

**DEPARTMENT OF HIGHWAY SAFETY
AND MOTOR VEHICLES**

**HORSE COUNTRY
SPECIALTY LICENSE PLATE SURVEY**

Compliance Audit



EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

Pursuant to Section 20.24, Florida Statutes, the head of the Department of Highway Safety and Motor Vehicles is the Governor and Cabinet, which consists of Governor, Attorney General, Chief Financial Officer, and Commissioner of Agriculture. Pursuant to Section 20.05 (1)(g), Florida Statutes, the Governor and Cabinet is responsible for appointing the Executive Director of the Department of Highway Safety and Motor Vehicles. The Executive Director who served during the audit period was Electra Theodorides-Bustle.

The audit team leader was Marcella Strange, CPA, and the audit was supervised by David R. Vick, CPA. Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, by e-mail davidvick@aud.state.fl.us or by telephone (850) 487-4494.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

Horse Country Specialty License Plate Survey

SUMMARY

The Department of Highway Safety and Motor Vehicles (Department) received a scientific sample survey for the *Horse Country* specialty license plate. The Department reported that the requesting organization had met the survey requirements of Section 320.08053(1)(b), Florida Statutes, and concluded that at least 30,000 Florida motor vehicle owners intended to purchase the specialty license plate.

Our audit tests disclosed that survey results may not be reliable. Thus, we could not, using the information made available to us, determine that the survey complied with the provisions of Section 320.08053(1)(b), Florida Statutes, and relevant Department procedures related to the conduct of scientific sample surveys of Florida motor vehicle owners.

BACKGROUND

Section 320.08053(1)(b), Florida Statutes, specifies the requirements that must be met by organizations requesting the establishment of specialty license plates for which an annual use fee is to be charged. Such an organization must submit to the Department the results of a scientific sample survey of Florida motor vehicle owners. The survey results must indicate that at least 30,000 motor vehicle owners intend to purchase the proposed specialty license plate at the increased cost. The Statute defines scientific sample survey as information that is gathered from a representative subset of the population as a whole.

The Statute requires that the scientific sample survey be performed independently of the requesting organization by an organization that conducts similar sample surveys as a normal course of business. Prior to conducting a sample survey for the purposes of the Statute, a requesting organization must obtain a determination from the Department that the organization selected to conduct the survey performs similar surveys as a normal course of business and is independent of the requesting organization.

To implement the requirements in Statute, the Department established written procedures¹ governing the creation of new specialty license plates. In support of those procedures, the Department entered into a contract with the University of West Florida (Contractor) under which the Contractor is to statistically analyze the data collected by the survey organization and provide the Department with a report that indicates: (1) based on the data, at least 30,000 Florida motor vehicle owners intend to purchase the specialty license plate; or (2) based on the data, less than 30,000 Florida motor vehicle owners intend to purchase the specialty license plate.

Pursuant to Section 320.08053(1)(b), Florida Statutes, the methodology, results, and any evaluation by the Department of the scientific sample survey shall be validated by the Auditor General as a condition precedent to submission of the specialty license plate for approval by the Legislature.²

¹ Procedure RS-20, *Creation of a New Specialty License Plate*.

² Chapter 2008-38, Laws of Florida, established the *Horse Country* specialty license plate subject to the satisfaction of the requirements of Section 320.08053, Florida Statutes.

FINDINGS AND RECOMMENDATIONS

The Department submitted the completed scientific sample survey to the Auditor General for the *Horse Country* specialty license plate. In the transmittal letter to the Auditor General dated June 11, 2008, the Department reported that its procedures relating to survey methodology had been followed and concluded that the requesting organization had met the survey requirements in the Statute. The Department’s conclusion was based on Department staff reviews of the survey received from the requesting organization and the reports of the Department’s Contactor that indicated, based on the results of the survey, at least 30,000 Florida motor vehicle owners intended to purchase the specialty license plate.

Finding No. 1: Survey Reliability

APPENDIX A provides a chronology of the *Horse Country* specialty license plate survey process. As shown by **APPENDIX A**, on June 6, 2008, after verification of survey data, the Department submitted survey results to its Contractor for statistical analysis. The Contractor indicated on June 10, 2008, that a minimum of 30,000 vehicle registrants in Florida intended to purchase the plate. The Department then submitted its evaluation of the survey results to the Auditor General on June 11, 2008.

We applied various audit procedures to the survey results and other documentation provided to us by the Department and, as a part of these procedures, we sent confirmation letters to 700 (24 percent) of the 2,877 respondents listed in the survey results. Table 1 presents a summary of the confirmation replies received through October 7, 2008.

Table 1
Summary of Confirmation Replies Received

| Response | Did you participate in the Survey? | Percent of Total |
|---------------|------------------------------------|------------------|
| Yes | 69 | 27% |
| No | 149 | 58% |
| Unsure | 37 | 15% |
| Totals | 255 | 100% |

As shown by Table 1, a total of 149 (58 percent) of the respondents indicated that they did not participate in the survey and another 37 respondents (15 percent) indicated that they were unsure whether they had participated or not. Given these results, we were unable to satisfy ourselves as to the reliability of the survey. Because of the uncertainty regarding the reliability of the survey, we were unable to verify that the submitted survey met the requirements of Section 320.08053(1)(b), Florida Statutes, and related Department procedures.

Recommendation: We recommend that the Department consult with the requesting organization concerning the steps to be taken to provide a verifiable scientific survey meeting the specifications of Department procedure.

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the provisions of Section 320.08053(1)(b), Florida Statutes, we examined the methodology, results, and the Department’s evaluation of the scientific sample survey for the specialty license plate within the scope of this audit.

The purpose of our audit was to determine the extent of compliance with the provisions of Section 320.08053(1)(b), Florida Statutes, which govern the conduct and evaluation of specialty license plate scientific sample surveys and relevant Department procedures. We conducted this audit in accordance with applicable 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. As indicated in Finding No. 1, we were unable, because of uncertainty regarding the reliability of the survey, to verify that the submitted survey met the requirements of Section 320.08053(1)(b), Florida Statutes, and related Department procedures.

In conducting our audit, we:

- Interviewed Department personnel to obtain an understanding of the scientific sample survey process.
- Verified that the Department made a determination that the organization selected to conduct the scientific sample survey performed similar surveys as a normal course of business and was independent of the requesting organization, as required by Statute.
- Verified that the Department approved the scientific sample survey documentation (e.g., telephone scripts and mail outs) used to complete the survey prior to the start of the survey.
- Determined if the Department’s Contractor possessed the necessary skills and knowledge to perform statistical analyses of the scientific sample survey.
- Sent written confirmation requests to 700 reported respondents to the scientific sample survey and evaluated the 255 replies received.
- Performed various other procedures as deemed necessary in the circumstances.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

David W. Martin, CPA
Auditor General

MANAGEMENT’S RESPONSE

In a response letter dated November 21, 2008, the Executive Director of the Department of Highway Safety and Motor Vehicles concurred with our audit findings and recommendations. The Executive Director’s response is included as Appendix B.

APPENDIX A
HORSE COUNTRY SPECIALTY LICENSE PLATE
SURVEY PROCESS CHRONOLOGY

| Date | Significant Event |
|------------------|--|
| August 8, 2007 | The Department received from the requesting organization a letter of intent to create the <i>Horse Country</i> specialty license plate. |
| August 8, 2007 | The Department received the evaluation form from the survey entity. |
| August 13, 2007 | The Department sent a letter to the survey entity, with a copy to the requesting organization, approving the use of the survey entity. |
| November 2, 2007 | The Department notified the survey entity by e-mail of its approval of the documentation (e.g., telephone script) to be used to complete the survey. |
| December 3, 2007 | The Department received from the requesting organization a revised letter of intent to create the <i>Horse Country</i> specialty license plate. |
| December 3, 2007 | The Department received the required items from the requesting organization and survey entity, which included: (1) the survey results; (2) the application fee of \$60,000; (3) a marketing plan and financial analysis; (4) a letter of verification from the survey entity; and (5) the art design for the <i>Horse Country</i> specialty license plate. |
| February 6, 2008 | After review of the survey data for the <i>Horse Country</i> specialty license plate, the Department sent a letter to the survey entity and requesting organization rejecting the survey. The Department indicated that, based on a review of the survey received, a random sample survey had not been conducted. The Department further indicated that positive responses from respondents of past specialty license plate program surveys and not associated with the <i>Horse Country</i> specialty license plate were included in the survey data. |
| April 3, 2008 | The Department received the survey results from the survey entity for a second time. |
| April 18, 2008 | After review of the survey data for the <i>Horse Country</i> specialty license plate, the Department sent a letter to the survey entity and requesting organization rejecting the survey for a second time. The Department indicated that, based on a review of the survey received, a random sample survey had not been conducted. The Department further indicated that responses from past surveys not associated with the <i>Horse Country</i> specialty license plate were included in the survey data. |
| May 15, 2008 | The Department received survey results from the survey entity for a third time. |
| June 6, 2008 | After verification of the survey data for the <i>Horse Country</i> specialty license plate, the Department sent the survey to its Contractor for statistical analysis. |
| June 10, 2008 | The Department received the survey results from the Contractor indicating that, based on the survey results presented, a minimum of 30,000 vehicle registrants in Florida intended to purchase the <i>Horse Country</i> specialty license plate. |
| June 11, 2008 | The Department provided the Auditor General with written notification of its determination that at least 30,000 vehicle registrants in Florida intended to purchase the <i>Horse Country</i> specialty license plate and provided the Legislature with a copy of the notification. |

**APPENDIX B
MANAGEMENT'S RESPONSE**

Electra Theodorides-Bustle
Executive Director

2900 Apalachee Parkway
Tallahassee, Florida 32399-0500
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Charlie Crist
Governor

Bill McCollum
Attorney General

Alex Sink
Chief Financial Officer

Charles H. Bronson
Commissioner of Agriculture

November 21, 2008

Mr. David W. Martin, CPA
Auditor General
Claude Pepper Building, G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, enclosed is a copy of this agency's response to the preliminary and tentative audit findings regarding your compliance audit of:

Department of Highway Safety and Motor Vehicles
Horse Country Specialty License Plate Survey

The professionalism exhibited by your staff during this audit was evident and appreciated. If you should need additional information, please contact Mr. Laurence W. Noda, Inspector General, at 617-3104.

Sincerely,

Electra Theodorides-Bustle
Executive Director

ETB/ed
Enclosure

APPENDIX B
MANAGEMENT'S RESPONSE (Continued)

Department of Highway Safety and Motor Vehicles
Horse Country Specialty License Plate Survey
Compliance Audit

APPENDIX A provides a chronology of the Horse Country specialty license plate survey process. As shown by APPENDIX A, on June 6, 2008, after verification of survey data, the Department submitted survey results to its Contractor for statistical analysis. The Contractor indicated on June 10, 2008, that a minimum of 30,000 vehicle registrants in Florida intended to purchase the plate. The Department then submitted its evaluation of the survey results to the Auditor General on June 11, 2008.

We applied various audit procedures to the survey results and other documentation provided to us by the Department and, as a part of these procedures, we sent confirmation letters to 700 (24 percent) of the 2,877 respondents listed in the survey results. Table 1 presents a summary of the confirmation replies received through October 7, 2008.

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Recommendation: We recommend that the Department consult with the requesting organization concerning the steps to be taken to provide a verifiable scientific survey meeting the specifications of Department procedure.

Response:

The Department has been in contact with the sponsoring organization for the Horse Country Specialty License Plate. The sponsoring organization has changed to a different survey company and agreed to conduct a new survey.