

## Chapter 3

### Section 3.04

Ministry of Transportation

# Driver Education and Examination

## Background

Under the *Highway Traffic Act*, the Ministry of Transportation (Ministry) is responsible for protecting the public by ensuring that the privilege of driving is granted only to persons who demonstrate that they are likely to drive safely. Full driving privileges are to be granted to novice drivers only after they acquire experience and develop safe driving skills in controlled and supervised conditions.

Under the graduated licensing system introduced in April 1994, novice drivers are required to remain in a supervised stage (G1) of driving for a minimum of 12 months before attempting a road test to progress to the unsupervised, G2, stage. Upon passing the road test, they are required to have another 12 months of driving experience before attempting to obtain a full class G licence.

Although the province does not regulate driving schools, the majority of novice drivers learn to drive through attending a driving school. Currently, the Ministry administers a voluntary Beginner Driver Education (BDE) program under which driving schools that meet specified requirements can become ministry-approved course providers. They may issue driver-education certificates to students who have completed the course successfully; the

certificate entitles students to have their 12-month G1 stage reduced by up to four months and possibly to save on their insurance premiums.

At the time of our audit, new regulations for driving schools and driving-school instructors under the *Transportation Statute Law Amendment Act, 2005* had been drafted for public comment. These new regulations, if implemented, will set standards for all driving schools in the graduated licensing program, require such schools to obtain a driving-school licence, and impose more rigorous standards for driving instructors.

The Ministry is responsible for the examination and licensing of drivers in Ontario. In February 2003, the Ministry entered into a 10-year agreement with a private-sector company (the service provider) for the administration of the driver-examination services. In return for an upfront payment of \$114 million, the service provider is entitled to the driver-examination fees over the term of the agreement. The Ministry remains responsible for establishing policy and standards for driver examinations, setting fees, and monitoring the provision of services so as to ensure that examination standards are met and services are applied consistently across Ontario.

In 2006/07, there were 55 Driver Examination Centres and 37 temporary sites in remote areas that

the service provider's employees travel to on designated days to administer driving examinations. During 2006, the service provider administered approximately 617,000 written tests and 677,000 road tests and collected examination fees of \$62 million.

For the 2006/07 fiscal year, total ministry expenditures relating to driver education and examination were approximately \$6 million.

## Audit Objective and Scope

The objective of our audit of the driver-education and -examination functions of the Ministry was to assess whether adequate systems and procedures were in place to:

- measure and report on the Ministry's effectiveness in ensuring that driver's licences are granted only to persons who have demonstrated that they are likely to drive safely; and
- provide effective, timely, and accessible services.

The scope of our audit included a review and analysis of relevant files and administrative procedures, interviews with appropriate staff of the Ministry and the service provider, and a survey of driver examiners who are on the staff of the service provider. In addition, to gain a better understanding of the issues and to obtain suggestions as to how public safety can be improved, we met with various external stakeholders including driving schools, driver associations, and the insurance industry.

Before beginning our work, we developed audit criteria that we used to attain our audit objectives. These were agreed to by the senior management of the Ministry.

We also reviewed the activities of the Ministry's Internal Audit Services Branch. Although the Branch had not conducted any recent audit in this area, it had provided advice on the development of performance measures and the audit approach for

the Ministry's ongoing monitoring of the service provider. The Branch's input was helpful in planning our audit.

## Summary

The collision involvement rates for the about 55% of novice drivers who enrolled in the Beginner Driver Education (BDE) program were significantly higher than those for drivers who did not participate in the program. While this statistic could be the result of a combination of many factors and is not necessarily an indication of the effectiveness of the BDE course and instruction, the Ministry had not followed up on the reasons for the higher collision involvement rate, nor had it evaluated the effectiveness of the BDE program. We noted several areas where current practices may have contributed to the higher collision involvement rates for drivers who had enrolled in the BDE program. Specifically:

- A number of studies have shown that drivers who have taken advantage of the reduction in their supervised driving period and take the driving test up to four months earlier had a higher collision involvement rate than those who have not.
- Virtually all the external stakeholders we interviewed expressed concerns about the sale of driver-education certificates by unscrupulous driving schools to students who have not completed the required driver education. The Ministry had not ensured that the potential for fraud in this regard had been adequately dealt with.
- The Ministry's inspection of BDE driving schools had not focused on ensuring that the training was in accordance with the ministry-approved curriculum. Where inspections were done, many cases of significant non-compliance were disregarded repeatedly by

driving schools, with few or no sanctions by the Ministry.

Many driving instructors had a high rate of violating the *Highway Traffic Act*. As of December 2006, approximately 360, or 6.5% of the 5,500 instructors, had accumulated demerit points, compared to approximately 1.4% for the general driver population. The points were given for common violations such as speeding, failure to use seat belts, and disobeying traffic signs.

Under the Driver Certification Program, the Ministry designates organizations such as municipalities, transit authorities, trucking companies, and school bus companies as Recognized Authorities to operate a ministry-approved training and testing program for their employees. Upon successful completion of the program, the employees are entitled to have their driver's licences upgraded or renewed to a commercial class by the Ministry. About 20% of commercial licences are obtained this way. But ministry inspections and investigations of complaints found cases where Recognized Authorities and their trainers were:

- upgrading drivers who had not received any training or demonstrated the necessary driving skills;
- upgrading non-employees; and
- upgrading licences in return for payment.

In a number of cases, the Ministry had suspended the Recognized Authorities and downgraded the licences of the drivers involved to their previous class. However, the problems were persisting, as evidenced by the findings from recent inspections.

With respect to driver examinations, we noted that there has been significant improvement in the wait times for taking a road test, wait times being a significant issue noted in our last audit in 2001. As of October 2006, the average provincial wait time for all classes of licence was three to four weeks, compared to as much as 29 weeks at the time of our last audit.

The Ministry's driver-examination outsourcing agreement demonstrated good accountability and had good oversight mechanisms, in that it included a number of performance standards, such as properly completing road test score sheets and meeting wait-time standards. However, we noted differences in the pass rates of examiners that were large enough to indicate that candidates were not being passed or failed on a consistent basis throughout the province. In addition, there were many cases in which examiners did not ensure that candidates had completed all necessary manoeuvres. Inadequate ongoing training and supervision of examiners could be the reason for this lack of consistency.

If road tests are not being conducted consistently across the province, applicants who have previously failed or who are aware of easier processes elsewhere might be encouraged to travel to another centre that seems to have less stringent testing requirements. We found that over half of 10,000 G2 road tests conducted in 2006 at two non-Toronto examination centres were for applicants from the Toronto area, and over 60 of those Toronto applicants went to both of these centres, which are over 300 kilometres apart, to attempt the road test. Excluding those from the Toronto area, applicants from these two examination centre areas have pass rates of approximately 80% for the road test to obtain their class G licence, compared to the provincial average of 68% in 2006.

In monitoring the service provider, the Ministry has also found a high number of instances of other defects, including inadequate verification of the identification documents of examination applicants and mistakes in the recording of drivers' information. Such examples could be indicative of persistent problems. However, the Ministry had not adequately followed up on the defects, had not analyzed the defects for systemic problems, and had not notified the service provider of the high number of defects it had found.

We sent this report to the Ministry and invited it to provide responses. We reproduce its overall response below and its responses to individual recommendations following the applicable recommendation.

### OVERALL MINISTRY RESPONSE

Ontario’s roads are among the safest in North America. The Ministry agrees with the Auditor that training and testing new drivers for a lifetime of safe driving is critical. The Ministry values the audit observations and recommendations made by the Auditor and is taking swift action to address them. The Ministry appreciates the Auditor’s recognition of the Ministry’s success in reducing road test wait times and in reducing collisions with the introduction of graduated licensing, as well as the good accountability and oversight mechanisms found in the driver-examination outsourcing agreement.

## Detailed Audit Observations

### DRIVER EDUCATION

#### Beginner Driver Education (BDE) Program

The Ministry administers a voluntary Beginner Driver Education (BDE) program that enables driving schools to become ministry-approved course providers.

The minimum requirements for the ministry-approved course are 10 hours of in-car instruction and 25 hours of classroom instruction. Upon successful completion of the course, students receive a driver-education certificate that allows them to shorten the time they spend in the supervised G1 stage by up to four months and may give them a reduction on their insurance premiums.

The Ministry charges \$4.50 for each driver-education certificate requested by ministry-approved course providers. Driving schools operated by school boards can obtain the certificates free of charge. Every year the Ministry distributes about 160,000 blank certificates to the approximately 720 ministry-approved course providers—of which 12,000 are distributed to school boards—and receives approximately \$650,000 in revenue.

According to ministry records, of the approximately 218,000 new drivers each year, about 120,000, or 55%, have taken the BDE course. Of the 120,000 course takers, 67,000, or approximately 56%, have taken advantage of the time reduction and took the G2 driver examination before the end of the regular 12-month waiting period.

The Ministry had not evaluated the effectiveness of the BDE program for drivers who had taken the ministry-approved course. We therefore compiled the 2000–05 collision statistics for drivers who had obtained their licence after the introduction of graduated licences, comparing the rates for those with and without a BDE certificate. The results are shown in Figure 1. We concentrated on the collision rates of G2, as opposed to G1, drivers because, according to

**Figure 1: Collision Involvement Rates for G2 Drivers with and without Beginner Driver Education Certificates, 2000–2005**

Source of data: Ministry of Transportation

Year	BDE Certificate (%)	No BDE Certificate (%)	% by Which BDE-trained Drivers Are More Involved in Collisions
2000	10.18	8.18	24
2001	9.58	7.23	33
2002	8.69	6.31	38
2003	8.07	5.56	45
2004	7.79	4.92	58
2005	6.83	4.21	62

Note: Statistics pertain to drivers who received their licences after the introduction of graduated licences.

the Ministry, only until drivers are in the unsupervised stage of G2 do the potential benefits of BDE training have a chance to become apparent.

Although collision rates had declined for all drivers since the introduction of graduated licensing, we noted that class G2 drivers with BDE certificates were involved in significantly more collisions than drivers who had not taken the course. In addition, over the six-year period, the percentage by which BDE-trained drivers were more involved in collisions increased steadily and significantly.

We acknowledge that these statistics do not necessarily indicate that the BDE course is ineffective, since other factors, such as a driver's attitude, actions, and driving experience, may play a role in the effectiveness of the program; however, the trend we noted is quite pervasive and warrants follow-up by the Ministry to ensure that new drivers are being given the most effective training possible. In this regard, our audit identified several areas where current practices may have contributed to the higher collision involvement rates for drivers who were enrolled in the BDE program, as discussed under the following sections: Driver-education Curriculum, Drivers with Reduced G1 Stage, Inspection of Driving Schools, and Driver-education Certificates.

## RECOMMENDATION 1

To ensure that novice drivers enrolled in the Beginning Driver Education (BDE) program receive effective training in safe driving, the Ministry of Transportation should evaluate the effectiveness of the BDE program, including investigating the reasons for the higher collision involvement rates for drivers who have completed the BDE program.

## MINISTRY RESPONSE

Two ministry evaluations of Ontario's graduated licensing program have confirmed its success in

reducing collisions for new drivers. However, the Ministry acknowledges that there is a higher collision risk among drivers who have taken a Beginner Driver Education (BDE) course and received a time discount in level one of the program. The Ministry is reviewing its existing detailed analyses of all the factors leading to this conclusion to better understand and address the relationship between BDE, time discounts, and collision rates.

Many factors contribute to a higher collision rate among novice drivers, including age, inexperience, attitude, and high-risk behaviour associated with youth. The Ministry believes that beginner driver education is an important tool to help prepare new drivers to drive safely. That's why, in August 2007, the Ministry announced significant improvements to the BDE program that will result in higher standards for both driver education and driving instructors. As well, the Ministry will continue to focus its policy and legislative and public-education initiatives on young new drivers who, studies show, have a higher collision rate than the general driving population, whether they take BDE or not.

## Driver-education Curriculum

The Ministry's curriculum for the BDE course has not been updated since 1985. In recent years, however, such changes to the driving environment as crowded roads and increased use of cell phones and other electronic devices have created more distractions for drivers. In fact, in January 2007, Canada's home, car, and business insurers launched a \$4 million multimedia public-education campaign to remind drivers to keep their eyes on the road and avoid distractions.

In July 2006, the Ministry issued a Request for Proposal for the development of curriculum standards for beginner driver education with a target completion date of October 2007.

### Drivers with Reduced G1 Stage

Since drivers with BDE certificates are eligible to have their G1 stage shortened by up to four months, we compared the collision involvement rates of G2 drivers who had taken advantage of the time reduction and those who had not. What we found was that in the last five years, G2 drivers who had used the time reduction to take their driver examinations earlier had about 25% more collisions. (See Figure 2.)

Other studies have also shown that drivers who have taken advantage of the time reduction have higher collision rates than those who remain longer in the supervised stage. The Traffic Injury Research Foundation, in its report *Best Practices for Graduated Driver Licensing in Canada*, recommends that the time reduction for driver education be eliminated and that new drivers have at least 12 months of supervised driving. Effective April 1, 2007, British Columbia removed the three-month time reduction for the supervised driving stage. However, new drivers will be eligible for a six-month reduction in the second stage if they complete an approved course successfully and have no violations and no at-fault crashes in the first 18 months after being licensed.

**Figure 2: Collision Involvement Rates for G2 Drivers with and without G1 Time Reduction, 2000–2005**

Source of data: Ministry of Transportation

Year	Time Reduction (%)	No Time Reduction (%)	% by Which Drivers with Time Reduction Are More Involved in Collisions
2000	10.81	8.48	27
2001	10.24	8.26	24
2002	9.38	7.50	25
2003	8.85	6.96	27
2004	8.38	6.96	20
2005	7.40	6.07	22

Note: Statistics pertain to drivers who received their licences after the introduction of graduated licences.

## RECOMMENDATION 2

To help ensure that new drivers receive adequate behind-the-wheel supervised training, the Ministry of Transportation should:

- update its standards and curriculum to recognize changes in the driving environment over the last decade; and
- reconsider the desirability of reducing the supervised (G1) driving stage for drivers who successfully complete the Beginner Driver Education program.

## MINISTRY RESPONSE

In 2006, the Ministry identified the need to improve the Beginner Driver Education (BDE) curriculum and hired the Canadian Standards Association to develop new, state-of-the-art standards for the BDE curriculum. The new curriculum will be rolled out to schools in 2008.

The Ministry will review the appropriateness of the time discount as part of its review of the graduated licensing system, which includes the new requirements used in British Columbia.

### Inspection of Driving Schools

The majority of driving schools are small operations with fewer than four instructors and 500 students a year. Driving schools that wish to become ministry-approved course providers under the BDE program are subject to an opening inspection, which includes a classroom visit and examination of all pertinent documents, such as the proposed course outlines for classroom and in-vehicle instruction, certificates of insurance coverage, safety certificates for the vehicles, a municipal business licence, and driving-instructor certificates. Once approved, schools are subject to an annual compliance inspection.

Before November 2004, the BDE program was administered jointly by the Ontario Safety League (as the course inspector), the Driving School Association of Ontario (as the course administrator), the Insurance Council of Canada (as the representative of the insurance industry), and the Ministry (as the overseeing authority). On that date, the Ministry assumed full responsibility for the administration and inspection of driving schools in the BDE program.

Despite the requirement that driving schools be inspected annually, at the time of our audit, about 40% of the schools had not been inspected since the Ministry assumed responsibility for the BDE program in late 2004. In addition, we noted that the current inspection process for the ministry-approved course consists primarily of observing the suitability and safety of classroom sites and vehicles, verifying that instructors are licensed, and ensuring that there is adequate insurance coverage to protect the students. The inspections did not include assessing whether students did in fact receive the training in accordance with ministry-approved curriculum and whether driver-education certificates were issued only to students who had completed the course.

Moreover, inspections are primarily conducted during business hours, whereas classes tend to be held on evenings and weekends. Therefore, the Ministry would have been unable to verify that classes had been held as claimed by the school or whether the sign-in sheets were valid.

Once an inspection is completed, the course provider is given a copy of the inspection report and 10 days to respond to any Notice of Violation. If a satisfactory response is not received within the allotted time, the course provider is to be suspended or its ministry-approved status revoked. If a satisfactory response is received, the Ministry may permit the course provider to continue operating, with a follow-up inspection scheduled within 60 days or 12 months, depending on the seriousness of the violation.

We found that the Ministry had not ensured that course providers were correcting the deficiencies noted in its inspections. In addition, repeated infractions were treated the same way as first-time infractions. We noted instances where driving schools have shown repeated disregard for the BDE requirements, with little or no action by the Ministry. For example:

- In January 2004, the Ontario Safety League recommended that one school be subjected to disciplinary action, because it had shown little or no regard for BDE requirements and the findings of the Ontario Safety League's previous inspections. In addition, in December 2004, the Ministry received a complaint from one of the school's former employees alleging that the school had sold fraudulent driver-education certificates. An inspection by the Ministry in July 2005 again found a number of infractions, including inaccurate and incomplete student record files. Although the Ministry did forward the information to the police for possible investigation, it had not conducted a follow-up inspection since that time.
- Similarly, from October 2000 to March 2006, another school was found repeatedly to be in non-compliance with the BDE requirements. It was also the subject of many complaints to the effect that it was selling driver-education certificates and that the environment was not conducive to learning. In October 2006 the school changed location and received an opening inspection as a new school. Although the inspection did not reveal any infractions, we noted that because the inspection was treated as an opening inspection, many of the areas of concern in the past, such as the adequacy of student records, were not examined.

In spite of the infractions found by the inspections, we noted in the course of our examination that, despite some driving schools having a number

of repeat violations, no school had been removed from the list of ministry-approved course providers, nor were other sanctions applied. Following discussions regarding our concerns, the Ministry informed us that it had begun working on this problem in December 2006 and has subsequently removed 13 schools from the list of approved course providers.

In addition, there has been no attempt by the Ministry to help protect new drivers from enrolling in driving schools with substandard business practices. We found three ministry-approved course providers on the Consumer Beware List of the Ministry of Government Services website, yet the schools were still operating as ministry-approved course providers. Not only will such schools damage the reputation of the BDE program but their presence on the Consumer Beware List may also call into question the quality of instruction that driving students are receiving.

The Ministry acknowledged that more needs to be done and in early 2007 initiated “mystery shopping,” whereby ministry-engaged personnel pose as members of the public enrolling in BDE driving schools, in order to conduct audits to ensure that the schools are delivering courses in accordance with the ministry-approved curriculum and standards. At the completion of our fieldwork, the Ministry had completed a number of mystery-shopping assignments and was in the process of following up on the audit findings.

### RECOMMENDATION 3

The Ministry of Transportation should ensure that driving schools are providing students with training in accordance with the ministry-approved curriculum by:

- developing and following a more comprehensive and curriculum-based approach to inspection;

- following up on deficiencies found and taking more definitive action where repeat violations are being noted; and
- working with the Ministry of Government Services to help inform students about driving schools that are on its Consumer Beware List.

### MINISTRY RESPONSE

The Ministry has improved its oversight of driving schools and refined and strengthened its audit program, including mystery shoppers, to ensure that performance standards are achieved. The Ministry is now auditing each school to establish a performance baseline using a risk-based audit strategy to target high-risk schools.

The Ministry is following up on deficiencies and has introduced legal measures to take corrective action or revoke the status of non-compliant schools. The names of non-compliant schools are now posted on the Ministry’s website.

The Ministry has also updated its website to advise the public of driving schools that are listed on the Ministry of Government Services’ Consumer Beware List.

### Driver-education Certificates

Driving schools can order as many driver-education certificates from the Ministry as they want, as long as they submit an enrolment list; however, there is no verification of the enrolment lists to ensure that only eligible drivers are on the list. As well, the Ministry does not use reconciliation procedures to determine whether the number of driver-education certificates ordered by the driving schools was reasonable when compared to the number of students that could be taught given the number of

instructors on staff. A concern expressed by virtually all the external stakeholders we interviewed (including, for example, driving schools, driver associations, and the insurance industry) was that unscrupulous driving schools were selling driver-education certificates to students who have not completed the required driver education.

We found many cases where the number of driver-education certificates ordered was questionable. For example:

- One driving school had not provided the Ministry with a record of having issued any of its driver-education certificates to students, but it had repeatedly ordered certificates over the last year.
- A number of other schools ordered significantly more certificates than the number of students that their instructors were capable of teaching, which we estimated to be about 200 students a year. The Ministry had not questioned or investigated such schools.

In addition, the Ministry had not ensured that situations involving potential fraud were dealt with adequately. For instance, in October 2006, in response to repeated anonymous complaints about the sale of fraudulent driver-education certificates, the Ministry conducted an inspection of a driving school and found that the accuracy of its student records was in question. However, the Ministry did not take further action to correct the problem.

#### RECOMMENDATION 4

The Ministry of Transportation should strengthen its controls to minimize the risk of driver-education certificates being issued to students who have not completed the required driver training. It should also follow up on any suspicions of fraudulent selling of certificates and take immediate action where such suspicions are confirmed.

#### MINISTRY RESPONSE

The Ministry agrees with this recommendation. The Ministry is strengthening controls to mitigate fraud and ensure that driver-education certificates are provided only to students who have successfully completed a ministry-approved course. In 2008, the Ministry will replace paper certificates with an electronic link to the driver database. This action will significantly help improve controls over the confirmation of successful course completion and the issuance of certificates.

#### Non-Ministry-approved Driving Schools

We noted that a number of driving schools that were advertising as ministry-approved were, in fact, not on the Ministry's list of approved course providers. This could be an indication that those schools are offering substandard driver training, since they may not have been able to meet the minimum standards for becoming ministry-approved course providers.

While the Ministry stated that the responsibility for investigating questionable business practices of this nature lies with the Ministry of Government Services, its reputation could be in jeopardy, since the public would expect driving schools that say they are ministry-approved to be inspected by the Ministry to ensure they provide a high-quality service.

#### RECOMMENDATION 5

To protect the public, the Ministry of Transportation should work with the Ministry of Government Services and take action to ensure that only legitimate course providers are allowed to operate and advertise as ministry-approved course providers.

## MINISTRY RESPONSE

As of June 2007, under the *Highway Traffic Act*, it is illegal for non-approved schools to represent themselves as approved schools. As of December 2007, only those driving instructors working for ministry-approved driving schools will be allowed to teach new drivers in Ontario. Schools that are not approved and continue to teach new drivers can be charged under the *Highway Traffic Act*. The Ministry will be actively enforcing these new requirements.

### Driving Instructors

Under a *Highway Traffic Act* regulation, a person who wishes to become a class G driving instructor must have had at least four years of driving experience, have completed a driving-instructor course taught by a chief or master driving instructor, have no more than six demerit points, be cleared by a criminal-record search for prescribed sections of the Criminal Code of Canada, and pass certain vision, knowledge, and road tests.

We noted that the Ministry had not reviewed or updated the driving-instructor course since 1997. Nor has there been a training program for master or chief driving instructors since 1992. Currently, there are 18 master or chief driving instructors in the province.

In addition, we noted that driving instructors with repeated infractions under the *Highway Traffic Act* are permitted to teach novice drivers the rules of the road. For example, a person who became a driving instructor in February 2007 had four demerit points and had received six licence suspensions since August 2004 for unpaid fines. (The fines were for not having a valid vehicle permit, improper use of a seatbelt, not having an insurance card, and failing to produce a driver's licence.)

Once driving instructors are licensed, there is no requirement (outside of what is required under the present law for the general driver population) that they be up to date on the necessary standards. We noted that three U.S. jurisdictions do require or are in the process of requiring periodic refresher training for maintaining a driving-instructor licence.

Our review of the Ministry's database of driving instructors found that, as of December 2006, approximately 360, or 6.5% of 5,500 driving instructors, had accumulated demerit points (compared to approximately 1.4% of the general driver population), for such violations as speeding; failing to use, or improper use of, seat belts; and disobeying a traffic light. The proposed new regulations would prohibit driving instructors from having more than three demerit points at any time. If the new proposed demerit point requirements had been applied to the driving instructors as of December 2006, 72 of them would have had their instructor's licences revoked.

Complaints against instructors are followed up only as part of the inspection of the instructor's school if that school is in the BDE program. In other cases, the complaint is referred to the Ministry of Government Services. However, as mentioned above, some schools have not been inspected since 2004, and in cases where there are numerous complaints, although the school may be inspected, action was rarely taken against the driving instructor. We noted that two driving instructors who had been convicted of fraud under \$5,000, including falsifying student records, were still licensed as driving instructors.

## RECOMMENDATION 6

To ensure that student drivers receive proper training, and to protect the safety of the public, the Ministry of Transportation should:

- update the driving-instructor curriculum and consider reinstating training for new master driving instructors;

- consider strengthening the training requirements for maintaining a driving-instructor licence; and
- ensure that instructors that are the subject of numerous complaints are more stringently dealt with.

## MINISTRY RESPONSE

The Ministry is developing new requirements for master driving instructors that will ensure a high standard for those who teach driving instructors. The Ministry continues to work with the industry to ensure that a sufficient number of qualified master driving instructors are available.

The Ministry agrees that driving instructors must lead by example. The Ministry is considering introducing refresher training for driving instructors. The Ministry has also significantly strengthened requirements for maintaining a driving instructor's licence and has reduced the allowable number of demerit points that an instructor can acquire from six to three. As well, any new driving instructors must now have zero demerit points and no criminal code convictions before they are licensed.

The Ministry takes complaints against driving instructors seriously and investigates the complaints it receives. Under the *Highway Traffic Act*, the Ministry now has the authority to cancel driving-instructor privileges based on complaints, when warranted. As well, driving-instructor licences will continue to be cancelled for reasons relating to the instructor's driving record, including, for example, excessive demerit points.

## Driver Certification Program

In addition to the BDE program, which serves class G drivers, the Ministry is also responsible for the other classes of driver's licences (classes A, B, C, D, E, F, and M) and the air-brake endorsement (class Z). Drivers who want to upgrade their G licence to the other classes may do so through a Driver Examination Centre or through an employer or community college authorized under the Driver Certification Program. Since drivers who have these licences often drive tractor trailers and other large vehicles, it is essential for the safety of the public that they have the appropriate driving skills before being granted a higher-class licence.

Under the Driver Certification Program, which was established in 1977, the Ministry may designate organizations such as municipalities, transit authorities, trucking companies, and school bus companies as Recognized Authorities. These organizations are given the authority to operate ministry-approved training and testing programs for their employees, who, upon successful completion of the program, can have their driver's licence upgraded or renewed by the Ministry.

The Recognized Authorities employ or contract with qualified instructors, who are approved by the Ministry as Signing Authorities instructors to deliver the training and testing program. There are currently about 400 Recognized Authorities and 1,400 Signing Authorities instructors in the province. Every year, the Recognized Authorities administer approximately 8,600 road tests, which represent about 20% of all road tests for all licence classes except G and M.

It is ministry policy to inspect each Recognized Authority at least once a year in order to examine training and test records and inspect test sites to ensure that the Ministry's standards are being adhered to. We noted, however, that Recognized Authorities were being inspected only about once

every three years. In addition, the current inspection process for the driver-certification program is limited to an examination of documents. With the exception of motorcycle and air-brake examinations, there was no inspection of actual training being given and of the thoroughness of the examinations. We also noted that documentation regarding the scope of the inspections and such information as the number of employees were missing from the inspection files.

Nevertheless, over the years, the inspections that were conducted and the Ministry's investigation of complaints found significant breaches of ministry standards. The findings from the inspections and investigations included cases where Recognized Authorities or Signing Authorities instructors were upgrading drivers who had not received any training or demonstrated the necessary driving skills, were upgrading non-employees, were upgrading licences in exchange for payment, or were affiliated with driving schools. The Ministry requires that Recognized Authorities not be affiliated with driving schools because it would create the potential for Signing Authorities instructors to upgrade the licences of their own students. We also noted that Signing Authorities instructors could administer the written tests to themselves and authorize their own licence renewals.

In a number of those cases, the Ministry had suspended the Recognized Authorities or Signing Authorities instructors and downgraded the licences of the drivers involved to their previous class. However, these problems were persisting, as evidenced by the findings from recent inspections. Ministry staff and external stakeholders told us that in some industries there is a shortage of drivers and a high turnover rate, a situation that created the pressure to upgrade more drivers. This could pose significant risks to the safety of the drivers themselves and other drivers on Ontario's roads.

## RECOMMENDATION 7

To minimize risk to the safety of the public and given the concerns that are arising from current inspections of those organizations that are allowed to train and test drivers for the more advanced licence classes, the Ministry of Transportation should:

- comply with its policy to inspect those organizations annually and expand its inspection to include the training and examination processes; and
- pay particular attention to the risk of those organizations providing an advanced class of licence to unqualified drivers.

## MINISTRY RESPONSE

The Ministry agrees with this recommendation. The Ministry has reviewed the current inspection process and, in 2008, plans to move from an annual inspection schedule to a risk-based inspection process to target and follow up on high-risk Recognized Authorities. The new process will include inspection of the training and examination processes.

The Ministry will pay particular attention to those organizations providing an advanced class of licence to unqualified drivers. The new risk-based inspection process will enable the Ministry to address this and other issues and will result in the Ministry removing Driver Certification Program privileges from any organization found to be licensing unqualified drivers.

## DRIVER EXAMINATIONS

### Monitoring the Service Provider's Delivery of Examination Services

#### Overview

Under the Ministry's agreement with the service provider for the administration of driver-examination services, the services to be performed by the service provider include verifying applicants' identification, administering knowledge and road tests, collecting examination fees, issuing temporary driving permits, and operating a telephone call centre. The Ministry retains the responsibility to oversee the agreement.

As part of its process to ensure that adequate service is provided to the public, the Ministry was successful in including 92 performance standards and other contractual obligations in the agreement. For compliance monitoring purposes, the standards have been classified by the Ministry as high-, medium-, or low-risk. Nineteen of the 92 performance standards are considered high-risk; they cover such areas as obtaining valid identification, recording driver information accurately, completing road test score sheets properly, and adhering to the wait-time standards. The medium- and low-risk standards pertain mostly to customer service.

If the service provider fails to meet a performance standard, the failure constitutes a "Performance Standard Default" under the agreement. When there is a performance standard default, the Ministry may issue a Performance Deficiency Notice (PDN), which carries a specified fine and/or requires the service provider to submit a plan for corrective action. The total of all performance deficiency amounts in one calendar month is not to exceed \$130,000.

#### Compliance Monitoring

In accordance with the agreement, the service provider pays the Ministry \$200,000 per month to fund the Ministry's audit and compliance functions. The compliance monitoring approach developed

by the Ministry is risk-based, in that high-risk standards are to be measured for compliance on a monthly basis, whereas medium-risk and low-risk standards are to be measured every six months and once a year, respectively.

In reviewing the compliance monitoring that had been carried out, we noted that as of April 2007 only the high-risk standards had been measured for compliance. Furthermore, there were significant differences in the frequency with which different examination centres were monitored. For example, our review of the Ministry's compliance monitoring from April to October 2006 showed that the examination centres in the Eastern Region were visited monthly as required. In contrast, even though the Central Region handled more than half of all transactions in the province, its centres were visited less than half as often as required. We noted that the Ministry had no formal criteria for deciding which centres would be visited when it could not inspect all centres on the required monthly basis, such as by targeting the ones with recurring performance problems.

Our analysis of the compliance monitoring results showed that between April and October 2006, the Ministry monitored approximately 61,500 transactions and procedures. The Ministry found 5,024 defects, which represented an error rate of about 8%. Some of the defects found by the Ministry were inadequate verification of identification of examination applicants for out-of-country licence exchanges and up- and downgrading of licences without documented justification; mistakes in the recording of drivers' information; and incomplete road-test score sheets. Of the 5,024 defects noted, 89, or fewer than 2%, resulted in issuing a PDN. The total value of fines levied was approximately \$240,000, of which the service provider had paid \$141,000. The remaining PDNs were under review, had been withdrawn, or were still outstanding. We noted that the Ministry had not required that the service provider submit plans for

corrective action, in spite of the relatively high error rate, given that these were high-risk standards, and the low number of PDNs issued. For instance, 346 defects related to a failure to ensure that there was no cheating on the knowledge test, but no PDNs were issued and no corrective action was required by the Ministry.

The relatively high incidence of defects could also be indicative of persistent problems. The Ministry had not analyzed the defects to determine whether there may be more serious systemic problems. For example, it would be difficult to determine whether the reason an examiner had failed to fully complete a road-test score sheet with all manoeuvres graded was that he or she had not administered all the tests required or had simply failed to record the results of the tests. Moreover, the Ministry had not notified the service provider of the relatively high number of defects found by the compliance monitoring, and the service provider may be under the wrong impression of its performance given that 98% of the defects did not result in the issuance of a PDN. Consequently, the Ministry may well continue to find a high number of defects in future compliance monitoring, since the service provider may not be taking action internally to address the defects.

The results of compliance monitoring by ministry staff are entered into an information system that produces a report on overall compliance by performance standard, date, and location every month. Using the information from the report, the Ministry reviews the defects identified and, if warranted, issues PDNs to the service provider.

We noted that the information system had only a limited capability to create specialized reports or allow queries of the data, and therefore its usefulness for management decision-making was limited. For example, although the report contained a summary of the compliance rate for the tests conducted, it did not show enough details about the nature of the defects to enable the Ministry to follow up

on and communicate systemic problem areas to the service provider. One of the defects noted on a report is failure to accept only correct documents. However, the report does not provide information as to what specific documents (for example, unsigned passport, expired driver's licence) are not acceptable, and, as a result, corrective action cannot be taken to prevent future recurrences. In addition, the monthly data are not accumulated and updated continuously, nor can the system produce reports automatically for a desired period (other than a calendar month), centre, or test. For the purposes of our audit, we had to calculate this information.

## RECOMMENDATION 8

To help ensure that the outsourced driver-examination function meets its objective of passing only qualified persons, the Ministry of Transportation should:

- conduct compliance monitoring according to the frequency established under its risk-based approach;
- provide the service provider with more information on systemic non-compliance areas noted where a formal default notice was not issued and ensure that such areas are specifically assessed in future compliance reviews; and
- enhance the query and reporting capabilities of the management information system to enable a more proactive approach to identifying the more serious and recurring problems.

## MINISTRY RESPONSE

Appropriate staffing is now in place and the Ministry is conducting audits on all Driver Examination Centres according to the Ministry's risk-based schedule.

The Ministry continues to work with the service provider to refine the reporting structure so that problem areas are more consistently addressed. When the service provider first took over the business, informal monthly audit observations were provided to the service provider. Now, more formal reports, which provide indicators of poor performance, are being sent to all Driver Examination Centres. The service provider is using this information along with its own monitoring data to address problem areas. The Ministry had recognized the need to enhance reporting and had been developing enhancements at the time of the audit. A new reporting structure for the management information system now allows the Ministry to better monitor the results and trends resulting from inspections. It also enables the Ministry to share information in a more timely and effective manner.

The service provider is responsible for responding to deficiencies identified. Failure to address known deficiencies may result in financial penalties.

## Results of Driver Examinations

Driver-examination standards are set by the Ministry to ensure that all exams are conducted the same way throughout the province. So that driving tests may be impartial and uniform, it is necessary for all examiners to have the same basic training and to measure a driver's skill and ability consistently.

As of February 2007, there were approximately 340 driver examiners for all classes of licence in Ontario: 44% in the Central Region, 29% in the Southwest Region, 18% in the Eastern Region, and 9% in the Northern Region.

## Pass Rates

One of the performance standards in the agreement with the service provider requires that the service provider meet the provincial historical average pass rate in each class for each month (usually 60% for G1 and 65% for G2), plus or minus 4%. The service provider has met this standard since taking over the testing of drivers. From September 2003 to December 2006, the average provincial pass rate for G1 and G2 road tests remained relatively stable: between 60% and 62% for G1 and between 65% and 68% for G2 road tests.

Some differences in pass rates can be expected owing to, for example, differences in examiners' judgment and test routes. However, as indicated in Figures 3 and 4, there were significant differences in pass rates among regions and among examination centres both in different regions and within the same region.

Figure 5 shows the distribution of pass rates among Central Region examiners who each conducted at least 1,000 G1 or G2 road tests during 2006. These examiners accounted for 79% and 76% of all G1 and G2 road tests conducted in the Central Region, respectively.

In the other regions as well, there were cases of large differences among individual examiners' pass rates. We noted, for instance, that at certain centres in the Southwest Region, individual examiners' pass rates ranged from 47% to 79%.

**Figure 3: Road-test Pass Rates by Region, 2006**

Source of data: Ministry of Transportation

Region	G1		G2	
	Total G1 Tests Conducted	Overall Pass Rate (%)	Total G2 Tests Conducted	Overall Pass Rate (%)
Central	200,006	56	142,821	62
Southwest	86,919	67	78,133	70
Eastern	44,118	73	39,627	75
Northern	14,920	82	12,256	85
<b>Total/Avg.</b>	<b>345,963</b>	<b>62</b>	<b>272,837</b>	<b>68</b>

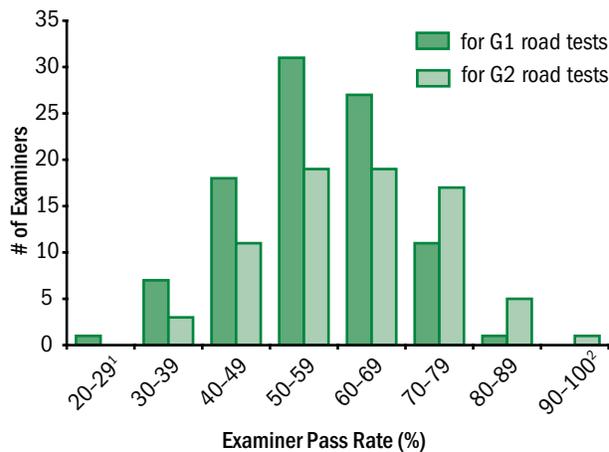
**Figure 4: Percentage of High and Low Road-test Pass Rates for Examination Centres in the Same Region, 2006**

Source of data: Ministry of Transportation

Region	# of Examination Centres	G1 Highest Pass Rate	G1 Lowest Pass Rate	G2 Highest Pass Rate	G2 Lowest Pass Rate
Central	11	71	51	78	55
Southwest	17	79	55	84	54
Eastern	14	88	59	86	69
Northern	13	93	70	94	70
<b>Total</b>	<b>55</b>				

**Figure 5: Pass Rates for a Sample of Examiners, Central Region, 2006**

Source of data: Ministry of Transportation



Note: All examiners in the sample conducted more than 1,000 road tests.  
 1. Zero examiners were in the 20-29% pass-rate range for G2 road tests.  
 2. Zero examiners were in the 90-100% pass-rate range for G1 road tests.

The Ministry’s expectation is that examiner pass rates are analyzed and monitored by the supervisor or managers of each Driver Examination Centre. However, in our survey of driver examiners, two-thirds of the examiners who responded stated that they received little feedback from management about individual pass rates.

### Road Tests

Ministry guidelines set an average time of 20 minutes for the G1 road test and an average time of 30 minutes for the G2 road test. What is more

important, however, is that all manoeuvres be completed, regardless of how long it takes to complete the test.

Depending on the location of an examination centre, a full day’s workload for an examiner comprises a maximum of 21 G1 or 14 G2 road tests, or a combination of the two. Road tests are scheduled in advance on the basis of examiners being able to meet these time expectations. In our survey of examiners, about half the respondents said they had to skip some manoeuvres in order to conduct the number of road tests scheduled for the day. Although bad weather was the main reason given by examiners for having to skip some manoeuvres, many of them also cited over-bookings and insufficient time to conduct the examinations as major contributing factors. Time constraints also prevented the examiners from explaining to the candidates why they had failed and suggesting how they could improve.

The Ministry’s compliance monitoring of the service provider from April to October 2006 also found a considerable number of defects in the completion of road-test score sheets. Of the approximately 8,000 road test score sheets tested, more than 1,000 defects were noted, and 72% of the defects were classified as failure to test all necessary manoeuvres.

In addition to the Ministry’s finding with respect to all necessary manoeuvres not being tested, we noted that the nature of the testing area at some

locations (for example, the absence of a multi-lane highway) may result in applicants not being examined consistently across the province. Applicants who have previously failed or who are aware of easier processes elsewhere may have travelled to another centre that could have less stringent testing requirements. We found that over half of the 10,000 G2 road tests conducted in 2006 at two examination centres outside of Toronto were for applicants who had a Toronto address, and 66 applicants had even gone to both centres, which were 300 kilometres apart, to attempt the road test. We also noted that applicants within and around these two examination centres outside Toronto had a pass rate of about 80%, compared to the provincial average in 2006 of 68%.

## RECOMMENDATION 9

To ensure that driving examinations are carried out consistently across the province, the Ministry of Transportation should:

- investigate significant differences in the pass rates of individual examination centres and require corrective action to reduce the differences; and
- review the time needed to administer road tests with all required manoeuvres being tested, recognizing that this may necessitate either less or more time depending on the municipality in which the centre is located.

## MINISTRY RESPONSE

The Ministry, in conjunction with the service provider, has developed criteria to identify Driver Examination Centres that have an unusually high or low pass-fail rate as part of its risk-based audit program. The Ministry is taking appropriate actions, such as additional training, employee evaluation, review of test routes, and so on, to address any significant variances.

The Ministry is reviewing road-test routes, scoresheets, and training materials to confirm compliance with road-test criteria and is following up on any variances.

## Customer Service

Under the agreement, the service provider must comply with a number of service-level standards so that the public receives high-quality and prompt services, including reasonable wait times. Applicants can book a road test through an automated telephone system, on-line, or in person at a Driver Examination Centre. In our *2001 Annual Report*, we noted that the incidence of wait times up to 29 weeks to take a road test was a chronic problem. Since then there has been significant improvement. According to the performance standard in the delegation agreement, wait times for taking a road test are not to exceed 42 days from the date on which a request for an appointment was made. As of October 2006, the average provincial wait time for all classes of licence was three to four weeks.

In addition to ensuring that wait times are reasonable, the service provider is responsible for operating and maintaining a telephone call centre. The agreement with the service provider defines performance standards for hours of operation, telephone response time, average time per call, and French-language inquiries.

As well, the agreement requires that the service provider prepare a complaint-handling and -resolution plan and submit it to the Ministry. Since 2005, the service provider has been sending the Ministry monthly complaint-summary reports. However, at the time of our audit, the Ministry had not performed any analysis to ensure that both the report content and the service provider's complaint-handling process are satisfactory.

Except for wait times, performance standards relating to customer service are classified as

medium- or low-risk. As mentioned above, as of April 2007, the Ministry had assessed the service provider's compliance with only high-risk standards and therefore had not assessed compliance with these other customer-service performance standards.

### RECOMMENDATION 10

To maintain a high level of customer service, the Ministry of Transportation should periodically monitor the service provider's compliance with its customer-service performance standards, including its complaint-handling and -resolution process.

### MINISTRY RESPONSE

The Ministry continues to improve customer service through a comprehensive customer-service framework that includes gathering data from comment cards, the Minister's correspondence, audit findings, the service provider's Complaint Tracking System, and customer-survey results. Both the Ministry and the service provider use these data to ensure compliance with the complaint-handling and -resolution standards and to enhance customer service at all points of service delivery.

A survey conducted in 2004/05 showed a customer-satisfaction rate of 88% at Driver Examination Centres across the province. A similar survey is planned for 2007/08.

## Performance and Training of Examiners

According to the agreement with the service provider, the Ministry is to provide training to the service provider's trainers, and, in order for examiners to maintain their qualifications, maintenance courses are to be provided periodically. One of the performance standards is that, in each calendar

year, 95% of all driver examiners must attend all categories of maintenance training.

The Ministry had not monitored the training of examiners by the service provider to ensure that they had received the training or refresher training as required. Half of the examiners responding to our survey acknowledged that they did not interpret road-test standards consistently and that they needed more training or maintenance courses.

In addition, to ensure province-wide consistency in the delivery and administration of G2 road tests and to help identify any training needs, examiners are to be observed periodically by a manager or supervisor from their examination centre while they are conducting a road test. These observations of the examiner are known as "check rides." According to ministry policy, each driver examiner is to receive at least two check rides in every six-month period. Although the service provider sends the Ministry the names of all staff who have received check rides, there is no follow-up by the Ministry. We found that frequency of check rides varies greatly. For example, in the first six months of 2006, there were more than 450 check rides, whereas in the second six months there were fewer than 90.

The "mystery shopping" initiative introduced by the Ministry in early 2007 also included audits of Driver Examination Centres and the in-car performance of driver examiners. At the completion of our audit, the Ministry indicated that it was in the process of following up on the results of its audits.

### RECOMMENDATION 11

To maintain a high standard for driving examinations, the Ministry of Transportation should ensure that:

- all driver examiners receive the required training; and
- their work is evaluated periodically and effective performance management procedures are followed.

## MINISTRY RESPONSE

The Ministry agrees with this recommendation. The Ministry has improved communication and monitoring with the service provider to ensure that all driver examiners are properly trained and that the service provider's training records are documented, maintained, and available for each driver examiner.

The contract with the service provider requires that it conduct two in-car evaluations on each driver examiner every six months. The Ministry is working with the service provider to improve driver-examiner performance through timely and regular feedback.