



Department of Motor Vehicles

Administrative and Statutory Changes Will Improve Its Ability to Detect and Deter Misuse of Disabled Person Parking Placards

Report 2016-121

COMMITMENT
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April 18, 2017

2016-121

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning the Department of Motor Vehicles' (DMV) disabled person parking placard program. Disabled person parking placards (placards) and disabled person or disabled veteran license plates (plates) allow people to park in parking spaces for people with disabilities, in metered spaces without paying the meter, and in time-limited spaces without having to worry about those limitations. These benefits create a significant incentive for misuse. This report concludes that changes to DMV's administration, and statutory changes by the Legislature, will allow for better detection and deterrence of the misuse of placards and plates.

DMV does not sufficiently ensure that applications for placards or plates are legitimate. For example, we found that medical providers certifying the majority of applications we reviewed did not include sufficient information regarding the placard holder's disability to meet requirements in state law. In addition, we questioned whether the signatures of medical providers on several of the applications we reviewed matched information on file with the appropriate Department of Consumer Affairs' healing arts boards (health boards), and noted that DMV does not work with the health boards to review selected applications, as state law allows. Further, DMV has not canceled permanent placards of thousands of individuals who are likely deceased. Specifically, we compared the name and date of birth of active placard holders from DMV's data to the U.S. Social Security Administration's Death Master File and identified nearly 35,000 matches. We also found that, as of June 30, 2016, nearly 26,000 placard holders were age 100 or older, despite an estimated centenarian population in California of roughly 8,000. Further, some permanent placard holders have requested an unusually high number of replacements for lost or stolen placards, and state law does not limit the number of replacements a holder may receive. However, DMV had not identified any of these issues because it does not actively analyze placard applications or application data and, consequently, DMV may be allowing people to fraudulently obtain placards.

Additionally, although DMV's Investigations Unit performs effective sting operations to catch those misusing placards, it has not established specific expectations for the number of operations its district offices should conduct. In each of the sting operations we reviewed, investigators found an average misuse rate of 15 percent. However, we noted great variance in the number of sting operations that six of DMV's district offices conducted, ranging from one to 18 during fiscal years 2013-14 through 2015-16. By not establishing reasonable goals to conduct regular sting operations, DMV fails to detect and deter as much of the continued placard misuse as it can, which affects those with disabilities who need special parking access. Finally, local parking enforcement lacks immediate access to DMV's placard information, preventing these officials from efficiently identifying and seizing misused placards.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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Summary

Results in Brief

In reviewing the State's disabled person parking placard program (placard program), we identified several improvements the Department of Motor Vehicles (DMV) and the Legislature can make that will reduce fraud and misuse. For example, DMV does not sufficiently review applications for disabled person parking placards (placards) and disabled person or disabled veteran license plates (plates) to ensure they are legitimate. Further, DMV issues renewal placards to many thousands of placard holders who are likely deceased because its process for identifying them is limited. Also, we found that state law provides no limitations on the number of replacement placards a person may receive, and we noted that two people each received more than 20 replacement placards over three years. In addition, we found that the enforcement of placard misuse would improve if DMV established reasonable goals for the number of enforcement activities it conducts. Finally, DMV could provide parking enforcement officials better information to determine whether a placard is valid or being misused.

California grants special parking privileges to people with certain disabilities outlined in state law. These people may apply for a placard to display in their vehicle or for a special license plate. To obtain placards or plates, they must submit a two-page application to DMV that includes a description of the disability and a certification from an authorized medical provider. Both placards and plates allow these permitted individuals to park in parking spaces designated for people with disabilities, in metered spaces without paying the meter, and in time-limited spaces without having to worry about those limitations. These benefits create a significant incentive for misuse.

Our review of applications for placards and plates found that most medical providers are not including enough information on applications when certifying disabilities. State law requires authorized providers to fully describe the illness or disability that qualifies the applicant for disabled person parking privileges. We expected that DMV would have a process in place to work with the Department of Consumer Affairs' healing arts boards (health boards)—those responsible for licensing and investigating complaints against medical providers—to review a selection of these applications, as state law allows. However, DMV does not have agreements in place with the health boards. With the assistance of medical experts from the health boards, we reviewed a representative sample of 96 original applications DMV approved and found that 70 applications, or 73 percent, did not include a full description of the illness or disability. Projecting to the population of applications for placards or plates as a whole, this

Audit Highlights . . .

Our review concerning the California Department of Motor Vehicles' (DMV) disabled person parking placard program highlighted the following:

- » *DMV does not sufficiently ensure applications for disabled person parking placards (placards) and disabled person or disabled veteran license plates (plates) are legitimate.*
 - *Out of 96 applications we sampled, DMV approved 70 applications that did not include sufficient medical information to demonstrate that the applicant qualified.*
 - *DMV approved applications that contained certifications of disabilities by unauthorized medical providers.*
 - *DMV does not ensure the validity of medical provider signatures.*
- » *DMV has not canceled permanent placards for individuals who are likely deceased—as of June 30, 2016, nearly 26,000 placard holders were age 100 or older.*
- » *State law provides no limits on the number of replacement placards a person may receive.*
- » *DMV has not established specific expectations to conduct regular sting operations for its district offices.*
- » *Local parking enforcement lacks immediate access to DMV's placard information, limiting its ability to verify placards during enforcement activities.*

suggests that DMV approved up to 1.1 million applications from July 2013 through June 2016 without sufficient information to demonstrate that the applicant was qualified. According to the deputy chief of DMV's Investigations Unit (Investigations), DMV has not worked with the health boards to review applications because DMV assumed the health boards would not provide DMV with information due to the privacy requirements in federal law. However, the medical experts we worked with were able to identify deficiencies in the applications without needing to review additional sensitive information. When DMV does not ensure that applicants include complete certifications, it creates opportunity for individuals to receive placards without a qualifying diagnosis.

Further, DMV does not have a process to review medical provider signatures to ensure that they are legitimate. DMV requires those medical providers certifying disabilities on placard applications to sign the applications. We compared the medical provider signatures included in our sample of 96 applications to official documents maintained by the boards that provided their medical licenses. Based on this comparison, we question whether 17 of the medical providers' signatures reasonably matched official documents. Again, projecting this percentage of questionable signatures to the population of applications, we estimate that more than 260,000 applications approved from July 2013 to June 2016 may not be valid. When DMV does not review the validity of medical provider signatures, it risks issuing placards to individuals who submit fraudulent certifications.

DMV has not canceled permanent placards for thousands of individuals who are likely deceased. State law requires DMV to match placard records with the California Department of Public Health's (Public Health) Vital Statistics file and to withhold renewals for permanent placard holders identified as deceased. DMV performs this match monthly. However, we compared the name and date of birth of active placard holders from DMV's data to the U.S. Social Security Administration's Death Master File (master file) and identified nearly 35,000 matches. Although this comparison indicates that DMV likely has not canceled thousands of deceased individuals' placards, these results are not precise. For example, there might be a deceased person in the master file with the same name and date of birth as a placard holder in California who is alive. To identify deceased individuals using Public Health's data, DMV relies on matches of the full name and date of birth. However, we found that DMV's data did not always include correct names. Further, according to the chief of DMV's registration operations division (registration division chief), DMV does not require applicants to provide documentation of their full legal name because DMV believes it lacks authority in state law to refuse applicants who do not provide such verification. As a result, someone intending to commit fraud could fabricate an application on behalf of a nonexistent or deceased

relative, and DMV might well approve the application and issue the individual a permanent placard. Also, based on a separate analysis, as of June 30, 2016, we identified nearly 26,000 placard holders in DMV's data that were age 100 or older. This number is significantly higher than the estimated 8,000 individuals that comprised California's entire centenarian population as of 2014, indicating that DMV's process for canceling placards of deceased individuals is inadequate.

In addition, some permanent placard holders have obtained many replacements. In reviewing DMV data, we found that nine individuals received 16 or more placards each from July 2013 through June 2016, including two who each received more than 20 replacements over that period. State law allows individuals to request replacement placards in the event their permanent placard is lost or stolen, and it does not limit the number of replacements an individual can receive. When state law allows individuals an unlimited number of permanent placard replacements, the number of placards in circulation and available for misuse grows.

The most common type of placard fraud DMV observes involves one person using another person's valid placard. To catch this type of fraud or misuse, Investigations conducts sting operations wherein an investigator approaches a driver displaying a placard or plate and verifies that the placard or plate belongs to the driver or to someone being transported by the driver. However, Investigations has not established specific expectations for the number of sting operations its district offices must conduct. As a result, we found great variance across district offices, ranging from one to 18 sting operations from fiscal years 2013–14 through 2015–16. According to the deputy chief of Investigations, some offices did not conduct many sting operations because DMV has higher investigative priorities such as identity theft. Nevertheless, by not establishing reasonable goals to conduct regular sting operations, DMV fails to detect and deter as much of the continued placard misuse as it can, which affects those with disabilities who need special parking access.

In addition, local parking enforcement lacks immediate access to DMV's placard information, limiting its ability to verify placards during its enforcement activities. Only law enforcement officials who are sworn peace officers have direct, immediate access to this information, whereas parking enforcement officers, who are non-sworn, do not. We spoke to parking enforcement officials in six cities across the state—Berkeley, Fresno, Los Angeles, Sacramento, San Francisco, and Santa Cruz—and none reported having immediate access to DMV's placard information. Instead, they generally must call local law enforcement dispatchers each time they need to verify a placard number. However, this process

is time consuming, and four of the six officials we spoke with confirmed that their parking enforcement officials typically do not contact a dispatcher to determine whether placards are valid. According to the registration division chief, DMV could create and maintain a database containing the requisite information. This database could be used to grant immediate access to local enforcement officials in lieu of contacting local law enforcement. Without such a database, local parking enforcement cannot efficiently identify and seize placards that drivers are misusing.

Selected Recommendations

Legislature

To increase DMV oversight of applications for placards or plates, the Legislature should modify current law to require DMV to conduct at least quarterly audits of a selection of applications for placards or plates and to seek the health boards' cooperation in doing so.

To assist DMV in more accurately identifying deceased individuals with active permanent placards, the Legislature should amend state law to require DMV to use the U.S. Social Security Administration's Death Master File to inform its efforts to identify and cancel deceased individuals' placards.

To assist DMV in identifying deceased placard holders, the Legislature should require that all who apply for a placard or plate include their full legal name and date of birth, and provide satisfactory proof of this information at the time of application.

To reduce the risk of placard misuse, the Legislature should limit to no more than two the number of replacements of permanent placards an individual may obtain during the two-year placard renewal period. The Legislature should require that those desiring replacements beyond that limit reapply and submit new certifications of disability.

DMV

To reduce the risk of fraudulent applications, by September 2017 DMV should seek interagency agreements with the health boards responsible for licensing providers authorized to certify disabilities on placard applications. The agreements should include, but not be limited to, the following:

- A review by medical experts of a sample of placard applications each quarter to ensure that the disability certifications meet state requirements. For any application that does not meet state requirements, DMV should require that the applicant and his or her provider submit the information needed so that the application meets state requirements. DMV should cancel the placards of those who do not respond within 90 days.
- A process for obtaining copies of provider signatures and routinely comparing the signatures with those on a sample of placard applications. Investigations should confirm questionable signatures with providers.

To better deter placard abuse, by September 2017 DMV should establish reasonable goals regarding the number of sting operations each of its district offices should conduct each quarter. If competing priorities require a district office to miss its goal for a given quarter, Investigations should document its justification for missing the goal. Further, Investigations should monitor its district offices' effectiveness in meeting the quarterly goals.

To better equip local parking enforcement officials to promptly identify invalid placards, by December 2018 DMV should develop and implement an application, database, or other technology that will allow non-sworn parking enforcement officials to have immediate access to information on placard status.

Agency Comments

DMV agreed with our recommendations and stated that it will implement them.

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Introduction

Background

State law allows people with disabilities to apply to the Department of Motor Vehicles (DMV) for a disabled person parking placard (placard) or disabled person or disabled veteran license plate (plate). Specifically, placard or plate holders may park for an unlimited time in parking spaces with posted time limitations and may park in metered spaces for an unlimited time without having to pay meter fees. In addition to free, unlimited parking, displaying a valid placard or plate permits the holder to park in blue zones and certain designated parking stalls and spaces that are restricted to those displaying such a placard or plate.

DMV offers license plates and three types of placards: temporary, travel, and permanent. Figure 1 on the following page depicts the different types of plates and placards. People with a temporary disability, such as a broken leg, can apply for a red temporary placard. These placards are valid for up to six months and are renewable up to six consecutive times. People with a permanent qualifying disability can receive a blue permanent placard and can also receive a license plate. Permanent placards expire on June 30 of every odd-numbered year, and DMV automatically issues and mails renewal placards. Finally, a travel placard is a temporary placard that DMV issues to permanently disabled people meeting the disability requirements in state law. DMV issues this placard to nonresidents for no more than 90 days and to California residents for no more than 30 days. Travel placards are for use when a placard holder would not have the original placard available. For example, the placard holder leaves a car parked at an airport but also needs a placard for a rental vehicle at their California destination.

The application for both plates and placards is identical. Individuals may apply for them in person at DMV field offices throughout the state or by mail through DMV's offices in Sacramento.¹ As of June 30, 2016, there were approximately 2.9 million placards and plates active in California. Figure 2 on page 9 shows the proportions of this number that are permanent placards, temporary placards, and plates. Plates are associated with a specific vehicle. On the other hand, placards are associated with the applicant, who need not be a driver. State law allows others, such as parents or family members, who are transporting a disabled person to use a placard. As of June 30, 2016, the median age of placard holders was 71; however, a

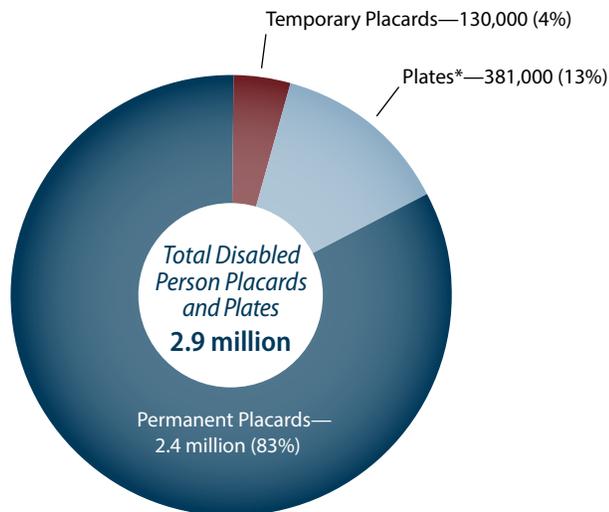
¹ DMV has *field offices* in more than 170 locations throughout the state that offer a variety of services, such as vehicle registration and driver's license processing, in addition to accepting placard or plate applications. DMV's Investigations Unit has 25 *district offices* throughout the state where DMV's investigators work.

Figure 1
Types of Disabled Parking Placards and License Plates

TYPE	IMAGE	DESCRIPTION
Permanent Placard		<p>A placard that has a fixed expiration date of June 30 every odd-numbered year, and that the DMV issues to a permanently disabled person who meets the disability requirements in state law.</p>
Temporary Placard		<p>A placard that the DMV issues for a maximum of six months to a temporarily disabled person meeting the disability requirements in state law. Individuals may renew temporary placards up to six consecutive times.</p>
Travel Placard		<p>A placard that the DMV issues to permanently disabled people meeting the disability requirements in state law. The DMV issues this placard to nonresidents for no more than 90 days and to California residents for no more than 30 days. It is for situations where a placard holder would not have the original placard available. For example, the placard holder leaves a car parked at an airport but also needs a placard for a rental vehicle at his or her California destination.</p>
License Plate		<p>A special license plate the DMV issues to vehicle owners with permanent disabilities and is only valid on the vehicle it is assigned to.</p>
Disabled Veteran License Plate		<p>A special license plate the DMV issues to vehicle owners who are veterans of the armed services with permanent disabilities. The State does not assess vehicles with these plates an annual vehicle license fee.</p>

person of any age may have a placard, including children. For example, in our random sample of 96 placard applications that DMV received from July 2013 through June 2016, one was for an individual under the age of five years. DMV also issues some plates and placards to organizations that transport disabled individuals. State law limits any applicant to one active permanent placard at a time.

Figure 2
Disabled Person Parking Placards and Plates Active as of June 30, 2016



Source: California State Auditor's analysis of data obtained from DMV's Vehicle/Vessel Registration Master File.

Note: An individual may own multiple disabled person or veteran license plates and a single disabled person parking placard.

* The term *plates* includes disabled person and disabled veteran license plates.

Obtaining a placard or plate requires certification by a medical provider of the applicant's disability unless the disability is readily observable and uncontested. Alternatively, disabled veterans may submit a certificate from the United States Department of Veterans Affairs in lieu of submitting a certification by a provider. State law establishes the disabilities that qualify for the program, and DMV places these disabilities into eight categories on its application. Further, state law specifies the types of providers who may certify disabilities for obtaining a plate or placard, and it limits the types of disabilities certain providers may certify. For example, only optometrists or physicians and surgeons with a specialization in diseases of the eye may certify that an applicant is legally blind. Table 1 on the following page lists the types of qualifying disability categories and the types of providers that may diagnose them.

Table 1
DMV Disability Categories and Medical Provider Types

MEDICAL PROVIDER TYPES	DISABILITY CATEGORIES PROVIDER MAY CERTIFY*							
	SEVERE LUNG DISEASE 1	SEVERE CARDIOVASCULAR DISEASE 2	SUBSTANTIALLY IMPAIRED MOBILITY 3	UNABLE TO MOVE WITHOUT AN ASSISTIVE DEVICE 4	SIGNIFICANT LIMITATION IN USE OF LOWER EXTREMITIES 5	LOSS, OR LOSS OF USE, OF ONE OR BOTH LOWER EXTREMITIES 6	LOSS, OR LOSS OF USE, OF BOTH HANDS 7	LEGALLY BLIND 8
 Physician and Surgeon	●	●	●	●	●	●	●	†
 Physician's Assistant	●	●	●	●	●	●	●	
 Nurse Practitioner	●	●	●	●	●	●	●	
 Nurse Midwife	●	●	●	●	●	●	●	
 Chiropractor					●	●	●	
 Optometrist								●

Sources: California state law, DMV disabled person parking placard and license plate application, and DMV's vehicle registration manual.

* In addition to the categories above, disabled veterans qualify if they have lost the use of one or more limbs or have a mobility-related disability rating of 100 percent from the Department of Veterans Affairs or the military branch from which they were discharged.

† A physician and surgeon who has a specialty in diseases of the eye may also make certifications related to Category 8.

Although people can claim several types of disabilities on their applications for placards and plates, the most common relate to substantially impaired mobility or significant limitation of the use of the lower extremities. Figure 3 presents the proportion of the disabilities claimed in our representative sample of 96 applications drawn from the universe of original applications DMV approved from July 2013 through June 2016.² Finally, according to state law, an applicant does not need a disability certification from a medical provider if the disability is readily observable and uncontested. In that case, a DMV staff person may certify the disability.

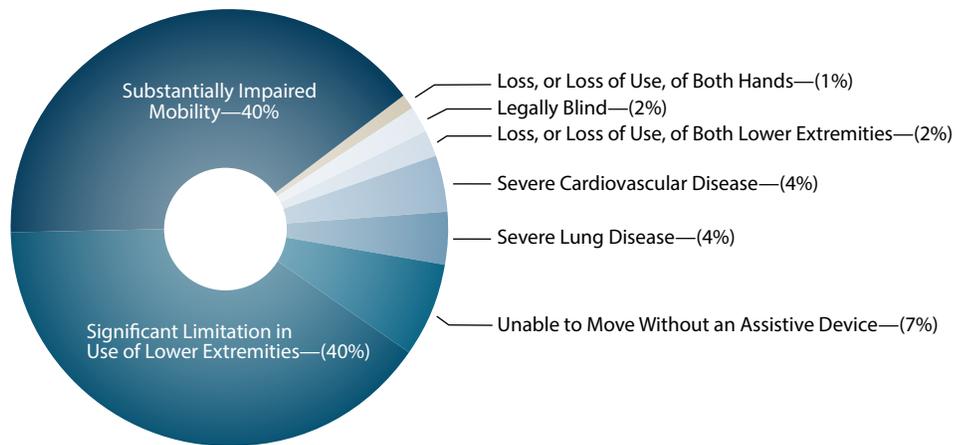
Misuse of Disabled Person Parking Placards

The ability of placard users to park for free in metered parking spaces and for unlimited amounts of time in time-restricted parking zones creates a significant incentive for abuse. For example, a person might misuse the placard of a deceased person, a stolen placard, or a placard belonging to someone else. This abuse

² We selected a random sample from a population of more than 1.4 million original plate and placard applications DMV approved from July 2013 through June 2016. We used a 95 percent confidence interval and a 10 percent precision rate to determine an appropriate sample size. Our results should be interpreted as a best estimate, and they include a range of potential values based on the sampling criteria we chose.

persists despite heavy penalties, including criminal convictions, for misusing placards. Under state law, lending a placard to another person or using another person’s placard is punishable by a base fine of up to \$1,000 and up to six months of imprisonment. In addition, a city or county may adopt an ordinance or resolution to assess an additional penalty of \$100 as long as it uses the revenue generated by the penalty to enforce disabled person parking. Also, when a person misuses another’s placard or plate, courts may impose additional civil penalties of \$1,500. Placard abuse involving falsifying DMV documents is a felony, which is punishable by up to three years in a state prison. According to DMV’s budget officer, DMV does not receive any funding from the penalties for placard misuse. The fines generated through issuance of citations for placard abuse go to cities and counties.

Figure 3
Disability Categories and Descriptions Listed on a Representative Sample of Disabled Person Parking Placard and License Plate Applications Approved by DMV July 1, 2013, Through June 30, 2016



Source: California State Auditor’s analysis of a representative sample of the proportion of disabilities claimed in original disabled person parking placard and license plate applications approved by DMV from July 1, 2013, through June 30, 2016.

The Disabled Person Parking Law Has Changed Over the Years

The scope of California’s placard and plate law has expanded over time. In 1959 the Legislature gave those needing the aid of a wheelchair or who had lost the use of both legs the right to park for an unlimited time in zones with time limits. In 1961 the Legislature expanded the privilege to include those who had lost the use of one or both legs or who needed the aid of a mechanical device. In 1970 the privilege was further expanded to those who had lost the use of one or more limbs. In 1972 the Legislature expanded the

law again to apply to individuals who had lost the use of both hands. The Legislature also allowed people with disabilities the right to park in metered spaces for free in response to a disabled veteran who was able to drive using prosthetic devices, but who was unable to handle small coins and could not pay a parking meter. Over time, the Legislature has added additional disabilities to the list of those eligible for special parking privileges, such as severe lung disease and legal blindness. Although the impetus for the free parking benefit was one person's inability to use a meter, the benefit currently applies to all placard or plate holders.

Some states have restricted who is eligible for free parking. We reviewed disabled person parking policies in nine states in addition to California. Appendix A beginning on page 51 includes the results of our review. Several of the states we reviewed offer free metered parking for those using placards, and some had no time restrictions. However, two states we reviewed have employed two-tier systems. Specifically, in Illinois and Michigan, all placard holders may park in spaces designated for people with disabilities. However, to receive the benefit of free parking in metered spaces, they must have a disability that limits their ability to use a parking meter. According to a representative of the Illinois Office of the Secretary of State, when the law passed in 2014, only about 10 percent of placard holders were eligible for meter-exempt parking—significantly decreasing the number of people receiving free parking. In 2016 the California Legislature considered a bill to implement a two-tiered program similar to the ones in Illinois and Michigan; however, that bill did not come to a vote. According to a legislative analysis of the bill, the purpose was to address placard fraud and to provide better parking access to those with disabilities, but opponents were concerned the bill would substantially affect people with disabilities who encounter multiple physical barriers. The opposition stated that if rampant abuse is occurring, DMV and the municipalities should address the fraud through enforcement rather than further burdening those in the disabled community.

Department of Motor Vehicles' Investigations of Placard Misuse

DMV's Investigations Unit (Investigations) is responsible for active fraud and counterfeit detection, investigation, and enforcement, including enforcing the laws regarding misuse of placards. When fully staffed, Investigations employs about 240 investigators across the State at its 25 district offices in DMV's three regions. Investigators are sworn peace officers who, in addition to investigating placard fraud and misuse, investigate a variety of driver's license and motor vehicle related crimes, including identity theft, odometer fraud, and automobile dealer misconduct. According to Investigations' supervisor of IT projects and support,

from fiscal years 2013–14 through 2015–16 DMV initiated a total of more than 117,000 cases. Of those cases, 3,188 were related to placards and 480 of those, or about 15 percent, were generated by complaints Investigations received from parties external to Investigations, including the public, law enforcement, and other units within DMV. Investigations initiated the remaining cases itself.

Investigations' primary tactic for stopping placard misuse is through sting operations. During a sting operation, investigators stake out a predetermined location, approach drivers who park using a placard or plate, and issue infraction or misdemeanor citations to those found to be misusing the placard or plate. According to the deputy chief of Investigations, investigators conduct sting operations in a variety of locations, including department store parking lots, sporting events, college campuses, and areas where they receive complaints of misuse. Occasionally, local law enforcement officers participate. According to DMV's records, from fiscal years 2013–14 through 2015–16, Investigations conducted 270 sting operations, including one statewide operation involving all district offices during which investigators issued more than 200 citations in one day. More than 1,000 of the cases that investigators opened from July 2013 through June 2016 resulted in a conviction. Appendix B on page 53 includes the number of placard and plate investigations that DMV conducted from July 2013 through June 2016 and the outcomes of those investigations.

Local Authorities' Attempts to Combat Placard Misuse

Local parking enforcement officials play the most significant role in combatting placard abuse as they routinely patrol their communities. However, the enforcement tactics and strategies these officials use vary. To identify these strategies, as well as how significant a problem placard misuse is within cities, we interviewed officials from six cities: Berkeley, Fresno, Los Angeles, Sacramento, San Francisco, and Santa Cruz. Parking enforcement officials at five of these six cities stated that placard abuse was a large problem within their cities—only Santa Cruz said that it was not. Los Angeles reported that, in some areas of the city, the majority of vehicles parked on the street display a placard. Because of the magnitude of placard misuse, according to the assistant director of the enforcement division of the San Francisco Metropolitan Transportation Agency (SFMTA), San Francisco has 14 full-time parking enforcement officials specifically dedicated to identifying and citing people fraudulently using placards.

The five cities reporting significant placard abuse said that they conduct sting operations, but the frequency varied by city. For example, Los Angeles reported that it had more than quadrupled the number of sting operations, which it refers to as *compliance checks*, as a result of the growing misuse of placards—from 49 in 2013 to 206 in 2016. According to Fresno’s parking supervisor, Fresno conducts a sting operation roughly every four months in partnership with DMV. SFMTA’s assistant director of the enforcement division reported that when parking enforcement officials discover a vehicle displaying an invalid placard and they are unable to make contact with the driver, the official has the vehicle towed. Despite these efforts, four of these five parking enforcement officials believe their enforcement activities have little or no effect on mitigating placard abuse. Essentially, they were of the opinion that people fraudulently using placards will continue to do so, particularly given the benefit of free parking and the minimal risk of being caught or fined.

Chapter 1

INADEQUATE PROCESSES FOR REVIEWING APPLICATIONS AND REVOKING PLACARDS INCREASE MISUSE

The Department of Motor Vehicles (DMV) does not sufficiently ensure that applications for disabled person parking placards (placards) or disabled person or disabled veteran license plates (plates) are legitimate, nor is it taking sufficient steps to cancel placards for deceased placard holders or to ensure that placard holders claiming replacement placards can legitimately do so. We also found applications for placards or plates with illegible disability certifications and with a medical provider certifying a type of disability he or she was not allowed to certify. Further, we identified thousands of likely deceased holders whose placards were still active. Finally, some placard holders requested an unusually high number of replacements for lost or stolen placards, and state law does not limit the number of replacements a holder may receive. However, DMV had not identified any of these issues because it does not actively analyze placard applications or application data.

DMV Has Not Adequately Scrutinized Placard Applications, and We Question the Validity of Some Applications

DMV does not sufficiently review applications for the disabled person parking placard program (placard program) to ensure they are legitimate, and it does not consistently follow the policies it has in place to review applications. Individuals desiring a placard or plate must complete a two-page application that includes a certification from an authorized, licensed medical provider that the applicant has a qualifying disability. The applicant does not need a provider's certification if the applicant has a readily observable and uncontested disability that is verified by a DMV employee, is an organization involved in transporting people with disabilities, or is a disabled veteran whose disability has been certified by the United States Department of Veterans Affairs. However, we found that DMV does not adequately review these applications. For example, DMV staff are supposed to reject applications that are illegible, yet we found illegible disability information in 5 percent of the applications we reviewed. Further, we identified that five other applications were certified by podiatrists, whom state law does not currently authorize to certify disabilities. We also found another two applications where the medical provider certifying the disability was not allowed to certify that type of disability under state law, even though DMV has issued guidance for its staff to look for this issue. Further, we found that 73 percent of the applications we reviewed did not include enough information on the applicants' disabilities to meet requirements in state law for certification, and

nearly 18 percent of the providers' signatures on the applications did not match the signatures on paperwork on file with the appropriate healing arts boards of the Department of Consumer Affairs (health boards). Without following the controls in place to review applications, DMV may be allowing people to fraudulently obtain placards.

DMV Did Not Ensure That Medical Provider Certifications of Individuals' Disabilities Contained Required Detail

Some medical providers are not including enough information regarding the applicant's disability to satisfy state requirements. State law requires authorized providers to include a full description of the illness or disability on the application for a placard. We worked with the appropriate health boards responsible for licensing the various medical providers to review our sample of applications for compliance with state law. The health boards have medical experts they employ or consult with to conduct, for example, investigations of licensed medical providers. These medical experts found that 70 of the 96 original applications we reviewed, or 73 percent, did not include a full description of the illness or disability. If we project to the population of applications for placards or plates DMV approved from July 2013 through June 2016, this suggests that DMV approved nearly 1.1 million applications that did not include enough information to meet requirements in state law for certifying the applicant's disability.

Although state law allows it to do so, DMV does not collaborate with the health boards to review applications.

Although state law allows it to do so, DMV does not collaborate with the health boards to review applications. The chief of DMV's registration operations division (registration division chief) noted that employees cannot question medical information on the application because they are not medical professionals. This explanation seems reasonable. However, DMV has missed an opportunity to provide for a review of applications to ensure that providers' certifications are sufficient. State law requires providers who certify an applicant's illness or disability to retain sufficient information to support the diagnosis for inspection by the respective health boards at DMV's request. The law also authorizes DMV to conduct annual, random audits of placard applications to verify the authenticity of the disability certificates and to review information supporting placard applications. Thus, we expected DMV to be working with the health boards to periodically review a selection of placard applications or at least provide guidance to medical providers on the requirements of the program. However, DMV has done neither. DMV's deputy chief of DMV's Investigations Unit (Investigations) noted that DMV had not worked with the health boards because it assumed that the

boards would not provide DMV with information because of the privacy requirements in the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).

HIPAA establishes national standards to protect individuals' medical records and other personal health information and sets forth the circumstances in which medical providers who conduct certain health care transactions electronically may use or disclose such protected information. For example, such providers may disclose protected health information when a patient consents to such disclosure. Additionally, HIPAA permits providers to disclose protected health information without a patient's authorization when required by statute or regulation. However, while HIPAA permits disclosure without patient consent when statute or regulation requires disclosure, state law generally requires the applicable health boards to obtain patient consent unless the applicable board issues an investigative subpoena or otherwise obtains a valid legal order. For example, the executive director of the Medical Board of California noted that it cannot get access to patient records without patient consent unless it has compelling evidence available to obtain a court order.

Despite limitations in federal and state law, DMV and health boards have opportunities to identify insufficient certifications and launch investigations. Although patients or providers willfully defrauding DMV are unlikely to voluntarily provide incriminating information, we found that the medical experts were able to identify significant deficiencies by reviewing only the description of the illness or disability provided on the applications for placards or plates without needing access to additional medical information. Further, when DMV or the health boards determine—for example, through an audit of a selection of placard applications—that an applicant's certification is insufficient, DMV has the authority to ask for additional information to meet the requirements in state law and cancel the placard if, after a reasonable time, the applicant does not respond. Finally, were DMV to accumulate enough evidence against a provider, it could work with the applicable health board to open an investigation, and the health board could, if necessary, issue an investigative subpoena. Thus, despite limitations in federal and state law, cooperation between the health boards and DMV could ensure that providers are including adequate information on applications to support the certification of disabilities.

Also, we found that DMV had approved many applications in which the providers' certifications of the disabilities were illegible, which makes us question the validity of these certifications. DMV's application requires that providers include a full, legible description of the illness or disability. However, we determined, and the medical experts confirmed, that the disability certifications for five of 96 original applications we reviewed, or 5 percent, were

DMV and health boards have opportunities to identify insufficient certifications and launch investigations.

By not ensuring that applications include all information the law requires, DMV creates the opportunity for applicants to submit fraudulent disability certifications and receive placards or plates without a qualifying illness or disability.

illegible. Projecting to the larger population of applications approved from July 2013 through June 2016, DMV may have approved more than 76,000 illegible applications for placards or plates from July 2013 through June 2016. DMV already requires staff to review applications for all required information and to ensure that the provider properly completes the certification, which includes providing legible information. DMV's registration division chief attributed the approvals of these illegible applications to human error. When DMV does not ensure that applications include all information the law requires and that all such information is legible, it creates the opportunity for applicants to submit fraudulent disability certifications and receive placards or plates without a qualifying illness or disability.

DMV Allowed Some Medical Providers to Certify Disabilities That They Were Not Legally Permitted to Certify

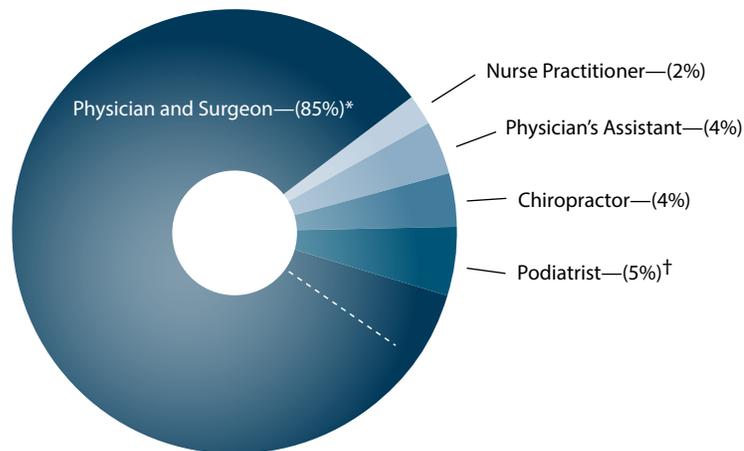
In our audit sample, podiatrists certified disabilities for a number of applicants for placards even though they are currently not allowed to do so. We found a range of medical provider types in our representative sample of applications and, as Figure 4 shows, medical providers in the physician and surgeon category certified the majority of disabilities in the applications we reviewed. However, in five of the 96 applications we reviewed, or 5 percent, podiatrists certified the qualifying disability. Projecting to the larger population of applications approved from July 2013 through June 2016, we estimate that podiatrists certified more than 76,000 of the more than 1.4 million applications DMV approved during the audit period, even though podiatrists are not one of the six types of medical providers allowed to certify disabilities for a placard or plate.

State law identifies specific provider types that may certify disabilities for the placard program, but podiatrists are not included. As shown in Table 1 in the Introduction on page 10, only certain provider types, including physicians and surgeons, may certify disabilities for placard and plate applications. Further, under state law, only those issued physicians and surgeons certificates by either the Medical Board of California or the Osteopathic Medical Board of California are permitted to practice medicine as physicians and surgeons. In contrast, podiatrists are certified to practice podiatric medicine and are therefore precluded from certifying applicants' disabilities. When we brought this to DMV's attention, its registration division chief noted that he had been unaware that podiatrists were certifying applicants' disabilities.

Nevertheless, DMV staff should have identified and denied applications certified by podiatrists. While all of the podiatrists in our sample indicated they were either a physician or surgeon, each of them also

listed their medical provider number as assigned by the Board of Podiatric Medicine. These numbers are distinct from those of other providers authorized to certify disabilities under the placard program. Specifically, podiatrists' numbers begin with the letter "E" followed by four digits, whereas providers licensed by the Medical Board of California have numbers that begin with "A," "C," or "G" followed generally by five or six digits, and those licensed by the Osteopathic Medical Board of California always begin with "20A." Therefore, DMV staff could have easily identified and rejected those applications certified by podiatrists. DMV provides no training to the staff that process these applications to identify provider numbers that do not align with expectations, nor does a DMV reference manual for staff provide instruction on identifying unusual provider numbers. Although DMV staff should have rejected applications certified by podiatrists, because there were a notable number of such applications and because of podiatrists' role in medical treatment of the foot as established in state law, we consider podiatrists appropriate medical providers to certify certain disabilities for placards or plates. However, allowing them to make certifications would require a change in state law.

Figure 4
Types of Medical Providers That Certified Disabilities for the Disabled Person Parking Placard Program Based on a Representative Sample of Applications Drawn From the Universe of Applications Approved by DMV July 1, 2013, Through June 30, 2016



Sources: California State Auditor's representative sample of certifications drawn from the universe of original applications for disabled person parking placards (placards) or disabled person or disabled veteran license plates (plates) approved by DMV from July 1, 2013, through June 30, 2016, and state law.

Note: State law authorizes optometrists and nurse midwives to certify disabilities on applications for placards and plates; however, none appeared in our sample. Our results should be interpreted as a best estimate and include a range of potential values based on the sampling criteria we chose. We used a 95 percent confidence interval and a 10 percent precision rate to determine an appropriate sample size.

* The category of physician and surgeon includes osteopathic physicians, which represented 4 percent of our sample. Although osteopaths are licensed by a different entity, state law considers them to be physicians and surgeons.

† State law does not currently authorize podiatrists to certify disabilities on applications for placards and plates.

Additionally, although state law specifies the particular disabilities each type of provider may certify, DMV approved some applications that did not meet those requirements. For two of the 96 original applications we reviewed, providers certified disabilities that they are not allowed to certify under state law. For example, a physician and surgeon with a specialty in endocrinology (the body system that controls hormones) and internal medicine certified that an applicant had a vision-related disability. However, state law only permits an optometrist or a physician and surgeon with a specialty in diseases of the eye to make such a certification. Projecting our finding to all applications for placards and plates that DMV approved from July 2013 through June 2016, DMV may have inappropriately approved more than 30,000 applications that contained certifications of disabilities the medical provider was not allowed to make.

The registration division chief was unaware that staff were approving applications that were not eligible.

DMV provides its staff with direction that, if followed, should prevent approval of applications containing these inappropriate certifications, thereby reducing the risk of violations of eligibility requirements for placards or plates. DMV's registration manual includes a brief outline of the types of medical providers that may certify specific disability categories. When we asked about the concerns we identified with the applications we reviewed, the registration division chief was unaware that staff were approving applications that were not eligible. He noted that DMV offices have personnel assigned to review and monitor placard applications, among other activities, but he could only offer human error as the reason for the incorrect application approvals. According to him, staff who process placard applications receive some training related to reviewing and processing these applications, and DMV's training materials discuss eligibility requirements for plates and placards. When DMV does not ensure that only authorized medical providers are certifying disabilities for placards or plates, it increases the risk that an individual without a qualifying disability will receive a placard or plate, making it more difficult for those with qualifying disabilities to find parking.

DMV Does Not Verify the Authenticity of Medical Provider Signatures

When processing placard applications, DMV staff do not review medical provider signatures to determine whether they are legitimate. In general, state law requires that an authorized provider sign the application, unless the applicant's disability is readily observable and uncontested. State law also requires DMV to examine and determine whether every application filed with it is genuine, and permits DMV to reject any applications that it believes are not. According to the registration division chief, reviewing provider signatures would require DMV staff to either contact each

provider or compare the signature on the application to a confirmed copy of the provider's signature. He explained that because of the volume of applications DMV receives, conducting this type of review would be time consuming and impractical. Although this may be a reasonable explanation for not reviewing every signature during the processing of applications, state law authorizes DMV to annually audit a random sample of applications to verify the authenticity of the certification. For example, DMV could work with the health boards to obtain documentation, such as license renewal applications, of provider signatures for comparison. If DMV identified questionable signatures, it could conduct further investigation, such as contacting the provider to confirm the validity of the signature. However, DMV does not perform such audits, increasing the risk that applicants are forging provider signatures to obtain a placard or plate. Further, in five of the six cities where we interviewed parking enforcement officials, those officials said that placard misuse was a significant problem, depriving their cities of parking revenue and their disabled residents of being able to park close to their desired destinations.

According to the deputy chief of Investigations, the division does not have software that allows it to randomly select applications from the Vehicle/Vessel Registration Master File (registration system) for review. She explained that Investigations has tried to obtain such programs but found that they were costly. We question the reasonableness of this explanation given that Investigations could sample applications through means other than a software program. For instance, Investigations could periodically use an inexpensive random number generator, such as that available in common spreadsheet software, to select a sample of newly received applications from field offices and the processing unit at DMV headquarters. It could then compare the providers' signatures to those on documents the health boards maintain.

Without a regular process to review the validity of provider signatures, DMV risks issuing placards to fraudulent applicants. We compared the providers' signatures included in our sample of 96 original applications approved from July 2013 through June 2016 to documents from the appropriate health boards to determine whether the signatures reasonably matched. We questioned the validity of 17 signatures, or nearly 18 percent. Using the method of projection previously described, this suggests that more than 260,000 applications approved during our audit period may not be valid. In one case, neither the provider's signature nor the provider's license number matched the physician named on the application. Although we could not definitively conclude that these applications were submitted fraudulently, the evidence is suggestive of fraudulent intent. Thus, in January 2017 we forwarded

In five of the six cities where we interviewed parking enforcement officials, those officials said that placard misuse was a significant problem.

our findings to DMV's Investigations for further review. As of March 2017, Investigations had not completed its work on these cases.

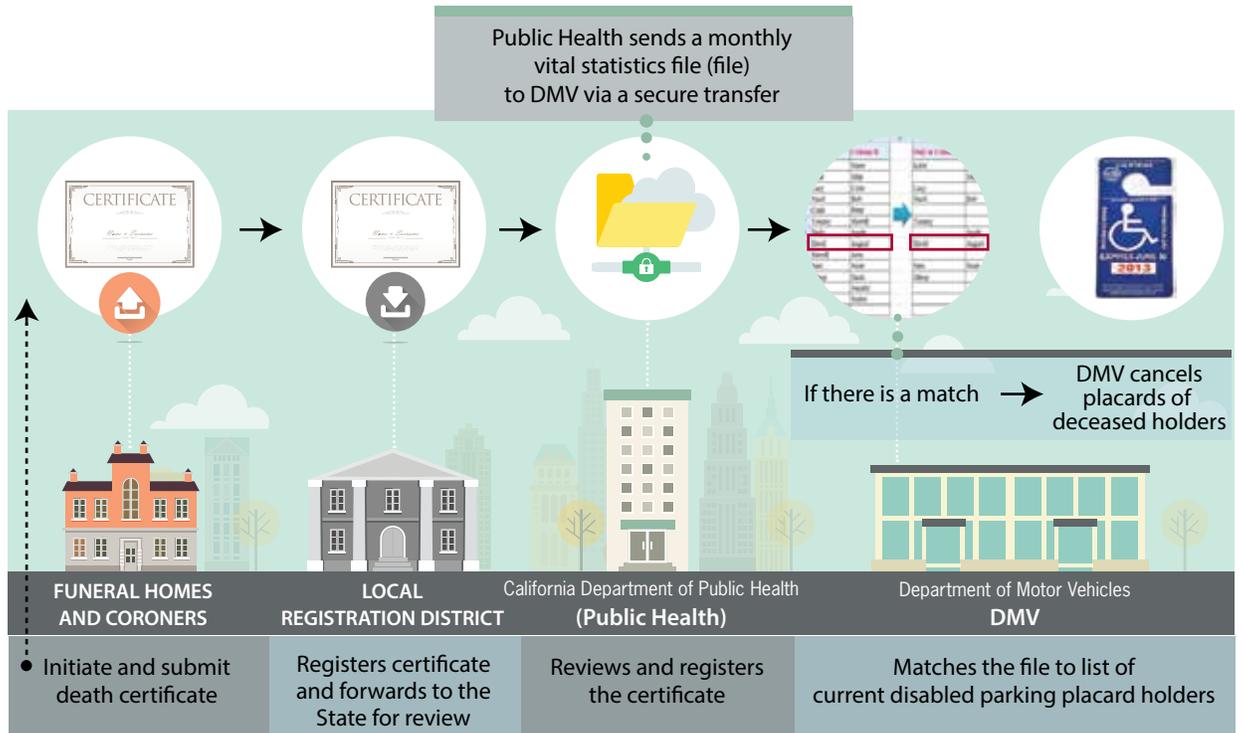
DMV's Current Processes for Revoking Placards Do Not Prevent Misuse

Inadequate processes at DMV have allowed for misuse of placards. We found that DMV's process of using the vital records from the California Department of Public Health (Public Health) to remove deceased individuals' placards from its database has overlooked thousands of likely deceased individuals. Since DMV renews permanent placards every two years indefinitely, if it does not identify individuals who are deceased, it will continually mail new placards to them. Additionally, state law allows placard holders to request an unlimited number of replacement placards if their permanent placard is lost or stolen. From July 2013 through June 2016, two placard holders received more than 20 replacement placards each. Finally, although its responsibilities include protecting DMV's programs through active fraud detection, DMV has not performed analyses of its data related to placards and plates to identify potential fraud. Because DMV has not been proactive in identifying and addressing these issues, many invalid placards are likely in circulation and being misused.

Because of Limitations in DMV's Processes, Many Likely Deceased Individuals' Placards Are in Circulation

State law requires DMV to compare its placard records to Public Health's Vital Statistics file and withhold any renewal for placard holders that DMV identifies as deceased. State law charges Public Health with the registration of all deaths that occur within the State, which it does by processing death certificates that are originally prepared by funeral homes, coroners, and medical examiners. According to the chief of Public Health's policy and research branch, and to a contract DMV has with Public Health, Public Health provides to DMV monthly files of deceased individuals. DMV uses the monthly file from Public Health and compares the first name, last name, middle name or initial, and date of birth to information within its registration system that maintains placard holder information. When a match is found, the placard record is updated to reflect that the person is deceased, which prevents the placard from being automatically renewed. Figure 5 displays a flowchart of this process. We found that DMV canceled more than 218,000 individuals' permanent placards from July 2013 through June 2016 using this matching process. We also have reasonable assurance that DMV appropriately ceased mailing any renewal placards to these individuals.

Figure 5
 DMV Deceased Persons Matching Process



Sources: California state law, California State Auditor's analysis of DMV's vital statistics matching process, and interviews with officials from Public Health.

However, we performed additional analyses of DMV placard holder data and identified thousands of individuals who are likely deceased yet still have active placards. We compared the names and birth dates of individuals with permanent placards active as of June 30, 2016, to the U.S. Social Security Administration's Death Master File (master file) and identified nearly 35,000 matches. Although this comparison indicates that DMV likely has not canceled thousands of deceased individuals' placards, these results are not precise. In particular, the master file is cumulative and includes deceased individuals from across the U.S., increasing the risk that a person with an active placard is matched with someone who has the same name and date of birth, but is alive. In contrast, Public Health's file includes only individuals whose deaths occurred in California. Further, the master file is composed of data provided by sources beyond those Public Health uses, such as post offices, financial institutions, other states' vital records agencies, and federal agencies. As a result, the master file is more comprehensive than Public Health's file in some ways, which may contribute to the higher number of deceased placard holders we identified with active placards. According to the registration division chief, DMV has concerns about using the master file to cancel active placards.

For example, he noted that DMV has concerns over misidentifying active placard holders as deceased, given the national nature of the dataset, the presence of common names, and the inclusion of individuals who died many years ago. Because of DMV's concerns and because of differences between the data within the master file and Public Health's file, we selected 10 people with active placards who our analysis indicated were deceased. We located obituary records or other information online to corroborate that five of these 10 people were indeed deceased. Despite DMV's concerns, these results demonstrate that many people should no longer have active placards.

We performed a separate analysis of DMV's placard holder data and identified another population of individuals with active placards who could be deceased. As of June 30, 2016, nearly 26,000 placard holders with active, permanent placards in DMV's data were age 100 or older. This number is significantly higher than the estimated 8,000 individuals that comprised California's entire centenarian population as of 2014. These results indicate that DMV's process for canceling placards of deceased individuals is inadequate, given that thousands of individuals age 100 or older who are likely deceased still have active placards. Similar to our previous analysis, we took steps to determine whether our results included any individuals who were indeed alive. We were able to corroborate, based on available evidence, that five of a selection of 10 individuals we identified in this analysis were in fact deceased. We provided a listing of these 10 individuals to DMV, and it was not able to adequately demonstrate whether any of them should have active placards.

DMV's process for canceling placards of deceased individuals is inadequate, given that thousands of individuals age 100 or older who are likely deceased still have active placards.

These results demonstrate that the process DMV uses to identify deceased individuals and cancel their placards needs improvement, and that DMV needs procedures beyond data matches to ensure it identifies deceased placard holders. Specifically, DMV relies on precise matches based on full name and date of birth, as recorded in its data and as compared to that in Public Health's file, to identify deceased placard holders. However, we found that DMV's data did not always include the correct name of the individual; for example, we identified that DMV staff did not correctly enter into its system 5 percent of applicants' names as reflected on the corresponding applications from July 2013 through June 2016. Such issues prevent DMV from adequately identifying the deceased placard holders because its process requires an exact match between its data and Public Health's file based on first, last, and middle name or initial.

Further limiting the accuracy of DMV's process is that it does not require placard applicants to provide proof of their legal name and date of birth. Although state regulations and DMV's placard application require applicants to use their true full name and date

of birth on an application, DMV does not require that they provide any supporting documentation proving this information, such as a driver's license or birth certificate. According to the registration division chief, DMV lacks authority in state law to refuse applicants who do not provide such verification. We agree that state law does not explicitly require individuals applying for a placard to provide supporting documentation proving their true full name or date of birth on the application. However, we note that state law grants DMV the authority to establish procedures for the issuance and renewal of placards and allows DMV to require additional information or reject an application if DMV is not satisfied with the truth of any statement contained in such application. Therefore, we believe that DMV could have used this authority to establish reasonable supporting documentation requirements proving applicants' true full names and dates of birth. However, in light of DMV's interpretation of state law, it may be necessary to revise state law to make this an explicit requirement. Without this requirement, someone intending to commit fraud could fabricate an application with any name or date of birth, as well as a certification of disability, and DMV would approve the application and issue the individual a permanent placard.

DMV's practice of automatically renewing permanent placards every two years also limits its ability to ensure that it does not mail renewal placards to deceased people. DMV renews permanent placards every two years indefinitely unless it cancels the placards, such as when it identifies deceased placard holders. We reviewed a selection of other states' renewal requirements and noted that some require individuals to periodically submit a new application and certification of their disability. For instance, Florida and Michigan require placard holders to reapply every four years. If DMV does not identify an individual as deceased, it will automatically continue to send him or her a new placard every two years. Unless the placard is returned to DMV, it will remain in circulation, increasing the risk that someone will fraudulently use the placard and deprive a person with a disability of needed parking. Requiring placard holders to periodically reapply to the program will ensure that DMV will no longer send placards to deceased individuals.

DMV's practice of automatically renewing permanent placards every two years also limits its ability to ensure that it does not mail renewal placards to deceased people.

Placards Reported as Lost or Stolen Can Be Subject to Misuse

Placard holders may obtain an unlimited number of replacements for permanent placards.³ State law allows those holding permanent placards to request replacements in the event a placard is lost

³ We limited our analysis to permanent placards because they are valid for two years, have a fixed expiration date, and are automatically renewed. Further, temporary placards account for only 4 percent of the total placards and plates active as of June 30, 2016.

or stolen—without the need for recertification of eligibility—and it does not limit the number of such replacements. DMV must cancel the existing placard when it provides a replacement; however, when DMV cancels a placard in its system, this does not take the physical placard out of circulation. An unscrupulous person may continue to use such a placard until an enforcement official discovers it is not valid and seizes the placard. We identified nearly 336,000 individuals to whom DMV issued replacements of permanent placards from July 2013 through June 2016, as shown in Table 2. The vast majority were issued only one replacement placard. However, about 2,300 individuals were issued four or more replacement placards during the period from July 2013 through June 2016—representing more than one placard per year. Even more concerning is that nine individuals received 16 or more replacement placards each during those three years, and two of them received more than 20 replacement placards each. Although we cannot conclude that the individuals obtained these replacement placards fraudulently, the high number of replacements suggests a significant risk of fraud. In February 2017, we shared with Investigations the names and placard information for those individuals who received more than 10 replacements over the past three years. As of March 2017, Investigations had not completed its work on these cases.

Table 2
Replacements of Permanent Disabled Person Parking Placards DMV Issued From July 2013 Through June 2016

NUMBER OF REPLACEMENTS PER INDIVIDUAL	NUMBER OF INDIVIDUALS WITH REPLACEMENTS	TOTAL NUMBER OF REPLACEMENTS
1	288,038	288,038
2	38,834	77,668
3	6,401	19,203
Subtotals of 3 or Fewer Replacements	333,273	384,909
4	1,501	6,004
5	437	2,185
6-10	332	2,274
11-15	24	295
16+	9	175
Subtotals of 4 or More Replacements	2,303	10,933
Totals	335,576	395,842

Source: California State Auditor's analysis of data obtained from DMV's Vehicle/Vessel Registration Master File.

Note: As of June 30, 2016, there were approximately 2.4 million active, permanent disabled person parking placards.

According to the registration division chief, DMV cannot refuse requests for replacement placards if the requestor already has a valid permanent placard. Holders of active placards may request a replacement placard at any time by submitting an application stating that their old placard was lost or stolen or by surrendering the placard—for example, if it has been mutilated—at a DMV office. The replacement application does not require a new medical certification. Further, according to the registration division chief, DMV has never considered tracking replacement placards. If the Legislature limits the number of replacement placards an individual can receive, DMV will need to determine how to implement such a limit.

Allowing people to receive multiple replacement placards increases the number of permanent placards potentially in use. Unless people surrender found placards or enforcement officials seize placards, those reported as lost or stolen are available for misuse. When enforcement officials seize placards for misuse, state law requires that they report the placard numbers to DMV and that DMV cancel the seized placard. Data DMV provided us regarding confiscated placards that it had canceled suggest that people are misusing placards previously reported as lost or stolen. Additionally, most local parking enforcement officials we spoke to said that they generally look for the presence of a placard and an expiration date, but they do not routinely, if at all, verify whether the placards have been reported as lost or stolen. According to DMV's records, enforcement officials submitted about 3,500 seized placards to DMV in 2016—which DMV canceled—with almost 12 percent recorded as invalid because they were lost, stolen, or otherwise replaced. This indicates that people are misusing placards that had been reported as lost or stolen.

Further, we performed a visual survey of vehicles displaying placards along six blocks in downtown Sacramento during a weekday in January 2017. Of the 69 parked cars we observed, 37 had placards or plates, and one of those had been canceled after being reported as stolen and thus was being misused. It is reasonable to conclude that some people are fraudulently using canceled placards when parking their vehicles in order to take advantage of free or convenient parking. Without limits on the number of permanent placard replacements someone may request, DMV risks issuing many more additional placards than necessary and reducing the parking available to people with disabilities who are using their placards appropriately. We address DMV's ability to use its data to identify individuals who are potentially misusing replacements in the next section and the potential to improve enforcement of this misuse in Chapter 2.

Without limits on the number of permanent placard replacements someone may request, DMV risks issuing many more additional placards than necessary and reducing the parking available to people with disabilities who are using their placards appropriately.

DMV's Investigations Unit Has Missed the Opportunity to Identify Potential Fraud by Analyzing Data on Placard Applications

Investigations does not analyze placard data, which could reveal potentially fraudulent activity. DMV's registration system contains placard holder information, including name, date of birth, address, and the certifying medical provider's license number. Because Investigations' responsibilities include protecting DMV's programs through active fraud detection, we expected it to proactively and periodically review placard application data to identify potential fraud. Specifically, if it regularly reviewed these data, Investigations could identify people who have multiple active placards, people with multiple replacement placards, or medical providers who certify disabilities for an abnormally large number of placard applications. However, Investigations does not conduct such reviews.

We found nine individuals who each obtained 16 or more replacement placards from July 2013 through June 2016, including two who obtained more than 20 each.

By not analyzing data on placard applications, DMV allows the largest perpetrators of placard fraud to go undetected. As discussed earlier, in our review of data, we found nine individuals who each obtained 16 or more replacement placards from July 2013 through June 2016, including two who obtained more than 20 each. In addition, we identified about 8,000 individuals who had two or more active permanent placards as of June 30, 2016. Three people had more than three, including one who had 12. DMV has a system control that notifies its staff if a person submitting an original application might also have an existing placard by identifying placard holders with the same first three letters of the applicant's last name and date of birth. However, because multiple individuals could share the first three letters of a last name and date of birth, DMV allows staff to override this control. Further, we found that some people submitted multiple original applications, even though DMV's records indicate they already had an active placard. We reviewed placard applications DMV received from six people who already had one or more active placards and determined that, in each case, these people submitted multiple original applications. According to the registration division chief, some people may be submitting the wrong form when they want to change their address or request a replacement. These duplicates represent significantly less than 1 percent of all permanent placards active as of June 30, 2016. Nevertheless, according to the registration division chief, while DMV has not taken steps to identify and reduce such instances of multiple placards in the past, it is now looking at the practice to determine what actions might be appropriate in extreme cases. If DMV is not taking steps to detect this type of activity, people can apply for and obtain multiple placards with little risk of being caught. In February 2017, we submitted the names and associated placard numbers for people with two or more active

placards to the deputy chief of Investigations and to the registration division chief. As of March 2017, Investigations had not completed work on this information.

Additionally, DMV's database is missing a significant number of medical provider license numbers. A provider certifying a disability on a placard or plate application must include his or her medical license number, and DMV protocol requires that its staff input this license number into its registration system when issuing plates or placards. We analyzed the records of more than 1.4 million original placard and plate applications DMV approved from July 2013 through June 2016, and found that DMV staff did not enter medical provider license numbers in its registration system for more than 194,000, or roughly 13 percent, of these applications.⁴ Further, DMV staff did not enter the provider license number for 10 percent of the applications in our representative sample. The registration division chief noted that some records missing provider license numbers may occur when an applicant's disability is due to loss of one or both lower extremities or both hands. In cases for which the permanent disability is readily observable and uncontested, DMV staff may certify the disability on the application. However, we found no such applications that were certified by DMV staff in our representative sample from this period and thus conclude that most, if not all, of the more than 194,000 records should have included the provider license number. The registration division chief presumed that the missing provider license numbers occurred because staff failed to input this information into registration system.

Without consistent entry of the provider license number, DMV is missing an opportunity to determine whether certain types of providers, or certain individual providers, are certifying disabilities on an abnormally high number of applications. In fact, according to a DMV press release in July 2014, Investigations started Operation Blue Zone, which resulted in the arrest of three suspects on felony charges, in response to a complaint by one of DMV's field office staff members who identified a high volume of certifications from a single provider. However, Operation Blue Zone was the result of staff observation and not based on any data analysis that DMV performed.

When asked why Investigations does not analyze placard data, the deputy chief explained that it does not have a program that allows it to do so. She stated that in the past, Investigations pursued acquiring a data analytics program but found that the programs

DMV is missing an opportunity to determine whether certain types of providers, or certain individual providers, are certifying disabilities on an abnormally high number of applications.

⁴ We excluded disabled veteran license plates, commercial disabled person license plates, and placards issued to organizations that do not require medical provider license numbers.

were too costly. However, DMV's chief of its internal audits division (internal audits) noted that internal audits recently acquired a program to extract data from the registration system. He told us that internal audits is willing to use this program to provide Investigations with periodic data extracts, which Investigations can use to analyze placard data. When we informed Investigations of internal audits' software and asked why Investigations has not previously coordinated with internal audits, the deputy chief said that Investigations was unaware that internal audits had a data analytics program. After we spoke with Investigations and internal audits, Investigations initiated the process of obtaining a data extract for analysis. Further, the registration division chief noted that the registration division recently acquired and installed an analytics tool, which will allow it to examine placard records and identify unusual patterns or outliers. As of March 2017, the registration division chief expected the tool to be in place by the end of the month. The deputy chief of Investigations indicated that she plans to work with the registration division to use the new tool to identify potential fraud indicators. Once DMV begins regularly analyzing its data, it will be able to more effectively identify fraudulent activity and monitor the placard program.

Recommendations

Legislature

To increase DMV oversight of applications for placards or plates, the Legislature should modify current law to require DMV to conduct at least quarterly audits of a selection of applications for disabled placards or plates and to seek the health boards' cooperation in doing so.

To better align the placard program with the needs of Californians with disabilities, the Legislature should amend state law to include podiatrists on the list of medical providers approved in state law to certify applications for disabilities related to their specialty.

To assist DMV in more accurately identifying deceased individuals with active permanent placards, the Legislature should amend state law to require DMV to use the U.S. Social Security Administration's Death Master File to inform its efforts to identify and cancel deceased individuals' placards.

To assist DMV in identifying deceased placard holders, the Legislature should require that all individuals with permanent placards reapply every four years.

To assist DMV in identifying deceased placard holders, the Legislature should require that all who apply for a placard or a plate include their full legal name and date of birth, and provide satisfactory proof of this information at the time of application.

To reduce the risk of placard misuse, the Legislature should limit to no more than two the number of replacements of permanent placards an individual may obtain during the two-year placard renewal period. The Legislature should require that those desiring replacements beyond that limit reapply and submit new certifications of disability.

DMV

To reduce the risk of fraudulent applications, by September 2017 DMV should seek interagency agreements with the health boards responsible for licensing providers authorized to certify disabilities on placard applications. The agreements should include, but not be limited to, the following:

- A review by medical experts of a sample of placard applications each quarter to ensure that the disability certifications meet state requirements. For any application that does not meet state requirements, DMV should require that the applicant and his or her provider submit the information needed so that the application meets state requirements. DMV should cancel the placards of those who do not respond within 90 days.
- A process for the health boards to develop guidance for medical providers related to how to meet state requirements.
- A process for obtaining copies of provider signatures and routinely comparing the signatures with those on a sample of placard applications. Investigations should confirm questionable signatures with providers.

To help ensure that DMV approves only those applications that qualify for the placard program as specified in state law, by September 2017 and annually thereafter, DMV should provide additional direction and training to its staff that addresses the following program requirements:

- The types of medical providers that may certify qualifying disabilities.
- The disability categories each type of medical provider may certify.

- The legibility of medical provider certifications.
- The entry of medical provider numbers into its registration system.

To identify potentially fraudulent applications, beginning immediately and quarterly thereafter, DMV Investigations should obtain placard application data from its registration system and analyze those data. At a minimum, this analysis should include a review of the following:

- Individuals who have been issued multiple active placards.
- Individuals who apply for an excessive number of replacement placards.
- Providers who certify an abnormally large number of placard applications.
- Individuals over 100 years of age with active placards.

Chapter 2

BETTER COMMUNICATION AND COORDINATION WILL HELP DETECT AND DETER MISUSE OF DISABLED PERSON PARKING PRIVILEGES

The Department of Motor Vehicles (DMV) can improve its enforcement efforts related to misuse of disabled person parking placards (placards) or disabled person or disabled veteran license plates (plates), and it can improve the effectiveness of its enforcement through better public outreach. Based on the experience of both DMV and local parking enforcement, the most common type of placard misuse is one person using another person's valid placard. DMV's Investigations Unit (Investigations) conducts organized enforcement operations—known as *sting operations*—to catch people misusing placards in this manner; however, it has not established specific expectations for the frequency of such operations. We found that for the six sting operations we reviewed, the number of operations varied by district office, ranging from one to 18 over our three-year audit period from July 2013 through June 2016. Further, while the stings DMV conducts are effective at catching misuse, DMV generally does not publicize the results through the media, limiting the stings' effectiveness as a deterrent for this type of abuse. Also, at the local level, we spoke to parking enforcement officials in six cities and they stated they lack immediate access to placard information that could help them enforce the law. Further, the majority said they would like to work more closely with DMV, including receiving training to help their local enforcement officials detect and deter placard misuse. Until DMV establishes reasonable expectations for consistently taking enforcement actions to prevent placard abuse and improves local enforcement officials' access to information and training, DMV's ability to detect and deter placard fraud will be limited.

DMV's Placard Enforcement Activities Need Expanding, and It Could Help Deter Placard Misuse by Publicizing the Results of Its Investigations

The rate of placard misuse is significant. Investigations' district offices conducted 270 sting operations from July 2013 through June 2016. During a sting operation, an investigator observes someone using a placard to park for free or in a space designated for people with disabilities, asks the person whether the placard legally belongs to him or her, and confirms this information using DMV's registration system. We reviewed the results for six of DMV's sting operations conducted from July 2013 through June 2016 at a variety of locations including shopping centers, a

college campus, downtown Sacramento, and a stadium that hosts professional sporting events. During those activities, investigators made contact with 518 people whose vehicles displayed a placard and found that 78 of them, or about 15 percent, were misusing the placard. The rate of misuse was higher in two of the three sting operations conducted at locations requiring payment for parking—39 percent at a college campus and 50 percent in downtown Sacramento. These higher rates were consistent with the rate that the Los Angeles Department of Transportation (LADOT) identified during its 2016 sting operations. In 2016 LADOT reported that it conducted 206 sting operations, which it refers to as *compliance checks*, and found that about 42 percent of the individuals they contacted were misusing placards.

According to DMV's deputy chief of Investigations and parking enforcement officials from six cities, the most common form of placard misuse they encounter involves someone using another person's valid placard. We reviewed 38 cases of placard misuse that originated from six of DMV's sting operations and found that in 34 cases, the person cited was using an active placard that belonged to someone else. In the remaining cases, three were using expired placards and one was using a placard that had been reported as lost or stolen. The deputy chief said that to apprehend someone fraudulently using someone else's valid placard, a DMV investigator must approach a person using a placard to confirm the placard's validity.

Although the sting operations are effective, DMV has not established specific expectations for the number of sting operations it conducts of placard misuse. According to the deputy chief of Investigations, some district offices set their own goals for stings, but DMV does not have a policy or goal regarding the number of sting operations that its district offices must conduct. We reviewed the operations that six district offices conducted during fiscal years 2013–14 through 2015–16 and found that the number of operations varied by district office, ranging from one to 18 over the three-year period. The deputy chief of Investigations said that the management for two of these six district offices—Fresno and Sacramento—established an expectation of one placard misuse sting operation per month for fiscal years 2014–15 and 2015–16. Fresno and Sacramento actually conducted 14 and 18 sting operations respectively from fiscal years 2013–14 through 2015–16, which is less than the stated goal but significantly more than the other district offices we reviewed. For example, the Vallejo district office, which did not have a goal during that time, conducted only one sting operation during the three years. By not setting goals for the number of sting operations it expects its district offices to conduct, DMV has missed the opportunity to routinely identify placard misuse.

We reviewed the sting operations that six district offices conducted from fiscal years 2013–14 through 2015–16 and found that the number of operations varied by district office, ranging from one to 18 over the three-year period.

Investigations indicated that because of competing priorities, it does not regularly conduct sting operations. The deputy chief of Investigations explained that investigators handle numerous types of cases, many of which, such as identify theft, are more serious than placard misuse and that district offices do not perform more sting operations because of other pressing priorities. For example, she stated that in fiscal year 2015–16, Investigations was focused on cases surrounding implementation of new legislation extending driving privileges to undocumented residents: during that time, two of the offices we reviewed—Los Angeles Metro and Vallejo—had heavy workloads for cases regarding this issue, and for that reason Investigations did not expect the Vallejo office to conduct any placard sting operations that year. However, the prevalence of placard misuse necessitates regular enforcement activity, especially in areas with heavy abuse. For example, we expected that the Brisbane district office, which has the city of San Francisco within its jurisdiction, would have conducted more sting operations because the San Francisco Municipal Transportation Agency (SFMTA) has reported, based on data it has gathered along with its enforcement activities, that fraudulent placard use is a significant problem in the city. However, that office conducted only two sting operations during the three years we reviewed. Although Investigations may have higher-priority cases, by not conducting regular sting operations, Investigations is limited in its ability to detect placard misuse.

DMV is also missing an opportunity to leverage the results of the sting operations it does conduct to possibly deter those who would otherwise misuse placards. The sting operations it conducts are effective—in each of the six sting operations we reviewed, investigators contacted an average of 86 people and issued an average of 11 citations and two warnings per operation, representing an average misuse rate of about 15 percent. However, from fiscal years 2013–14 through 2015–16, Investigations publicized the results of only one sting operation, a statewide operation on a day in 2013 when investigators issued more than 240 citations. According to the deputy chief of Investigations, DMV has only rarely publicized the results of its sting operations because it does not believe that the press is interested in publishing them. However, we disagree. Around the time when the Joint Legislative Audit Committee approved this audit in May 2016, several newspapers and other media reported throughout the state on placard misuse or on the approval of this audit. After we brought our concern to DMV’s attention, it issued a press release regarding a sting operation in March 2017 in downtown Sacramento, in the same area where we performed the visual survey of vehicles displaying placards that we discuss in Chapter 1 on page 27. According to DMV, 15 percent of the people it contacted were misusing placards. Several news organizations covered the outcome of the operation.

The prevalence of placard misuse necessitates regular enforcement activity, especially in areas with heavy abuse.

When nondisabled individuals misuse placards, they make it more difficult for people with disabilities to find parking close to their desired destinations.

Further, five of the six cities' parking enforcement officials we interviewed agreed that placard misuse was a significant problem, depriving their cities of parking revenue and their disabled residents of being able to park close to their desired destinations. The senior traffic supervisor for LADOT stated that in some places the majority of cars parked on the street display a placard, purportedly because of placard abuse. The penalties for placard misuse are high. Unlike other traffic infractions, such as running a red light or parking next to a fire hydrant, someone misusing a placard could be charged with a misdemeanor crime, potentially resulting in a base fine of up to \$1,000, additional civil penalties of \$1,500, and up to six months in jail. Thus, publicizing these penalties and the results of DMV's sting operations could increase awareness of the penalties for placard misuse and deter people from fraudulently using placards.

Placard abuse harms the disabled community, businesses, and municipalities. When nondisabled individuals misuse placards, they make it more difficult for people with disabilities to find parking close to their desired destinations. If people misusing placards occupy spaces designated for people with disabilities and metered spaces, people with disabilities must park farther from their destinations or may not have access to them at all, causing unnecessary hardship. Placard misuse therefore undermines the purpose of the disabled person parking placard program, which the Legislature implemented, in part, to improve access for people with disabilities. In addition, businesses are affected when people misuse placards as it reduces turnover in front of or near their storefronts. The parking services manager of the city of Sacramento stated that he receives complaints from businesses alleging that people misusing placards park all day, taking up spaces that their customers could use.

Finally, misuse hurts municipalities by reducing the parking revenues they collect. Because placard holders are not required to pay meter fees, the value of a placard can be significant, especially in areas where parking is expensive. For example, according to a report it released in November 2014, San Francisco's city services auditor estimated that in certain downtown areas of San Francisco a placard could be worth \$14,000 of savings a year on parking fees. This represents significant lost revenue for the city. In its November 2014 report, the city services auditor estimated that the city did not collect \$22.7 million in parking fee revenue in fiscal year 2012–13 because of people parking for free with disabled placards or plates. A portion of those people likely misused the parking benefit. If we apply the 15 percent rate of misuse we identified when reviewing DMV's enforcement activities, the city missed out on about \$3.4 million in annual parking revenue.

However, if the actual misuse rate was closer to the 42 percent misuse rate in Los Angeles discussed earlier, San Francisco may have missed out on about \$9.5 million.

Parking placards are so valuable that there is a black market for them. According to the deputy chief of Investigations, Investigations regularly receives and investigates reports of placards for sale online. In fact, after spending roughly an hour online in February 2017, we found and reported to DMV three placards for sale—one had expired, another belonged to a deceased individual, and the seller of the third appeared to intentionally hide the placard number. We shared this information with Investigations, and as of March 2017 they had not completed an investigation into the placards for sale.

Parking placards are so valuable that there is a black market for them.

Lack of Training and Current Policies May Limit Complaints of Placard Misuse That DMV's Investigations Unit Receives and Impede Its Ability to Monitor the Effectiveness of Its Investigations

DMV staff who are responsible for processing applications for disabled placards do not receive training on fraud detection, and Investigations has inadequate policies that hinder its ability to receive complaints from the public and track investigations. Two DMV units process disabled placard applications: staff in DMV's field offices located statewide process applications submitted in person, and the Special Processing Unit (processing unit) at DMV's headquarters in Sacramento processes those applications DMV receives by mail. Because state law requires DMV to examine and determine the genuineness and regularity of every placard application, we expected that DMV would be training these employees on how to identify potential fraud in placard applications. However, according to DMV's training manager, DMV provides field office staff with only one fraud-related training, which is not specific to disabled placards; that training is focused instead on identifying fraud in identity documents, such as driver's licenses. As noted in Chapter 1, DMV does not require applicants to provide documentation of their identity when they submit their placard applications. Although the training manager asserted that some of the fraud concepts covered in the training could be applied to placard applications, this training alone does not equip field office staff to identify the types of fraud most likely to be encountered in the applications, such as forged or false medical provider information.

Further, DMV does not provide any fraud training to the staff working at headquarters in its processing unit. According to the former program manager who oversaw that unit, it processes between 300 and 500 placard applications each day, and given this

If the employees who process placard applications do not receive training on how to identify potential fraud indicators within those applications, it is unlikely that they will be able to do so or will know to look for signs of fraud.

volume, she stated that staff would notice if something were wrong with a particular placard application. If this were the case, however, we likely would not have found the frequency in the occurrence of the issues described in Chapter 1 related to applications containing illegible disability descriptions or certifications of disabilities the medical providers were not authorized to make. If the employees who process placard applications do not receive training on how to identify potential fraud indicators within those applications, it is unlikely that they will be able to do so or will know to look for signs of fraud. The deputy chief of Investigations stated that training on the specific types of fraud in a placard application could include being aware of when a particular field office receives several applications certified by the same medical provider, identifying when a provider's address is suspiciously far from the applicant's address, and observing whether the provider's handwriting appears to be the same as the applicant's handwriting. Without such training, DMV lacks assurance that staff have the knowledge necessary to identify and report questionable applications.

In addition to providing training for DMV staff who process placard applications, Investigations could make it easier for the public to submit complaints regarding placard misuse. Currently, Investigations' complaint policy requires complainants to submit all complaints by mail, using a standardized hard-copy complaint form, to one of Investigations' district offices. Complainants can either go online to print the form or, according to the deputy chief of Investigations, pick one up from their local DMV field office. Instructions on the form direct the complainant to mail the completed form to the DMV Investigations district office closest to the location of the incident; these instructions also state that this is the only way to submit a complaint to DMV. However, according to the deputy chief of Investigations, DMV does accept complaints submitted in other ways. She explained that if someone leaves a complaint form at a local field office, it will be forwarded to the appropriate Investigations district office. Further, she stated that although it is not DMV's policy to accept complaints by telephone, investigators always accept such complaints from law enforcement and many investigators accept telephone complaints from the public, although it is likely that not all do so. DMV does not have an online option or process for the public to file complaints regarding placard misuse.

Although not consistently followed, this policy makes reporting potential placard fraud and abuse unnecessarily burdensome for the public. Requiring complainants to print, complete, and mail in a complaint form may discourage the submission of valid complaints. We reviewed DMV's placard-related investigations from July 2013 through June 2016 and found that complaints DMV received from members of the public comprised only about 7 percent of the

3,188 investigation cases DMV initiated during that same three-year period. Without more efficient channels for submitting complaints, DMV risks that placard fraud and abuse will go unreported. However, Investigations has not simplified its process for reporting complaints of placard misuse. When we brought this issue to DMV's attention, the deputy chief of Investigations said that it is open to changing its policy to allow people to make complaints regarding placard misuse via telephone and online, and she agreed that doing so would be beneficial because it could increase the number of complaints received from the public. She also believed that Investigations would be able to handle any associated increase in complaints.

In addition to limiting the complaints it receives, Investigations' process prevents it from monitoring how quickly investigators complete their cases. According to the deputy chief of Investigations, DMV requires its investigators to leave cases open in the investigations database until a court adjudicates the case. We expected that Investigations would regularly review the length of time that placard abuse cases had been open to ensure that investigators are completing their investigations within a reasonable time frame. However, DMV's process limits its ability to do so. Specifically, the deputy chief of Investigations stated that DMV requires its investigators to regularly check with the court to determine whether the court has adjudicated the case and then enter the court disposition into the database before closing the case. Tracking the court's adjudication is beneficial; however, because the database reflects the date that the investigator entered the court disposition, which can be days or even weeks after the disposition, rather than the date the investigator completed the investigation, Investigations cannot determine the amount of time investigators are taking to complete their work. As a result, Investigations cannot ensure that investigators are promptly addressing complaints of placard fraud and abuse. The deputy chief of Investigations again acknowledged that Investigations is open to changing its process, stating that doing so would better allow the unit to monitor the time it takes investigators to close cases.

Further, investigators do not consistently follow up with the courts to determine case outcomes. As of August 2016, according to data DMV provided from its investigations database, 644 (21 percent) of the 3,082 cases initiated from July 2013 through June 2016 were still open, some for more than two years. We reviewed 10 of the open cases and found that in nine of them, the investigations were complete but the investigator had not yet obtained a court disposition to close the cases, even though, according to the deputy chief of Investigations, the courts had likely adjudicated the cases based on the length of time the cases had been open. The deputy chief of Investigations said the tenth case

Investigators do not consistently follow up with the courts to determine case outcomes; 21 percent of the 3,082 cases initiated from July 2013 through June 2016 were still open, some for more than two years.

was still open. She explained that supervisors are supposed to monitor how long cases have been open and follow up with their investigators to ensure that they enter case adjudication information when it becomes available and then close the cases.

Even when investigators enter the case outcome, inconsistencies in the way they do so impede Investigations' ability to monitor the results of its investigations. When closing a case in the database, investigators select from a variety of codes that indicate the outcome of the case, and Investigations expects its investigators to use the appropriate codes when doing so. However, in our review of the database, we found the investigators' use of the codes lacked uniformity. For example, the deputy chief of Investigations confirmed that investigators used the codes for "no jurisdiction," "investigative threshold not met," "insufficient evidence," and "no action warranted" interchangeably. Therefore, for the cases where investigators applied these codes, we were unable to determine by reviewing the data the specific reasons Investigations closed the cases. According to the deputy chief, Investigations does not have a manual that describes how investigators should use status codes, but she acknowledged that such a manual could help establish consistency. She also stated that investigators do not consistently use the codes and do not regularly check with the courts to obtain case adjudications because they need more concrete direction and training. She explained that in April 2017, Investigations would begin retraining its investigators on following up with the courts and the proper use of the status codes. If DMV does not obtain the outcomes for its cases or accurately enter them into its system, it cannot effectively use its database to monitor its investigations to ensure that they are timely and are achieving the desired results.

DMV Has Not Ensured That Parking Enforcement Agencies Have Direct Access to Placard Records or Needed Training Regarding Effective Enforcement, Although This Could Help Mitigate Placard Misuse

Local parking enforcement's lack of immediate access to DMV's placard information prevents these officials from efficiently identifying and seizing misused placards.

Local parking enforcement's lack of immediate access to DMV's placard information prevents these officials from efficiently identifying and seizing misused placards. As we discussed previously, the most common form of placard misuse is one person using another's active placard, and identifying that type of misuse typically requires a sting operation. However, officials can identify another type of misuse—using an invalid placard, such as one reported lost or stolen, or using one that belongs to a deceased individual—by determining whether the placard is valid from DMV's records. We reviewed DMV's records to identify the reasons that enforcement officials had seized placards, and we found that of the roughly 3,500 placards seized for misuse and submitted to

DMV for cancellation during 2016, about 570, or 16 percent, of the placards were invalid because they had been reported lost or stolen, they belonged to a deceased placard holder, or they had been replaced. Thus, this type of misuse is not uncommon. If officials can promptly access DMV's placard information, the likelihood is greater that they will catch and cite people using invalid placards.

The time it takes parking enforcement to obtain placard information discourages them from determining whether placards are valid. Parking enforcement officials in the six cities we contacted noted that they have the primary responsibility for enforcing placard laws, rather than law enforcement officials such as the local police. However, parking enforcement officials do not have immediate access to DMV's placard information because they are not sworn peace officers. According to the California Law Enforcement Telecommunications System (CLETS) administration section at the Department of Justice, with proper statutory authorization parking enforcement could obtain indirect access to CLETS information by calling and requesting the information from a dispatcher. However, this process is time consuming, and parking enforcement officials in four of the six cities we contacted reported that they typically do not contact a dispatcher to verify whether placard numbers are valid. Officials from two cities, Sacramento and San Francisco, reported that they have designated one parking enforcement official or more to patrol for placard misuse, but because verifying the validity of placards is time consuming, they explained that their remaining parking enforcement officials generally do not do so. Lack of prompt access to DMV's placard information hinders the ability of these officials to identify invalid placards that are in fraudulent use.

Although DMV offers a variety of channels for law enforcement and parking enforcement to obtain placard information, only some provide immediate information. State law requires DMV to provide law enforcement and parking enforcement with access to its placard information, and DMV provides this access in several ways. However, the speed at which those agencies can obtain the information through each channel varies. For example, law enforcement and parking enforcement can request hard-copy placard records through the mail, but DMV's stated processing time for such requests is generally seven to 10 business days. Although DMV's law enforcement call center provides law enforcement and parking enforcement with quicker access to placard information, this access is also not timely enough for those officials who need to immediately access information for multiple vehicles, such as a row of vehicles parked on a busy metered street. We reviewed DMV's call records from August 2015 through August 2016 and found that the average wait time for callers was about three minutes. If a parking enforcement official encountered a block with 10 vehicles

The time it takes parking enforcement to obtain placard information discourages them from determining whether placards are valid.

displaying placards and wanted to check the validity of those placards, the official would have to either repeatedly contact the call center and wait an average of three minutes for each vehicle, or keep the DMV representative on the phone while the official checked each vehicle. Three of the largest parking enforcement agencies we interviewed confirmed this would be too time consuming to be practical. Additionally, the DMV call center responds to requests from law enforcement, government agencies, and the media regarding all vehicle registration inquiries, not just those related to placards. The call center manager confirmed that repeated calls for placard information would strain the center's resources and increase wait times. Although we found three minutes to be a reasonable wait time for the call center in general, it does not provide fast enough access for parking enforcement officials to use when on patrol.

The two remaining channels for access to placard information afford users immediate access. However, parking enforcement cannot obtain direct access to either channel.

The two remaining channels for access to placard information afford users immediate access. However, parking enforcement cannot obtain direct access to either channel. Specifically, law enforcement, as sworn peace officers, can directly access DMV vehicle registration information, including placard information, using CLETS, but parking enforcement are not sworn peace officers, and as a result cannot directly access CLETS. With proper authorization, a parking enforcement agency could obtain CLETS information indirectly, for example by calling a law enforcement dispatcher with CLETS access. However, according to the CLETS administration section, under no circumstances could a parking enforcement agency obtain mobile access to CLETS, such as through handheld devices or terminals in their vehicles.

DMV also provides access to its registration system through its own data communications system, which contains the same placard information that is accessible through CLETS. However, according to the program manager in DMV's Information Services Branch, this access is expensive because of the security measures and protocols that must be in place given the sensitivity of the data. As a result, she explained that typically only large agencies, such as the State Board of Equalization and the Franchise Tax Board, obtain this type of access to DMV records.

Nevertheless, DMV may have an opportunity to create and maintain a database for parking enforcement officials to immediately access the validity of placards. Given the limitations that parking enforcement faces in accessing placard information, we asked about the feasibility of DMV developing its own database containing only the information necessary to identify valid placards. According to the registration division chief, DMV could create and maintain a database containing all canceled and inactive placards, and update that database regularly. However, he explained that

DMV has never considered creating such a database and, therefore, does not have an estimate of the amount of time or money it would take to create and maintain such a database. All six parking enforcement officials we spoke to indicated that if DMV developed such an application, their agencies would use that technology.

In addition to more timely access to placard information, the majority of parking enforcement officials we interviewed wanted more guidance and training from Investigations, but DMV has not provided these resources because it was unaware of the demand for them. As previously noted, officials from each of the six cities we interviewed explained that parking enforcement, not law enforcement, bears primary responsibility for upholding placard laws. We expected to find that Investigations, as a subject matter expert, would provide some guidance and training to parking enforcement agencies to aid their efforts to effectively identify and prevent placard misuse. According to the deputy chief of Investigations, DMV has provided training to parking enforcement when they have requested it, but this has been limited. However, DMV was unable to produce evidence demonstrating that it had provided this training. She said that DMV was unaware that parking enforcement agencies wanted information and training, and has instead focused on providing outreach and training on placard abuse to law enforcement agencies. However, local parking enforcement, not law enforcement, is the most appropriate audience for such training. By educating local parking enforcement agencies on strategies for addressing placard abuse, Investigations could help to improve local enforcement efforts, which could help deter misuse and free up parking for those with disabilities. Such information and training could include, for example, content on the proper conduct of a sting operation and trends in placard misuse. The deputy chief of Investigations agreed that it would be beneficial to reach out to parking enforcement agencies to educate them about parking placard enforcement and DMV investigations operations and said that Investigations would begin doing so.

One way DMV could assist local parking enforcement officials would be to inform them of the ability to increase revenue for enforcement. State law allows local governments to pass ordinances to increase penalties for placard misuse by \$100 per citation, as long as the localities use the revenue generated to increase enforcement efforts related to placards or to parking designated for people with disabilities. For example, localities could spend more money on staff or technology specifically for placard enforcement. Officials at all six cities stated that they do not make use of this provision in state law, and most were not aware of the provision.

The majority of parking enforcement officials we interviewed wanted more guidance and training from Investigations.

Without making use of this provision, the cities are missing out on revenue to increase placard enforcement. For example, an LADOT senior traffic supervisor reported that the city issued almost 1,900 citations in 2016. If Los Angeles increased its placard misuse penalty by the additional \$100, it might have raised nearly \$190,000 in additional revenue for placard enforcement. In addition, increasing penalties for placard misuse could increase the deterrent effect those penalties have on people who misuse placards. As part of its guidance to local parking enforcement officials, DMV could inform them of the ability to increase revenue from citations issued for placard misuse.

DMV Did Not Track When It Canceled Misused Placards That Enforcement Officials Have Seized

DMV does not have procedures in place to ensure that enforcement officials submit information regarding seized placards or to ensure that it is canceling such placards in a timely manner. When enforcement officials seize placards, state law requires the agencies to notify DMV of the seized placard numbers. State law then requires DMV to cancel the seized placards. However, there is no statutory time frame for canceling seized placards, nor is there a deadline by which these agencies must notify DMV of the seized placard numbers. Nevertheless, timeliness is important. Until DMV cancels a placard in its registration system, the holder may report that placard as lost or stolen and receive a new one without the need for a new medical certification. Five of the six local enforcement agencies we contacted provided us with 44 placard numbers they recently seized because of misuse and sent to DMV for cancellation. DMV canceled 43 of them. In one instance, DMV did not receive the placard number or cancel the placard, and the holder was able to receive a replacement. The enforcement officials send only the seized placard numbers to DMV for cancellation; once DMV cancels the placards, the local enforcement agency is expected to destroy the physical placards.

Until very recently, DMV did not track how long it takes to cancel a seized placard.

Until very recently, DMV did not track how long it takes to cancel a seized placard. According to desk procedures provided to DMV staff, DMV must cancel seized placards within 24 hours of receipt. We reviewed 15 placard numbers DMV had received from local enforcement agencies from January 2015, the earliest date that DMV had such records available, through September 2016. In all 15 cases DMV had canceled them; however, DMV staff entered the date the individual was cited by the enforcement officials as the cancellation date, preventing us from determining whether DMV canceled them within 24 hours. According to the registration division chief, staff record the citation date as the cancellation date so activity on the record can clearly be identified as having occurred

after the date enforcement officials seized the placard for misuse, which can be useful for them or others to investigate the individual misusing the placard. After we brought this to DMV's attention in March 2017, the chief of the Registration Services Branch (registration branch chief) explained that, beginning immediately, staff would track the date placards were canceled in a spreadsheet separate from DMV's registration database.

Delays by local enforcement officials and confusion over where to send placard cancellations compound the lack of timely cancellation. Of the 15 cancellations we reviewed, in four instances DMV recorded that it received the cancellation requests more than 30 days after the placard holders had been cited for misuse. According to a training schedule provided by DMV, it sporadically provides to enforcement officials training materials that convey the need for timely submission of placard cancellation requests.

Further, DMV receives cancellation requests by mail, fax, or email, but there has been confusion over where to send the requests. For example, the assistant director of the enforcement division at SFMTA stated that staff were not informed when the unit that processes cancellation requests moved, and the agency continued for several months to send placard cancellation requests to the wrong fax number. Also, we observed one instance where Santa Cruz sent a cancellation request for a placard and DMV never received it. According to the registration branch chief, the entity sent the request for cancellation to the wrong address. DMV maintains two fax numbers to which local enforcement agencies may send cancellation requests, but one is not located within the unit processing the requests. According to the registration branch chief, DMV wanted to keep both lines active in case a local entity did not know about the new fax number. Nevertheless, this requires a staff person to remember to go to another unit on another floor of the building to periodically check the fax machine. Finally, DMV informed us that email requests for cancellations go to specific individuals. This could cause delays in canceling placards if these individuals choose to leave their employment with DMV or are on extended leave. We asked DMV whether it had considered maintaining dedicated fax numbers and email addresses for placard cancellations. The registration division chief stated that DMV would consider implementing such tools. Further, he stated that DMV maintains an email distribution list of enforcement officials with which DMV has contact and that it could use to communicate such information. Without regular communication with local enforcement agencies regarding the need for timeliness in submitting cancellation requests or where to send such requests, DMV risks allowing individuals caught misusing placards to obtain a replacement instead of having to apply for a new placard and submit a new certification of disability.

DMV receives cancellation requests by mail, fax, or email, but there has been confusion over where to send the requests.

DMV Could Take Additional Steps to Mitigate Placard Misuse

To further combat misuse, DMV could take steps to make it easier to return placards if found or if they are no longer needed and to raise public awareness of the penalties and effects of placard misuse. We reviewed transactions related to 29 placards from DMV's registration system to identify any data entry errors and found that more than half of the transactions were for placard holders who reported the placard as lost. However, as noted earlier, when DMV cancels a placard in its database, the placard itself remains physically in circulation and anyone can continue to use the canceled, invalid placard. Similarly, when DMV mistakenly renews placards of deceased people, as we discussed in Chapter 1, those placards are in circulation and available for misuse unless returned to DMV. However, DMV does not currently print a return mailing address on placards, making it difficult for those who find lost placards to know where to send them. Federal regulation requires DMV to include certain information on placards, including the International Symbol of Access, but this does not prevent DMV from including a return mailing address. According to its registration division chief, DMV did not identify this as a potential method for reducing placards in circulation, but agreed the idea is feasible.

DMV does not perform public outreach to raise awareness about the effect that placard misuse has on people with disabilities.

DMV also does not perform public outreach to raise awareness about the effect that placard misuse has on people with disabilities. Public awareness campaigns are a useful tool for informing people of the consequences of certain unlawful activities. For example, the California Office of Traffic Safety's *It's Not Worth It* campaign warns of the consequences of distracted driving from using cell phones and texting. Additionally, other jurisdictions have developed public awareness campaigns. The state of Colorado's Advisory Council for Persons with Disabilities has a campaign called *Excuses vs. Reasons* that, according to its website, was born out of extensive research underscoring the need for more information on the challenges people with disabilities face when attempting to park in designated parking spaces. By using real excuses cited by nondisabled people, the campaign promotes the fact that "No Plates. No Placard. No Parking" is a right all drivers should defend. The city of Phoenix, Arizona, has an outreach effort called the *Save Our Space Parking Campaign*, which publishes a brochure describing the effects that taking parking from a person with disabilities could have. According to a city representative, the brochures are distributed to local offices that serve people with disabilities. Both of these efforts provide examples of ways to reach out to more people and encourage them to think twice before parking in a designated parking space or misusing a placard that does not belong to them. DMV's registration division chief told us that a coordinated outreach campaign has not been implemented in the past. After we

brought the outreach campaigns of Phoenix and Colorado to DMV's attention, he stated that DMV will initiate an outreach campaign in the coming fiscal year.

Recommendations

DMV

To better deter placard abuse, by September 2017 DMV should establish reasonable goals regarding the number of sting operations each of its district offices should conduct each quarter. If competing priorities require a district office to miss its goal for a given quarter, Investigations should document its justification for missing the goal. Further, Investigations should monitor its district offices' effectiveness in meeting the quarterly goals.

To help ensure that DMV's sting operations are an effective deterrent to placard misuse, beginning immediately DMV should regularly publicize the results of all of its sting operations through local and statewide media, on its website, and in materials distributed to the public at its field offices.

To properly equip its employees with the knowledge necessary to identify and report potential fraud indicators in placard applications, DMV should provide employees who process applications with training specific to the types of fraud that can occur in an application. This training should be provided by December 2017 and every other year thereafter.

To encourage reporting of allegations of placard abuse, Investigations should amend its policy to accept complaints by telephone and online by June 2017 and display the instructions for doing so prominently on its website.

To better track the time needed to investigate placard-related cases, Investigations should immediately require investigators to indicate in Investigations' database that cases are closed upon concluding the investigation and to continue to track the court's adjudication of each case.

To better monitor the results of its enforcement operations, Investigations should provide training and guidance to its investigators on how to use and consistently enter case disposition information into its database, and it should train its supervisors to regularly follow up with investigators to ensure that they do so.

To better equip local parking enforcement officials to promptly identify invalid placards, by December 2018 DMV should develop and implement an application, database, or other technology that will allow non-sworn parking enforcement officials to have immediate access to information on placard status.

To aid local placard enforcement efforts, by September 2017 DMV should develop guidance and training regarding strategies to combat placard misuse and notify local parking enforcement officials that the DMV guidance and training is available. As part of these efforts, DMV should include information on state law related to increasing citation penalties to fund enforcement efforts.

To track its effectiveness at canceling seized placards, DMV should continue its new practice of keeping a record of the date staff take action to cancel a placard and assess whether DMV is meeting its goal of canceling seized placards within 24 hours of receipt.

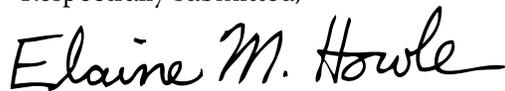
To provide local enforcement agencies with an effective way to submit placard cancellation requests, DMV should immediately establish a dedicated fax number, a dedicated email address, and a specific mailing address to receive such cancellations. DMV should communicate this information to local parking enforcement by July 2017 and should develop a schedule for communicating this information to local parking enforcement in the future. By July 2017 and periodically thereafter, DMV should inform local parking enforcement of the need to submit information on seized placards quickly in order to prevent the holder or someone else from requesting a replacement placard without having to submit a new medical certification.

To reduce the risk of placard misuse, DMV should update its placards to indicate a return address if found or if the placard holder is deceased. DMV should prepare this update for the permanent placards it will issue in 2019 that will expire in 2021.

To raise public awareness about parking for people with disabilities in California and deter placard misuse, by September 2017 DMV should develop a plan for conducting a public outreach campaign about the effect that placard misuse has on people with disabilities and the penalties for misusing a placard.

We conducted this audit under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to 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 specified in the Scope and Methodology section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

Date: April 18, 2017

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For questions regarding the contents of this report, please contact Margarita Fernández, Chief of Public Affairs, at 916.445.0255.

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Appendix A

A COMPARISON BETWEEN PARKING BENEFITS FOR PEOPLE WITH DISABILITIES IN CALIFORNIA AND SELECT OTHER STATES

To understand how disabled person parking benefits might differ in other states, we selected nine states to review, as listed in Table A on the following page. We selected neighbor states as well as larger states and others for geographic diversity. As Table A shows, California and one other state we reviewed do not require placard holders to periodically reapply for disabled parking placards or plates. Further, several states we reviewed offer free metered parking with varying or no time restrictions. Additionally two states—Illinois and Michigan—have established two-tiered systems. In both of these states, all individuals with placards may park in specially designated disabled spaces; however, to receive free parking in metered spaces, individuals must have a disability that limits their ability to use a parking meter.

Table A
A Comparison of Selected Disabled Person Parking Policies in California and Other States

STATE	PERIODIC REAPPLICATION REQUIREMENTS FOR PERMANENT PLACARDS	PARKING BENEFITS FOR PEOPLE WITH DISABILITIES HOLDING APPROPRIATE PLACARDS OR OTHER PERMITS		
		THE STATE EXEMPTS PERSONS WITH DISABILITIES FROM PARKING METER FEES*	DISABLED PERSON MUST ABIDE BY TIME RESTRICTIONS	DISABLED PERSON MAY PARK IN DESIGNATED PARKING SPACES
California	No	Yes	No	Yes
Florida	Yes (up to 4 years) [†]	Yes	May park up to four hours in metered spaces; however, local ordinances may extend that time.	Yes
Illinois [‡]	Yes (4 years) [†]	Fee-exempt placard holders only.	No time restrictions for fee-exempt placard holders at meters with time limits of more than 30 minutes.	Yes
Massachusetts	No	Yes	No	Yes
Michigan [‡]	Yes (4 years)	Fee-exempt permit holders only.	Yes	Yes
Nevada	Yes (10 years)	No	May park up to four hours in time-restricted spaces.	Yes
North Carolina	Yes (5 years) [†]	No	No	Yes
Oregon	Yes (up to 8 years) [†]	Free metered parking for wheelchair users in zones with time limits above 30 minutes. Local parking authorities may allow other disabled parking permit holders the same free meter privileges.	No time restrictions for zones with limits greater than 30 minutes.	Yes
Pennsylvania	Yes (5 years)	No, although upon expiration of the meter, a one-hour grace period is allowed before a citation is issued. Persons with disabilities not paying a meter upon arrival will be cited without the grace period.	May park up to one hour longer than posted time limits except where local ordinances accommodate heavy traffic.	Yes
Washington	Yes (5 years) [†]	Yes	No. Local jurisdictions may impose time limits of no less than four hours.	Yes

Sources: California State Auditor's analysis of laws and other publicly available information for the selected states as well as interviews with officials from Illinois, Michigan, and Oregon.

* Localities in states without a statewide exemption of parking meter fees may nevertheless have such an exemption.

[†] Requires recertification of the disability.

[‡] States employing a two-tiered system for placards require that individuals must have qualifying physical limitations, such as an inability to handle coins because of limited motor control in both hands, to be entitled to free, unlimited metered parking. These are fee-exempt placard holders. Other disabled individuals may use designated parking spaces, but do not receive free parking without consideration of time limits.

Appendix B

DISABLED PERSON PARKING PLACARD ABUSE CASES INVESTIGATED BY THE DEPARTMENT OF MOTOR VEHICLES' INVESTIGATIONS UNIT, FISCAL YEARS 2013–14 THROUGH 2015–16

The Joint Legislative Audit Committee asked the California State Auditor to evaluate the extent to which the Department of Motor Vehicles (DMV) investigates placard-related complaints. As described in the Introduction, DMV's Investigations Unit (Investigations) receives complaints from external parties, such as the public or law enforcement, but the majority of the cases it reviews are self-initiated and are a result of sting operations that it conducts.

Table B presents information we obtained and reviewed from Investigations' database. The table summarizes, by fiscal year, the number of cases Investigations initiated through sting operations and those it initiated based on a complaint from an external party. Further, the table shows the outcomes for each of the cases that Investigations initiated, listed according to the fiscal year in which DMV initiated the case.

Table B
Investigations Initiated by the DMV's Investigations Unit
Fiscal Years 2013–14 Through 2015–16

	FISCAL YEARS						TOTAL
	2013–14		2014–15		2015–16		
	EXTERNAL COMPLAINTS	INITIATED BY DMV'S INVESTIGATIONS DIVISION	EXTERNAL COMPLAINTS	INITIATED BY DMV'S INVESTIGATIONS DIVISION	EXTERNAL COMPLAINTS	INITIATED BY DMV'S INVESTIGATIONS DIVISION	
Total cases initiated	142	683	160	1,046	178	979	3,188
Total cases opened for investigation	122	676	138	1,032	150	964	3,082
CASE OUTCOMES							
Cases still open or in review as of August 18, 2016*	3	63	6	112	57	418	659
Closed—no investigation or no violation	51	14	76	18	54	39	252
Closed—warning issued	47	119	25	177	46	94	508
Closed—conviction	21	305	9	461	9	227	1,032
Closed—dismissed	4	116	6	147	2	117	392
Closed—other†	16	66	39	131	11	84	347
Totals ‡	142	683	161	1,046	179	979	3,190

Source: California State Auditor's analysis of data from the DMV's investigations database, as of August 18, 2016.

* According to a deputy chief in Investigations, some of these cases are still open because of DMV's policy that investigators should not close cases until they have been adjudicated. In cases open longer than one year, the investigation is likely complete but the investigator has not obtained the court adjudication in order to close the case.

† Includes cases not prosecuted due to statute of limitations, cases the local district attorney rejected, duplicate cases, and cases with an unknown disposition due to inconsistencies in outcome reporting.

‡ The table shows 3,188 cases initiated but provides case statuses for 3,190 cases. This is because Investigations' data set containing information on closed cases contained two more closed cases than the data set containing all entered cases. DMV was unable to provide a reason for this discrepancy, and the difference is not significant.

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Appendix C

SCOPE AND METHODOLOGY

The Joint Legislative Audit Committee (Audit Committee) directed the California State Auditor to perform an audit of the Department of Motor Vehicles' (DMV) disabled person parking placard program, including reviews of medical certifications, identified and canceled placards belonging to deceased individuals, and investigated placard-related complaints. Table C.1 lists the objectives that the Audit Committee approved and summarizes the methods we used to address those objectives.

Table C.1
Audit Objectives and the Methods Used to Address Them

AUDIT OBJECTIVE	METHOD
1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.	Reviewed relevant state laws and regulations.
2 For a selection of issued or renewed placards over the past three fiscal years, determine the following: a. Whether the applicant has been issued more than one placard during the same two-year period the initial placard is, or was, in force.	<ul style="list-style-type: none"> To review the Department of Motor Vehicles' (DMV) program for issuing disabled person parking placards (placards) and disabled person or disabled veteran license plates (plates), we selected a random sample from a population of the more than 1.4 million original plate and placard applications DMV approved from July 2013 through June 2016, the most recently completed three fiscal years. We used a 95 percent confidence interval and a 10 percent precision rate to determine an appropriate sample size of 96 applications. In some cases, we were able to conduct analyses on DMV's data for the entire population of placards and plates, and chose to do so rather than rely on our sample. We note those instances in the audit objectives that follow. Analyzed data from DMV's Vehicle/Vessel Registration Master File (registration system) to determine whether any placard holders had more than one active, permanent placard as of June 30, 2016, the midpoint of the two-year period for permanent placards beginning July 2015.
b. Whether the name and signature of the medical provider who certified the qualifying disease or disability matches information on file with the applicable licensing board.	Using the representative sample described in Objective 2a, we compared the medical providers' signatures on the applications with signatures on file with the appropriate Department of Consumer Affairs' healing arts boards (health boards).
c. Whether substantiating information retained by the medical provider who signed the placard application certification matches the statutory definition of a disabled person.	As we discuss in Chapter 1, state and federal law prevent DMV and the health boards from obtaining and reviewing information on patient diagnoses without obtaining patient consent, unless the applicable health board issues an investigative subpoena or obtains an otherwise valid legal order. Thus, we were unable to review substantiating information retained by the medical providers. As an alternative, we worked with the applicable health boards to have their medical experts review the disability certifications on our representative sample of applications to determine whether the information met requirements in state law.
d. The number and percentage of placard holders who are deceased by comparing the database of active placard holders with the California Department of Public Health's (Public Health) Office of Vital Records' deceased persons data.	<ul style="list-style-type: none"> Reviewed DMV's process for conducting a monthly comparison between Public Health's data and DMV's data to identify deceased placard holders. Further, using data from DMV's registration system, determined whether those identified as deceased through this comparison from July 2013 through December 2014 were issued new permanent placards with an expiration date of June 30, 2017. We chose December 31, 2014, as the cutoff date because the earliest DMV would have issued a permanent placard with an expiration date of June 30, 2017, was January 1, 2015. We have reasonable assurance that DMV's processes work as expected.

AUDIT OBJECTIVE	METHOD
	<ul style="list-style-type: none"> • As we note in Chapter 1, the U.S. Social Security Administration also maintains a database, known as the Death Master File (master file), of the deceased that has different sources for its data. To better assess whether DMV is identifying deceased placard holders, we compared DMV's data to the master file. • DMV identified three placard holders in our sample of 96 applications as deceased. The deaths occurred after they applied for placards. • Identified the number of individuals with active permanent placards who were age 100 or older as of June 30, 2016, and compared the number to census data.
<p>e. How many placards have remained in circulation after a report by local authorities that a placard was confiscated, a report that a placard was stolen, a conviction for misuse of a placard, or other evidence that a placard was used or obtained fraudulently.</p>	<ul style="list-style-type: none"> • Reviewed data from the investigations database in DMV's Investigations Unit (Investigations) and found that DMV had no record of complaints or investigations on the placards in our representative sample. • Determined that none of the placards in our sample appeared within DMV's records of placards seized by local authorities. • In Objective 7, we reviewed DMV's activities related to placards seized by enforcement officials.
<p>3 Provide a breakdown of certifications by medical provider type over the past three fiscal years. Over that same time period, determine the number of fraudulently obtained placards by type of certification.</p>	<p>Identified the type of medical provider certifying disabilities on the applications in our representative sample. DMV does not always capture in its registration system information necessary to identify the type of medical provider. Therefore, we could not provide a breakdown of provider type based on the population as a whole. In Chapter 1, we discuss how this limits DMV's ability to detect fraud. Further, although we found irregularities in some applications in our sample and reported them to Investigations, we did not definitively identify fraud.</p>
<p>4 Determine the extent to which the DMV compares its placard holder data against deceased persons data and thereby withholds renewals for deceased placard holders.</p>	<p>The procedures we performed that are described in Objective 2d also address this objective.</p>
<p>5 Examine the extent to which the DMV makes placard holder information available to eligible law enforcement and parking control agencies. Determine how promptly this information is made available.</p>	<ul style="list-style-type: none"> • Reviewed DMV processes for receiving and responding to information requests from law enforcement, parking enforcement, and government agencies. • Reviewed a selection of 24 information requests DMV responded to by mail to determine how promptly DMV responded to those requests. Based on available information, we determined DMV generally met established goals—up to 10 days for standard requests and less than seven days for rush requests—for responding to requests. • Reviewed DMV data on call waiting times for DMV's law enforcement call center. • Interviewed parking enforcement officials in six cities regarding the manner in which they obtain access to DMV's placard information and their satisfaction with the ease of access to that information. We selected the six cities—Berkeley, Fresno, Los Angeles, Sacramento, San Francisco, and Santa Cruz—based on population, geographic location, and our perception of limited parking.
<p>6 Over the past three fiscal years, determine the number of replacement placards DMV issued to replace reportedly lost or stolen placards and whether it appropriately canceled placards being replaced before issuing a replacement.</p>	<p>Analyzed data from DMV's registration system to identify permanent placards that DMV replaced for any reason, including those reported as lost or stolen, and calculated the number of replacements per individual from July 2013 through June 2016. We determined that when DMV issues a replacement, it cancels the placard holder's previous placard.</p>
<p>7 For the past three fiscal years, determine how often and how quickly the DMV canceled placards confiscated by local authorities.</p>	<ul style="list-style-type: none"> • Interviewed DMV management to document the process DMV uses to receive information from enforcement officials regarding seized placards and to cancel those placards. • Reviewed tracking spreadsheets DMV used to record its activities related to seized placards. • Reviewed a selection of 15 placard cancellation requests DMV received from January 2015 through September 2016. DMV had not retained original information from enforcement officials before January 2015, and thus we had to limit our review to this time period.

AUDIT OBJECTIVE	METHOD
8 Examine how readily accessible, up-to-date, and accurate DMV's placard information is to local authorities, particularly for placards reported as lost, stolen, surrendered, canceled, revoked, expired, or issued to someone appearing in the deceased persons database.	<ul style="list-style-type: none"> • Interviewed local parking enforcement officials and in Objective 5 identified methods DMV uses to make information available to them. • Assessed the accessibility and timeliness of this information in Objective 5.
9 Evaluate the extent to which DMV investigates placard-related complaints and makes corresponding updates to its database, particularly for placards that may have been fraudulently obtained or erroneously issued, that were inappropriately lent or sold to another individual, or that were fraudulently duplicated or displayed.	<ul style="list-style-type: none"> • Reviewed DMV's process for receiving and investigating complaints of placard misuse and fraud. • Reviewed cases from DMV's investigations database coded as being specifically related to placard abuse and initiated from July 2013 through June 2016. Using this data, we determined the number of complaints and DMV-initiated cases DMV investigated, as well as the outcomes of those investigations. • Judgmentally selected and reviewed six of DMV's placard misuse operations—sting operations—including the scope, results, and costs for each operation. • In Objective 7, reviewed how DMV responds to requests for canceling seized placards, including those seized by Investigations.
10 Review and assess any other issues that are significant to the audit.	<ul style="list-style-type: none"> • To identify possible best practices, judgmentally selected nine states and researched laws, policies, and procedures for their respective disabled person placard programs. • Interviewed parking enforcement officials in the six cities we selected to address Objective 5 to identify the tactics those cities employ for combating placard misuse and to determine the extent to which the cities work with DMV to identify placard misuse.

Sources: California State Auditor's analysis of Joint Legislative Audit Committee audit request number 2016-121, planning documents, and analysis of information and documentation identified in the table column titled *Method*.

Assessment of Data Reliability

In performing this audit, we obtained electronic data files extracted from the information systems listed in Table C.2 on the following page. The U.S. Government Accountability Office, whose standards we are statutorily required to follow, requires us to assess the sufficiency and appropriateness of computer-processed information that we use to support findings, conclusions, or recommendations. Table C.2 describes the analyses we conducted using data from these information systems, our methods for testing, and the results of our assessments. Although these determinations may affect the precision of the numbers we present, there is sufficient evidence in total to support our audit findings, conclusions, and recommendations.

Table C.2
Methods Used to Assess Data Reliability

INFORMATION SYSTEM	PURPOSE	METHODS AND RESULTS	CONCLUSION
Department of Motor Vehicles (DMV) Vehicle/Vessel Registration Master File (registration system) as of August 9, 2016	To select a random sample of original applications for disabled person parking placards (placards) and disabled person or disabled veteran license plates (plates) approved from July 1, 2013, through June 30, 2016, for review.	<ul style="list-style-type: none"> • We performed data-set verification procedures and electronic testing of key data elements, and we did not identify any significant issues. • This purpose did not require a data reliability assessment. Instead, we gained assurance that the population was complete. To test the completeness of DMV's registration system, we haphazardly selected 29 placard or plate numbers from an independent information system. We then traced these placard or plate numbers to the registration system and found the data to be complete. 	Complete for this audit purpose.
	<p>To calculate the number of placards and plates active as of June 30, 2016.</p> <p>To determine the median age of individuals with placards active as of June 30, 2016.</p> <p>To identify the names and birthdates of individuals with permanent placards active as of June 30, 2016.</p> <p>To identify select placards and plates associated with individuals DMV determined were deceased.</p> <p>To quantify the number of individuals age 100 or older with permanent placards active as of June 30, 2016.</p> <p>To identify replacements of permanent placards that DMV issued, and to calculate the number of these replacements per individual, from July 2013 through June 2016.</p> <p>To detect individuals with more than one permanent placard active as of June 30, 2016.</p> <p>To determine whether DMV referenced medical provider license numbers in its registration system for select placards or plates.</p>	<ul style="list-style-type: none"> • We performed data-set verification procedures and electronic testing of key data elements, and we did not identify any significant issues. • The registration system is a partially paperless system. For example, DMV automated the renewal of permanent placards and a process to identify permanent placards associated with individuals that are deceased. Thus, some transactions did not have supporting documentation available for review. Alternatively, we could have reviewed the adequacy of selected application controls, but we determined that this level of review was cost-prohibitive. • To gain some assurance of the accuracy of DMV's registration system transactions with supporting documentation, we traced key data elements to supporting documentation for a selection of 29 permanent placard transactions during the period July 2013 through June 2016, and we found no errors. • To gain some assurance of the completeness of the data, we haphazardly selected 29 placard or plate numbers from an independent information system and traced these numbers to the registration system. We identified no exceptions through this testing. 	Undetermined reliability for the purposes of this audit. Although this determination may affect the precision of the numbers we present, sufficient evidence exists in total to support our audit findings, conclusions, and recommendations.

INFORMATION SYSTEM	PURPOSE	METHODS AND RESULTS	CONCLUSION
U.S. Social Security Administration (Social Security) Death Master File (master file) as of September 30, 2016	To determine the death dates recorded for names and birthdates associated with permanent placards.	<ul style="list-style-type: none"> We performed data-set verification procedures and electronic testing of key data elements, and found no errors. Social Security does not guarantee the accuracy of the master file; however, we did not perform accuracy and completeness testing of its data because the source documents that support this data are maintained by the U.S. Government, and our access statute does not compel the U.S. Government to provide us records. 	Undetermined reliability for the purpose of this audit. Although this determination may affect the precision of the numbers we present, sufficient evidence exists in total to support our audit findings, conclusions, and recommendations.
Data extracted from DMV's investigations database related to cases focused specifically on placard abuse that were initiated from July 2013 through June 2016.	To calculate the number of investigations and their dispositions. To make a selection of investigations focused on placards opened from January 1, 2013, through June 30, 2016. To review the processes and timeliness of DMV's Investigations Unit related to tracking investigations from the point of receipt of a complaint to case closure, and tracking dispositions of investigations.	We performed data-set verification procedures and electronic testing of key data elements, and did not identify any issues. We did not conduct accuracy or completeness testing on these data because the source documents required for this testing are stored at various locations throughout the State, making such testing cost-prohibitive.	Undetermined reliability for the purposes of this audit. Although this determination may affect the precision of the numbers we present, sufficient evidence exists in total to support our audit findings, conclusions, and recommendations.
Excel spreadsheets DMV uses to track information received from enforcement officials related to placards the officials seized and DMV canceled in 2016.	To determine the number of placards enforcement officials seized and reported to DMV and the number of those that DMV had recorded as lost or stolen.	We performed data-set verification procedures and found no errors. Further, we performed electronic testing and found no significant errors. We did not perform accuracy testing. We also obtained reasonable assurance that the spreadsheets were complete by requesting information on seized placards from six local parking enforcement officials. We noted that DMV recorded it had received 43 of the 44 placards we reviewed. There is no evidence DMV ever received the 44th placard, and therefore we did not expect it to be in the spreadsheet.	Undetermined reliability for the purpose of this audit. Although this determination may affect the precision of the numbers we present, sufficient evidence exists in total to support our audit findings, conclusions, and recommendations.

Source: California State Auditor's analysis of various documents, interviews, or data from the entities listed in the table.

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Edmund G. Brown Jr.
Governor

Brian P. Kelly
Secretary

915 Capitol Mall, Suite 350B
Sacramento, CA 95814
916-323-5400
www.calsta.ca.gov

March 30, 2017

Elaine M. Howle, California State Auditor
California State Auditor's Office
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

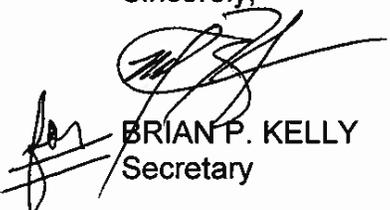
Dear Ms. Howle:

Attached please find a response from the California Department of Motor Vehicles (Department) to your draft audit report *Department of Motor Vehicles: Administrative and Statutory Changes Will Improve Its Ability to Detect and Deter Misuse of Disabled Person Parking Placards (#2016-121)*. Thank you for allowing the Department and the California State Transportation Agency (Agency) the opportunity to respond to the report.

As noted in its response, the Department concurs with all recommendations in the report and already has established timelines to implement corrective action. We appreciate your identification of opportunities for improvement and your recommendations for best practices that the Department can follow.

If you need additional information regarding the Department's response, please do not hesitate to contact Michael Tritz, Agency Deputy Secretary for Audits and Performance Improvement, at (916) 324-7517.

Sincerely,


BRIAN P. KELLY
Secretary

Attachment

cc: Jean Shiomoto, Director, California Department of Motor Vehicles

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OFFICE OF THE DIRECTOR
DEPARTMENT OF MOTOR VEHICLES
P.O. BOX 932328
SACRAMENTO, CA 94232-3280



March 28, 2017

Brian P. Kelly, Secretary
California State Transportation Agency
915 Capitol Mall, Suite 350-B
Sacramento, CA 95814

Dear Secretary Kelly:

The Department of Motor Vehicles (DMV) thanks the California State Auditor (CSA) for the opportunity to respond to its draft report *Department of Motor Vehicles: Administrative and Statutory Changes Will Improve Its Ability to Detect and Deter Misuse of Disabled Person Parking Placards (#2016-121)*, issued on March 24, 2017.

At the request of the Joint Legislative Audit Committee, the CSA conducted an audit of DMV's administration of the disabled person parking placard program to assess the protocols used by the DMV in preventing and combating fraud in the placard program. As detailed below, we agree with the recommendations and are pleased to report that we have begun implementing the recommendations.

The CSA recommendations and DMV's responses (in bold) are as follows:

**Chapter 1: Inadequate Processes for Reviewing Applications and Revoking Placards
Increase Misuse**

1. To reduce the risk of fraudulent applications, by September 2017 DMV should seek interagency agreements with the health boards responsible for licensing providers authorized to certify disabilities on placard applications. The agreements should include, but not be limited to, the following:
 - A review by medical experts of a sample of placard applications each quarter to ensure the disability certifications meet state requirements. For any application that does not meet state requirements, DMV should require that the applicant and his or her provider submit the information needed so that the application meets state requirements. DMV should cancel the placards of those who do not respond within 90 days.
 - A process for the health boards to develop guidance for medical providers related to how to meet state requirements.
 - A process for obtaining copies of provider signatures and routinely compare the signatures with those on a sample of placard applications. Investigations should confirm questionable signatures with providers.

Secretary Brian P. Kelly
Page 2
March 28, 2017

Response:

DMV concurs with this recommendation. DMV will seek to implement this recommendation through interagency agreements with the appropriate health boards. The agreements will include the elements recommended.

Planned completion date: September 30, 2017

2. To help ensure the DMV approves only those applications that qualify for the placard program as specified in state law, DMV should provide additional direction and training to its staff that addresses the following program requirements by September 2017 and annually thereafter:
- The types of medical providers that may certify qualifying disabilities.
 - The disability categories each type of medical provider may certify.
 - The legibility of medical provider certifications.
 - The entry of medical provider numbers into its registration system.

Response:

DMV concurs with this recommendation. DMV will provide direction and training to its staff. The training and associated materials will encompass all the specific elements recommended.

Planned completion date: September 30, 2017

3. To identify potentially fraudulent applications, beginning immediately and quarterly thereafter, DMV Investigations should obtain placard application data from its registration system and analyze those data. At a minimum, this analysis should include a review of the following:
- Individuals who have been issued multiple active placards.
 - Individuals who apply for an excessive number of replacement placards.
 - Providers who certify an abnormally large number of placard applications.
 - Individuals over 100 years of age with active placards.

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Response:

DMV concurs with this recommendation. DMV will develop a process to utilize data mining tools to assist in identifying potentially fraudulent applications. The process will include the specific elements recommended.

Planned completion date: June 30, 2017

Chapter 2: Better Communication and Coordination Will Help Detect and Deter Misuse of Disabled Person Parking Privileges

1. To better deter placard abuse, by September 2017 DMV should establish reasonable goals regarding the number of sting operations each of its district offices should conduct each quarter. If competing priorities require a district office to miss its goal for a given quarter, Investigations should document its justifications for missing the goal. Further, Investigations should monitor its district offices' effectiveness in meeting the quarterly goals.

Response:

DMV concurs with this recommendation. Investigations will establish reasonable goals for the number of disabled placard operations conducted by each district office. Documentation will include a justification if a quarterly goal is not met. The process will include a method of monitoring and evaluating.

Planned completion date: September 30, 2017

2. To help ensure that DMV's sting operations are an effective deterrent to placard misuse, beginning immediately DMV should regularly publicize the results of all its sting operations through local and statewide media, on its website, and in materials distributed to the public at its field offices.

Response:

DMV concurs with this recommendation. DMV has begun publicizing the results of operations as evident with the March 15, 2017 Sacramento sting operation. DMV will establish procedures for publicizing the outcomes of the operations via the media, DMV's website and distribution of information at the field office locations.

Planned completion date: June 30, 2017

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3. To properly equip its employees with the knowledge necessary to identify and report potential fraud indicators in placard applications, DMV should provide employees who process applications with training specific to the types of fraud that can occur in an application. This training should be provided by December 2017 and every other year thereafter.

Response:

DMV concurs with this recommendation. DMV will provide training related to potential fraud indicators to employees who process placard applications following the recommended timeframe.

Planned completion date: December 31, 2017

4. To encourage reporting of allegations of placard abuse, Investigations should amend its policy to accept complaints by telephone and online by June 2017 and display the instructions for doing so prominently on its website.

Response:

DMV concurs with this recommendation. Investigations will establish a policy regarding accepting complaints by telephone and will establish a method of reporting placard misuse online including displaying instructions prominently on the website.

Planned completion date: June 30, 2017

5. To better track the time needed to investigate placard-related cases, Investigations should immediately require investigators to indicate in Investigation's database that cases are closed upon concluding the investigation and to continue to track the court's adjudication of each case.

Response:

DMV concurs with this recommendation. Investigations staff will key a closing status at the conclusion of the investigation and will continue to track the court's adjudication of each case.

Planned completion date: June 30, 2017

6. To better monitor the results of its enforcement operations, Investigations should provide training and guidance to its investigators on how to use and consistently enter case

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disposition information into its database, and it should train its supervisors to regularly follow up with investigators to ensure that they do so.

Response:

DMV concurs with this recommendation. Investigations will provide training and guidance to its investigators to use and consistently enter case disposition information into its database. Supervisors will regularly monitor and follow up.

Planned completion date: July 31, 2017

7. To better equip local parking enforcement officials to promptly identify invalid placards, by December 2018 DMV should develop and implement an application, database, or other technology that will allow non-sworn parking enforcement officials to have immediate access to information on placard status.

Response:

DMV concurs with the policy objective of this recommendation, and will expeditiously explore the feasibility and cost of developing and maintaining technology that will allow non-sworn parking enforcement officials access to placard status. DMV does note, however, that it has concerns with the proposed timeline given other pending high-priority information technology projects, some of which are statutorily required.

Planned completion date: To be determined

8. To aid local placard enforcement efforts, by September 2017 DMV should develop guidance and training regarding strategies to combat placard misuse and notify local parking enforcement officials that the DMV guidance and training is available. As part of these efforts, DMV should include information on state law related to increasing citation penalties to fund enforcement efforts.

Response:

DMV concurs with this recommendation. DMV will notify local parking enforcement agencies through outreach, flyers, or informational memos that DMV guidance and training is available. The training plan will incorporate strategies to combat disabled person placard misuse, and will provide information on the existence of state law related to increasing citation penalties to fund enforcement efforts.

Planned completion date: September 30, 2017

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9. To track its effectiveness at cancelling seized placards, DMV should continue its new practice of keeping a record of the date staff take action to cancel a placard and assess whether DMV is meeting its goal of cancelling seized placards within 24 hours of receipt.

Response:

DMV concurs with this recommendation. DMV will continue its current practice.

Planned completion date: Ongoing

10. To provide local enforcement agencies with an effective way to submit placard cancellation requests, DMV should immediately establish a dedicated fax number, a dedicated email address, and a specific mailing address to receive such cancellations. DMV should communicate this information to local parking enforcement by July 2017 and should develop a schedule for communicating this information to local parking enforcement in the future. By July 2017 and periodically in the future, DMV should inform local parking enforcement of the need to submit information on seized placards quickly in order to prevent the holder from requesting a replacement placard without having to submit a new medical certification.

Response:

DMV concurs with this recommendation. DMV has already partially implemented this recommendation through a dedicated mailing address and fax number. DMV will also create a dedicated email address and periodically publicize contact information in a memorandum to local government entities on the proper procedures for reporting as well as the criticality of timely action.

Planned completion date: July 31, 2017

11. To reduce the risk of placard misuse, DMV should update its placards to indicate a return address if found or if the placard holder is deceased. DMV should prepare this update for the permanent placards it will issue in 2019 that will expire in 2021.

Response:

DMV concurs with this recommendation. The estimated date for manufacture is the first quarter of fiscal year 2018-2019. For reporting purposes, the completion date will coincide with the approximate delivery date for these materials at DMV inventory sites.

Planned completion date: January 1, 2019

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12. To raise public awareness about parking for people with disabilities in California and deter placard misuse, by September 2017 DMV should develop a plan for conducting a public outreach campaign about the effect that placard misuse has on people with disabilities and the penalties for misusing a placard.

Response:

DMV concurs with this recommendation. DMV will develop a public outreach campaign to raise public awareness.

Planned completion date: September 30, 2017

We appreciate the opportunity to provide a response on our plans to implement the CSA's recommendations. If you have questions or concerns, please contact Mr. David K. Saika, Audits Branch Chief, at (916) 657-6480.

Sincerely,



JEAN SHIOMOTO
Director