of Safety and Homeland Security to establish "administrative rules and regulations concerning the licensing of persons to operate motor vehicles." Section 55-50-301 requires every Tennessee resident "applying for an original or renewal driver license" to meet department requirements. Chapter 348 of the Public Acts of 2015 amended Section 55-50-337, *Tennessee Code Annotated*, increasing the period a driver license is valid from four to eight years from the issuance date, starting January 2016.

Our audit objective was to determine whether wait times at driver license stations are within department standards and reasonable. We reviewed relevant statutes, rules and regulations, and policies and procedures. We also talked to Driver Services Division management, both at the central office and at driver license stations. In addition, we visited several stations in the Middle Tennessee region and reviewed recent data on wait times. The Driver Services Division had 44 stations throughout the state as of January 2016.

From our audit work, we determined that the division's method to measure wait times at driver license stations needs to be improved and that the division does not adequately track wait times for road skills test appointments. Details are in the following finding and observation.

Finding

2. The Driver Services Division does not measure total wait times for driver license applicants at driver license stations

Methodology Used To Measure Wait Times

The Department of Safety and Homeland Security's October 2013 performance audit noted continued problems with wait times, which were also noted in the department's 2010 performance audit. The audit determined that for 17 of 50 stations (34%), average wait times in February 2013 exceeded the 30-minute performance standard.

We found that there are still problems with wait times exceeding department standards. Using wait time data in January for years 2014 through 2016 (we did not use February data

because of complications caused by the introduction of the A-List system), wait times exceeded department standards for at least 20% of driver license stations (see Table 5).

Table 5
Driver Services Division
Driver License Stations Meeting Wait Time Standards
January 2014 Through January 2016

Month and Year	Number of Operating Stations	Department Standard for Time Period: Maximum Allowable Wait Time (Minutes)	Percent of Stations With Wait Times Over Department Standard	For Stations With Wait Times Over Standard, the Average Number of Minutes Over Standard
January 2014	45	24	27%	10
January 2015	40	20	20%	11
January 2016	44	20	30%	7

Source: Driver Services Division, Department of Safety and Homeland Security.

Driver Services Division management stated that a prime cause of wait time delays was the large volume and complexity of transactions at driver license stations, especially in urban locations. Table 6 shows the increase in transactions from January 2014 to January 2016.

Table 6
Driver Services Division
Number of Driver License Stations Transactions
January 2014 Through January 2016

Month and Year	Number of Transactions	Percent Change from Previous Year
January 2014	92,732	-
January 2015	95,326	2.8%
January 2016	121,252	27.2%

Source: Driver Services Division, Department of Safety and Homeland Security.

Driver Services Division management said that wait times are measured from the time a client receives a ticket at the driver license station, not when the client first enters the line at the station, to the time the examiner enters the client's transaction into the computer upon the transaction's completion. Station managers confirmed this process. We observed this process at several Middle Tennessee driver license stations. Although we did not see lines outside the buildings during the middle of day, some clients stated that they did wait a considerable amount of time before they got their tickets (for example, two hours).

The division's policy concerning Q-Matic, the computer system used to track wait times, states that the

first step in using this system is to issue a ticket to each applicant from the Q-MATIC ticket printer upon entering the building (and/or from a portion ticket printer that may be used when “working the line” of customers outside the building).

Driver license station staff are clearly not doing this. Without taking into consideration when clients first attempt to get services at the stations (i.e., when they first enter a line), the division cannot accurately measure all customer service delays at these stations.

Department management stated that they were aware of this issue and were in the process of implementing a computer system to resolve this problem. The system would allow a customer to immediately check in at a driver license station using a touch-screen kiosk. Wait times will be measured from the time of check-in to the time the customer reaches the examiner. The contract for the system was signed by the department in January 2016. Management provided us the following timeframe for the system’s implementation:

- February 2016: interface developed with A-List system.
- March 2016: kiosk screen designed and interface, mobile screen layout, and website layout developed.
- April 2016: interface developed; ticket layout and network layout of pilots developed; equipment ordered; customization implemented.
- May 2016: staging and pre-test occurred; interface development continued; equipment shipped.
- June 2016: testing occurred.
- July 2016: equipment installation and training occurred.
- August 2016: installation of pilot sites at four driver license centers.
- November 2016: full implementation expected.

Recommendation

The Driver Services Division should measure client wait times at driver license stations starting as soon as clients attempt to access services (e.g., enter a line), either in the building (preferably) or outside the building, in cases of lines extending outside. Taking this change into consideration, the division should set a reasonable standard for wait times as part of the implementation of its new wait time tracking system.

Management’s Comment

We concur in part with the finding. To the extent possible, the department is capturing wait times. Q-Matic, the current queuing system, does measure the wait time from the time that the customer “pulls” a ticket to the time they go to the counter to be processed. Service time has

never been a part of the wait time. Service time is calculated through the A-List system and, prior to A-List, it was measured through Morphotrust software. The service time begins when the customer walks up to the counter and starts a transaction with the examiner. The service time cannot be manipulated by the examiner. The old Q-Matic system was never integrated into the driver license system. While the department could have contracted with a vendor earlier to address this audit issue, the decision was made to wait until the new A-List system was in place and functioning at peak performance. It would have been counter-productive to get a queuing system before the new driver license system was built and installed. Therefore, after the driver services system was in place, an RFP was released for a new queuing system. The contract was awarded to the vendor Alico. The vendor began working on a queuing system that would allow the customer to “check-in” at a kiosk as soon as they walked into the driver services center. Previously, the customer would stand in line until reaching the information counter. Once there, they were given a ticket that had a time stamp on it to record their wait time. When the customer went to the service counter to be processed, the wait time was manually typed into the computer by the examiner. Basically, the customer’s wait time began at the information counter and ended at the service counter. With the new Alico system, the customer walks in the door and types his/her name and other information into a kiosk. To minimize lines, there are several kiosks in each center. This puts him/her in line for service and prints out a ticket with a number and time stamp. The time stamp will allow management to know when the customer arrived at the center.

The department is in the process of implementing the check-in kiosks across the state, with four centers fully equipped and operating. The remaining kiosks will be installed over the next two months and should be completed by the end of November. The new kiosk will measure the wait time as closely as we can measure it. Wait time reports are printed weekly for each center and a master report is printed for all centers.

Observation

1. The Driver Services Division needs to improve both its review of wait times for road skills test appointments and public access to the wait times at driver license stations

Rule 340-01-13-.15 requires applicants for driver licenses to pass vision, knowledge, and road skills tests. We were interested in determining how long applicants had to wait before they could take road skills tests, as the tests need to be performed with an examiner present and thus wait times are dependent on the availability of examiners.

We requested from Driver Services Division management information on wait times for road skills tests for January 2014 to January 2016. However, management was only able to provide us the information in Table 7 for this time period.

**Table 7
Driver Services Division
Road Skills Test Appointment Wait Times
May 2014 Through March 2015**

Month and Year*	Wait Time (Days)
May 2014	14
June 2014	27
July 2014	25
August 2014	28
September 2014	16
October 2014	8
November 2014	22
December 2014	19
February 2015	16
March 2015	8
Average wait time	18

* January 2015 data not available.

Source: Driver Services Division, Department of Safety and Homeland Security.

We noticed that some of the data was unusual: several driver license stations had exactly the same wait time for the same month. For example, in May 2014, 15 stations had 24-day wait times; in September 2014, 9 stations had 39-day wait times; and in October, 22 stations had 12-day wait times.

We were also interested in how accessible wait time information was to the general public, so individuals could make informed choices about which stations to go to for their test. Online, this information was only accessible to individuals with a learner permit, so a parent or guardian would have to have their child’s learner permit number to review times available at each station. Call center staff were willing to help search for wait times at various stations, but they would have to search station by station, a time-consuming process.

Without an accurate, updated review of wait times for road skills tests, the Driver Services Division is impeded in its ability to reduce these times and to direct applicants to nearby driver license stations with lower wait times. The division should adequately track on a regular basis (e.g., weekly or monthly) road skills test wait times at driver license stations. The division should develop and implement policies and procedures on reviewing road skills test wait times in order to reduce them. Information on wait times at all driver license stations should be easily accessible online (to all the public) and through the call center.

Department of Safety and Homeland Security Comment:

The Driver Services Division does adequately track wait times for road skills test appointments. Since February 2015, Driver Services has tracked wait times daily, weekly, and monthly. Prior to that date, we could not track the number of days that a driver would have to wait for a roads skills test. Since the implementation of the A-List system, we have been tracking and reporting road test wait times in our weekly department staff meeting and on the

Governor's Dashboard as part of the Customer Focused Government (CFG) Plan. One of the CFG goals for Driver Services was to decrease the wait time for a road test to no more than 18 days at any of the centers at any given time. This goal was met and exceeded in fiscal year 2016. We remain well below that goal in fiscal year 2017 and have included another customer focused government goal and metric related to measuring wait times for the current fiscal year.

Since February 17, 2016, customers can go to www.tn.gov/safety and schedule a road skills test at any of the 44 centers, except the express center located in downtown Nashville. The appointment calendar allows for scheduling, cancelling, and rescheduling road skills tests. The customer can select any center for the test and can check any or all of the centers for the next availability.

For customers without computers or for those uncomfortable with scheduling online, there is the manual system for scheduling road skills test. The customer can call the Driver Services call center or the central office to schedule a test. The customer will pick where he/she wants to test and the times will be provided for availability. If the customer needs to take the test before the next available time, the call center representative will assist them with finding the next closest location with availability. In addition, all centers allow walk-in road tests without an appointment on Wednesdays.

The department will continue to evaluate its road test wait time review process to help ensure strong customer service and proactive assistance when customers are scheduling road tests.

POINTS ASSIGNED TO DRIVER RECORDS

According to Section 55-50-505, *Tennessee Code Annotated*, the Department of Safety and Homeland Security

shall conduct a driver improvement program whereby it is authorized to evaluate driver records based on accidents and/or convictions for traffic violations of the drivers, and may assign a point value according to the seriousness of the accident or moving traffic violation conviction.

Section 55-50-505 allows the department to suspend the license of an individual "convicted of moving traffic violations or involved in accidents and [who] has accumulated sufficient points," and develop and implement related rules and regulations. Rule 1340-01-04 establishes such a point system. Adults with 12 or more points within a 12-month period may get their licenses suspended, while for drivers under 18 the suspension threshold is 6 or more points. Drivers are given an opportunity for administrative hearings to appeal suspensions and may have an opportunity to take a defensive driving course in lieu of their licenses being suspended.

Our audit objective was to determine whether the department's process in assigning points to driver license records is done in a manner that ensures these records are accurate and

up-to-date. We reviewed relevant statutes, rules and regulations, and guidance documents related to assigning points to driver records. In addition, we talked to department staff, including those in the Financial Responsibility Unit and the Information Processing Unit. We also conducted a file review of points uploaded into A-List, the department's driver license management system, during the second half of calendar year 2015.

From our audit work, we determined that the department lacked a formal policy to monitor its process in assigning points to driver license records to ensure that records are accurate and up-to-date. Details are in the following observation.

Observation

2. The Department of Safety and Homeland Security did not have policies and procedures to monitor the assignment of points for traffic violations to driver records

Information Processing Unit staff stated that, if provided by the courts electronically through the court disposition reporting (CDR) system, court dispositions containing traffic violation information are uploaded overnight, assuming no errors. Once any court dispositions received via paper are scanned and keyed, that data is also uploaded to the A-List system overnight. However, errors in dispositions (received either electronically or via paper) can slow down uploading data into A-List as these dispositions have to be returned to the courts for the proper information. Incidents involving crashes are reported through crash reports to the Department of Safety and Homeland Security, not through court dispositions. Crash reports are filed by police officers who were at the scene.

We reviewed a random sample of 25 driving violations (involving 25 drivers) with points uploaded into driver records via A-List during the second half of calendar year 2015. (This random sample cannot be projected to the total population of 603,266 violations for that period.) We also reviewed points assignments involving any other traffic violations by these drivers that were uploaded during the same period.

Our review involved 122 points assigned to a total of 35 violations. Of these violations, only one violation (3%) had an inappropriate assignment to a driver record in A-List. For this violation, although points were accurately calculated, the right number was not transferred to the driver's total 24-month number of points in A-List (four points were listed instead of three points). This mistake could have been significant, as the total for a 12-month period was 11 points, instead of 10, within 1 point of qualifying for license suspension.

Department staff, including Information Processing Unit staff, stated that there are no formal monitoring policies and procedures to ensure that the department's process in assigning points to driver license records is done in a manner that ensures these records are accurate and up-to-date. Without the development and implementation of such policies and procedures, the department cannot ensure that only those drivers with unsafe driving habits are identified to have their licenses suspended.

Department of Safety and Homeland Security Comment:

We concur with the observation that formal procedures did not exist at the time of the review. We are currently drafting written procedures that should be implemented before year-end.

OFFICE OF HOMELAND SECURITY POLICIES AND PROCEDURES

On September 11, 2002, Governor Sundquist, through Executive Order 36, established the Office of Homeland Security to deal with the aftermath of the terrorist attacks of September 11, 2001. The office was “to be operated under the authority and supervision of the Deputy to the Governor for Homeland Security.” On June 28, 2007, Governor Bredesen, through Executive Order 48, transferred the Office of Homeland Security from the Office of the Governor to the then Department of Safety “in the interest of economy, efficiency, and better coordination of the functions of state government.”

The Office of Homeland Security has primary responsibility and authority for coordinating and directing the state’s homeland security activities. Functions include, but are not limited to, planning, coordinating, and implementing all homeland security prevention, detection, and protection, as well as terrorism-response operations. The office coordinates with agencies throughout the state and with the U.S. Department of Homeland Security in Washington, D.C. The Office of Homeland Security works in conjunction with the FBI Joint Terrorism Task Forces’ offices in Tennessee. In conjunction with the Tennessee Bureau of Investigation, the office operates the Fusion Center, an intelligence-gathering clearing house that enhances the state’s ability to analyze terrorism information and improve information-sharing among state, local, and federal agencies.

The Office of Homeland Security also reviews school district/local education agency (LEA) safety plans as part of the Department of Safety and Homeland Security’s participation in the Department of Education’s state-level school safety team created by the Schools Against Violence in Education (SAVE) Act of 2007 (Section 49-6-801 et seq., *Tennessee Code Annotated*). Section 49-6-802 requires the team to

publish a template for use by districts in preparing their district-level safety plans and building-level emergency response plans, which template shall outline the responsibilities of the LEAs and individual schools in complying with this part. The state-level safety team shall regularly review and update the template.

Section 49-6-804 requires each school district, and each school within each district, to develop “safety plans regarding crisis intervention, emergency response and emergency management.” The Office of Homeland Security only reviews district-level safety plans, which are sent by the Department of Education. (There are 146 LEAs in Tennessee, and thus 146 school district safety plans.) Section 49-6-807 requires the school district and the individual school safety teams that develop the safety plans to review these plans annually and submit any updates to the Department of Education.

Our audit objective was to review Office of Homeland Security operations for overall efficiency and effectiveness, including its oversight of the 11 homeland security districts and the development of school district safety plans. The 11 homeland security districts were created to provide a mechanism for distributing federal funding for homeland security projects; to coordinate the state's response to homeland security threats and other emergencies; and to allocate resources for multiple counties in one district. We reviewed statutes, school safety plans (and related guidance documents), school district safety plan evaluations, and federal reports. We also interviewed Office of Homeland Security and Department of Education staff, as well as homeland security district and U.S. Department of Homeland Security officials.

From our audit work, we determined that while the Office of Homeland Security had overall policies and procedures, through General Order 191, for homeland security district operations (including their relationship with the Fusion Center), the office lacked overall policies and procedures for reviewing school district safety plans. The office, however, did have specific formal criteria for reviewing these plans in the form of a checklist. Details are in the following observation.

Observation

3. The Department of Safety and Homeland Security did not have overall policies and procedures for reviewing school district safety plans

Homeland Security Districts

The 11 homeland security districts were not created by state or federal statute, but as a result of the creation of the Office of Homeland Security by Executive Order. Each homeland security district is operated through a council, with a county mayor as council chairperson. That official, in consultation with the other council members, designates an official at the local level as the person responsible for the day-to-day operations and coordination of a district's response to emergencies. All law enforcement agencies in a district are represented on the councils, along with an official from the Office of Homeland Security and a representative from federal agencies such as the Federal Bureau of Investigation and the Federal Emergency Management Agency. The councils vote on the projects they deem most important and distribute funding for these projects based on their allocation from the Office of Homeland Security.

Our interviews with Office of Homeland Security management and homeland security district and U.S. Department of Homeland Security officials did not reveal major operational problems with the districts, nor did our review of federal reports. General Order 191 provides adequate overall guidance on how homeland security districts should be operated.

School District Safety Plans

The Office of Homeland Security uses a formal two-page checklist to evaluate the school systems' safety plans. We reviewed six current school district safety plans, three from rural districts and three from urban districts, in each grand division of the state. We also reviewed the

checklists for five of the six school systems for which we received safety plans. The office's evaluation process appears adequate, with specific recommendations for improvement. The office also appears to offer adequate guidance to local school and school district safety teams in developing the plans. We did not review a checklist for the Shelby County safety plan, as its detailed plan appeared adequate (it was thorough and well-written).

However, the office does not have overall policies and procedures for reviewing school district safety plans. Although the checklist evaluation process is adequate, the office does not formally document how it handles the plans (e.g., when to expect plans, what processes to use to prioritize plans for review, and how to interact with the Department of Education in discussing plan deficiencies). The office currently relies on interpreting the provisions of the SAVE Act. Formal policies and procedures would help ensure the school plan evaluation process is efficient and effective, and provide guidance to office staff new to the evaluation process.

Department of Safety and Homeland Security Comment:

We concur with this observation that the Office of Homeland Security does not have formal, established written policies for evaluating school safety plans. We are working with the Department of Education, the lead agency for the SAVE Act, and the associated evaluation of school plans, to develop a formal policy. Last year was only the second time that school safety plans had been evaluated and we now believe we have the necessary experience to solidify our policies and procedures in this regard. We anticipate developing a policy in the coming year.

HANDGUN PERMIT FEES

Sections 39-17-1351 and 39-17-1352, *Tennessee Code Annotated*, authorize the Department of Safety and Homeland Security's Handgun Permit Unit to regulate handguns, including permit holders, handgun safety schools, and instructors. The unit's duties include issuing, denying, suspending, and revoking handgun carry permits. Section 39-17-1351, *Tennessee Code Annotated*, allows the unit to charge fees for new and renewal permits.

Our audit objective was to assess the fiscal impact of Chapter 736 of the Public Acts of 2016 (formerly Senate Bill 2566/House Bill 2575) on the handgun permit program as a result of the new permit fee structure. We reviewed relevant statutes, rules and regulations, and financial documents. We also talked to Handgun Permit Unit management.

From our audit work, we determined that the new fee structure may significantly reduce the program's future revenues. Details are in the following observation. (Specific calculations we used to determine our conclusions are in Appendix 4.)

Observation

4. The Department of Safety and Homeland Security needs to monitor the effect of Chapter 736 of the Public Acts of 2016 on the Handgun Permit Unit's revenues and expenditures to help ensure the unit's budget is balanced

Chapter 736 of the Public Acts of 2016 (formerly Senate Bill 2566/House Bill 2575), signed by Governor Haslam in April 2016, changed the handgun program's permit fee structure. Specifically, the permit validity period was extended to eight years, and the new permit application and processing fee was reduced from \$115 to \$100 (removing the \$15 that went to the Tennessee Bureau of Investigation to update and maintain its fingerprint criminal history database). Before the legislation was passed, handgun permits were issued for four years, except for those permits issued on or after April 17, 2015, whose validity coincided with the permit holders' driver license validity, which was five years before 2016. (Section 55-50-337, *Tennessee Code Annotated*, was amended in May 2015 to extend driver licenses' validity to eight years, starting January 1, 2016.)

Table 8 shows the revenues and expenditures for the handgun permit program for fiscal years 2013 through 2015, the last three complete fiscal years before Chapter 736 was enacted. All three fiscal years show substantial (although decreasing) surpluses.

Table 8
Handgun Permit Unit
Revenues and Expenditures
Fiscal Years 2013 Through 2015

	Fiscal Years		
	2013	2014	2015
Revenues	\$12,009,137	\$8,749,190	\$8,527,286
Expenditures	\$6,020,963	\$5,532,209	\$5,813,148
Surplus	\$5,988,174	\$3,216,981	\$2,714,138

Source: Department of Safety and Homeland Security.

The Handgun Permit Unit Director emphasized the benefit of using projected annual renewal permit figures to calculate lost revenue as the result of the legislation. Table 9 shows the number of projected renewals (permits scheduled to expire) from fiscal years 2017 through 2021. Using handgun permit data from calendar years 1996 to 2015, the director estimated that 13.4% of permit holders did not renew. She stated that she did not know why renewal numbers for fiscal years 2021 and 2022 showed a sharp fall.

**Table 9
Handgun Permits Scheduled and at 86.6% Renewal Rate
Fiscal Years 2017 Through 2021**

Fiscal Year	Number of Permits Renewed	
	Scheduled*	86.6 Percent Rate
2017	154,229	133,562
2018	162,332	140,580
2019	122,193	105,819
2020	29,853	25,853
2021	27,874	24,139
Average	99,296	85,991

*Prior to enactment of Chapter 736, which changed the renewal cycle from five to eight years.

Source: Department of Safety and Homeland Security.

We calculated the decline in revenues using the number of handgun permits which, prior to the enactment of Chapter 736, were scheduled to be renewed in fiscal year 2018, the first full fiscal year the law takes effect. Without taking into account a 13.4% nonrenewal rate, 162,332 permits that would have been renewed in fiscal year 2018 are now scheduled to be renewed in fiscal year 2022. We calculated that, with the switch to an eight-year renewal cycle, the Handgun Permit Unit’s revenue loss in fiscal year 2022 would be \$8,926,885. (We took into consideration an \$810,300 revenue decline resulting from the removal of the funds that were previously used to update and maintain the Tennessee Bureau of Investigations’ fingerprint criminal history database.) Renewal funds that would have been received during fiscal year 2022 if there was a five-year cycle now won’t be coming in until fiscal year 2025 (three years later).

Another concern is the steep drop in permits originally scheduled for renewal in fiscal years 2020 and 2021 on the Handgun Permit Unit’s future revenues. The Department of Safety and Homeland Security should monitor the unit’s revenues and expenditures, and make any necessary fee recommendations to the General Assembly to help ensure a balanced budget.

Department of Safety and Homeland Security Comment:

We concur. With the passage of Public Chapter 736, permit fees were reduced on original application fees to \$100, while the length of the permit was increased to eight years. With the increase in the number of years for which the permit will be issued, the department will lose a renewal cycle/fee.

The department uses the average number of permits issued over the past five years when completing fiscal notes because (1) in the past we were unable to retrieve the number of scheduled renewals beyond one renewal cycle from the legacy system and (2) we discerned that not everyone scheduled to renew will renew. Permit holders have elected not to renew a permit for varying reasons, including moving out of state.

The department did include in the fiscal note that there will be a recurring decrease in state revenues, as noted by the Comptroller's Office. With the noted decrease from the fiscal note, the department has taken into consideration to monitor the revenues and expenditures each year to ensure the budget is balanced.

APPENDICES

**APPENDIX 1
Title VI and Other Information**

The Tennessee Human Rights Commission (THRC) issues a report, *Tennessee Title VI Compliance Program* (available on its website), that details agencies' federal dollars received, Title VI complaints received, whether each agency's Title VI implementation plan was filed in a timely manner, and any THRC findings taken on an agency. Below are staff demographics, as well as a summary of the information in the latest THRC report for the Department of Safety and Homeland Security.

According to the THRC's fiscal year 2015 report, the department filed its annual implementation plan before the October 1, 2014, due date. During the reporting period, THRC received no complaints regarding the department. Additionally, THRC issued no findings based on its review of the department's implementation plan.

The department received \$7,820,000 from the federal government in fiscal year 2015.

The following table details the department's staff by job title, gender, and ethnicity as of June 2016:

TITLE	MALE	FEMALE	ASIAN	BLACK	HISPANIC	AMERICAN INDIAN	WHITE	OTHER
ACCOUNTING TECHNICIAN 1	0	1	0	0	0	0	1	0
ADMINISTRATIVE ASSISTANT 1	1	20	0	7	0	0	14	0
ADMINISTRATIVE ASSISTANT 3	0	1	0	0	0	0	1	0
ADMINISTRATIVE SECRETARY	1	38	0	8	0	0	30	1
ADMINISTRATIVE SERVICES ASSISTANT 2	3	22	0	5	0	1	19	0
ADMINISTRATIVE SERVICES ASSISTANT 3	2	4	0	1	0	0	5	0
ADMINISTRATIVE SERVICES ASSISTANT 4	4	7	0	2	0	0	9	0
ADMINISTRATIVE SERVICES ASSISTANT 5	5	3	0	0	0	0	8	0
ADMINISTRATIVE SERVICES MANAGER	0	1	0	1	0	0	0	0
AIRCRAFT MECHANIC 1	1	0	0	0	0	0	1	0
ASSISTANT COMMISSIONER 2	3	1	0	0	0	0	4	0

TITLE	MALE	FEMALE	ASIAN	BLACK	HISPANIC	AMERICAN INDIAN	WHITE	OTHER
ATTORNEY 3	4	7	0	2	0	0	9	0
ATTORNEY 4	2	0	0	0	0	0	2	0
AUDIT DIRECTOR 2	0	1	0	0	0	0	1	0
AUDITOR 3	1	2	0	2	0	0	1	0
AUDITOR 4	2	0	0	0	0	0	2	0
BUDGET ANALYST COORDINATOR	1	0	0	0	0	0	1	0
CAPITOL POLICE OFFICER	1	0	0	0	0	0	1	0
COMMERCIAL DRIVER LICENSE (CDL) EXAMINER	6	9	0	2	0	0	13	0
CDL PROGRAM MANAGER	1	0	0	1	0	0	0	0
CLERK 2	8	14	0	10	0	0	11	1
CLERK 3	1	7	0	3	0	0	5	0
COMMISSIONER 1	1	0	0	0	0	0	1	0
DATA ENTRY OPERATOR	0	4	0	2	0	0	2	0
DATA PROCESSING OPERATOR 1	0	3	0	0	0	0	3	0
DRIVER CONTROL MANAGER 1	0	4	0	1	0	0	3	0
DRIVER CONTROL MANAGER 2	0	1	0	0	0	0	1	0
DRIVER SERVICES BRANCH MANAGER 1	8	29	1	7	0	1	28	0
DRIVER SERVICES BRANCH MANAGER 2	0	8	0	4	0	0	4	0
DRIVER SERVICES DISTRICT MANAGER 1	1	3	0	0	0	0	4	0
DRIVER SERVICES DISTRICT MANAGER 2	0	4	0	2	0	0	2	0
DRIVER LICENSE EXAMINER	74	226	2	95	2	0	199	2
DRIVER LICENSE ISSUANCE DIRECTOR	1	0	0	1	0	0	0	0
EXECUTIVE ADMINISTRATIVE ASSISTANT 1	2	4	0	1	0	0	5	0
EXECUTIVE ADMINISTRATIVE ASSISTANT 2	5	11	0	2	0	0	14	0
EXECUTIVE ADMINISTRATIVE ASSISTANT 3	10	2	0	0	0	0	12	0
EXECUTIVE SECRETARY 1	0	1	0	1	0	0	0	0
FACILITIES MANAGER 2	1	0	0	0	0	0	1	0
FACILITY ADMINISTRATOR 2	1	0	0	0	0	0	1	0
FISCAL DIRECTOR 3	0	1	0	1	0	0	0	0
GENERAL COUNSEL 4	1	0	0	0	0	0	1	0

TITLE	MALE	FEMALE	ASIAN	BLACK	HISPANIC	AMERICAN INDIAN	WHITE	OTHER
GRANTS ANALYST 3	0	1	0	0	0	0	1	0
HANDGUN SCHOOL INSPECTOR SUPERVISOR	1	0	0	0	0	0	1	0
HANDGUN SCHOOL INSPECTOR	4	1	0	0	0	0	5	0
HELICOPTER FLEET MECHANIC DIRECTOR	1	0	0	0	0	0	1	0
HOMELAND SECURITY DIRECTOR	1	0	0	0	0	0	1	0
HUMAN RESOURCE (HR) ANALYST 1	0	1	0	0	0	0	1	0
HR ANALYST 2	2	5	0	1	1	1	4	0
HR ANALYST 3	3	3	0	2	0	0	4	0
HR DIRECTOR 3	0	1	0	0	0	0	1	0
HR MANAGER 1	1	1	0	0	0	0	2	0
HR MANAGER 2	0	3	0	1	0	0	2	0
HR TECHNICIAN 2	0	1	0	0	0	0	1	0
INFORMATION RESOURCE SUPPORT SPECIALIST 3	2	1	0	2	0	0	1	0
INFORMATION RESOURCE SUPPORT SPECIALIST 4	6	0	0	1	0	0	5	0
INFORMATION RESOURCE SUPPORT SPECIALIST 5	0	1	0	0	0	0	1	0
INFORMATION OFFICER	1	0	0	0	0	0	1	0
INFORMATION SYSTEMS ANALYST 3	0	1	0	0	0	0	1	0
INTELLIGENCE ANALYST	0	5	0	0	0	0	5	0
MEDIA PRODUCER/DIRECTOR	1	0	0	0	0	0	1	0
PROCUREMENT OFFICER 1	1	0	0	0	0	0	1	0
PROCUREMENT OFFICER 2	0	2	0	1	0	0	1	0
PROPERTY OFFICER 2	1	1	0	1	0	0	1	0
RADIO COMMUNICATIONS TECHNICIAN 3	10	0	0	0	0	0	10	0
RADIO COMMUNICATIONS TECHNICIAN SUPERVISOR	1	0	0	0	0	0	1	0
RADIO SYSTEMS ANALYST	1	0	0	0	0	0	1	0
SAFETY CHIEF OF STAFF	1	0	0	0	0	0	1	0
SAFETY COMMUNICATIONS DIRECTOR	0	1	0	0	0	0	1	0

TITLE	MALE	FEMALE	ASIAN	BLACK	HISPANIC	AMERICAN INDIAN	WHITE	OTHER
SAFETY CONTRACT SERVICES COORDINATOR	1	0	0	1	0	0	0	0
SAFETY EXAMINER 1	2	13	2	7	2	0	4	0
SAFETY EXAMINER 2	8	39	0	28	2	1	16	0
SAFETY EXAMINER SUPERVISOR 1	2	7	0	4	0	0	5	0
SAFETY EXAMINER SUPERVISOR 2	0	1	0	0	0	0	1	0
SAFETY HEARING OFFICER	2	1	0	0	0	0	3	0
SAFETY HEARING OFFICER SUPERVISOR	1	0	0	1	0	0	0	0
SAFETY PROGRAM MANAGER	0	4	0	1	0	0	3	0
SAFETY SPECIAL POLICY DIRECTOR	0	1	0	0	0	0	1	0
SAFETY TECHNICAL SERVICES DIRECTOR	0	1	0	0	0	0	1	0
SCHOOL BUS INSPECTOR 1	1	0	0	0	0	0	1	0
SCHOOL BUS INSPECTOR 2	1	0	0	0	0	0	1	0
SECRETARY	0	3	0	1	0	0	2	0
SENIOR INTELLIGENCE ANALYST	1	0	0	0	0	0	1	0
STATISTICAL ANALYST 3	1	1	0	1	0	0	1	0
STATISTICAL ANALYST 4	1	1	1	0	0	0	1	0
STATISTICAL RESEARCH SPECIALIST	1	0	0	0	0	0	1	0
STOREKEEPER 2	1	0	0	0	0	0	1	0
STORES CLERK	1	0	0	0	0	0	1	0
STORES MANAGER	0	1	0	0	0	0	1	0
TALENT MANAGEMENT ASSISTANT DIRECTOR	0	1	0	0	0	0	1	0
TALENT MANAGEMENT DIRECTOR 3	0	1	0	0	0	0	1	0
TENNESSEE HIGHWAY PATROL (THP) CAPTAIN	17	0	0	2	0	0	15	0
THP DISPATCHER 1	2	3	0	2	0	0	3	0
THP DISPATCHER 2	20	34	0	3	1	0	50	0
THP DISPATCHER SUPERVISOR	6	3	0	1	0	0	8	0
THP LIEUTENANT	77	8	0	7	0	0	78	0
THP LIEUTENANT COLONEL	2	0	0	1	0	0	1	0

TITLE	MALE	FEMALE	ASIAN	BLACK	HISPANIC	AMERICAN INDIAN	WHITE	OTHER
THP MAJOR	5	1	0	1	0	0	5	0
THP SERGEANT	156	6	2	11	1	1	147	0
TRAINING OFFICER 1	0	1	0	0	0	0	1	0
TRAINING OFFICER 2	0	2	0	0	0	0	2	0
TRAINING SPECIALIST 2	0	1	0	1	0	0	0	0
TROOPER	516	28	0	43	7	2	487	5
VEHICLE OPERATOR	1	0	0	0	0	0	1	0
GRAND TOTAL	1,016	630	8	286	16	7	1,320	9

APPENDIX 2 Performance Measures Information

In April 2013, the General Assembly passed the Tennessee Governmental Accountability Act of 2013. This changed the state’s requirements for department performance measures. The Department of Safety and Homeland Security reported two measures in the Governor’s customer-focused program.

As stated in the Tennessee Governmental Accountability Act, “accountability in program performance is vital to effective and efficient delivery of government services, and to maintain public confidence and trust in government.” In accordance with this act, all executive-branch state agencies are required to submit annually to the Department of Finance and Administration a strategic plan and program performance measures. The priority goals for the Department of Safety and Homeland Security, as reported for July 2016 on the Transparent Tennessee website, are as follows:

Goals

Goal 1: Reduce the number of traffic fatalities in the state through utilizing predictive analytics to strategically deploy troopers focusing on highway fatalities involving impaired driving, unrestrained drivers/passengers and distracted drivers.

Measuring the Goal:

Metrics	Frequency	Baseline	Target	Prior	Current	Status
A reduction of at least 1.5% statewide traffic fatalities	Monthly	936	922	743	824	

Goal 2: Maintain a low average wait time at driver services centers by focusing on those centers with wait times significantly above the current average, utilizing center specific plans to lower wait times in targeted centers.

Measuring the Goal:

Metrics	Frequency	Baseline	Target	Prior	Current	Status
A reduction of at least 5% in the average overall wait time at all 49 driver services centers (in minutes)	Monthly	20 minutes	19 minutes	18	17	

APPENDIX 3
Budget Information
Department of Safety and Homeland Security
Estimated Budget
For the Fiscal Year Ended June 30, 2016

<i>Source</i>	<i>Amount</i>	<i>Percent of Total</i>
State	\$136,616,100	69%
Federal	9,789,200	5%
Other	51,918,700	26%
Total	\$198,324,000	100%

APPENDIX 4
Handgun Permit Fees Analysis

Our audit objective was to assess the fiscal impact of Chapter 736 of the Public Acts of 2016 (formerly Senate Bill 2566/House Bill 2575) on the handgun permit program as a result of the new permit fee structure. From our audit work, we determined that the new fee structure may reduce the program’s future revenues greater than predicted by the Fiscal Review Committee’s fiscal note for Senate Bill 2566/House Bill 2575 issued in February 2016. Details are in the analysis below.

Analysis

Chapter 736 of the Public Acts of 2016 changed the handgun program’s permit fee structure. Specifically, the permit validity period was extended to eight years, and the new permit application and processing fee was reduced from \$115 to \$100 (removing the \$15 that went to the Tennessee Bureau of Investigation to update and maintain its fingerprint criminal history database). Before the legislation was passed, handgun permits were issued for four years, except for those permits issued on or after April 17, 2015, whose validity would coincide with permit holders’ driver license validity, which was five years before 2016. (Section 55-50-337, *Tennessee Code Annotated*, was amended in May 2015 to extend driver licenses’ validity to eight years, starting January 1, 2016.)

Table 10 shows the revenues and expenditures for the handgun permit program for fiscal years 2013 through 2015, the last three complete fiscal years before Chapter 736 was enacted. All three fiscal years show substantial (although decreasing) surpluses.

Table 10
Handgun Permit Unit
Revenues and Expenditures
Fiscal Years 2013 Through 2015

	Fiscal Years		
	2013	2014	2015
Revenues	\$12,009,137	\$8,749,190	\$8,527,286
Expenditures	\$6,020,963	\$5,532,209	\$5,813,148
Surplus/(Deficit)	\$5,988,174	\$3,216,981	\$2,714,138

Source: Department of Safety and Homeland Security.

Table 11 describes the fiscal note’s analysis of the fiscal impact of the legislation. Revenue decreases stabilize to \$810,300 annually from fiscal year 2025 onward, while annual expenditure decreases stabilize to \$152,400 from fiscal year 2022 onward.

Table 11
Changes in Handgun Permit Unit Revenues and Expenditures
Result of 2016 Public Chapter 736
Estimated for Fiscal Years 2017 and Onwards

	Fiscal Years		
	2017-2021	2022-2024	2025 and onward
Annual revenue decline	\$810,300	\$4,226,400	\$810,300
	Fiscal Years		
	Prior to 2022	2022 and onward	
Annual expenditure decline	-	\$152,400	

Source: Fiscal Review Committee.

The Handgun Permit Unit Director agreed with how the estimates of revenues and expenditures were calculated in the fiscal note. However, she emphasized that the note used the average number of handgun permits renewed from fiscal years 2011 to 2015. The fiscal note used in its calculations an average number of 68,322 permits renewed annually. Chapter 736 is to

take effect thirty (30) days after the date upon which the commissioner of safety provides written notification to the secretary of state and the executive secretary of the Tennessee code commission that the department of safety’s “A-list” driver license program is capable of implementing this act or it shall take effect on January 1, 2017, whichever is earlier.

The first fiscal impact of the legislation in the area of revenue reduction comes immediately in the area of new, original permit applications. The fiscal note calculated that with 54,019 such permits annually and a reduction of the new permit application and processing fee by \$15 (\$115 to \$100), annual revenues would fall by approximately \$810,300 (54,019 x \$15 = \$810,285). Because of the extended permit validity period from four to eight years, renewal permit revenue that was supposed to be received during the fiscal years 2022 through 2024 was not going to be received by the unit. With an estimated 68,322 permits renewed annually and an annual renewal fee of \$50, this would result in a revenue loss of \$3,416,100 (68,322 x \$50). Adding the \$810,300 annual loss from the reduction in new permit fees, total estimated annual revenue decline for each of the three fiscal years was \$4,226,400. With annual renewal revenue returning in fiscal year 2025, annual revenue decline returns to \$810,300.

The Handgun Permit Unit director said, however, that if projected annual renewal permit figures are used to calculate lost revenue, instead of retrospective numbers, there appears to be a greater decline in revenue than stated in the fiscal note. Table 12 shows the number of projected renewals (permits scheduled to expire) from fiscal years 2017 through 2021. The average number of annual permit renewals is 99,296. Using handgun permit data from calendar years 1996 to 2015, the director estimated that 13.4% of permit holders did not renew. She stated that she did not know why renewal numbers for fiscal years 2021 and 2022 showed a sharp fall.

Table 12
Handgun Permits Scheduled and at 86.6% Renewal Rate
Fiscal Years 2017 through 2021

Fiscal Year	Number of Permits Renewed	
	Scheduled*	86.6% Rate
2017	154,229	133,562
2018	162,332	140,580
2019	122,193	105,819
2020	29,853	25,853
2021	27,874	24,139
Average	99,296	85,991

* Prior to enactment of Chapter 736.

Source: Department of Safety and Homeland Security.

We calculated the decline in revenues using the number of handgun permits which, prior to enactment of Chapter 736, were scheduled to be renewed in fiscal year 2018, the first full fiscal year the law takes into effect. Without taking into account a 13.4% nonrenewal rate, 162,332 permits that would have been renewed in fiscal year 2018 are scheduled to be renewed in fiscal year 2022. Thus, we predicted that the Handgun Permit Unit's revenue loss in 2018 would be, because of lack of renewal fees, \$8,116,600 (162,332 x \$50 renewal fee). Add the revenue loss of \$810,825 because of the new application fee, and the total loss would amount to \$8,926,885. If only 86.6% of permit holders renew, the revenue loss decreases to \$7,839,285 (140,580 x \$50 = \$7,029,000, plus \$810,285).