Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Finance & Audit Committee

2:00 p.m.

Wednesday, June 13, 2018

AGENDA
FINANCE AND AUDIT COMMITTEE MEETING
TEXAS DEPARTMENT OF MOTOR VEHICLES BOARD
4000 JACKSON AVE., BUILDING 1, LONE STAR ROOM
AUSTIN, TEXAS 78731
WEDNESDAY, JUNE 13, 2018
2:00 P.M.

All agenda items are subject to possible discussion, questions, consideration, and action by the Finance and Audit Committee of the Board of the Texas Department of Motor Vehicles (Committee). Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Committee. The Committee reserves the right to discuss any items in executive session where authorized by the Open Meetings Act. A quorum of the Board of the Texas Department of Motor Vehicles (Board) may be present at this meeting for information-gathering and discussion. However, Board members who are not Committee members will not vote on any Committee agenda items, nor will any Board action be taken.

1. **Roll Call and Establishment of Quorum**

2. **Pledge of Allegiance**

3. **Comments and Announcements from Committee Chair, Committee Members, and Executive Director**

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BRIEFINGS AND ACTION ITEMS

3 4. **Consideration and Possible Recommendation for Action to the Full Board:**
   - Request TxDMV Board Recommend Approval to Submit Carryforward and Capital Authority for Headquarters Maintenance Appropriation - Linda M. Flores and Renita Bankhead

5. **Briefing Items:**
9 A. Preliminary FY 2020 - 2021 Legislative Appropriation Request, Baseline and Exceptional Items - Linda M. Flores and Renita Bankhead
48 B. Peer Review Results - Sandra Menjivar-Suddeath
59 C. FY 2019 Draft Internal Audit Plan - Sandra Menjivar-Suddeath
69 D. Internal Audit Division Status Report - Sandra Menjivar-Suddeath
      - Training and Travel Audit
      - Texas Commission on Law Enforcement (TCOLE) Advisory Service
      - Social Media Audit
      - FY 2018, Third Quarter, Follow-Up Results

EXECUTIVE SESSION
6. **The Board may enter into closed session under one or more of the following provisions of the Texas Open Meetings Act, Government Code, Chapter 551:**
   - **Section 551.071** - Consultation with and advice from legal counsel regarding:
   - pending or contemplated litigation, or a settlement offer;
   - a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly

conflicts with Government Code, Chapter 551; or
- any item on this agenda.

- **Section 551.074** - Personnel matters.
- Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.

- **Section 551.089** - Security devices or security audits:
- the deployment, or specific occasions for implementation, of security personnel or devices; or
- a security audit.

7. **Action Items from Executive Session**

8. **Public Comment**

9. **Adjournment**

The Committee will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Committee. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Committee members may respond in accordance with Government Code, Section 551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

Agenda items may be presented by the named presenters or other TxDMV staff.

Pursuant to Sections 30.06 and 30.07, Penal Code (trespass by license holder with a concealed or openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun or a handgun that is carried openly.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify the department as far in advance as possible, but no less than two days in advance, so that appropriate arrangements can be made. Contact Carrie Fortner by telephone at (512) 465-3044.

I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements.

CERTIFYING OFFICIAL: David D. Duncan, General Counsel, (512) 465-5665.

Texas Department *of* **Motor Vehicles**

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DATE: June 13, 2018
Continued From: -
Action Requested: BOARD APPROVAL

To: **Finance and Audit Committee**
From: **Linda Flores**
Agenda Item: 4
Subject: **Carryforward and Capital Authority for Headquarters Maintenance Appropriation**

RECOMMENDATIONS

It is requested that the Finance and Audit Committee recommend to the Board of the Texas Department of Motor Vehicles (TxDMV) approval of the following:

- Creation of a new capital project line item in the FY2019 budget for a TxDMV Headquarters (HQ) Maintenance/Repair project with a total amount of $4,209,505, as shown in Table 1.
- Request carryforward $2,208,000 in unexpended balances (as shown in Table 2) in the TxDMV headquarters maintenance budget in order to fund additional HQ maintenance projects to be included in the Memorandum of Understanding (MOU) between TxDMV and the Texas Department of Transportation (TxDOT).

PURPOSE AND EXECUTIVE SUMMARY

The purpose of this document is to request the Finance and Audit Committee to recommend to the Board of the TxDMV to approve the use of authority outlined in General Appropriation Act (GAA) Article IX (Section 14.03(h) Limitations on Expenditures – Capital Budget, to transfer funds from funds budgeted for TxDMV headquarters maintenance in operating to a new capital project line item in the fiscal year 2019 budget for a TxDMV HQ Maintenance/Repair project.

Also to request authority as outlined in GAA Article IX (Section 14.05) Unexpended Balance Authority Between Fiscal Years in the Same Biennium, in order to use operating funds budgeted for TxDMV headquarters maintenance in order to fund additional expenses anticipated to be incurred in the MOU between TxDMV and TxDOT.

The complete text of the authorities outlined above is in the BACKGROUND AND DISCUSSION section of this document.

FINANCIAL IMPACT

The listing of projects identified by the workgroup to be allocated to the new HQ Maintenance/Repair project and those that can be funded from the TxDMV/TxDOT MOU are listed below. The total cost for FY2019 for the HQ Maintenance/Repair Capital Project is estimated to be $4,209,505 (see Table 1). Additional capital maintenance projects funded through the TxDMV/TxDOT MOU are estimated to cost $2,582,000 (see Table 1).

Table 1 - FY2019 TxDMV HQ Maintenance Projects		
Project	**TxDMV HQ Maintenance /Repair Capital Project**	**Maintenance & Repair Projects TxDMV/TxDOT MOU**
Exterior Building "Face Lift"	$ 275,000	
CH1 Weatherization Consultant Services and Work/Project	$ 460,000	
Hard Wall Office Requests (including HVAC/electrical/cabling, with related needs)	$ 1,000,000	
Flooring: Buildings 1 and 5, beginning with shared/unoccupied areas, including lobbies and stairwells	$ 365,505	

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Table 1 - FY2019 TxDMV HQ Maintenance Projects		
Project	**TxDMV HQ Maintenance /Repair Capital Project**	**Maintenance & Repair Projects TxDMV/TxDOT MOU**
Painting: Buildings 1 and 5, beginning with shared/unoccupied areas, including lobbies and stairwells	$ 895,000	
Roof Replacement – Building 5	$ 1,200,000	
Indoor Air Quality Checks	$ 14,000	
ADA Assessments		$ 31,000
Dock Leveler at CH-5		$ 21,000
Entire Bathroom Retrofit/Bathroom Fixture Replacements		$ 750,000
Interior Building Plumbing System Renovations		$ 150,000
Space Utilization Study of VTR/CH-1 and ITD/CH-5		$ 25,000
LED Lighting Upgrades		$ 430,000
ARCH Flash Study		$ 50,000
Electrical Upgrades		$ 125,000
Front & Rear Elevator Lobbies and Floor Cubbies Upgrades		$ 250,000
Electric Vehicle Charging Stations		$ 30,000
CH1 FAS-ADM Suite Retrofit		$ 130,000
CH1 FAS-ADM Warehouse/Mail Room Retrofit		$ 50,000
Sound Suppression/White Noise Installation CH1 and CH5		$ 150,000
Best Key System and Training		$ 20,000
Consultant to Perform Office and Conference Room Signage Updates		$ 20,000
Office and Conference Room Signage Updates		$ 15,000
CH1 Lift Truck Shelter		$ 55,000
Fire Alarm System Replacement CH1 & CH5		$ 280,000
Estimated Total Costs FY 2019	$ 4,209,505	$ 2,582,000

The increase in maintenance projects funded through the TxDMV/TxDOT MOU for FY2019 would require an amendment to the current MOU and the increase would necessitate an increase of $2,208,000. Table 2, shows the status of the FY2019 MOU and the impact of the additional HQ maintenance.

Table 2 - TxDMV/TxDOT MOU Status			
	Monthly Maintenance	**TxDMV Share of TxDOT DCS**	**Total**
Current MOU FY2019	$ 940,000	$ 60,000	$ 1,000,000
Less:			
Monthly Maintenance/Utility Charges	$ 456,000		$ 456,000
Headquarters Security	$ 110,000		$ 110,000
TxDMV/TxDOT DCS		$ 60,000	$ 60,000
Available TxDMV/TxDOT MOU	$ 374,000	$ 0	$ 374,000
Less			
Estimated HQ maintenance (Table 1)	$ 2,582,000	$ 0	$ 2,582,000
Surplus/Deficit	**$ (2,208,000)**	**$ 0**	**$ (2,208,000)**

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Table 3 below illustrates that there are sufficient available balances in the biennial TxDMV headquarters maintenance budget to fund both the transfer to the capital budget and the request for unexpended balances. However, funding availability is dependent upon the approval of the request to carryforward unexpended balances.

Table 3 – HQ Maintenance Budget Analysis			
	FY2018	**FY2019**	**Biennial Total**
Original Exceptional Item HQ Maintenance			
Salaries	$ 205,000	$ 205,000	$ 410,000
Staff Operating	$ 13,950	$ 13,950	$ 27,900
Capital Budget (badge system)	$ 305,000		$ 305,000
Maintenance	$ 4,520,800	$ 4,564,300	$ 9,085,100
Total Exceptional Item HQ Maintenance	**$ 5,044,750**	**$ 4,783,250**	**$ 9,828,000**
Less:			
Estimated Expenditures	$ 27,014		$ 27,014
Additional MOU costs for FY2018 Maintenance	$ 392,250		$ 392,250
Total Available	**$ 4,625,486**	**$ 4,783,250**	**$ 9,408,736**
Less: Additional FY2019 Obligations			
HQ Maintenance/Repair Capital Project (Table 1)		$ 4,209,505	$ 4,209,505
MOU Additional HQ Maintenance (Table 2)		$ 2,208,000	$ 2,208,000
Total FY2019 Obligations		**$ 6,417,505**	**$ 6,417,505**
Balance	**$ 4,625,486**	**$ (1,634,255)**	**$ 2,991,231**

BACKGROUND AND DISCUSSION

TxDMV received approval from the 85th Legislature for $9,828,000 in funding for HQ Maintenance. The appropriation included funding for one capital project, a badge system. The Legislative Budget Board (LBB) staff did not allocate additional funding to a capital project due to the absence of a specific list of capital maintenance projects. The funding was appropriated as operating expenses.

During the last year, a workgroup including staff of TxDMV and the Texas Department of Transportation (TxDOT) worked together to develop a transition plan for facility maintenance tasks and costs at Camp Hubbard for the current and upcoming biennium. (The complete project list is included as Attachment 1). Several projects have been identified that can be accommodated within TxDOT capital budget authority. These projects will be funded by TxDMV with operating dollars through the existing MOU between TxDMV and TxDOT. The remaining identified projects are being requested as capital budget projects by TxDMV.

Agency discretionary transfer provisions in the GAA related to these requests:

Article IX Section 14.03. Limitation on Expenditure – Capital Budget. This section outlines the authority to transfer capital project appropriations as follows (*emphasis added*):

> (h) (1) An agency may transfer appropriations:
> > (A) from a non-capital budget item to a capital budget item;
> > (B) from a capital budget item to another capital budget item; or
> > (C) *from a capital budget item to an additional capital budget item not presented in the agency's bill pattern.*
> *(2) Without the approval of the Governor and the Legislative Budget Board:*

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(A) the amounts transferred during a fiscal year as provided by Subdivision (1) of this Subsection (h) may not exceed 25 percent of either:

> (i) the amount of the capital budget item, as presented in the agency's bill pattern from which funds are being transferred; or
>
> *(ii) the amount of the capital budget item, if presented in the agency's bill pattern, to which funds are being transferred;*

(B) appropriations may not be transferred directly from a non-capital budget item to an additional capital budget item not presented in the agency's bill pattern;

(C) appropriations may not be transferred to an additional capital budget item that is not presented in the agency's bill pattern if that additional capital budget item was presented to a committee, subcommittee, or working group of the Eighty-fifth Legislature but was not adopted by the Eighty-fifth Legislature; and

D) an agency that does not have a capital budget provision following its items of appropriation in this Act may not use funds appropriated by this Act for capital budget purposes.

(3) An agency may not transfer appropriations from a capital budget item to a non-capital budget item without the prior written approval of the Governor and the Legislative Budget Board.

Article IX Section 14.05. Unexpended Balance Authority Between Fiscal Years within the Same Biennium. This section allows agencies to request authority to transfer funds between fiscal years in the same biennium.

An agency may transfer any unexpended and unobligated balances remaining as of August 31, 2018 for the same purposes for the fiscal year beginning September 1, 2018, if the agency has been granted, either:

> (1) specific authority in another provision of this Act; or
>
> (2) written approval of the Legislative Budget Board.

Attachment 1
TxDMV Maintenance Project Listing

PROJECT #	PRIORITY	Funding Source	REQUESTED NEED/REPAIR	FY2018	FY2019	FY2020/ 2021
30	1	TxDMV Operating	TxDMV Parking Permits	$ 1,500		
21	1		CH1 EDO Suite Furniture	22,000		
37	3		Board Room Dais Chair Rail	2,714		
15	4		Light Fixture Cleaning	800		
27	1	TxDVM Capital Budget Project	Exterior Building "Face Lift"		$ 275,000	
50	2		CH1 Weatherization Consultant Services and Work/Project		460,000	
25A	3		Hard Wall Office Requests (including HVAC/electrical/cabling, with related needs)		1,000,000	
2	4		Flooring: CH1 - Floors 1, 2, 3, 4, 5; CH5 - Floors 1, 2 *Start with shared areas, lobbies, stairwells, unoccupied areas*		365,505	
3	5		Painting: CH1 - Floors 1, 2, 3, 4, 5; CH5 - Floors 1, 2 Start with shared areas, lobbies, stairwells, unoccupied areas		895,000	
7	6		Roof Replacement CH5		1,200,000	
42	8		Indoor Air Quality Checks		14,000	
40	5		TxDMV Security System Installation			$ 450,000
ESTIMATED TOTAL COST - TxDMV Funded Projects				**$ 27,014**	**$ 4,209,505**	**$ 450,000**
21	1	MOU - TxDMV (operating) /TxDOT (capital)	CH1 EDO Suite Retrofit	$ 300,000		
49	2		CH-1 Dock Gate Replacement	7,900		
31	2		CID Suite Window Tinting CH5	800		
13	3		Overhaul CH1 - Elevator #3	165,000		
43	4		CH5 Door Actuator	3,000		
5	5		Replace Existing Water Fountains	60,000		
6	6		Water Softener CH1	100,000		
11	7		Parking Signage	4,500		
29	8		CH5 Wrangler Room Carpet	2,000		
44	9		Improved CH-5 Warehouse Security	1,700		
45	10		CH-5 Generator Security	1,700		
46	11		CH-5 IT MDF Room Security	2,550		
10	12		CH5 Window Lock Replacement	8,550		
20	1		ADA Assessments		$ 31,000	
48	2		Dock Leveler at CH-5		21,000	
16	3		Entire Bathroom Retrofit/Bathroom Fixture Replacements		750,000	
18	4		Interior Building Plumbing System Renovations		150,000	
51	5		Space Utilization Study of VTR/CH-1 and ITD/CH-5		25,000	
1	6		LED Lighting Upgrades		430,000	
19	7		ARCH Flash Study		50,000	

Attachment 1
TxDMV Maintenance Project Listing

PROJECT #	PRIORITY	Funding Source	REQUESTED NEED/REPAIR	FY2018	FY2019	FY2020/ 2021
4	8	MOU - TxDMV (operating) /TxDOT (capital)	Electrical Upgrades		125,000	
38	9		Front & Rear Elevator Lobbies and Floor Cubbies Upgrades		250,000	
14	10		Electric Vehicle Charging Stations		30,000	
39	11		CH1 FAS-ADM Suite Retrofit		130,000	
34	12		CH1 FAS-ADM Warehouse/Mail Room Retrofit		50,000	
23	13		Sound Suppression/White Noise Installation CH1 and CH5		150,000	
24	14		Best Key System and Training		20,000	
28A	15		Consultant to Perfrom Office and Conference Room Signage Updates		20,000	
28B	16		Office and Conference Room Signage Updates		15,000	
33	17		CH1 Lift Truck Shelter		55,000	
17	18		Fire Alarm System Replacement CH1 & CH5		280,000	
ESTIMATED TOTAL COST - TxDOT/TxDMV MOU Projects				$ 657,700	$ 2,582,000	$ -
GRAND TOTAL ALL PROJECTS				$ 684,714	$ 6,791,505	$ 450,000

Recap	TxDMV Capital/ Operating	TXDMV/ TXDOT MOU	Total
FY2018	$ 27,014	$ 657,700	$ 684,714
FY2019	$ 4,209,505	$ 2,582,000	$ 6,791,505
FY2020	$ 450,000		$ 450,000
Total	$ 4,686,519	$ 3,239,700	$ 7,926,219

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DATE: **June 13, 2018**
Continued From: -
Action Requested: **Briefing**

To: **Finance and Audit Committee**
From: **Linda M. Flores, CPA, Chief Financial Officer**
Agenda Item: 5.A.
Subject: **Preliminary FY 2020-2021 Legislative Appropriations Request, Baseline and Exceptional Items**

RECOMMENDATION

Briefing of the Legislative Appropriations Request, or LAR, for the upcoming 2020-2021 biennium. As part of the development of the upcoming biennial appropriations process staff presents a preliminary baseline and exceptional items for consideration. The agency's appropriations request will be presented for approval at the August board meeting.

PURPOSE AND EXECUTIVE SUMMARY

The Texas Department of Motor Vehicles (TxDMV), in order to achieve its goals, strategies and objectives during the next biennium, and as the agency looks toward the future, is requesting approximately $312 million in its baseline budget request, which includes a request for capital authority in the amount of $46.96 million. Additionally, the agency is requesting $42 million in exceptional items.

FINANCIAL IMPACT

TxDMV is a net revenue-generating agency for the state. Effective September 1, 2016, TxDMV began depositing revenue into a new agency fund recreated by the 84th Legislature, the TxDMV Fund (0010). The agency's budget request is supported by collections. The staff estimates that TxDMV will collect approximately $3.9 billion for the State while retaining approximately $312 million for baseline agency operations over the biennium. The majority of the LAR request will be funded from the TxDMV Fund which includes the newly created processing and handling fee (P&H). The LAR request also includes General Revenue (GR) funding for baseline and exceptional items for the Automobile Burglary & Theft Prevention Authority.

BACKGROUND AND DISCUSSION

The agency's baseline request includes initiatives to continue centralized fulfillment of online registration renewals, address long standing headquarters maintenance needs and enhanced investigative fraud prevention initiatives by Compliance and Investigations and Enforcement divisions.

The capital budget includes funding for Automation ($6.6 million) for Refactoring of the Registration and Titling System; growth and enhancement of information resources ($1.6 million); replacement of computer equipment in the counties and at TxDMV headquarters ($10.5 million); cybersecurity projects ($400k); increase of the agency's fleet vehicles by 8 additional cars ($180k); renovations and repairs at the regional service centers ($500k); costs related to a TxDMV Headquarters facility improvements including funding for a badge security system ($5.5 million); and ongoing costs for the Data Center Services contract (21.8 million).

Ten exceptional items totaling $42 million and 22 new Full-Time Equivalent (FTEs) positions are recommended by the staff. The agency exceptional items includes:
- Initiatives to address Sunset recommendations for a biennial total of $28.5 million and 13 FTEs
- Non-Sunset related items to address
  - agency infrastructure operations ($6.2 million and 9 FTEs) and
  - Automobile Burglary Theft Prevention Authority grant funding for developing a crime reduction strategy for a biennial total of $7.3 million.

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The proposed LAR also includes three new riders which would allow the agency to:

1. Spend any unexpended balances in appropriations between the first and second year of the biennium (FY 2020 and FY 2021);
2. Spend unexpended balances of state match funds for federal grants from FY 2020 in FY 2021, and
3. Spend money appropriated for capital projects for headquarters maintenance during both years of the biennium.

Texas Department of Motor Vehicles

Preliminary FY 2020 – 2021
Legislative Appropriations Request Summary

Legislative Appropriation Request Process

Legislative Appropriations Request (LAR) - The LAR is the agency's biennial funding budget request. The agency solicits information from all levels of management in order to identify future program needs and situations unique to each division. Advanced planning and comprehensive involvement provides the agency with the most complete budget information.
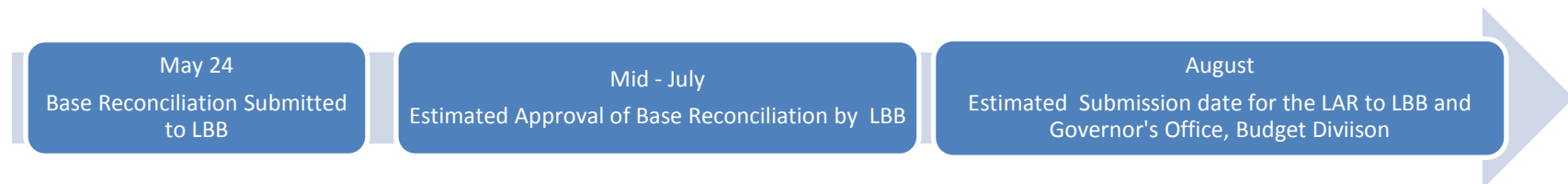
➤ The LAR begins with the base reconciliation and covers two separate fiscal years. The LAR becomes the basis for consideration of agency funding by the Legislature for the FY 2020-21 biennium, covering September 1, 2019 through August 31, 2021.

The LAR is divided into two components:

Baseline — funding necessary to maintain existing operations and existing capital projects; and,

Exceptional items — desired services above the baseline request.

Timeline

May 24 Base Reconciliation Submitted to LBB	Mid - July Estimated Approval of Base Reconciliation by LBB	August Estimated Submission date for the LAR to LBB and Governor's Office, Budget Diviison

Baseline Development Process (Base Reconciliation) - The FY 2017-19 Base Reconciliation requires TxDMV to reconcile its original appropriations by method of finance and the full-time equivalent (FTE) positions to fiscal year 2017 expended, fiscal year 2018 estimated, and fiscal year 2019 budgeted amounts. The table below shows an estimated biennial baseline calculation of approximately $312 million ($25 million in GR for Automobile Burglary and Theft Prevention Authority (ABTPA), $285 million for the TxDMV Fund and the remainder in Federal Funds). These amounts will be sufficient to fund the baseline FY2020/21 budget request. The Base Reconciliation was submitted to the Legislative Budget Board (LBB) on May 24, 2018.

Estimated FY 2020-21 Base Calculation	
2018 Estimated Expenditures	161,127,022
2019 Budget	168,783,745
Total 2018-19	**329,910,767**
Less - TxDMV Automation UB (GR/SHF6 & a small TxDMV Fnd UB from FY2017)	(18,093,268)
Estimated FY2020-21 Baseline	**311,817,499**

FY 2020-21 Estimated Revenue Collections by Fund

TxDMV is a net revenue generating agency for the state, collecting revenues from registrations, licenses, titles, permits, and credentials. Revenues collected by TxDMV are deposited into the State Highway Fund (Fund 0006), the primary source of funding for the state's transportation and infrastructure system, and into the General Revenue Fund (Fund 0001). Effective September 1, 2016, TxDMV began depositing revenue into a new agency fund re-created by the 84th legislature, the TxDMV Fund 0010. For the FY 2018-19 biennium, TxDMV estimates it will collect approximately $3.8 billion in total revenues: $3.27 billion in the State Highway Fund 0006, $220 million in General Revenue Fund 0001, and $319 million in TxDMV Fund 0010. In the FY 2020-21 biennium, TxDMV projects collections of $3.4 billion to be deposited to the State Highway Fund 0006, $324 million to the TxDMV Fund 0010, and $223 million to General Revenue Fund 0001.

Expected TxDMV Revenue Collections				
Fund Type	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
State Highway Fund 0006	$ 1,624,388,000	$ 1,646,624,000	$ 1,670,756,000	$ 1,695,244,000
TxDMV Fund 0010	$ 159,234,000	$ 159,607,000	$ 161,088,000	$ 162,415,000
General Revenue Fund 0001	$ 109,451,000	$ 110,051,000	$ 111,234,000	$ 112,139,000
Total	**$ 1,893,073,000**	**$ 1,916,282,000**	**$ 1,943,078,000**	**$ 1,969,798,000**

In FY 2017, TxDMV established a processing and handling fee to support registration-related operations. The table below reflects projected revenues to TxDMV Fund 0010 for the four-year period beginning in FY 2018 broken out by major categories, using moderate growth projections with the addition of the processing and handling fee.

TxDMV Revenue Forecast				
Category	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Motor Vehicle Titles	$ 41,700,000	$ 41,397,000	$ 41,872,000	$ 42,177,000
Motor Vehicle Registration	$ 33,125,000	$ 33,291,000	$ 33,457,000	$ 33,624,000
Motor Carrier - Oversize / Overweight	$ 15,108,000	$ 15,259,000	$ 15,412,000	$ 15,566,000
Business Dealer Licenses	$ 8,378,000	$ 8,420,000	$ 8,462,000	$ 8,504,000
Processing & Handling Fee	$ 57,800,000	$ 58,082,000	$ 58,711,000	$ 59,352,000
Miscellaneous Fees	$ 3,123,000	$ 3,158,000	$ 3,174,000	$ 3,192,000
Total	**$ 159,234,000**	**$ 159,607,000**	**$ 161,088,000**	**$ 162,415,000**

The TxDMV Fund 0010 ending balance is projected to be $81.4 million at the end of the FY 2018-19 biennium. (Title revenue is expected in FY 2019 to return to more typical levels following a FY 2018 spike in non-repairable and salvage-title issuance attributed to vehicles affected by Hurricane Harvey.) The table below illustrates that the balance at the end of the FY2018-19 biennium will be sufficient to fund the requested exceptional items.

FY 2017-21 Pro Forma Summary					
	FY2017 Actual	FY2018 Estimated	FY2019 Budgeted	FY2020 Requested	FY2021 Requested
Beginning Balance	$ 23,000,000	$ 51,986,246	$ 73,363,863	$ 81,352,364	$ 66,286,625
Capital UB Authority	$ 41,374,089	$ 18,993,268	$ 14,133,388		
ABTPA Grant UB Authority			$ 500,000		
Subtotal	$64,374,089	$ 70,979,514	$ 87,997,251	$ 81,352,364	$ 66,286,625
Revenues					
General Revenue (ABTPA)	$ 14,912,006	$ 12,335,851	$ 12,835,851	$ 12,835,851	$ 12,835,851
TxDMV Fund	$ 152,276,454	$ 171,261,570	$ 172,505,316	$ 174,959,815	$ 177,371,725
Federal Reimbursement	$ 292,700	$ 743,750	$ 743,750	$ 743,750	$ 743,750
Total Revenues	$ 167,481,160	$ 184,341,171	$ 186,084,917	$ 188,539,416	$ 190,951,326
Total Income	$ 231,855,249	$ 255,320,685	$ 274,082,168	$ 269,891,780	$ 257,237,951
Obligations					
Operating Expenses	$ 163,018,511	$ 161,127,022	$ 168,783,745	$ 159,628,883	$ 152,188,617
Tx.Gov Fees from Online P&H	$ 4,561,359	$ 7,800,732	$ 8,598,316	$ 9,571,815	$ 10,656,725
Employee Benefits	$ 12,289,133	$ 13,029,068	$ 15,347,743	$ 15,347,743	$ 15,347,743
Total Obligations	$ 179,869,003	$ 181,956,822	$ 192,729,804	$ 184,548,441	$ 178,193,085
Fund Balance	$ 51,986,246	$ 73,363,863	$ 81,352,364	$ 85,343,339	$ 79,044,866
Exceptional Items (TxDMV Fund)					
Sunset Items				$ 13,420,624	$ 1,949,259
Non-Sunset Items				$ 5,636,090	$ 567,915
Total Exceptional Items				$ 19,056,714	$ 2,517,174
Revised Ending Fund Balance	$ 51,986,246	$ 73,363,863	$ 81,352,364	$ 66,286,625	$ 76,527,692

FY 2020-21 Baseline Budget Appropriations Request by Strategy

The following table illustrates the estimated baseline budget appropriations by strategy. The baseline represents the amount of money necessary to maintain existing operations across the agency. The LBB approves the baseline target for each agency. The key variances between the FY2018/19 appropriation of $332,861,576 and the estimated/budgeted FY2018/19 amount of $311,817,500 (see below) are adjustments between strategies and unspent appropriations for estimated credit card charges for Tx.Gov related to the P&H fee. The contract with Texas.gov allows the $2.00 Texas.gov fee for online transactions to be retained by Texas.gov and not deposited to the TxDMV Fund. This process eliminated the actual payments to Texas.gov.

Items of Appropriations	Appropriation			Preliminary Request			Variance
	FY2018	FY2019	Biennial Total	Base FY 2020	Base FY 2021	Biennial Total	
Goal A. Optimize Services and Systems							
Strategy A.1.1. – Titles, Registrations, and Plates	$ 85,087,705	$ 87,635,557	$ 172,723,262	$ 73,518,439	$ 73,343,443	$ 146,861,882	$(25,861,380)
Strategy A.1.2. – Vehicle Dealer Licensing	$ 4,147,355	$ 4,147,355	$ 8,294,710	$ 4,147,355	$ 4,147,355	$ 8,294,710	$ 0
Strategy A.1.3 – Motor Carrier Permits & Credentials	$ 9,363,145	$ 9,363,145	$ 18,726,290	$ 9,255,352	$ 9,255,352	$ 18,510,704	$ (215,586)
Strategy A.1.4 – Technology Enhancement & Automation	$ 9,285,457	$ 2,719,379	$ 12,004,836	$ 9,257,539	$ 2,691,461	$ 11,949,000	$ (55,836)
Strategy A.1.5 – Customer Contact Center	$ 2,211,234	$ 2,211,234	$ 4,422,468	$ 2,443,840	$ 2,443,840	$ 4,887,680	$ 465,212
Total, Goal A: Optimize Services and Systems	**$ 110,094,896**	**$ 106,076,670**	**$216,171,566**	**$ 98,622,525**	**$ 91,881,451**	**$ 190,503,976**	**$(25,667,590)**
Goal B. Protect the Public							
Strategy B.1.1. – Enforcement	$ 6,462,452	$ 6,164,666	$ 12,627,118	$ 6,899,303	$ 6,899,303	$ 13,798,606	$ 1,171,488
Strategy B.2.1. – Automobile Theft Prevention	$ 12,835,851	$ 12,835,851	$ 25,671,702	$ 12,835,851	$ 12,835,851	$ 25,671,702	$ 0
Total, Goal B: Protect the Public	**$ 19,298,303**	**$ 19,000,517**	**$ 38,298,820**	**$19,735,154**	**$ 19,735,154**	**$ 39,470,308**	**$ 1,171,488**
Goal C: Indirect Administration							
Strategy C.1.1. – Central Administration	$ 7,902,373	$ 7,902,373	$ 15,804,746	$ 8,022,484	$ 8,022,484	$ 16,044,968	$ 240,222
Strategy C.1.2. – Information Resources	$ 23,364,517	$ 22,964,021	$ 46,328,538	$ 25,329,696	$ 24,730,504	$ 50,060,200	$ 3,731,662
Strategy C.1.3. – Other Support Services	$ 8,209,703	$ 8,048,203	$ 16,257,906	$ 7,919,024	$ 7,819,024	$ 15,738,048	$ (519,858)
Total, Goal C: Indirect Administration	**$ 39,476,593**	**$ 38,914,597**	**$ 78,391,190**	**$ 41,271,204**	**$ 40,572,012**	**$ 81,843,216**	**$ 3,452,026**
Total Department of Motor Vehicles	**$ 168,869,792**	**$ 163,991,784**	**$332,861,576**	**$159,628,883**	**$ 152,188,617**	**$ 311,817,500**	**$(21,044,076)**
Method of Finance							
General Revenue (GR) Fund 0001	$ 12,835,851	$ 12,835,851	$ 25,671,702	$ 12,835,851	$ 12,835,851	$ 25,671,702	$ 0
Texas Department of Motor Vehicles Fund 0010	$ 155,290,191	$ 150,412,183	$ 305,702,374	$ 146,049,282	$ 138,609,016	$ 284,658,298	$(21,044,076)
Federal Funds	$ 743,750	$ 743,750	$ 1,487,500	$ 743,750	$ 743,750	$ 1,487,500	$ 0
Total Method of Finance	**$ 168,869,792**	**$ 163,991,784**	**$332,861,576**	**$159,628,883**	**$ 152,188,617**	**$ 311,817,500**	**$(21,044,076)**
Full Time Equivalents (FTE)			**779.0**			**779.0**	

FY 2020-21 Capital Budget Project Summary Baseline

The following table illustrates FY 2020-21 Capital budget:

Capital Budget	Biennial Appropriation FY 2018-19	Preliminary Biennial Base Request FY 2020-21
TxDMV Automation System	$ 6,566,078	$ 6,566,078
Growth and Enhancement – Agency Operations Support	1,616,496	1,614,996
Technology Replacement and Upgrades - Regional Support for County Tax Assessor Collector Offices	10,025,000	10,025,000
PC Replacement	205,595	451,600
Cybersecurity Initiative Projects	400,000	400,000
Transportation – Replacement Vehicles	825,000	
Special Investigations Unit Vehicles	100,000	
Transportation – New Vehicles (8 vehicles)		180,000
RSC Maintenance and Repair		500,000
TxDMV Headquarters Security and Badge System	305,000	450,000
TxDMV Headquarters Maintenance Projects		5,000,000
Data Center Consolidation	18,427,406	21,774,873
Total Capital Budget	**$ 38,470,575**	**$ 46,962,547**
Method of Finance		
Texas Department of Motor Vehicles Fund 0010	$ 38,470,575	$ 46,962,547
Total Method of Finance	**$ 38,470,575**	**$ 46,962,547**

2020-21 Capital Budget Descriptions

TxDMV Automation – The TxDMV Automation develops information technology assets to improve customer services and improve access to agency programs for customers and the public. This initiative is supported by the $.50 automation fee. The FY2020-21 Automation project will focus on two initiatives, Maintenance and Enhancement to the Registration and Titling System (RTS), including the re-architect of the RTS batch cycle processes.

Growth and Enhancement – Agency Equipment – This appropriation provides funding for activities that enhance or expand information resources in TxDMV individual program areas. Items included in this appropriation are telephone and communication system replacements and upgrades; and software licenses for enterprise applications.

County Equipment Technology Replacement and Upgrades – This appropriation provides funding to deploy and maintain printers, computers, monitors, laptops, cash drawers, and printer toner deployed at county Tax Assessor/Collector (TAC) offices throughout the state. These funds also maintain connectivity between the county Tax Assessor/Collector offices and the TxDMV Registration and Titling (RTS) system, as well as connectivity throughout statewide TxDMV offices.

PC Replacement - The PC Replacement project consists of funding for computer, printer and laptops replacement.

Cybersecurity Initiative - This project provides funding for initiatives to improve security for statewide information technology systems.

Vehicles – Funding to increase the TxDMV fleet by 8 vehicles. The vehicles would be used to support investigation activities in the Enforcement and Compliance and Investigations (CID) divisions. Seven (7) vehicles would be specifically assigned to Enforcement in Austin, Houston, Fort Worth, Odessa and Longview. One vehicle would be assigned to CID in Houston.

RSC Maintenance and Repair – Funding to update a two medium sized Regional Service Centers (RSC) in order to standardize the look of TxDMV facilities across the state.

TxDMV Headquarters Security and Badge System - Equipment which includes funding for headquarters security/badging equipment.

TxDMV Headquarters Maintenance Projects - Funding to update two floors of one of the buildings at Camp Hubbard. Costs include renovation, updated equipment and furniture, rental space for staff during the renovation and funds for updating cabling and other information technology items.

Data Center Services – This appropriation supports information technology infrastructure assets and functions through statutorily required participation in the State Data Center maintained by the Department of Information Resources (DIR). The Data Center Services (DCS) program enables state agencies to access data center computing as a managed service. DCS fees are based on a consumption based model with costs varying based on statewide usage of DCS services.

FY 2020-21 Preliminary Exceptional Item Requests

The following table is a preliminary list of exceptional items that will be requested by TxDMV for the FY 2020-21 biennium. Exceptional items are those desired services above the baseline request. Detailed information on the exceptional items contained in Appendix A.

Division	Exceptional Item	Description	Biennial Request	
			FTE	Amount
		Sunset Related		
Compliance & Investigations / Internal Audit	Automated Fraud Monitoring and Resources	**Sunset Item 2.4** The Compliance and Investigation Division plans to leverage technology to use proactive data utilization to provide management information for more efficient resource allocation focusing on problem areas.		220,000
Automobile Burglary and Theft Prevention Authority	Broaden ABTPA's Statutory Mandate (GR Request)	**Sunset Item 2.6** ABTPA requests $6.6 million per year to expand the presence and impact of the economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute. The request is in response to the Sunset Advisory Commission staff recommendation to authorize ABTPA grant recipients to use grant funds to combat a broader range of motor vehicle crimes, such as title fraud, beyond the current statutory requirement to investigate and prevent automobile burglary and theft. To effectively administer these added responsibilities, the ABTPA network would need to have greater geographic coverage, prosecutor participation, and more technically skilled and specialized law enforcement professionals.		13,102,560
Enforcement	Enforcement/ Online Dealer & Motor Carrier History Database and Case Management System Enhancements to Improve Data Tracking and Reporting	**Sunset Item 3.9** A request of $90,000 in funding to develop a public facing database of enforcement case histories for motor vehicle licensees and for enhancements to the existing motor carrier licensee case history database. **Sunset Item 3.6** A request of $282,000 for contract services to fund the implementation of a case management system with enhancements to improve reporting of motor vehicle and motor carrier enforcement data including, complaints by sources and license type, nature of complaint, resolution by allegation type, and enhanced reporting of cases referred to the State Office of Administrative Hearings.		372,500

Division	Exceptional Item	Description	Biennial Request	
			FTE	Amount
Consumer Relations/ Enforcement/ Motor Carrier/ Motor Vehicle /Information Technology Services	**Complaint Management System (CMS)**	**Sunset Items 5.3 and 5.5** Develop and maintain a new complaint management system which would include data on the status of complaints, complaint procedures, and documentation of complaints. This item also includes coalescing complaints into a single repository for greater efficiency, instead of the current process of storing complaints in separate systems. Includes costs for staff and operating ($154,815) and funding for external contract services ($4,000,000).	1.00	4,154,815
Information Technology Services	**Information Technology Improvements - Infrastructure Sunset item 5.4**	**Sunset Item 5.4** Funding to implement improvements to facilitate a comprehensive approach to developing, maintaining, and updating TxDMV information technology infrastructure. Includes building out self-service password reset, creating self-service test data, obtaining automated testing tools and creating automated tests, modifying IRP to reduce errors, and building out non- production environments to support the software development lifecycle. Includes costs for external contract services ($1,000,000) and funding for Data Center Services for servers and database licenses ($1,700,000).		2,700,000
Information Technology Services	**Information Technology Improvements - Organizational Assessment**	**Sunset Item 5.4** Internal and third-party analyses of the Information Technology Services division Full-Time Equivalents (FTE) allocation determined that additional FTEs are needed to fulfill all existing obligations and to maintain service levels to avoid future backlog. This request will be used to implement operational improvements that enable the agency to develop and maintain TxDMV information technology projects and infrastructure.	12.00	1,922,568
Information Technology Services/ Motor Carrier	**Information Technology Improvements – Platform Modernization (Motor Carrier Credentialing System ((MCCS))**	**Sunset item 5.4** Modernize the current platform for MCCS. The current platform is written in an outdated technology which adds risk to the agency due to the difficulty of locating qualified resources for support. This investment will allow the agency to consolidate skillsets and allow for greater staff redundancy and maintain applications in a more efficient manner.		6,000,000
Total Sunset Related Items			**13.00**	**28,472,443**

Division	Exceptional Item	Description	Biennial Request	
			FTE	Amount
		Non-Sunset Related		
Information Technology Services/ Compliance and Investigations	**Enterprise Data Warehouse/Data Analytics**	Funding to create an enterprise-wide centralized data repository to enable true data analytics, deploy analytics and reporting tools, predictive analytics, and more efficient and effective reports. Request includes funding for external contract services ($5,000,000) and for Data Center Services - Servers ($300,000).		5,300,000
Consumer Relations	**Customer Service Staff**	Additional staff in the Consumer Relations Division (CRD) to reduce an average of 30 Vehicles Titles and Registration (VTR) FTEs who had been taking customer service calls. Freeing these FTE will allow them to fulfill the mission of VTR. Customers are served more efficiently with increased skills and knowledge with a dedicated trainer focused on consistency and quality. Funding for 8 Customer Service Representative, a trainer and related operating expenses.	9.00	904,005
Automobile Burglary and Theft Prevention Authority	**ABTPA Crime Reduction Strategy (GR Request)**	ABTPA has a statutory requirement to develop a plan of operation that must include: 1) an assessment of the problem, 2) an analysis of the various methods of combating these crimes, 3) a plan for financial support to combat motor vehicle burglary and theft, and 4) an estimate of the funds required to implement the plan. To be most effective, trained law enforcement officers need to have better geographical coverage of the state's 254 counties. Increasing the funds available to ABTPA will expand current ABTPA taskforces and create new taskforces to cover more areas. All funds will develop local resources to address problems that have a regional and statewide impact.		7,297,440
Total Non-Sunset Related Items			**9.00**	**13,501,445**
		Totals by Method of Finance		
General Revenue				**20,400,000**
TxDMV Fund			**22.00**	**21,573,888**
TOTAL			**22.00**	**41,973,888**

Riders

A "rider" is a legislative directive or appropriation inserted in the General Appropriations Act (GAA) following the Items of appropriation for an agency or, in the special or general provisions of the act. A rider provides direction, expansion, restriction, legislative intent, or an appropriation. A rider may be requested by an agency or may be drafted and inserted by the legislature.

For the FY 2020-21 LAR, the agency, at minimum, intends to request five riders to assist in its operations. Two riders were previously approved in the FY 2018-19 General Appropriations Act and will be requested again in FY 2020-21. In addition to the previously approved riders, three new riders will be requested in FY 2020-21.

Riders Previously Approved in FY 2018-19 and Re-requested for FY 2020-21

➢ *Special License Plate Fees* – this rider provides additional appropriations each year of the biennium for the purpose of making payments to the contract vendor for the marketing and sale of personalized license plates. The rider also allows for unexpended balances to be carried forward into the next fiscal year of the biennium for the same purposes. This rider was included in the FY 2018-19 General Appropriation Act.

➢ *Capital Projects - Automation—Unexpended Balance Authority* – this rider will allow the agency to spend money appropriated for Automation capital projects during both years of the biennium. The agency is requesting that any unexpended funds appropriated for capital projects at the end of FY 2019 be carried forward to the new biennium beginning FY 2020 for the agency's use. This rider was included in the FY 2018-19 General Appropriation Act.

New Rider Requested for FY 2020-21

➢ *Unexpended Balance Authority within the Biennium* – this rider would allow the agency to spend any unexpended balances in appropriations between the fiscal years. This rider was requested in the last biennium but not approved. ABTPA requested and received specific authority to expend balances in FY2018 in FY2019 for grant projects. This rider would allow the department, including ABTPA the flexibility to fund operations with expend balances when appropriate.

➢ *Federal Grants and State Matching Funds* – this rider allows the agency to spend any unexpended balances of state match funds for federal grants from FY 2020 in FY 2021.

➢ *Capital Projects - HQ Maintenance—Unexpended Balance Authority* – this rider will allow the agency to spend money appropriated for capital projects for headquarters maintenance during both years of the biennium. The agency is requesting that any unexpended funds appropriated for capital projects at the end of FY 2019 be carried forward to the new biennium beginning FY 2020 for the agency's use.

Appendix A – Exceptional Item Detail

	2020-21 LAR Exceptional Item Request Schedule				

Division:	Compliance and Investigations	Division Director:		Tim Menke	
Item Name:	Automated Fraud Monitoring and Resources	Item Priority:		1	
Strategy:	B.1.1. Enforcement				

			Requested	
Code	Total Exceptional Item Request		2020	2021
2009	**Objects of Expense:** Other Operating Expense		110,000	110,000
	Total, Objects of Expense		110,000	110,000
0010	**Method of Financing:** TxDMV Fund		110,000	110,000
	Total, Method of Finance		110,000	110,000
Number of Full-time Equivalent Positions (FTE):				
Detail on Object of Expenses and FTEs: (Included above)				

Other Expenses (list line items)	Unit Cost	Units	FY 2020	FY 2021
Other Operating - Mapping Software	1,000	10.00	10,000	10,000
Other Operating - Data Analysis, Mining Software	10,000	10.00	100,000	100,000
Subtotal, Detail on Object of Expenses and FTEs			$ 110,000	$ 110,000

Description/Justification (2000 character limit)

The Compliance and Investigation Division (CID) plans to leverage technology to use proactive data utilization to provide management "real time" information for more efficient resource allocation focusing on problem areas vs overutilization in non-problem areas. A central component will be the acquisition of mapping software to create an interactive color-coded map of 254 Texas counties highlighting vulnerable counties. The software would allow the maps to be updated weekly with hyperlink capability to vulnerability templates for cautionary or warning indicators specific to county issues. Three colors, green (Good), yellow (Caution with hyperlink to template), red (Warning with hyperlink to template).

In addition CID intends to use technology to produce results in minutes vs months of thousands of hours of human review of available data. This item also includes funding for the implementation of software to harness big data queries automating targeted, pro-active data mining to efficiently identify vulnerabilities, trends, outliers, anomalies, and potential criminal behavior. The speed, efficiency, and multitudes of graphics will provide investigators and managers near instantaneous results for efficiency in targeting investigative time and resources.

Automated Fraud Monitoring and Resources – Sunset Item 2.4

Issue 2 in the Sunset Report states "Texas Lacks Basic Safeguards to Identify and Address Title Fraud" and more specifically, "The department has not had sufficient resources or existing tools to proactively monitor and investigate fraud, instead only reacting to referrals of suspected or known fraud."

The Compliance and Investigations Division (CID) is requesting funding to develop a proactive risk based approach to prevent and monitor vehicle title fraud. To achieve this, CID will need additional software for the creation of an interactive color-coded map of 254 Texas counties highlighting vulnerable counties updated weekly with hyperlink capability to vulnerability templates for cautionary or warning indicators specific to county issues. This proactive data utilization provides management "real time" information for more efficient resource allocation, focusing on problem areas vs overutilization in non-problem areas. Three colors on this interactive map will show at a glance where to best place resources for the most significant impact, green (Good), yellow (Caution with hyperlink to template), red (Warning with hyperlink to template). From a compliance perspective, quickly identifying vulnerabilities in TAC offices will result in identifying training opportunities and establishing best practices. The enhanced oversight will help ensure integrity in TAC offices resulting in public confidence.

CID will also utilize additional software to harness big data queries automating targeted, pro-active data mining, efficiently identifying vulnerabilities, trends, outliers, anomalies, and potential criminal behavior. This additional software will produce results in minutes rather than hundreds of hours of human review by investigators. Speed, efficiency, and a multitude of graphics will provide investigators and managers near instantaneous results extracting pertinent information for investigations while removing extraneous unrelated information. Currently, investigators manually review thousands of records in a time consuming process to find possible links associated with schemes. Since CID's creation, numerous law enforcement agencies have requested assistance from CID investigators to search and review data associated with criminal activity to include fraud and public corruption in an attempt to establish probable cause for search and arrest warrants. These reviews are also necessary to determine the extent of loss to taxpayers. With the implementation of cutting-edge software, CID will be able to process data much faster and automatically extract intelligence and analyze evidence crucial to an investigation. Currently with the human review process, CID can only manage one large request for assistance at a time from law enforcement stakeholders. With the new software, CID will get results faster and will be able to process many law enforcement requests for assistance simultaneously. CID investigators and the criminal intelligence analyst will identify trends and conspiracies faster and increase return on investment with significantly more support for law enforcement resulting in fines, penalties, restitution, and seizures.

2020-21 LAR Exceptional Item Request Schedule				
Division:	**Automobile Burglary and Theft Prevention Authority**	**Division Director:**	**Bryan Wilson**	
Item Name:	Broaden ABTPA's Statutory Mandate	**Item Priority:**	**2**	
Strategy:	B.2.1 Automobile Theft Prevention			
			Requested	
Code	**Total Exceptional Item Request**		**2020**	**2021**
4000	**Objects of Expense:** Grants		6,551,280	6,551,280
	Total, Objects of Expense		6,551,280	6,551,280
0001	**Method of Financing:** General Revenue		6,551,280	6,551,280
	Total, Method of Finance		6,551,280	6,551,280

Description/Justification (2000 character limit)

The Automobile Burglary and Theft Prevention Authority (ABTPA) requests $6.6 million to expand the presence and impact of the economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute. The additional grant funding is for an estimated forty-five new law enforcement investigators, seven new motor vehicle crimes prosecutors, seven new criminal intelligence analysts, seven new motor vehicle crimes technologists and operating cost for these positions. The Sunset Advisory Commission staff recommendation was made to authorize ABTPA grant recipients to use grant funds to combat a broader range of motor vehicle crimes, such as title fraud, beyond the current statutory requirement to investigate and prevent automobile burglary and theft. To effectively administer these added responsibilities, the ABTPA network would need to have greater geographic coverage, prosecutor participation, and more technically skilled and specialized law enforcement professionals. The additional funds introduced to the existing ABTPA grant funded network would be the most cost effective method to ensure local communities engage in extremely complex, multi-jurisdictional motor vehicle crimes defrauding the State of Texas and the public.

Broaden ABTPA Statutory Mandate – Sunset Item 2.6

The Automobile Burglary and Theft Prevention Authority (ABTPA) requests $6.6 million to expand the presence and impact of the economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute to use grant funding to add up to forty-five new law enforcement investigators, seven new motor vehicle crimes prosecutors, seven new criminal intelligence analysts, and seven new motor vehicle crimes technologists. The Sunset Advisory Commission Staff made a recommendation to authorize ABTPA grant recipients to use funds to combat a broader range of motor vehicle crimes, such as title fraud, beyond the current statutory requirement to investigate and prevent automobile burglary and theft. To effectively administer these added responsibilities, the ABTPA network would need to have greater geographic coverage and better skilled law enforcement professionals.

The amount requested is in addition to the ABTPA's statutory requirement to develop a plan of operation that includes estimates of the funds required to combat the problems of automobile burglary, theft, and economic automobile theft across the entire state. The sunset staff recommendations are used to calculate what ABTPA would need to add in the expansion of other motor vehicle crime. The expansion would require an increase in expertise and in geography for the expanded motor vehicle crimes. The same officers would also serve Texas in combating current incidence of motor vehicle burglary and theft and those corresponding financial losses.

If the Texas Legislature modifies the ABTPA's statutory requirements to include additional motor vehicle crimes, the ABTPA board of directors will add the new requirements to the areas of responsibility for grant recipients; however, the ability to perform the additional responsibilities will be correlated to the availability of grant funding for specialized investigation and prosecution programs.

Because of the complex and technical nature of crimes such as title fraud, among others, the law enforcement officers, prosecutors, and support professionals who would have the capacity to effectively pursue such cases would need to possess a level of highly specialized skill and expertise that is not commonly available to local jurisdictions across the entire state. By making state grant funds available to local communities, ABTPA can help to develop local capacities to address problems that have a regional and statewide impact. ABTPA can also help to coordinate the development of specialized programs and provide other technical support that would not normally be available in every part of the state. ABTPA requires a minimum of 20% local cash match on all grants so the amount listed is only 80% of the cost of the staff and equipment that is required.

	2020-21 LAR Exceptional Item Request Schedule			
Division:	**Enforcement Division**	**Division Director:**		**Corrie Thompson**
Item Name:	Online Dealer & Motor Carrier History Database and Case Management System Enhancements	**Item Priority:**		**1**
Strategy:	B.1.1. Enforcement			
			Requested	
Code	**Total Exceptional Item Request**		**2020**	**2021**
2001	**Objects of Expense:** Professional Fees & Services		372,500	
	Total, Objects of Expense		372,500	-
0010	**Method of Financing:** TxDMV Fund		372,500	-
	Total, Method of Finance		372,500	-
Number of Full-time Equivalent Positions (FTE):				
Detail for Capital Appropriation Items: (included in above amounts)				
5005	Acquisition of Information Resources Technologies		$ 372,500	
	Total, Capital Appropriation Items		$ 372,500	$ -

Detail for Capital Appropriation Items: (included above)

Professional Fees Automation	Acquisition of Information Resource Tech Estimated cost to enhance systems (3,725 hours @ $100/hr)	100	3,725.00	372,500

Description/Justification (2000 character limit)

Sunset Item 3.9
Development of a public facing database of enforcement case histories for motor vehicle licensees and for enhancements to the existing motor carrier licensee case history database. The estimated cost is $90,000.

Sunset Item 3.6
Case management system enhancements to improve reporting of motor vehicle and motor carrier enforcement data including, complaints by sources and license type, nature of complaint, resolution by allegation type, and enhanced reporting of cases referred to the State Office of Administrative Hearings. The estimated cost is $282,000.

Enforcement/Online Dealer & Motor Carrier History Database and Case Management System Enhancements to Improve Data Tracking and Reporting – Sunset Items 3.6 and 3.9

TxDMV is requesting $282,500 to enhance the motor vehicle and motor carrier case management systems to allow for improved reporting of motor vehicle and motor carrier enforcement data including, complaints by sources, license, nature of complaint and resolution in response to information provided in Sunset item 3.6. Enforcement currently maintains two case management databases for tracking motor vehicle and motor carrier cases.

Improvements to the eLicensing system for motor vehicle cases would include the ability to pull reports detailing number of cases by license type and would include a redesign of the violation section to allow for reporting on types of violations included within each case. Additional fields relating to the various ways in which cases can be resolved will allow for enhanced reporting on case resolution. For example, system enhancements will enable enforcement to report the number of cases closed by agreed order where dealer training was required as part of the settlement, the number of cases referred to the State Office of Administrative Hearings that ultimately settled by agreed order, and the number of cases referred to the State Office of Administrative Hearings that defaulted and resulted in a final order.

Improvements to the Case Management System for motor carrier cases would include the ability to pull reports detailing number of cases by license type; e.g. household goods carrier, bus/passenger carrier, motor carrier/general freight, as well as the ability to run reports on the types of violations included in each complaint. The addition of new fields relating to the various ways in which cases can be resolved will also allow for enhanced reporting that details the various ways in which cases are ultimately resolved.

These system enhancements will enable Enforcement to analyze data to determine the effectiveness of certain sanction actions and will assist with decisions concerning case prioritization and resource allocation.

TxDMV is requesting $90,000 for the development of an online public facing database of enforcement case histories for motor vehicle licensees and for enhancements to the existing motor carrier licensee case history database pursuant to information provided in Sunset item 3.9.

System development for motor vehicle cases would include online publication of motor vehicle dealer and salvage vehicle dealer case histories providing the public with information concerning the case history associated with a particular license number, as well as violations substantiated against a licensee via the final action taken in each case. Information concerning any penalty or other sanction action imposed would also be part of the case history detail. Development would require TxDMV Information Technology Services to develop a process for pulling pertinent data from the case management system to be loaded into the online database on a regular basis to ensure the information provided to the public is current.

System enhancements to the existing motor carrier case histories available online would include removal of pending actions and actions where no violation was ultimately found, as well as inclusion of additional information pertaining to violations that were substantiated, penalties or other sanction action imposed, and the final action taken in the case.

Enforcement actions involve the processing of complaints received from the public, licensees, law enforcement, county tax offices, and other state agencies; in addition to processing investigator self-initiated cases. Online publication of enforcement case histories of all licensees showing enforcement actions taken by the department along with the basis of the complaint will enable consumers to make informed decisions in choosing service providers and could potentially act as a deterrent against future violations.

	2020-21 LAR Exceptional Item Request Schedule			
Division:	**Information Technology Division**	**Division Director:**	**Mike Higginbotham**	
Item Name:	Complaint Management System	**Item Priority:**	**4**	
Strategy:	A.1.4 Technology Enhancement and Automation			
			Requested	
Code	**Total Exceptional Item Request**		**2020**	**2021**
	Objects of Expense:			
1001	Salaries		71,000	71,000
1002	Other Personnel Costs		355	355
2001	Professional Fees & Services		4,000,000	
2003	Consumable Supplies		300	300
2005	Travel		500	500
2009	Other Operating Expense		9,055	1,450
	Total, Objects of Expense		4,081,210	73,605
	Method of Financing:			
0010	TxDMV Fund		4,081,210	73,605
	Total, Method of Finance		4,081,210	73,605
Number of Full-time Equivalent Positions (FTE):			**1.00**	**1.00**
Detail for Capital Appropriation Items: (included in above amounts)				
5005	Acquisition of Information Resources Technologies		$ 4,000,000	
	Total, Capital Appropriation Items		$ 4,000,000	$ -
Detail on Object of Expenses and FTEs: (Included above)				
Salary		**FTE** / **Monthly Salary**	**FY 2020**	**FY 2021**
	Job Class New Positions			
	Systems Analyst IV	1.00 / 5,917	71,000	71,000
Travel	Method of calculation ($500/FTE)		500	500
Other Expenses (list line items)		**Unit Cost** / **Units**	**FY 2020**	**FY 2021**
	Consumable Supplies $300/yr per FTE	300 / 1.00	300	300
	Other Operating - share of Xerox rental $30/FTE	30 / 1.00	30	30
	Other Operating - Training 1% of salary/yr per FTE		710	710
	Other Operating - Chair $350 per FTE	350 / 1.00	350	
	Other Operating - Computer, printer, monitor phone	2,255 / 1.00	2,255	
	Other Operating - Cubicles $5,000 per FTE	5,000 / 1.00	5,000	

2020-21 LAR Exceptional Item Request Schedule				
Division:	**Information Technology Division**	**Division Director:**		**Mike Higginbotham**
Item Name:	Complaint Management System	**Item Priority:**		**4**
Strategy:	A.1.4 Technology Enhancement and Automation			
			Requested	
Code	**Total Exceptional Item Request**		**2020**	**2021**
	Other Operating - Payroll Health Contribution 1% (Legislatively Mandated)		710	710
	Other Personnel - Employee Retirement Contribution .5% (Legislatively Mandated)		355	355
Subtotal, Detail on Object of Expenses and FTEs			$ 81,210	$ 73,605

Detail for Capital Appropriation Items: (included above)

Professional Fees Acquisition of Information Resource Tech   100   40,000.00   4,000,000

Automation   Estimated cost to create new consolidated
                              complaint management system on the Salesforce
                              platform (40,000 hours @ $100/hr)

Description/Justification (2000 character limit)

Sunset item 5.3 & 5.5

Develop and maintain a complaint management system which would include data on the status of complaints, complaint procedures, and documentation of complaints. This item also includes coalescing complaints into a single repository for greater efficiency, instead of the current process of storing complaints in separate systems.

Complaint Management System – Sunset Item 5.3 and 5.5

As a customer-focused agency, it is important for the department to have easy access to a clear view of its customers' satisfaction, and a key indicator of the customer experience is the number of complaints.

As noted in the recent Sunset report, each division has its own complaint handling process without consistent central reporting or analysis of complaint trends. Additionally, complaints are stored in separate individual systems which complicates the ability to capture consistent information across the organization. This approach creates risk that the department may not adequately address complaints and that management does not have the ability to obtain a holistic view of customer service issues. This approach also increases the time to respond and resolve complaints due to the manner in which complaints are managed.

This funding request supports the development and maintenance of a new complaint management system which includes data on the status of complaints, complaint procedures, and documentation of complaints. This request also includes coalescing complaints into a single repository for greater efficiency, instead of the current process of storing complaints in separate systems. The system will streamline the complaint handling process and allow TxDMV's customers and stakeholders to benefit from reducing the time needed to resolve a complaint. The system will help facilitate the creation a centralized complaint intake process, assist tracking complaints as they move through the process to identify bottlenecks, and enable timely notification to complainants as to progress of their complaint.

2020-21 LAR Exceptional Item Request Schedule				
Division:	**Information Technology Division**	**Division Director:**		**Mike Higginbotham**
Item Name:	IT Infrastructure Improvements	**Item Priority:**		**1**
Strategy:	C.1.2. Information Resources			
			Requested	
Code	**Total Exceptional Item Request**		**2020**	**2021**
	Objects of Expense:			
2001	Professional Fees & Services		1,850,000	850,000
	Total, Objects of Expense		1,850,000	850,000
	Method of Financing:			
0010	TxDMV Fund		1,850,000	850,000
	Total, Method of Finance		1,850,000	850,000
Number of Full-time Equivalent Positions (FTE):				
Detail for Capital Appropriation Items: (included in above amounts)				
5005	Acquisition of Information Resources Technologies		$ 1,000,000	
7000	Data Center Consolidation Services		$ 850,000	$ 850,000
	Total, Capital Appropriation Items		$ 1,850,000	$ 850,000

Detail for Capital Appropriation Items: (included above)

Professional Fees	Acquisition of Information Resource Tech	100	10,000.00	1,000,000	
Automation	Estimated cost to build out IT operational improvements (10,000 hours @ $100/hr)				
	Data Center Consolidation Services				
	20 Jumbo servers, DB2 database licenses			850,000	850,000

Description/Justification (2000 character limit)☐
Estimated cost to build out password self service reset, create self service test data, obtain automated testing tools and create automated tests, modify IRP to reduce errors, and build out non-production environments to support the software development lifecycle.

Information Technology Infrastructure Improvements – Sunset Item 5.4

The Information Technology Services Division (ITSD) is responsible for agency-wide information technology needs and overall maintenance and support of the department's major systems and technologies.

TxDMV has increased the number of applications that provide value to the state of Texas in the last four years that directly tie into the Registration and Title System (RTS). These systems include webDEALER, webSALVAGE and webDealer Commercial Fleet Buyer. Future applications include eTitle and webLIEN. Each application increases the complexity of the RTS system infrastructure and raises the level of contention for RTS testing environments. This increased complexity results in additional administrative and technical overhead and staff time. The contention places limitations on the number of releases that can be achieved for each application every year. Further, the increased number of applications have overextended ITSD's current staff and existing software development processes.

In an effort to identify opportunities to improve technology and project delivery, the agency conducted a competitive procurement for an organizational assessment of ITSD in the fall of 2017. The purpose was to hire an independent, qualified vendor to evaluate the existing mission, goals, workload, organizational structure, and human resource capacity and make recommendations to increase efficiency and effectiveness in meeting the agency's needs for technology. The contract was awarded to Software Engineering Services (SES) effective November 14, 2017 and was concluded with delivery of their final reports on February 9, 2018.

Also during 2017 and 2018, The Sunset Commission conducted a review of TxDMV. The Sunset review of ITSD resulted in several similar findings to those identified in the SES assessment.

While several major TxDMV applications currently provide users the ability to reset their passwords online, a few major applications still require human interaction to reset a password. A portion of the funding associated with this request will build out self-service password reset capabilities for the remaining major applications, which will result in an improved customer experience and reduced unit cost due to the elimination of the manual reset process.

Many quality assurance activities currently conducted by ITSD require the manual execution of test cases and the manual creation of test data by ITSD personnel. These manual processes are inefficient and error-prone, resulting in slower speed to market for software delivery and reduced quality of software products. A portion of the funding associated with this request will enable the creation of self-service test data, the procurement of automated testing tools, and the creation of automated test scripts. These additional testing enhancements will reduce errors and increase frequency of application deliveries.

Currently, several TxDMV applications utilize shared server and database infrastructure as a result of the rapid deployment of new applications in recent years. The shared infrastructure reduces software development throughput resulting in delayed implementation of projects. A portion of this investment will increase the number of non-production, development environments for each application in order to enable increased delivery velocity while maintaining or improving software development lifecycle rigor.

	2020-21 LAR Exceptional Item Request Schedule				
Division:	**Information Technology Division**		**Division Director:**		**Mike Higginbotham**
Item Name:	Information Technology Improvements - Organizational Assessment		**Item Priority:**		**2**
Strategy:	C.1.2. Information Resources				
				Requested	
Code	**Total Exceptional Item Request**			**2020**	**2021**
	Objects of Expense:				
1001	Salaries			886,044	886,044
1002	Other Personnel Costs			4,430	4,430
2003	Consumable Supplies			3,600	3,600
2005	Travel			3,500	3,500
2009	Other Operating Expense			109,340	18,080
	Total, Objects of Expense			1,006,914	915,654
	Method of Financing:				
0010	TxDMV Fund			1,006,914	915,654
	Total, Method of Finance			1,006,914	915,654
Number of Full-time Equivalent Positions (FTE):				**12.00**	**12.00**
Detail on Object of Expenses and FTEs: (Included above)					
Salary		FTE	Monthly Salary	FY 2020	FY 2021
	Job Class New Positions				
	Systems Analyst IV	10.00	5,917	710,040	710,040
	Database Administrator IV	1.00	7,417	89,004	89,004
	Systems Analyst V	1.00	7,250	87,000	87,000
				-	-
Travel	Method of calculation ($500/FTE)			3,500	3,500
Other Expenses (list line items)		Unit Cost	Units	FY 2020	FY 2021
	Consumable Supplies $300/yr per FTE	300	12.00	3,600	3,600
	Other Operating - share of Xerox rental $30/FTE	30	12.00	360	360
	Other Operating - Training 1% of salary/yr per FTE			8,860	8,860
	Other Operating - Chair $350 per FTE	350	12.00	4,200	
	Other Operating - Computer, printer, monitor phone	2,255	12.00	27,060	
	Other Operating - Cubicles $5,000 per FTE	5,000	12.00	60,000	

2020-21 LAR Exceptional Item Request Schedule					
Division:	**Information Technology Division**		**Division Director:**	**Mike Higginbotham**	
Item Name:	Information Technology Improvements - Organizational Assessment		**Item Priority:**	**2**	
Strategy:	C.1.2. Information Resources				
				Requested	
Code	**Total Exceptional Item Request**			**2020**	**2021**
	Other Operating - Payroll Health Contribution 1% (Legislatively Mandated)			8,860	8,860
	Other Personnel - Employee Retirement Contribution .5% (Legislatively Mandated)			4,430	4,430
Subtotal, Detail on Object of Expenses and FTEs				$ 1,006,914	$ 915,654

Description/Justification (2000 character limit)

TxDMV consulted with an outside vendor to perform an organizational assessment of the Information Technology Services (ITSD) and Enterprise Project Management (EPMO) divisions. The report recommended additional FTEs in ITSD to implement operational improvements to facilitate a comprehensive approach to developing, maintaining and updating TxDMV information technology projects, and infrastructure.

Information Technology Improvements - Organizational Assessment Sunset Item 5.4

TxDMV has increased the number of applications that provide value to the state of Texas in the last four years that directly tie into the Registration and Title System (RTS). This increased complexity results in additional administrative overhead and staff time. Further, the increased number of applications have overextended ITSD's current staff and existing software development processes.

In an effort to identify opportunities to improve technology and project delivery, the agency conducted a competitive procurement for an organizational assessment of ITSD in the fall of 2017. The purpose was to hire an independent, qualified vendor to evaluate the existing mission, goals, workload, organizational structure, and human resource capacity and make recommendations to increase efficiency and effectiveness in meeting the agency's needs for technology.

Internal and third-party analyses of ITSD determined that additional staff members are needed within the application development section. Due to the increasing number of applications since the inception of the agency, the existing resources are insufficient to keep up with the application development and maintenance demand. This resource shortfall results in frequent employee burnout, a reduction in employee morale and productivity, an increase in software development errors, and a negative impact to the overall customer experience due to the increased number of software defects and the increasing length of time to resolve defects or deliver new system enhancements. Specifically, this request will fund the following Full-Time Equivalent (FTE) positions:

- 10 System Analyst IV
- 1 Database Administrator IV
- 1 Systems Analyst V

2020-21 LAR Exceptional Item Request Schedule				
Division:	**Information Technology Division**	**Division Director:**	**Mike Higginbotham**	
Item Name:	IT Operational Improvements - Platform Modernization (Motor Carrier Credentialing System (MCCS))	**Item Priority:**	**5**	
Strategy:	A.1.4 Technology Enhancement and Automation			
			Requested	
Code	**Total Exceptional Item Request**		**2020**	**2021**
2001	**Objects of Expense:** Professional Fees & Services		6,000,000	
	Total, Objects of Expense		6,000,000	-
0010	**Method of Financing:** TxDMV Fund		6,000,000	
	Total, Method of Finance		6,000,000	-
Number of Full-time Equivalent Positions (FTE):				
Detail for Capital Appropriation Items: (included in above amounts)				
5005	Acquisition of Information Resources Technologies		$ 6,000,000	
	Total, Capital Appropriation Items		$ 6,000,000	$ -

Detail for Capital Appropriation Items: (included above)

Professional Fees	Acquisition of Information Resource Tech	100	60,000.00	6,000,000
Automation	Estimated cost to migrate the MCCS to a modern platform, SalesForce (60,000 hours @ $100/hr)			

Description/Justification (2000 character limit)
The current platform is written in an outdated technology which adds risk to the agency due to the difficulty of locating qualified resources for support. This investment will allow the agency to consolidate skillsets and allow for greater staff redundancy and maintain applications in a more efficient manner.

Information Technology Improvements - Platform Modernization Motor Carrier Credentialing System (MCCS) Sunset Item 5.4

The current Motor Carrier Credentialing System (MCCS) is written in the outdated ASP technology. Continued usage of legacy technologies add risk to the agency due to the difficulty of locating qualified resources for support. The legacy platform is also more cumbersome to maintain resulting in additional total cost of ownership compared to more modern platforms. This investment will support the migration of MCCS off of the ASP technology to the more modern Salesforce platform. The agency currently has several applications deployed to the Salesforce platform, including the award-winning eLicensing system. By migrating to Salesforce, ITSD will reduce the number of different development platforms and begin to consolidate more applications around the Salesforce platform. This consolidation will reduce the overall cost of maintenance by narrowing the variety of skillsets needed to maintain the applications while also allowing the department to develop deeper bench strength on the Salesforce platform that will enable the team to more easily scale to allow more frequent product deliveries.

	2020-21 LAR Exceptional Item Request Schedule			
Division:	**Information Technology Division**	**Division Director:**	**Mike Higginbotham**	
Item Name:	Enterprise Data Warehouse/Data Analytics	**Item Priority:**	3	
Strategy:	A.1.4 Technology Enhancement and Automation			
			Requested	
Code	**Total Exceptional Item Request**		**2020**	**2021**
	Objects of Expense:			
2001	Professional Fees & Services		5,150,000	150,000
	Total, Objects of Expense		5,150,000	150,000
	Method of Financing:			
0010	TxDMV Fund		5,150,000	150,000
	Total, Method of Finance		5,150,000	150,000
Number of Full-time Equivalent Positions (FTE):				
Detail for Capital Appropriation Items: (included in above amounts)				
5005	Acquisition of Information Resources Technologies		$ 5,000,000	
7000	Data Center Consolidation Services		$ 150,000	$ 150,000
	Total, Capital Appropriation Items		$ 5,150,000	$ 150,000

Detail for Capital Appropriation Items: (included above)

Professional Fees	Acquisition of Information Resource Tech	100	50,000.00	5,000,000	
Automation	Estimated cost to implement a data warehouse (50,000 hours @ $100/hr)				
	Data Center Consolidation Services				
	4 Jumbo servers			150,000	150,000

Description/Justification (2000 character limit)
Funding to create an enterprise-wide centralized data repository to enable true data analytics, predictive analytics, and more efficient and effective reports.

Enterprise Data Warehouse/Data Analytics

As the agency continues to mature, reporting and data analysis requests continue to increase.

For example, the Compliance and Investigations Division (CID) has requested an interactive map of Texas counties color coded to reflect fraud, waste, and abuse vulnerabilities based on data collected from across the state. CID has also requested the implementation of various tools to further analyze statewide data.

In order to effectively and efficiently analyze these types of data, the data needs to be housed in a centralized, professional-grade database, versus storing data in separate spreadsheets on local laptop or desktop computers. The database also needs to be designed and tuned for high-volume analysis processing, which is a different design than that used to support online transaction systems such as RTS or webDEALER.

While ITSD currently provides reporting capabilities on an ad-hoc and individual application basis, the agency lacks a single enterprise-wide data repository designed for reporting and analytics, which prevents the agency from easily analyzing and identifying cross-division trends (such as potential fraud). This limitation also prevents the agency from predicting trends, leaving the agency in the position to only respond to issues after-the-fact, versus preventing issues before they occur. Additionally, the recent Sunset report determined the department lacks basic trend data needed to effectively evaluate its enforcement efforts.

The lack of a data warehouse also prevents program areas from having easy access to their data, and requires the involvement of an ITSD project or programmer in order to access the program area's own data. Program areas are also currently unable to use more sophisticated reporting and analysis technologies, such as Tableau, due to the lack of current data analysis tools.

This funding request will allow the agency to create an enterprise-wide centralized data repository to enable program area users self-service access to their data in order to perform data and predicative analytics, use more sophisticated analysis and reporting tools (such as Tableau), and produce more efficient and effective reports.

2020-21 LAR Exceptional Item Request Schedule			
Division:	**Consumer Relations**	**Division Director: Ginny Booton**	
Item Name:	Customer Service Staff	**Item Priority:**	**1**
Strategy:	A.1.5 Customer Contact Center		
		Requested	
Code	**Total Exceptional Item Request**	**2020**	**2021**
	Impact on Output Measures:		
	Number of Customers Served in Contact Center (*Expect 10,000 additional customers to be served each month by CRD*)	120,000	12,000
	Objects of Expense:		
1001	Salaries	405,088	405,088
1002	Other Personnel Costs	2,025	2,025
2003	Consumable Supplies	2,700	2,700
2009	Other Operating Expense	76,277	8,102
	Total, Objects of Expense	486,090	417,915
	Method of Financing:		
0010	TxDMV Fund	486,090	417,915
	Total, Method of Finance	486,090	417,915
Number of Full-time Equivalent Positions (FTE):		**9.00**	**9.00**

Detail on Object of Expenses and FTEs: (Included above)				
Salary		**FTE**	**Monthly Salary**	**FY 2020**	**FY 2021**
	Customer Servicer Representative IV	8.00	3,543	340,088	340,088
	Trainer	1.00	5,417	65,000	65,000
Consumables				2,700	2,700
Other Expenses (list line items)		**Unit Cost**	**Units**	**FY 2020**	**FY 2021**
	Other Operating - Training 1% of salary/yr per FTE	400	9.00	4,051	4,051
	Other Operating - Chair $350 per FTE	350	9.00	3,150	-
	Other Operating - Computer, printer, monitor phone	2,225	9.00	20,025	-
	Other Operating - Cubicles $5,000 per FTE	5,000	9.00	45,000	-

2020-21 LAR Exceptional Item Request Schedule				
Division:	**Consumer Relations**	**Division Director: Ginny Booton**		
Item Name:	Customer Service Staff	**Item Priority:**	**1**	
Strategy:	A.1.5 Customer Contact Center			
			Requested	
Code	**Total Exceptional Item Request**		**2020**	**2021**
	Other Operating - Payroll Health Contribution 1% (Legislatively Mandated)		4,051	4,051
	Other Personnel - Employee Retirement Contribution .5% (Legislatively Mandated)		2,025	2,025
Subtotal, Detail on Object of Expenses and FTEs			$ 486,090	$ 417,915

Description/Justification (2000 character limit)

The level of online, application and system support has increased the division's scope at the same time the number of customers needing assistance has increased significantly with an addition of only 2 FTEs in FY2017. The Consumer Relations Division (CRD) has remained within the overall Key Performance Indicators with the continued assistance of the Vehicle, Title and Registration Division (VTR) Regional Service Centers (RSC). An average of 30 VTR RSC staff from around the state assist with title calls every day. In FY2017, they assisted over 116,000 CRD title customers and averaged 12,000 customers/month in FY2016. Another 105,457 customers abandoned their call and either were not served or called back later. This is a total of 223,604 customers the division was not staffed to serve in FY2017.

CRD needs eight (8) dedicated FTE's to resume taking the title calls currently answered by VTR. It will require an additional 7 FTEs to answer all calls. The 8 requested positions will free up the RSC staff to focus on VTR customers, improve customer satisfaction ratings, reduce wait times and improve the level of service our customers receive.

Customer Service Staff

The Consumer Relations Division (CRD) is the agency contact center and front-line information resource for customers. The division receives requests for assistance by telephone, email and written correspondence daily. CRD has a broad customer base serving the motoring public, motor vehicle dealers, law enforcement, local, state and federal agencies, legislative officials and constituents, dealer associations, salvage yards, storage facilities, financial institutions, manufacturers, distributors, lease facilitators, insurance agencies, and department staff. In addition to providing customers and stakeholders with guidance and up-to-date information, the division provides technical troubleshooting and web navigation support for department-related programs, applications and systems.

Customer service demand has been on an upward trend every year since the division was formed in FY2011. Customer contacts have increased 50% from FY2011 (462,505 customers) to FY17 (692,677 customers). The highest volume year was in FY2016 when CRD received 722,778 customer contacts.

As a result of agency technology upgrades and movement to more online customer service interactions, the division has shifted from a "business guidance" customer service organization to a hybrid of a technology support desk and customer service center. Customers no longer call for just business information, they require assistance with online navigation issues and transaction problems. Dealers need the CRD team to help them navigate eLICENSING, troubleshoot application problems, and serve as the triage center for escalation to the Information Technology Services Division.

When the agency implements a project or technology upgrade, there is a correlating surge in calls. For example, when eLICENSING was launched in March 2017, dealer calls increased 233% and are still running 62% above the average dealer call volume prior to eLICENSING.

The level of online, application and system support has increased the division's scope at the same time the number of customers needing assistance has increased significantly with an addition of only 3 FTEs in FY2017. CRD has remained within the overall Key Performance Indicators with the continued assistance of the Vehicle, Title and Registration Division (VTR) Regional Service Centers (RSC). An average of 30 VTR RSC staff from around the state assist with title calls every day. In FY17, they assisted over 116,000 CRD title customers and averaged 12,000 customers/month in FY16. Another 105,457 customers abandoned their call and either were not served or called back later. This is a total of 223,604 customers the division was not staffed to serve in FY2017.

CRD needs eight (8) dedicated FTE's to resume taking the title calls currently answered by VTR. It will require an additional 7 FTEs to answer all calls. The 8 requested positions in order to free up the RSC staff to focus on VTR customers, improve customer satisfaction ratings, reduce wait times and improve the level of service our customers receive.

To meet the increased customer demand by the motoring public and dealers, staff need to be well-trained, provided accurate resources, and be consistently updated. This is the role of a trainer. The division is without a dedicated training team which is a staple in all contact centers. The lack of this critical resource has put a constant strain on the division staff who juggle the responsibilities of building training, onboarding and training new employees, updating and training existing staff, and ensuring all documentation and resource materials are kept up-to-date. Knowledge and

consistency are the pillars of good customer service. It all starts with training and the addition of one trainer will build and enhance the skills of the customer service representatives and, in turn, ensure customers have a good experience. The dedicated trainer will design, develop and deliver training materials for the division and ensure the staff are trained to provide consistent and accurate information to customers.

2020-21 LAR Exceptional Item Request Schedule			
Division:	**Automobile Burglary and Theft Prevention Authority**	**Division Director:**	**Bryan Wilson**
Item Name:	ABTPA Crime Reduction Strategy	**Item Priority:**	**1**
Strategy:	B.2.1 Automobile Theft Prevention		

		Requested	
Code	**Total Exceptional Item Request**	**2020**	**2021**
4000	**Objects of Expense:** Grants	3,648,720	3,648,720
	Total, Objects of Expense	3,648,720	3,648,720
0001	**Method of Financing:** General Revenue	3,648,720	3,648,720
	Total, Method of Finance	3,648,720	3,648,720

Description/Justification (2000 character limit)

ABTPA requests $3.6 million to provide an estimated twenty-five motor vehicle theft investigators officers along with crime interdiction and detection equipment to the current economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute. The additional officers will be dispersed through grants to local law enforcement agencies to areas with the highest incidence of motor vehicle burglary and theft. Funds will also be used to meet two current statutory requirements of ABTPA that have remained unfunded for several years: media outreach to the public and development of experimental equipment to combat motor vehicle crime. The statute directs ABTPA to conduct educational programs designed to inform automobile owners of methods of preventing motor vehicle burglary and theft. It also directs ABTPA to provide equipment, for experimental purposes, to assist automobile owners in preventing automobile burglary or theft. Incidents of motor vehicle burglary and theft have been increasing in recent years and financial losses from these crimes are just under $1 billion each year despite ABTPA collecting over $46 million each year in fees on insurance policies. The proposed efforts are expected to result in significant reductions in both the incidence of motor vehicle burglary and theft and financial losses suffered by the public from these crimes.

ABTPA Crime Reduction Strategy

ABTPA requests $3.6 million to expand the current economic automobile theft enforcement teams (taskforces) authorized in ABTPA statute and to provide funds to begin meeting two of the current statutorily mandated requirements of ABTPA that has been unfunded for several years. These include funding for educational programs to teach the public how to reduce motor vehicle burglary and theft providing equipment to the public for experimental purposes to combat these crimes. The funding request includes adding about twenty-five additional investigators and minimum equipment and supplies needed for them to perform their duties. The request will provide a minimum amount of equipment such as tracking technology and other automotive equipment needed to support technologically challenging investigations. Funds are also included to provide education to communities as required by statute and pilot programs for experimental equipment to prevent motor vehicle burglary and theft. ABTPA requires a minimum of 20% local cash match on all grants so the amount listed is actually 80% of the costs of the staff and equipment.

Texas Department *of* **Motor Vehicles**

HELPING TEXANS GO. HELPING TEXAS GROW.

DATE: June 13. 2018
Action Requested: BRIEFING

To:	**Texas Department of Motor Vehicles (TxDMV) Finance & Audit Committee**
From:	**Sandra Menjivar – Suddeath, Internal Audit Director**
Agenda Item:	5.B
Subject:	Peer Review

RECOMMENDATION
None.

PURPOSE AND EXECUTIVE SUMMARY
To provide the results on the 2018 Peer Review to the TxDMV Board – Finance & Audit Committee.

Every three years, the Internal Audit Division (IAD) is required to obtain an External Assessment (Peer Review) on whether the internal audit function complies with the applicable professional auditing standards. In 2018, the IAD obtained the required Peer Review and received an overall rating of "Pass/Generally Conforms". In addition, IAD was found to be in compliance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and Code of Ethics, the United States Government Accountability Office (GAO) Government Auditing Standards, and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). The Peer Review did issue one audit recommendation related to reviewing the Department's ethics.

FINANCIAL IMPACT
None.

BACKGROUND AND DISCUSSION
Every three years, IAD is required to obtain an External Assessment (Peer Review) on whether the internal audit function complies with the applicable professional auditing standards. As part of the 2018 Peer Review process, the IAD obtained a Peer Review team, prepared a self-assessment report, and coordinated the Peer Review activities. The Peer Review team evaluated the self-assessment report, conducted interviews, and reviewed audit work.

Based on the work done by the Peer Review team, the IAD was found to be in conformance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and Code of Ethics, the United States Government Accountability Office (GAO) Government Auditing Standards, and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102) and gave an overall opinion of "Pass/Generally Conforms". The overall opinion is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

In addition, the Peer Review team found that the IAD had fully implemented its previous Peer Review recommendation related to "obtaining additional audit resources whose primary expertise and responsibility is auditing technology, including the complexities of contracts required for technology projects." However, the Peer Review team issued a new recommendation related to ethics. The Peer Review team found that the IAD regularly allocates a portion of its resources to assessments and projects related to the prevention of fraud, waste, and abuse, but a periodic project that evaluates programs and activities on integrity and ethical values could provide additional support and information about the agency's control environment for use in performing the fraud, waste, and abuse prevention work. The IAD agreed and will consider performing a project related to the agency's ethics-related objectives, programs, and activities.

Report on the External Quality Assurance Review of the

Texas Department of Motor Vehicles

Internal Audit Division

May 2018

Performed by

Harold Rogers, CIA, CISA
Special Projects Auditor
Texas Workforce Commission

Patrick McKinney, CIA
External Audit & Advisory Services Section Director
Texas Department of Transportation

Performed in Accordance with the
State Agency Internal Audit Forum
Peer Review Policies and Procedures

Texas Department of Motor Vehicles Internal Audit Division
External Quality Assurance Review – May 2018

Overall Opinion

Based on the information received and evaluated during this external quality assurance review, it is our opinion that the Texas Department of Motor Vehicles Internal Audit Division receives a rating of "**Pass/Generally Conforms**" and is in compliance with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* and *Code of Ethics*, the United States Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). This opinion, which is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.
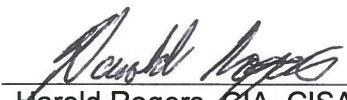
We found that the Internal Audit Division is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. The staff members are qualified, proficient, and knowledgeable in the areas they audit. Individual audit projects are planned using risk assessment techniques; audit conclusions are supported in the working papers; and findings and recommendations are communicated clearly and concisely.

The Internal Audit Division is well managed internally. In addition, the Division has effective relationships with the Board and is well respected and supported by management. Surveys and interviews conducted during the quality assurance review indicate that management considers Internal Audit a useful part of the overall agency operations and finds that the audit process and report recommendations add value and help improve the agency's operations.

The Internal Audit Division has reviewed the results of the peer review team's work and has accepted them to be an accurate representation of the Division's operations.

Acknowledgements

We appreciate the courtesy and cooperation extended to us by the Internal Audit Director, Internal Audit Division staff, the Board members, the Executive Director, and the senior managers who participated in the interview process. We thank each person who completed surveys for the quality assurance review. The feedback from the surveys and the interviews provided valuable information regarding the operations of the Internal Audit Division and its relationship with management.

_____   6/1/18   _____   6/1/18
Harold Rogers, CIA, CISA   Date   Patrick McKinney, CIA   Date
Special Projects Auditor   External Audit & Advisory Services
Texas Workforce Commission   Section Director
SAIAF Peer Review Team   Texas Department of Transportation
Leader   SAIAF Peer Review Team Member

Texas Department of Motor Vehicles Internal Audit Division
External Quality Assurance Review – May 2018

Background

The Institute of Internal Auditors (IIA) *International Professional Practices Framework*, U.S. Government Accountability Office (GAO) *Government Auditing Standards*, and the Texas Internal Auditing Act require that internal audit functions obtain external quality assurance reviews to assess compliance with standards and the Act and to appraise the quality of their operations. Government auditing standards require these reviews at least every three years. A periodic external quality assurance review, or peer review, of the internal audit function is an essential part of a comprehensive quality assurance program. This quality assurance review was performed in accordance with State Agency Internal Audit Forum (SAIAF) Peer Review guidelines. No member of the review team had a conflict of interest with the Texas Department of Motor Vehicles or its Internal Audit Division.

The most recent quality assurance review for the Texas Department of Motor Vehicles Internal Audit Division was performed in April 2015. The Internal Audit Division implemented the recommendation made in the previous quality assurance review report regarding "obtaining additional audit resources whose primary expertise and responsibility is auditing technology, including the complexities of contracts required for technology projects."

Objectives, Scope, and Methodology

The primary objective of the quality assurance review was to evaluate the Texas Department of Motor Vehicles Internal Audit Division's compliance with auditing standards and the Texas Internal Auditing Act. Additional objectives included identifying best practices as well as areas where improvement may be needed. The review covered all completed audit and management assistance projects performed by the Texas Department of Motor Vehicles Internal Audit Division from March 2015 through August 2017.

The work performed during the review included:

- Review, verification, and evaluation of the self-assessment prepared by the Internal Audit Division according to SAIAF guidelines.

- Review and evaluation of e-mailed surveys completed by management.

- Interviews with the Internal Audit Director, Internal Audit Division staff, the Executive Director, three senior managers, and four Board members, including the Chairman of the Board and the Chairman of the Finance & Audit Committee.

- Review and evaluation of audit working papers.

- Review of Internal Audit's policies and procedures, annual risk assessment, annual audit plan, and other relevant documents.

Detailed Results

The results of the quality assurance review for the Texas Department of Motor Vehicles Internal Audit Division are presented in the order of the *International Standards for the Professional Practice of Internal Auditing* (*Standards*). No significant weaknesses were identified during the review that would prevent the Division from fulfilling its responsibilities. The detailed results include identification of best practices as well as some opportunities for improvement that the Internal Audit Division may wish to consider.

IIA Code of Ethics

The Internal Audit Division maintains an ethical environment and complies with the IIA *Code of Ethics* by including the *Code of Ethics* in its Internal Audit Charter and Internal Audit Policies and Procedures Manual (standard operating procedures). In addition, the Internal Audit Division demonstrates its commitment to ethics by being an active participant in reducing fraud, waste, and abuse in the agency and by conducting work in an ethical manner.

The *Standards* state that "the internal audit activity must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities." Implementation guidance states that these could include "mission and value statements, a code of conduct, hiring and training processes, an anti-fraud and whistleblowing policy, and a hotline and investigation process."

The Internal Audit Division regularly allocates a portion of its resources to assessments and projects related to the prevention of fraud, waste, and abuse. A periodic project that evaluates programs and activities that the agency conducts to demonstrate its commitment to integrity and ethical values could provide additional support and information about the agency's control environment for use in performing the fraud, waste, and abuse prevention work.

Opportunity for Improvement:
The Internal Audit Division should consider performing a periodic project related to the agency's ethics-related objectives, programs, and activities.

Director's Response:
The Internal Audit Division (IAD) will consider performing a project related to the agency's ethics-related objectives, programs, and activities. The Internal Audit Division is currently conducting a fraud, waste, and abuse risk assessment for the Department to determine if we have sufficient processes to mitigate current fraud, waste, and abuse risks. In addition, the Internal Audit Division plans on periodically performing informational campaigns on ethics for the Department.

Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the Internal Audit Division have been defined in a charter that is consistent with auditing standards. The current charter was signed by the Chairman of the Board, the Chairman of the Finance and Audit Committee, the Executive Director, and the Internal Audit Director in November 2016. The charter defines the nature of audit and consulting services and grants the Internal Audit Division authorized access to agency records, property, and personnel when performing their official duties.

Texas Department of Motor Vehicles Internal Audit Division
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Independence and Objectivity

The Internal Audit Division is independent both in terms of the agency's organizational structure and the Division's practices. The Internal Audit Director reports directly to the Board, which provides sufficient authority to promote independence and to ensure adequate consideration of audit reports and appropriate action on audit issues and recommendations. Removal of the Internal Audit Director requires Board approval.

The audit charter prohibits internal auditors from having any direct operational responsibility or authority over any activity that is audited, and none of the internal auditors has had prior responsibility for any areas that the Division audits. In addition, internal auditors reaffirm their independence before beginning an engagement.

Proficiency and Due Professional Care

The internal auditors individually and collectively possess the knowledge, skills, and abilities to perform their responsibilities. Three of the five auditors have at least one relevant professional certification, such as Certified Internal Auditor (CIA), Certified Government Auditing Professional (CGAP), Certified Fraud Examiner (CFE), and Certified Information Security Auditor (CISA). Internal auditors are required by the Division's policies and procedures to enhance their knowledge, skills, and abilities by obtaining at least 40 hours of continuing professional education each year.

The Internal Audit Division implemented the recommendation made in the April, 2015 quality assurance review report regarding "obtaining additional audit resources whose primary expertise and responsibility is auditing technology, including the complexities of contracts required for technology projects."

For example:

- All Internal Audit Division staff schedule and attend information technology training each year, and the Auditor VI has joined the Information Systems Audit and Control Association (ISACA) to obtain access to specialized information technology training and knowledge.

- The Internal Audit Director is a Certified Information Systems Auditor (CISA), and she is formalizing her acquisition of additional information technology knowledge and training through completion of coursework in an associate's degree in Computer Science curriculum.

- A knowledge area that was assessed before the CISA certification was awarded to the Internal Audit Director is "knowledge of IT acquisition and vendor management practices (e.g., evaluation and selection process, contract management, vendor risk and relationship management, escrow, software licensing), including third-party outsourcing relationships, IT suppliers and service providers."

- The Internal Audit Director prepared a business case for additional audit resources and received approval for those resources.

Quality Assurance and Improvement Program

The Internal Audit Director has implemented a quality assurance and improvement program to help ensure that Internal Audit adds value and improves the agency's operations and to provide assurance that the Division complies with the *Standards* and the IIA *Code of Ethics*. The quality

assurance program involves auditor performance evaluations, auditee surveys after each audit, and periodic peer reviews that are communicated to the Board. Each audit report indicates that the work was performed in accordance with *Standards.*

Managing the Internal Audit Activity

The Internal Audit Director conducts an annual risk assessment that forms the basis for the Annual Audit Plan that is approved by the Board. Each internal audit report addresses risk and control issues within the agency. The Director has developed policies and procedures to guide the internal audit activity. The Director reports the Division's performance relative to the annual plan in an annual report submitted to the agency's Board members, the Executive Director, and external oversight agencies consisting of the Governor's Office, the Legislative Budget Board, the Sunset Advisory Commission, and the State Auditor's Office.

Nature of Work

The Internal Audit Division evaluates risks related to financial and operating information as well as the effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws and regulations. The Division also evaluates the extent to which operating and program objectives have been achieved. Internal Audit Division staff attend various governance and steering committee meetings to stay informed on Agency matters and initiatives that could have an impact on the nature of the Division's work.

To comply with the 2017 revision to the IIA *Standards* that requires the Internal Audit Division to contribute to the organization's risk management and governance processes, the Division provides information and assistance to executive management and the Board about how the accomplishment of goals is monitored and how accountability is ensured.

Engagement Planning

During planning, Internal Audit Division staff consider the objectives of the activity being reviewed and the related risks and controls. Resources needed for each audit are adequately considered during planning. Risk assessments are used to develop the objectives of each audit. Surveys and interviews conducted during this quality assurance review indicated that the objectives of audits are clearly communicated to the auditees. An audit project plan and an audit program are documented and approved for each audit. The scope of audits is adequately planned and documented in planning documents and audit reports.

Performing the Engagement

Internal Audit Division staff evaluate and document sufficient, reliable, relevant, and useful information to achieve their audit objectives. Audits are properly supervised by the Internal Audit Director. The Senior Auditor for each project monitors the day-to-day progress of the individual audits. The Internal Audit Director conducts planning meetings, approves control documents, and reviews working papers to ensure sufficiency of evidence and compliance with *Standards.*

Communicating Results

Interviews with management and Board members revealed a clear consensus that the Internal Audit Division excels in providing quality communication. Audit results are communicated in a timely manner. Potential findings are communicated throughout the audits, which provide management the opportunity to provide additional information and begin taking corrective action. Audit results are presented to management before they are finalized in a report, which helps ensure there is agreement about the areas for improvement and the recommended solutions.

Texas Department of Motor Vehicles Internal Audit Division
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Audit reports contain the audit objectives, results, conclusions, recommendations, and management's responses and implementation plans. The results of our surveys and interviews with Board members and agency management support that Internal Audit Division reports are accurate, objective, clear, concise, and complete. The Internal Audit Director distributes reports to the Board, to Executive Management, to management of the activity being audited, and to required external recipients.

In addition, results and progress are communicated to the TxDMV Executive Office and the Finance & Audit Chair monthly, and the Board Chair receives an update on audit results and progress every two weeks.

Monitoring Progress
The agency has a system for monitoring the disposition of audit issues. The status of management's progress in implementing recommendations is reported annually; however, the assessment of implementation statuses is performed continuously as completion dates are reached. Beginning in fiscal year 2018, agency management use TeamCentral to document implementation and provide the Internal Audit Division with the necessary documentation to evaluate if the recommendation was fully implemented. Interviews with agency management revealed that executive and senior management are knowledgeable about TeamCentral processes. Executive management also communicates expectations of proper use of TeamCentral to directors and managers.

Resolution of Senior Management's Acceptance of Risks
During the quality assurance review, no instances were identified of management accepting an inappropriate level of risk that would require the Internal Audit Director to notify the Board.

Best Practices

Internal Audit is a progressive division that is dedicated to continuous improvement. During the quality assurance review, we observed a number of practices that demonstrate outstanding commitment and professionalism. These leading practices include the following:

- The Internal Audit Division has effective working relationships with the Board and agency management that is based on mutual respect, trust, and commitment to improving controls within the agency.

- The Internal Audit Division significantly participates in the prevention of fraud, waste, and abuse through *Standards*-compliant assessments and projects, advisory participation in workgroups, and case investigation.

- Internal Audit Division staff are professional and proficient. They collectively hold six professional certifications and two graduate degrees. Certifications held include Certified Internal Auditor (CIA), Certified Government Auditing Professional (CGAP), Certified Fraud Examiner (CFE), and Certified Information Systems Auditor (CISA).

- All Internal Audit Division staff members obtain at least 80 hours of continuing professional education each two-year period provided by recognized training providers such as the State Auditor's Office (SAO), the Institute of Internal Auditors (IIA), the Texas Society of Certified Public Accountants (TSCPA), and academic institutions. Agency managers stated in interviews that the internal auditors are competent professionals.

- There is an excellent system for tracking and reporting the status of prior audit recommendations. The audit follow-up system includes tracking of all recommendations to the agency, regardless of source, continuous assessment of implementation status as completion dates are reached, and formal annual and quarterly reporting on the implementation status of recommendations.

- The Internal Audit Division has developed the *TxDMV Internal Audit Policies & Procedures Manual*. The manual provides excellent direction to Internal Audit Division staff and assures consistent internal audit practices and compliance with audit standards.

- Internal Audit Division staff participate in professional organizations, including the State Agency Internal Audit Forum (SAIAF), the Institute of Internal Auditors (IIA), the Information Systems Audit and Control Association (ISACA), and the Association of Certified Fraud Examiners (ACFE).

- The Internal Audit Director serves as the agency liaison for all external auditors and monitors that allows the Director to be informed about all agency audit activity and assist management in responding to requests for information.

Texas Department of Motor Vehicles Internal Audit Division
External Quality Assurance Review – May 2018

Raymond Palacios, Jr., Chairman of the Board

Luanne Caraway, Chairman of the Finance & Audit Committee

Whitney Brewster, Executive Director

Sandra Menjivar-Suddeath, Director of Internal Audit

Internal Audit Division of the
Texas Department of Motor Vehicles
receives a rating of

"Pass/Generally Conforms"

In compliance with the Institute of Internal Auditors' International Professional Practices Framework, Government Auditing Standards, and the Texas Internal Auditing Act.

This opinion is based on a quality assessment review conducted by members of the Texas State Agency Internal Audit Forum (SAIAF) during the period of May, 2018. The review was based on the methodology developed by the Texas State Agency Internal Audit Forum.

Harold Rogers, CIA, CISA
Special Projects Auditor
Texas Workforce Commission

Patrick McKinney, CIA
External Audit & Advisory Services Section Director
Texas Department of Transportation

June 13, 2018

Texas Department *of* **Motor Vehicles**

HELPING TEXANS GO. HELPING TEXAS GROW.

DATE: June 13, 2018
Action Requested: Briefing Item

To: Texas Department of Motor Vehicles (TxDMV) Finance & Audit Committee
From: Sandra Menjivar-Suddeath, Director, Internal Audit
Agenda Item: 5.C
Subject: Fiscal Year (FY) 2019 Draft Annual Audit Plan

RECOMMENDATION
None.

PURPOSE AND EXECUTIVE SUMMARY
The Texas Internal Auditing Act (Govt Code 2102.008) requires that the annual audit plan be approved by the agency's governing board. This briefing item is to provide information on the draft annual audit plan for FY 2019.

The annual audit plan is the work plan for the Internal Audit Division in FY2019. The audit plan lists the audits and advisory services (engagements), as well as contingency engagements and other internal audit duties, to be done during Fiscal Year 2019. Background information, identified risks (if applicable), and estimated time requirements have been provided for all items and engagement

FINANCIAL IMPACT
None.

BACKGROUND AND DISCUSSION
The Texas Internal Auditing Act (Govt Code 2102.008) requires that the annual audit plan be approved by the agency's governing board. The audit plan lists the following:

- 10 proposed engagements in Fiscal Year 2019;
- 5 contingency engagements; and
- other Internal Audit Division duties.

Specifically, the proposed audit plan includes 10 proposed engagements, including two required items, six audits or advisory services, one follow-up audit, and a special request placeholder. The special request placeholder will allow the Internal Audit Division to respond to and address any unforeseen risks that may come up throughout the fiscal year.

The annual audit plan was developed using a risk based approach and input from Board members and senior management. Hour estimates were included in the plan.

Texas Department of Motor Vehicles
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Draft Fiscal Year 2019 Internal Audit Plan
18-12

Internal Audit Division
June 2018

Fiscal Year 2019 Annual Audit Plan

The Internal Audit Plan for Fiscal Year (FY) 2019 will be composed of ten engagements, five contingency engagements, and five Internal Audit Division duties.

Audit and Advisory Service Engagements

The table below provides information on the ten engagements that will be conducted in FY 2019, including the hours allocated to each engagement, the alignment to the TxDMV strategic goals, the initial contact division (if applicable), the engagement background information, and the identified risks (if applicable).

Engagement Topic	Strategic Goal(s)	Division	Background and Identified Risks
1. **Compliance & Investigations Division** 800 hours	Customer Centric & Performance Driven	Compliance & Investigation Division (CID)	Background: In the 85th Legislature, TxDMV requested an exceptional item of 13 Full – Time Equivalents (FTEs) with $1.9 million in funding to address external fraud, waste, and abuse. The exceptional item was approved by the Legislature, which resulted in a new division (CID). CID is responsible for processing complaints and investigating fraud allegations of fraud related to motor vehicle title and registration, providing support for law enforcement, and working on compliance with tax assessor-collectors' offices and Regional Service Centers. Identified Risks • Title fraud may be impacting the state by reducing taxes and hurting the consumer. • CID may not be meeting desired outcomes. • CID may not justify cost. • Field Service Representatives may not understand their role in preventing and detecting fraud.

Engagement Topic	Strategic Goal(s)	Division	Background and Identified Risks
2. Lemon Law Investigation and Resolution Process 500 hours	Customer Centric & Performance Driven	Enforcement Division (ENF) & Office of Administrative Hearing (OAH)	Background: The Lemon Law resolution process was transferred from the State Office of Administrative Hearings (SOAH) to the Department when HB 1692 (83rd Texas Legislature, Reg. Session) passed. As of January 2014, the Office of Administrative Hearings, with help from the Enforcement Division, has been in charge of handling Lemon Law investigations and resolutions. This audit would review if expected outcomes have been achieved, and if there are any improvements to the process to help customers receive resolution faster. Identified Risks • Customers may not receive appropriate resolution on Lemon Law cases due to the process being handled by two divisions
3. Employee Classification & Hiring 500 hours	Performance Driven	Human Resources Division (HRD)	Background: Effective talent management, including hiring staff, is a critical function to ensure the Department is properly staffed. The HRD is responsible for acquiring, developing, and retaining talent to meet the business needs of the Department. For HRD to meet its responsibilities, it works with Department staff to hire for vacant positions and conducts job audits to make sure staff are in the correct position and classification. In FY 2018, it currently takes the Department 84 days to hire an employee, and it takes HRD anywhere from a day to 105 days to process a job audit. Identified Risks • The Department may not be able to address staffing needs in a timely basis due to the job audit process. • The Department may not be staffed at appropriate levels. • Hiring processes may not be sufficiently agile to address current and emerging staffing needs.

Engagement Topic	Strategic Goal(s)	Division	Background and Identified Risks
4. **Information Security Risk Management** 600 hours	Performance Driven	Information Technology Services (ITS) Division	Background: Cybersecurity continues to be one of the highest risk areas for any state agency. Cybersecurity requires a process to identify and manage security risks to avoid costly and significant consequences. Identified Risks • Information security risks may not be sufficiently monitored. • Information security risks may not be sufficiently identified.
5. **Payment Card Industry (PCI) Compliance** 450 hours	Performance Driven	ITS	Background: Customers' credit cards are accepted for some of the Department's transactions. To be able to accept credit cards, TxDMV has to attest to the Payment Card Industry (PCI) Security Standards Council that the credit card information obtained from transactions is being safeguarded, and that the Department is meeting the twelve PCI requirements. The requirements range from installing and maintaining a firewall to maintaining an information security policy. Identified Risks • TxDMV may not be in compliance with certain aspects of PCI.
6. **Enterprise Project Management** 800 hours	Optimized Services and Innovation	Enterprise Project Management Office (EPMO)	Background: The eight current enterprise projects require significant time commitments from key staff, including Executive Management. Staff may not always be fully aware of their role and responsibilities in projects, which may lead to inefficient use of time and ineffectiveness in their role. Further, EPMO and ITS went through an organizational assessment that identified significant issues in the process for project planning and management. Identified Risks • Enterprise IT Projects may be inconsistently planned. • Enterprise IT Projects maybe inconsistently managed.

Engagement Topic	Strategic Goal(s)	Division	Background and Identified Risks
			• EPMO Staff may not have the right skillset to manage their projects. • Project staff assigned to the project may not understand their role.
7. **Management or Board Requests** 800 hours	TBD	TBD	Background: Time has been allotted for a special requests or reviews of a new or emerging risk for the department. This time includes any type of request and may include specific reviews of Regional Service Centers, Driver's Privacy Protection Act, or other items.
8. **FY 2019 Internal Audit Follow-Up** 100 hours	Optimized Services and Innovation, Customer Centric, & Performance Driven	Department-wide	Background: This project would verify if outstanding internal and external audit recommendations have been fully implemented. Quarterly reporting and an annual report will be provided.
9. **Fiscal Year 2020 Internal Audit Plan** 100 hours	Optimized Services and Innovation & Customer Centric	Department-wide	Background: The annual audit plan is prepared using risk assessment techniques to identify individual audits to be conducted during the year. The TxDMV Board must review and approve the annual audit plan as required by Government Code.
10. **Fiscal Year 2018 Annual Internal Audit Report** 30 hours	Not Applicable	Department-wide	Background: A summary of internal audit activities, including the status of the FY2018 audit plan, non-audit services provided, and external audit services procured, and the FY2019 audit plan. Government Code requires this annual report be submitted before November 1 to the TxDMV Board, the Governor, the Legislative Budget Board, the State Auditor's Office, and the Sunset Advisory Commission.

Contingency Audit and Advisory Services

The IAD has identified alternate, or contingency, engagements that it can perform. These engagements were identified through the annual risk assessment process and are high risk areas for the Department, but they are not as high risk as the primary engagements identified.

The table below provides information on the contingent engagements for FY2019, including the alignment to the strategic goals, the initial contact division (if necessary), and the engagement background information. Identified risks and allocated hours were developed for the contingency audits and advisory services.

The engagements below may be conducted if additional resources become available or if no Management or Board Requests are received.

Engagement Topic	Strategic Goal(s)	Division	Background and Identified Risks
1. **Procurement & Contract Management** 800 hours	Optimized Services and Innovation & Performance Driven	FAS, EPMO	Background: Procurement processes and contracts continue to be an area of focus for the Texas Legislature and external regulators. Recently, there has been a focus on ensuring that contracts are properly procured, reviewed by management, and have oversight by the Board of Directors. As of April 2018, the Department had issued over $78 million in procurements for FY 2018. Identified Risks • Vendor contractors may not be managed or monitored properly. • Procurement process may not be sufficiently developed to ensure vendor contract terms are met. • Monitoring of the Deloitte Contract may not be sufficient to ensure that all deliverables and hours are met.
2. **ELinc Application Review** 600 hours	Optimized Services and Innovation	ITS & Motor Carrier Division	Background: ELinc will allow motor carriers to self-issue operating authority in Texas, which will reduce the approval time. Identified Risk • ELinc processing may not produce customer credentials correctly or timely fashion.
3. **Access Management** 600 hours	Performance Driven	ITS	Background: Access Management is a pivotal and key component of any information technology system. Ensuring that access is

Engagement Topic	Strategic Goal(s)	Division	Background and Identified Risks
			managed properly, to ensure only those employees or staff access only the right data, is needed. Identified Risks • Access Management may not be sufficient to ensure confidentiality, integrity, and authenticity of users.
4. **ITS Infrastructure** 800 hours	Optimized Services and Innovation & Performance Driven	ITS	Background: The Department relies on the Texas Data Center Services (DCS) to host and manage its key IT infrastructure, including services. DCS is responsible for ensuring servers are appropriately patched and maintained to reduce the risk of a cyber-attack and keep up with technology changes. Since DCS is a third-party provider, oversight by the Department is key to ensure objectives are met and IT infrastructure is properly maintained. Identified Risks: • ITS Division may not have sufficient processes to ensure applications receive necessary maintenance in a timely fashion. • ITS Division may not have appropriate controls or processes to ensure that DCS patches and manages the servers and operating systems properly.
5. **Regional Service Centers** 800 hours	Customer Centric & Performance Driven	VTR	Background: The Regional Service Centers (RSCs) play an integral role in serving TxDMV customers located throughout the state of Texas. Each RSC has a regional manager that manages the RSC and an assistant chief that oversees the RSC. Identified Risks • RSC security upgrades may not meet the security needs of local staff and facilities. • Queuing systems may not achieve time savings for customers. • Regional Service Centers staff may not understand or have clear expectations on their duties related to Titles.

Engagement Topic	Strategic Goal(s)	Division	Background and Identified Risks
			• Regional Service staff may not understand their role in processing transaction, including identifying fraudulent transactions.

Other Internal Audit Duties

In addition to conducting engagements, the Internal Audit Division (IAD) has other duties that it performs each fiscal year. These duties include conducting quality control on issued audit and advisory service reports, preparing and facilitating the required Peer Review, working on Anti-Fraud, Waste, and Abuse Items, and providing ad hoc advisory services to the Department. The table below summarizes the other Internal Audit duties and the hours allocated to each item. In addition, the table provides information on total budgeted hours for IAD activities, including hours allocated to engagements and to other duties.

Other Internal Audit Duties
1. Coordinating with external auditors and reviewers (30 hours) 2. Working on Anti-Fraud, Waste, and Abuse Items (200 hours) 3. Conducting an annual Quality Assurance and Improvement Program as required by auditing standards (80 hours) 4. Advising the agency's Governance Team and Executive Steering Committees (200 hours) 5. Providing ad hoc advisory services or consultations (100 hours)
Total Budgeted Hours on Required Reports, Audits, and Advisory Service: 4,700 **Total Budgeted Hours on Other Internal Audit Division Duties: 610** **Total Budgeted Hours for Reports and Division Duties in FY 2018:   5,310**

Methodology

Scope

The Internal Audit Plan for FY 2019 covers the period of September 1, 2018 to August 31, 2019.

Risk Assessment

The audit plan was developed using a risk-based methodology, which incorporated input from board members, senior management, division management, and risks identified by audit staff through FY 2018 engagements and observations. The Internal Audit Division also analyzed department information and reviewed internal audit and industry publications to identify and rank potential audit topics by risk. Projects' risk rankings were developed using the following factors:

- Revenue or expense impact
- Asset or liability impact
- Operational effectiveness and efficiency impact
- Legal or regulatory impact
- Brand or reputational impact
- Degree of change in the program, function, or process
- Degree of complexity
- Degree of centralization

In total, 100 Department risks were identified through the risk assessment. Each risk was scored using the above factors. The risk scores ranged from zero, which is the lowest risk score, to six, which is the highest risk score. An inherent risk score of four or higher is consider high risk for the Department. Low and medium risk scores are from 0 to 3.99, as depicted below.

Low Risk	Medium Risk	High Risk
0 – 1.99	2 – 3.99	4 - 6

Hour Analysis

Hours were calculated using historical data and auditor's judgement. For FY 2019 hours, the IAD calculated having five FTEs for the fiscal year. Hours are an estimate and could be adjusted during the fiscal year.

Texas Department *of* **Motor Vehicles**

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DATE: June 13, 2018
Action Requested: BRIEFING

To: **Texas Department of Motor Vehicles (TxDMV) Finance & Audit Committee**
From: **Sandra Menjivar-Suddeath, Internal Audit Director**
Agenda Item: 5.D
Subject: **Internal Audit Division Status**

RECOMMENDATION
None.

PURPOSE AND EXECUTIVE SUMMARY
The status update provides information on current Internal Audit Division (IAD) activities. The June 2018 status update contains the fiscal year (FY) 2018 Audit Plan Status.

FINANCIAL IMPACT
None.

BACKGROUND AND DISCUSSION
At each board meeting, the IAD provides a status on current activities done.

FY 2018 Audit Plan Status
The IAD is currently working on five internal engagements and three completed engagements:

- Fraud, Waste, and Abuse Risk Assessment Advisory Service (Fieldwork)
  - **Objective:** An advisory service to identify and rank fraud, waste, and abuse risks for the Department.

- FY 2018 Internal Audit Follow-Up (Fieldwork)
  - **Objective**: To verify if outstanding audit recommendations have been fully implemented.
  - **Third Quarter Results:** The IAD is reporting on the implementation status of 7 internal audit recommendations due in the third quarter. The TxDMV implemented five (71%) and started two (29%) internal audit recommendations. The TxDMV provided revised due date for the two started audit recommendations.

- Texas Commission for Law Enforcement (TCOLE) Advisory Service (Completed)
  - **Objective:** To review the Texas Commission for Law Enforcement (TCOLE) training compliance.

- Travel and Training Audit (Completed)
  - **Objective**: To determine if training and travel requests have appropriate approvals and justifications as well as determining if the requests are appropriate and meet the need of the TxDMV.

- Social Media (Completed)
  - **Objective:** To determine if the department's social media policies and processes have been sufficiently developed to protect the Department's brand.

- Inventory (Fieldwork)
  - **Objective:** To evaluate if the Department has adequate processes to control, safeguard, and accurately track assets. In addition, to determine if the Department is in compliance with statutory requirements.

- eLicensing (Planning)
  - **Objective:** To determine if eLICENSING is achieving desired outcomes related to faster services to customers and the impact on the licensing process. In addition, to review the adequacy of access controls within eLICENSING.

- FY 2019 Annual Audit Plan (Fieldwork)
  - **Objective**: To determine the highest risk areas for FY 2019 audit plan.

In addition, the audit status update includes information on the audit that has not been started yet (Payment Card Industry Compliance).

Texas Department *of* Motor Vehicles

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Internal Audit Division Status Update

Status of Fiscal Year (FY) 2018 Internal Audit Plan

Project	Description	Status
Fraud, Waste, and Abuse Risk Assessment Advisory Service	An advisory service to identify and rank fraud, waste, and abuse risks for the department.	Fieldwork. Anticipated release date: August 2018
FY 2018 Internal Audit Follow-Up	This project verifies if outstanding audit recommendations have been fully implemented. Currently, the IAD is reviewing internal recommendations that had a completion date or that a division submitted an implementation action between June 1, 2018 to August 31, 2018.	Fieldwork. Third Quarter Results memorandum is attached. Anticipated release date: August 2018
Management Request - Texas Commission for Law Enforcement (TCOLE)	An advisory service, requested by TxDMV management, to review the Texas Commission for Law Enforcement (TCOLE) training compliance.	Completed. Report attached.
Travel and Training Audit	An audit to determine if training and travel requests have appropriate approvals and justifications as well as determining if the requests are appropriate and meet the need of the TxDMV.	Completed. Report attached.
Social Media	An audit to determine if the Department's social media policies and processes have been sufficiently developed to protect the Department's brand.	Completed. Report Attached
Inventory	An audit to evaluate if the Department has adequate processes to control, safeguard, and accurately track assets. In addition, to determine if the department is in compliance with statutory requirements.	Reporting. Anticipated release date: June 2018
eLICENSING	An audit to determine if eLICENSING is achieving desired outcomes related to faster services to customers and the impact on the licensing process. In addition, the audit will review the adequacy of access controls within eLICENSING.	Planning. Anticipated release date: August 2018
FY 2019 Annual Audit Plan	Identify high risk areas that may warrant an audit or advisory service in fiscal year 2019.	Draft Completed.
Payment Card Industry (PCI) Compliance	To determine whether TxDMV is compliant with certain aspects of PCI.	Not Started. Anticipate start date: mid-June 2018 Anticipated release date: August 2018

Attachments

1. FY 2018 Internal Audit Follow Up – Third Quarter Results Memorandum
2. TCOLE Compliance Advisory Service Report
3. Travel and Training Policies and Practices Audit Report
4. Social Media Audit Report
5. eLicensing Audit Engagement Letter

Texas Department *of* **Motor Vehicles**
MEMORANDUM

Date: June 5, 2018

To: Texas Department of Motor Vehicles Board

From: Sandra Menjivar – Suddeath, Internal Audit Director

Subject: Fiscal year (FY) 2018 Internal Audit Follow-Up: Third Quarter Results

Background

The Internal Audit Division (IAD) continuously conducts follow-up activities to determine if appropriate action has been taken to address previously issued internal audit recommendations (recommendations). On a quarterly basis, the IAD reports to the TxDMV Board whether appropriate action was taken by assigning an implementation status to each recommendation reviewed during the designated period. The implementation status IAD assigns includes the following:

- **Fully Implemented**: The division fully implemented the audit recommendation by developing and using processes, systems, or policies. The changes are operating as intended.
- **Started**: The division began developing and using processes, systems, or policies to implement a recommendation but not all elements were complete. The division revised the completion date.
- **Pending:** The division has not begun developing processes or using processes, systems, or policies to implement a recommendation. The division revised the completion date.
- **Not Implemented/ Management Accepts the Risk**: The division and department no longer intends to develop a process, system, or policy to address a recommendation.
- **Not Applicable**[1]: The recommendation is no longer relevant.
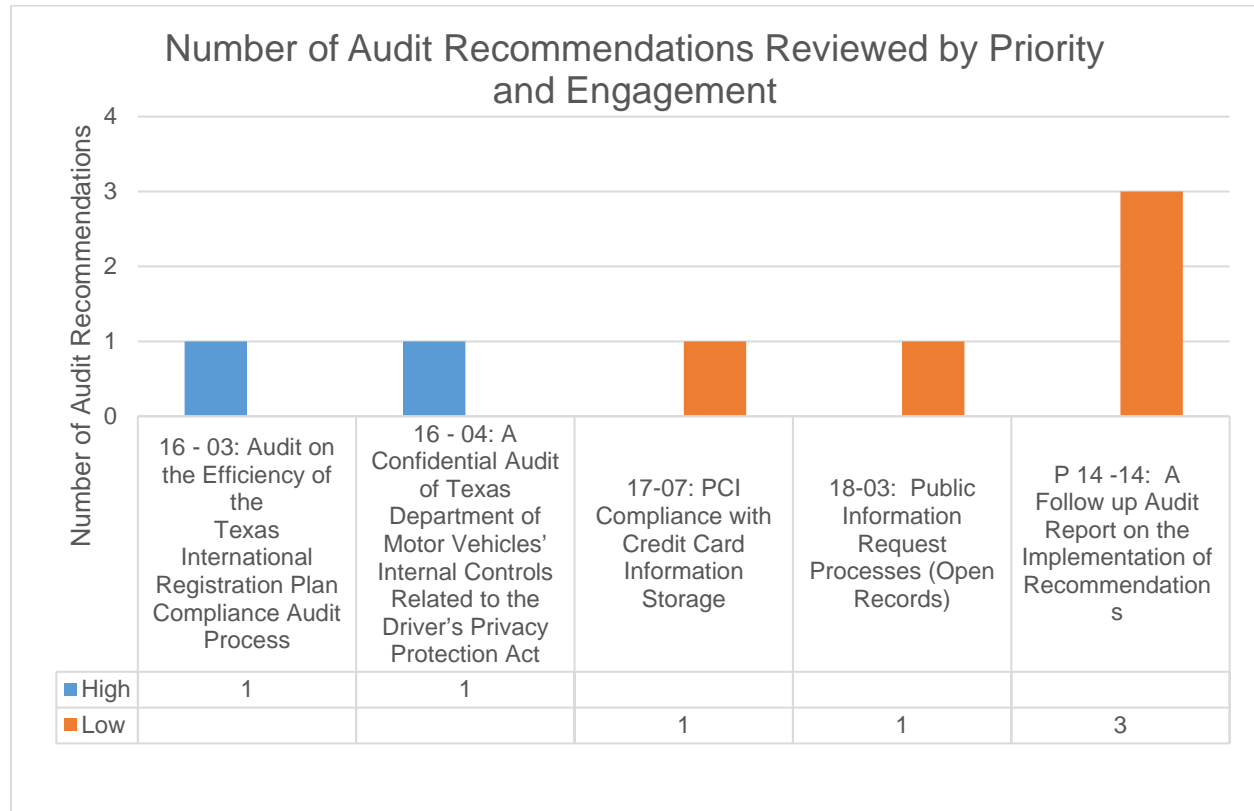
The IAD determines whether appropriate action was taken and assigns an implementation status to the recommendations when the completion date is due or when the division submits an implementation action.

Third Quarter Results

For the third quarter of FY 2018, the IAD reviewed seven audit recommendations, from five internal audit reports, that had an estimated completion date or had been completed between March 1 and May 31, 2018. Out of the seven audit recommendations, two audit recommendations had a priority of HIGH and five audit recommendations had a priority of LOW.

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[1] Some recommendations are no longer applicable due to the age of the recommendation and organizational changes.

Number of Audit Recommendations Reviewed by Priority and Engagement

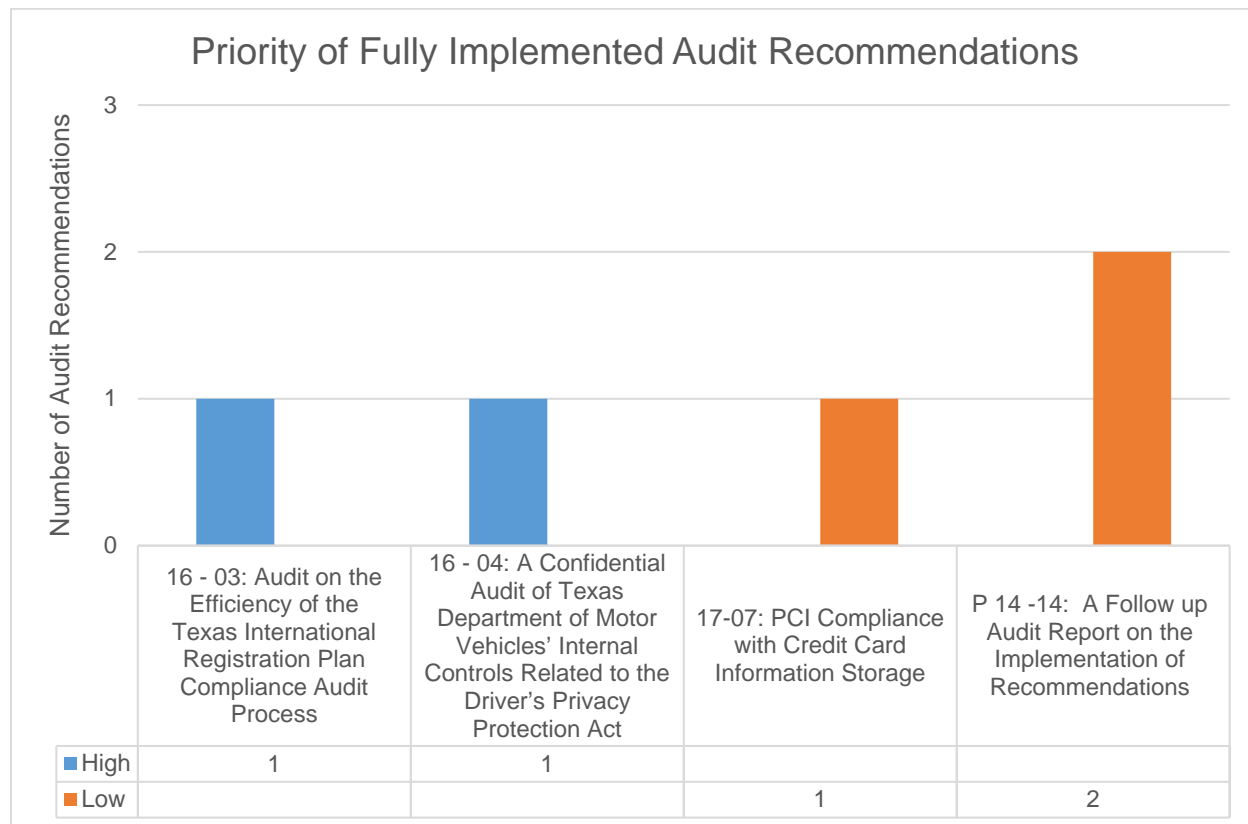|	16 - 03: Audit on the Efficiency of the Texas International Registration Plan Compliance Audit Process	16 - 04: A Confidential Audit of Texas Department of Motor Vehicles' Internal Controls Related to the Driver's Privacy Protection Act	17-07: PCI Compliance with Credit Card Information Storage	18-03: Public Information Request Processes (Open Records)	P 14 -14: A Follow up Audit Report on the Implementation of Recommendations
■ High	1	1			
■ Low			1	1	3

The IAD verified that the department fully implemented five recommendations (71%) and started the implementation for two recommendations (29%).

Verified Audit Recommendation Status

	16 - 03: Audit on the Efficiency of the Texas International Registration Plan Compliance Audit Process	16 - 04: A Confidential Audit of Texas Department of Motor Vehicles' Internal Controls Related to the Driver's Privacy Protection Act	17-07: PCI Compliance with Credit Card Information Storage	18-03: Public Information Request Processes (Open Records)	P 14 -14: A Follow up Audit Report on the Implementation of Recommendations
■ Closed - Fully Implemented	1	1	1		2
■ Started				1	1

Fully Implemented Audit Recommendations

TxDMV management fully implemented five (71%) of the seven audit recommendations. Out of those five, two had a HIGH priority and three had a LOW priority.

Priority of Fully Implemented Audit Recommendations

	16 - 03: Audit on the Efficiency of the Texas International Registration Plan Compliance Audit Process	16 - 04: A Confidential Audit of Texas Department of Motor Vehicles' Internal Controls Related to the Driver's Privacy Protection Act	17-07: PCI Compliance with Credit Card Information Storage	P 14 -14: A Follow up Audit Report on the Implementation of Recommendations
High	1	1		
Low			1	2

On average, the fully implemented audit recommendations were implemented within 32 days of the estimated completion date.

Started Audit Recommendations

For the two recommendations that were started but not completed by the estimated completion date, management provided an updated completion date. On average, these updates extended the completion dates by 91 days. None of the started audit recommendations had a priority of HIGH.

Both started audit recommendations had significant work done prior to the original completion date. The audit recommendation related to developing law enforcement guidance for Public Information Request was drafted by the original completion date, however, it had not been fully approved by the Department and required an updated completion date. The other audit recommendation related to developing a strategic management system was fully drafted by the estimated completion date, however it had not been approved by the TxDMV Board and required a date revision. The strategic management system audit recommendation had a date revision once before, from December 31, 2017 to March 31, 2018. The table below summarizes the recommendations, including priority level and the updated completion date for each report.

Report Number and Name	Summary of Started Recommendation(s)	Priority	Original Completion Date	Revised Completion Date	Updated Completion Date
P14-14 A Follow-Up Audit on the Implementation of Recommendations	The Office of Innovation and Strategy updated the estimated completion date for one recommendation related to developing and deploying a strategic management system for the agency.	LOW	12/31/2017	3/31/2018	07/01/2018
18-03: Public Information Request Processes (Open Records)	The TxDMV should develop uniform department-wide guidance addressing the TxDMV's definition of valid law enforcement requests and required procedures for validating law enforcement requests.	LOW	04/01/2018	N/A	06/30/2018

cc: Whitney Brewster, Executive Director
        Shelly Mellott, Deputy Executive Director
        TxDMV Executive Management

TCOLE Compliance Advisory Service Report
18-10

Internal Audit Division
May 2018

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Texas Department *of* Motor Vehicles

TCOLE Compliance, 18-10
Executive Summary

BACKGROUND

The Texas Department of Motor Vehicles (TxDMV) provides Texas Commission on Law Enforcement (TCOLE) training for law enforcement. The training allows TxDMV to promote its services vital training to law enforcement. In fiscal year (FY) 2017, TxDMV offered 48 TCOLE trainings to law enforcement. TxDMV is not required to provide training or participate in the TCOLE program.

The TCOLE training is administered through the Enforcement Division, and training provider requirements are monitored by the TxDMV's TCOLE training coordinator.

The Internal Audit Division (IAD) was asked to conduct an advisory service to review the TCOLE training compliance. The advisory service deliverables were the following:

- A determination of whether the TxDMV is compliant with TCOLE training requirements.
- An identification of where improvements may be needed to be in compliance with TCOLE training requirements.
- An evaluation on whether the reporting structure has been implemented to sufficiently monitor TCOLE compliance.

RECOMMENDATIONS

No recommendations were made in this report. All information presented is for informational purposes.

RESULTS

TxDMV is not in full compliance with TCOLE training requirements, although a concerted effort has been made to be compliant. The IAD reviewed and concluded on the following TCOLE training compliance requirements:

- Training Coordinator – The TxDMV is in compliance with the TCOLE training coordinator requirements.

- Training Provider Eligibility – The TxDMV is in compliance with training provider eligibility requirements. However, advisory board eligibility forms were not always completed prior to appointment.

- Instructor Qualification – The TxDMV is not in full compliance with instructor qualification requirements. Of the 33 instructor qualifications reviewed, only 11(33%) had required biographies available for review.

- Training Course – The TxDMV is not in full compliance with all training course requirements because the TxDMV did not always submit training reports within 30 days as required.

- Training Course File – The TxDMV was mostly in compliance with the training course file requirements. Of the 15 files reviewed, only one file was missing a course evaluation.

- Training System Access – The TxDMV was in compliance with the completion of Non-Disclosure and User Verification forms requirement. However, three of the six TxDMV staff members who have access to TCLEDDS are not actively involved in the administration of the TCOLE training program.

TxDMV should consider developing an annual strategic training plan for the TCOLE trainings and fully developing and documenting policies and procedure. The policies and procedures should also define the responsibilities of the training coordinator to ensure compliance with the TCOLE training requirements.

Background

The Texas Department of Motor Vehicles (TxDMV) provides accredited training to law enforcement personnel throughout the fiscal year, but is not required to provide training to law enforcement. This allows TxDMV to promote its services (e.g., basic motor carrier enforcement, enforcement of oversize/overweight carriers and motor vehicle industry, specialized knowledge of motor vehicle regulations and laws) while providing vital training to law enforcement. Regularly, TxDMV provides the following trainings to law enforcement:

- Basic motor carrier enforcement training - available to all law enforcement and not restricted to Commercial Vehicle Enforcement Units. Training to discuss recognition of unlicensed household goods mover activities and recognition of bus companies that may require TxDMV intrastate operating authority.
- Dealer training – training to discuss common dealer violations, dealer operation within state laws, sales taxes, sales financing licenses, title and registration procedures, and marketing and advertising rules and regulations.
- e-Tag training – training to disseminate information on temporary tag issuance, options for issuance, general use requirements, and tag prohibitions.
- Auto Burglary & Theft Prevention Authority (ABTPA) training – training on motor vehicle burglary theft-related statutes and on motor vehicle burglary and theft investigations

TxDMV also provides other trainings. Those training courses are developed and provided as needed or when requested by law enforcement. Past examples of requested training include Oversize/Overweight motor carrier enforcement.

For the training to be accredited for law enforcement, TxDMV must be certified as a Proprietary Training Provider (training provider) by the Texas Commission on Law Enforcement (TCOLE). Being a training provider requires compliance with all provisions outlined in the Texas Administrative Code Title 37 Part 7 and the Texas Occupations Code §1701.252 (TCOLE training requirements). The TCOLE training requirements include assigning a training coordinator, obtaining qualified instructors, keeping training course records, and documenting training course attendance. Other requirements include having an advisory board to review and approve all training material and courses for law enforcement.

TCOLE also requires training providers to regularly receive a comprehensive evaluation performed by a TCOLE field agent, known as a TCOLE Training Provider Evaluation. TxDMV's previous review was on March 20, 2018, where TCOLE reviewed the previous year's training for compliance with state codes. The review identified two minor areas of compliance issues, which TxDMV is currently addressing.

TCOLE relies on the assigned training coordinator to ensure compliance with the requirements. The training coordinator is responsible for ensuring all courses are taught as defined and reporting all courses to TCOLE. The training coordinator is responsible for the following:

- ensuring compliance with TCOLE commission rules and guidelines;
- submitting training completion reports;
- completing self assessments;
- maintaining copies of advisory board minutes;
- maintaining training schedules;
- ensuring training facilities are suitable for instruction; and,

- ensuring training course objectives are taught and evaluated.

 The TCOLE training is currently managed by the Enforcement Division. The Enforcement Division has assigned an investigator to be the training coordinator as an additional duty. The Enforcement Division staff, also, make up most of the advisory board, although not all the TCOLE training is the responsibility of the division.

In December 2017, the Enforcement Division Director requested that the Internal Audition Division review the law enforcement training program to ensure all requirements were being met. Specifically, the IAD agreed to review the compliance of the program and provide information on the following items:

- Determine compliance with TCOLE training requirements

- Identify improvement areas to ensure compliance with TCOLE training requirements

- Evaluate the reporting structure to ensure TCOLE compliance.

TxDMV is not required to participate in the TCOLE program to provide law enforcement with training, however, providing accredited training allows TxDMV to engage law enforcement.

This advisory service was included in the fiscal year (FY) 2018 Audit Plan. We conducted this advisory service in conformance with the Internal Standards for the Professional Practice of Internal Auditing.

Advisory Service Results

Overall Conclusion

TxDMV is not in full compliance with all TCOLE training requirements, although TxDMV and the advisory board staff have made a concerted effort to be in compliance and monitor compliance. Staff developed processes and maintained documentation to be in compliance with TCOLE requirements, but staff did not consistently perform the process or maintain the documentation.

TxDMV should consider developing and documenting policies and procedures, as well as defining the responsibilities of the training coordinator, to ensure consistent and full compliance with the TCOLE training requirements. The documented policies and procedures should define who is ultimately responsible for maintaining TCOLE training program, including which division, to ensure reporting structures are sufficient to monitor TCOLE compliance and address the compliance issues noted below.

TCOLE training requirements are extensive, and it may require significant time to develop and document policies and procedures. IAD believes after policies and procedures are developed and documented, the amount of time needed to ensure compliance may be minimal. If TxDMV believes that the cost of compliance is more than the value added, TxDMV may want to explore other methods of providing accredited law enforcement training without having to be a provider.

Strategic Considerations

In fiscal year (FY) 2017, TxDMV offered 48 TCOLE trainings to law enforcement. Most of these trainings are scheduled on an as-needed basis or as requested by area law enforcement (except for the Dealer Training). To add more value to the TCOLE training, TxDMV should consider developing an annual strategic training plan for the TCOLE trainings. The strategic training plan should be established with input from participating divisions and the advisory board. The strategic plan should be approved by the Executive Director, or designee, and the advisory board.

Compliance Results

IAD reviewed compliance requirements related to TCOLE training providers listed in the Texas Administrative Code (TAC) Title 37 Part 7 and the Texas Occupations Code §1701.252 and tested whether TxDMV was in compliance with those requirements in FY 2017. IAD classified the compliance requirements into the following areas, based on risk and importance:

- Training Coordinator - ensures the TxDMV is compliant with all TCOLE reporting requirements.

- Training Provider Eligibility – ensures the TxDMV has met all requirements to be a training provider.

- Instructor Qualification – ensures trainings are taught by qualified instructors.

- Training Course – ensures training curriculum and materials align with approved courses.

- Training Course File – ensures training materials and evidence of course completion (course final rosters, course evaluations, and exams) have been submitted to TCOLE.

- Training System Access - ensures only personnel with TCOLE reporting requirements have access to the TCOLE training reporting system.

Training Coordinator

TCOLE requires that a training coordinator be assigned to help with the administration of the TCOLE trainings. The training coordinator should be a Full-Time Equivalent (FTE), unless an exception is requested from TCOLE. The training coordinator must be appointed by the advisory board and must forward all communication to an appointed authority. IAD reviewed documentation of the training coordinator, including their job description.

TxDMV is in compliance with the training coordinator requirement. The training coordinator is an FTE, and the by-laws of the TxDMV advisory board discuss that the training coordinator is appointed by the advisory board. In addition, the training coordinator stated that all communications are forwarded to the appointed authority. Although in compliance with the TCOLE requirement, IAD did not find any documented procedures that detail the process for forwarding communications to appointed authority and the process to become the training coordinator. In addition, the training coordinator's current job description does not discuss or describe the TCOLE responsibilities.

Training Provider Eligibility

TCOLE requires that the agency be approved as a training provider prior to providing any accredited training to law enforcement. To obtain approval, the agency is required to submit an application and have evidence of an advisory board. The advisory board should be made of members who meet the eligibility requirements, which include having completed the TCOLE advisory board training course. Board members may have to show that they are a member of the public or a TxDMV FTE, as TCOLE requires that the advisory board be made up of at least three TxDMV's FTEs and a third of the board be public members. To show eligibility, each board member is required to complete and submit an eligibility form prior to appointment. IAD reviewed the training provider approval documentation and advisory board eligibility forms to determine compliance.

IAD determined that TxDMV was in compliance with these requirements. IAD verified that TxDMV was an approved training provider prior to providing any accredited training to law enforcement. IAD also verified that TxDMV was an approved training provider, and that advisory board members had completed their eligibility form by December 2017. The forms, however, were not always filled prior to the board member's appointment.

Instructor Qualifications

TCOLE requires that all training courses be taught by a qualified instructor. TCOLE requires that all instructor biographies be maintained. IAD determined compliance by selecting a sample of instructors who taught TCOLE training. In total, 78 instructors taught the 48 TCOLE trainings. Out of the 78 instructors, IAD selected 33 instructors to verify instructor qualifications.

IAD determined that TxDMV is not in full compliance with this requirement. Out of the 33 instructor qualifications reviewed, 11 (33%) included qualification elements such as training instructor certifications and Master Peace Officer certifications. For the other 22 instructors in the sample, biographies were not found and IAD could not determine if the instructors were qualified.

Training Courses

TCOLE established the requirements needed for the training courses. These requirements include having adequate training facilities, having course exams be proctored after each training, and having the training reports be submitted within 30 days of course completion. IAD reviewed training course documentation and submission of the training reports.

The TxDMV was mostly in compliance with all training course requirements. The TxDMV ensures training facilities are adequate prior to the training is conducted. The TxDMV verifies and works with the training facility to verify that all necessary items are available.

The TxDMV is also compliant with requirements to proctor and supervise all examinations. Course instructors ensure course administration and exams are proctored during or after the training course.

The TxDMV, however, has not always submitted the training reports within 30 days of training completion. The IAD found that two training courses did not have the training reports submitted within 30 days of reporting. In addition, the 2016 and 2018 TCOLE Training Provider Evaluation also identified that the TxDMV did not submit training reports within the 30-day requirement.

Training Course File

TCOLE requires that any training taught must have a documentation file. The file must include the completed lesson plan, documentation that states the clear learning objective, the instructor's biography, the approved roster sheet, the original sign-in sheet, the course evaluation, and the completed and graded exams. To determine compliance, IAD reviewed 15 course files of the 48-course taught in FY 2017.

TxDMV was mostly in compliance with the training course file requirements. Out of the 15 files tested, only one was missing a course evaluation. The instructor biographies were included in the file, but the biographies did not always contain adequate information to determine instructor qualification.

System Access

TxDMV has a recurring annual contract for access to the Texas Commission on Law Enforcement Data Distribution System (TCLEDDS). TCLEDDS is an electronic system that provides TxDMV staff with access to submit information and documentation to Texas Commission of Law Enforcement as needed. TCLEDDS requires the TCLEDDS Administrator to read and sign a Non-Disclosure form. Each user is required to read the Non-Disclosure and sign the User Verification form. IAD reviewed the forms and system access for current users.

The TxDMV is complaint with this requirement because its TCLEDDS users completed the Non-Disclosure and User verification forms. However, IAD found that three of the six current TCLEDDS users are not actively involved in the administrative responsibilities for the TCOLE training program and do not need access to the system.

Appendix 1: Objectives, Scope, and Methodology

Objectives

The objective of this advisory service was to determine whether the TxDMV is compliant with TCOLE training provider requirements. This advisory service agreed to provide the following:

- A determination of whether the TxDMV is compliant with TCOLE training requirements.
- An identification of where improvements may be needed to be in compliance with TCOLE training requirements.
- An evaluation on whether the reporting structure has been sufficiently implemented to monitor TCOLE compliance.

Scope and Methodology

The Internal Audit Division interviewed managers and staff of the Enforcement, Motor Carrier, and Vehicle Titles and Registration Divisions.

The IAD reviewed TCOLE reporting procedures and reporting materials for FY 2017.   TCOLE training reporting requirements were reviewed and compared to TCOLE requirements to determine the TxDMV's compliance with TCOLE training requirements.

- Interviews with TxDMV staff, including the training coordinator, course instructors, and TCOLE Board members
- Review of provisions outlined in Texas Administrative Code Title 37 Part 7 and the Texas Occupations Code §1701.252, including the following requirements:
    - TAC Lesson Plan Elements
    - TCLEDDS/TCOLE Contract Requirements
    - TAC Training Provider application and renewal
    - TAC Training Provider Evaluations
    - TAC Training Coordinator
    - TAC Examination Administration
    - TAC Training Instructor
    - Occupations Code Advisory Board
- 2016 and 2018 Texas Commission on Law Enforcement (TCOLE) Training Program Evaluation Report (TPER)
- TxDMV Approved TCOLE Trainings Offered
- TCOLE Lesson Plan Lesson Course outlines
- TCOLE Roster 30-day report
- Enforcement Investigator IV Job Description
- TCOLE Advisory Board Minutes December 2017
- ABTPA April 18-21, 2017 Final Course Evaluations Compiled bios and Course Evaluation
- TCLEDDS Instruction form
- TCLEDDS User Verification Form
- TCLEDDS Application License Agreement Form
- TCLEDDS Confidentially and Non-Disclosure Form

Texas Department
of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Travel and Training Policies and Practices Audit Report
Audit 18-06

Internal Audit Division
April 2018

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Texas Department *of* Motor Vehicles

Travel and Training Policies and Practices Audit Report, 18-06

Executive Summary

BACKGROUND

During the 85th Legislature, concerns arose on the appropriateness of travel and training events that state agencies attend. As a result, the Internal Audit Division (IAD) included an audit to review the Department's travel and training processes. In fiscal year (FY), the Department only expended $756,861 in travel and training. At the request of the TxDMV Board, board travel was also reviewed.

The Department travels in-state and out-of-state for various reasons, including attending annual conferences; conducting or assisting with investigations and monitoring site visits; attending staff development functions; and conducting other state business. Similarly, the Department purchases a variety of training materials and courses for its staff.

The objectives of the audit were the following:

- To determine if training and travel requests and reimbursements have the appropriate approvals and justifications.
- To determine if a process exists to ensure travel and training expenses are appropriate and achieve the needs of the Department.
- To evaluate how the TxDMV's handling of board member travel compares with other state agencies.

RECOMMENDATIONS

The IAD made two recommendations related to better defining and clarifying the travel authorization process, including documentation requirements.

RESULTS

The TxDMV has developed processes to ensure training related requests are justified and expenses are appropriate. Training related requests and expenses are approved by the division director or designee and two sections of the Finance & Administrative Services (FAS) Division before the purchase can occur. Similarly, travel expenses are reviewed by FAS and the traveling division prior to reimbursement to verify that the expenses were appropriate and justified. Out-of-state travel is authorized by the executive director and the division director prior to the travel.

However, the authorization for in-state travel authorizations is informal. The Department has not sufficiently established procedures to ensure in-state travel authorization is fully documented and retained by divisions. In addition, there are unclear guidelines for what documentation needs to be included when submitting out-of-state travel plans for authorization.

The Department may have insufficient support demonstrating it authorized in-state travel with clear business justification prior to the trip. In addition, staff may not have sufficient supervisory authorization for travel prior to the trip.

TxDMV board travel practices are in compliance with the Texas Government Code, Comptroller rules, and the General Appropriations Act, and are like other state agencies' reimbursement practices for board and commission members' travel expenses.

MANAGEMENT RESPONSE

Management agrees with the audit results and recommendations. Management has begun working on the recommendations, including updating the Travel Authorization form and travel policies and procedures. Management expects recommendations to be implemented by December 2018.

Overall Conclusion

Maturity Assessment Rating

4 - *Managed and Measurable Process Level*: The process has a standardized, documented, communicated, and followed process. Management monitors and measures compliance with process. Process is under constant improvement and provides good practice. The use of information technology would help automate workflow and improve quality and effectiveness.

Other possible maturity assessment ratings and their definitions are found under Appendix 1.

Strengths

The Texas Department of Motor Vehicles (TxDMV) has developed several processes to ensure travel is appropriate and is being reimbursed for only allowable items, including the following processes:

- Finance and Administrative Services (FAS) Division developed controls to ensure that reimbursement claims submitted for all travel related expenses are documented, supported, and appropriate. IAD tested travel related expenses from 72 travel vouchers reimbursed in fiscal year (FY) 2017 and found all expenses tested were vetted by FAS in their travel voucher review process. All expenses tested contained the required supporting documentation in the purchase voucher file.
- The out-of-state travel process requires staff to request authorization through a form prior to traveling. The Travel Authorization form includes information on expected travel dates, locations, purpose of travel, and cost estimates of lodging, meal, travel, and incidental expenses. The out-of-state travel authorization form requires the employee's supervisor, division director, and executive director approval.
- The Vehicle Titles & Registration Division developed an in-state process that included obtaining authorization prior to traveling, confirming travel dates and destinations, and meeting quarterly to discuss and plan routine monitoring visits. After the travel occurs, the division keeps detailed records of the travel expenses incurred by division staff. The detailed record keeping includes information on the purpose of the travel.

The TxDMV has also developed processes to ensure training related requests and expenses are appropriate and justified. The training related requests and expenses are processed through the Centralized Accounting and Payroll/Personnel System (CAPPS) purchasing module. Before a purchase can occur, CAPPS requires division director or designee approval, the FAS Budget and Planning Section's approval, and the FAS Purchasing Section's approval. IAD tested training related expenses from 51 purchase orders paid in FY 2017 and found all training expenses received approval in CAPPS prior to the purchase.

Improvements

The TxDMV could improve its travel authorization processes defined in the TxDMV Travel Policies and Procedures manual.

Below are the audit results and recommendations that further expand on these areas.

- <u>Audit Result #1</u>: Travel authorization processes need to be clarified and better defined.

- o Recommendation # 1: The TxDMV should define and document the in-state travel authorization process, including identifying which authorization is needed based on the purpose of travel. (High)
  - o Recommendation #2: The TxDMV should update its travel policies and procedures to include guidance on the documentation requirements for travel authorizations, including expectations for retention of supporting documentation. (Low)

- Audit Result #2: The TxDMV's board travel policies and practices comply with Comptroller requirements and align with other state agencies' practices
  - o No recommendations were made.

The detailed audit results can be found under the Audit Results section beginning on page 5.

Observation

The TxDMV's travel policy is currently being updated to create a uniform approval and documentation process across the Department all while balancing the Department's need to accommodate travel plans for a variety of business needs across the Department. Proposed updates included the changes to the Department's travel authorization policies and Travel Authorization form for both in-state and out-of-state travel. The proposed travel authorization form emphasizes cost efficiency more than the appropriateness or need for the travel. In its current draft, the form does not have sufficient detail to capture information on the appropriateness and justification for the travel. However, it does capture significant detail on the estimated expenses. Since the detail is an estimate, there is no indication that additional information capture beyond what is already on the Department's current travel authorization form would be beneficial. The IAD compared the cost estimates captured on the current out-of-state travel authorization form with the actual costs incurred for 20 out-of-state line item expenditures since the Department does not currently require a cost estimate or travel authorization form for in-state travel. The IAD found that 14 (70%) of the out-of-state cost estimates were within $25 of actual costs and an additional 4 (20%) of the 20 are within $60 of actual costs.

Background

In FY2017, the TxDMV expended $756,861 for in-state and out-of-state travel and training. In addition, the 85th Legislature showed concern regarding the appropriateness of travel and training events that state agencies attend.

Travel

The TxDMV's travel authorization process allows divisions to respond to scheduled and unscheduled travel events based on each division's business needs. In the sample tested, TxDMV personnel traveled to conduct state business on behalf of the Department for the following reasons:

- conducting or assisting with investigations and monitoring site visits (31%),
- participating in motor vehicle industry and regulatory conferences (31%),
- attending staff development functions (17%),
- providing training to stakeholders (11%),
- coordinating with legislators (1%), and
- conducting other state business such as on-site equipment maintenance (10%).

Some travel events cannot be anticipated such as law enforcement requests for investigation assistance. Other travel can be foreseen and planned such as routine site visits and annual national conferences. For example, in FY 2017, Department managers and staff attended annual conferences and participated on regulatory boards including the following:

- American Association of Motor Vehicle Administrators
- American Association of State Highway and Transportation Officials,
- National Odometer and Title Fraud Enforcement Association,
- International Registration Plan board, and
- Unified Carrier Registration board.

The TxDMV's Travel Policies and Procedures manual requires all employees receive prior approval before traveling (e.g., authorization) from the employee's direct supervisor. Each division is responsible for authorizing proposed travel for their own staff traveling in-state.

Employees traveling outside of the state must submit the Travel Authorization form for approval prior to travel by their division director and executive director. The Travel Authorization form must include the purpose of travel and a cost estimate. Divisions can also submit a Travel Advance Request form to obtain a monetary advance for anticipated travel costs. The use of travel advances is optional and at the discretion of each division.

After traveling, an employee must submit a travel voucher to obtain reimbursement. FAS staff review the voucher and accompanying support documentation to verify that the reimbursement request is for actual costs incurred and the final approved reimbursement does not include disallowed costs (i.e. gratuities) or exceed allowable maximum rates set by the Texas Comptroller's Office (Comptroller).

The Department has taken steps to update its travel policy, which was last revised in October 2014. The draft travel policy is intended to help ensure sufficient lead time of travel approvals prior to the trip date, to select the most cost-effective travel arrangements are obtained considering the purpose of the travel, and to provide clearer guidance to Department staff arranging travel or submitting vouchers for claimed expenses. The draft travel forms are being designed to consolidate multiple forms such as; the travel advance request, mileage calculator, travel authorization, and travel voucher, into one workbook.

Training

The TxDMV utilizes the Comptroller's Centralized Accounting and Payroll/Personnel System (CAPPS) to submit and approve purchase requisitions for staff development materials and events. CAPPS enforces approval workflow by requiring authorization for training expenses from the division director or their designee, the FAS Budget and Planning Section, and the FAS Purchasing Section.

This audit was included in the fiscal year 2018 Audit Plan. The Internal Audit Division conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and in conformance with the Internal Standards for the Professional Practice of Internal Auditing. These standards require that IAD 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. IAD believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit was performed by Jacob Geray (Internal Auditor), Derrick Miller (Project Manager), and Sandra Menjivar-Suddeath (Internal Audit Director).

In accordance with the Texas Internal Auditing Act, this report is distributed to the Board of the Texas Department of Motor Vehicles, Governor's Office of Budget, Planning, and Policy, Legislative Budget Board. State Auditor's Office, and the Sunset Advisory Commission. The report was also distributed to the Department's executive management team.

June 13, 2018

Audit Results

Travel authorization processes needs to be clarified and better defined.

Condition

Travel expenses tested received a review by FAS prior to reimbursement, verifying that the expenses were appropriate, justified, and included appropriate signatures approving reimbursement.

However, in-state travel authorizations are informal and ad hoc, with evidence of authorizations varying by division. For example, IAD found verbal approvals were given to staff for monitoring visits and annual conferences, as well as unplanned events. In addition, documentation submitted with the Travel Authorization form for out-of-state travel authorization varied.

Effect

The Department may have insufficient support demonstrating that authorized travel has a clear business justification prior to the trip date. In addition, staff traveling for the Department may not have sufficient supervisory authorization of travel prior to the trip.

Cause

The Department has not sufficiently established procedures to ensure in state travel authorization is fully documented and retained by the division.

In addition, there are unclear guidelines for what documentation needs to be included when submitting out-of-state travel plans for authorization.

Criteria

The TxDMV Travel Policies and Procedures require staff receive approval from the direct supervisor prior to travel when traveling in-state. For both out-of-state and in-state travel, the Department is required under Texas Government Code §660.003 to ensure that travel expenses receiving reimbursement clearly involve official state business.

Evidence

The Internal Audit Division selected and tested 72 travel expense claims disbursed during FY 2017 from nine divisions. The 72 travel expense claims were related to in-state and out-of-state travel. Specifically, 62 of the expenses were for in-state travel and 10 expenses were for out-of-state travel. From the testing, the following items were noted:

- Five of the nine divisions sampled attested to having some in-state approval processes consisting of verbal discussion. One of these divisions reported that staff did not consistently obtain supervisory approval prior to travel, which the division has since corrected.

- 72 expenses were verified by FAS during their travel voucher review to be actual and allowable costs incurred.
- 10 out-of-state travel expenses included an approved Travel Authorization form.
- 14 in-state travel expenses had authorization documentation.
- 47 of the 62 in-state travel expenses tested did not have authorization evidence.

    o 24 of the 47 expenses without authorization evidence were from one division which previously stated that it did not have an in-state travel authorization process prior to FY 2018.

Recommendations

The Internal Audit Division recommends the following:

 1.1 The TxDMV should define and document the in-state travel authorization process, including identifying which authorization is needed based on the purpose of travel. (High)

 1.2 The TxDMV should update its travel policies and procedures to include guidance on the documentation requirements for travel authorizations, including expectations for retention of supporting documentation. (Low)

Management's Response and Action Plan

Management Response & Action Plan 1.1

Management agrees with the recommendation. Staff has been working with stakeholders to identify improvements to the travel authorization form, including the incorporation of in-state travel documentation and approval requirements. The updated form will be rolled out to the Department by the end of the calendar year.

Management Action Plan Owner(s): Sergio Rey, Director of Accounting

Anticipated Completion Date: December 31, 2018

Management Response & Action Plan 1.2

Management agrees with the recommendation. Staff has been working with stakeholders to identify best practices for documenting travel purpose of trip and benefit statements. FAS has completed an initial review and edits of the Department's travel policies and procedures. A draft document will be routed to executive management for final recommendations before final roll out to the Department.

Management Action Plan Owner(s): Sergio Rey, Director of Accounting

Anticipated Completion Date: December 31, 2018

The TxDMV's board travel policies and practices comply with Comptroller requirements and align with other state agencies' practices

As part of this audit IAD compared the TxDMV's practices for board travel and reimbursement with the practices of other state agencies. IAD analyzed board member travel reimbursements disbursed during FY 2017 and surveyed 31 other state agencies regarding their travel policies for board and commission members, receiving responses from nine state agencies.

TxDMV board travel practices are in compliance with the Texas Government Code, Comptroller rules, and the General Appropriations Act requirements for allowable costs and reimbursement rates. TxDMV board members are allowed the same daily meal, lodging, and mileage rates as other TxDMV personnel subject to the General Appropriations Act. Mileage reimbursement rates applied by the Department for board member reimbursement of personal vehicle and personal aircraft use comply with those published by the Texas Comptroller's Office and the United States Government Services Administration.

Other state agencies responding to the survey reported similar reimbursement practices regarding board and commission member meals and lodging, vehicle mileage, and use of commercial aircraft. None of the nine respondents reported board or commission member use of a personal aircraft. The responding agencies cited their own travel policies, Texas Travel Regulations Act (Government Code 660), and the state reimbursement rules promulgated by the Texas Comptroller's Office as the guidance governing their reimbursement practices.

Appendix 1: Objectives, Scope, Methodology and Maturity Assessment

Objectives

The objectives of the audit were the following:

- To determine if training and travel requests and reimbursements have the appropriate approvals and justifications.
- To determine if a process exists to ensure travel and training expenses are appropriate and achieve the needs of the Department.
- To evaluate how the TxDMV's handling of board member travel compares with other state agencies.

Scope and Methodology

The scope of the audit included travel and training related expenditures disbursed during fiscal year 2017.

IAD interviewed TxDMV Division Directors and division travel coordinators to gather information on the travel approval process for TxDMV personnel, and reviewed available documentation of supervisory travel approvals. IAD reviewed travel vouchers and supporting documentation for 72 travel expenses sampled from the population of FY 2017 expenditures in 27 travel related expenditure accounts, and reviewed purchase requisitions and approval signoffs for 51 training expenses sampled from the population of FY 2017 expenditures in 5 travel related expenditure accounts. The expenditure accounts were selected based on a review of CAPPS account code descriptions and in agreement with FAS. The sample size was selected based on the proportionate volume of FY 2017 expenditures by each TxDMV division, excluding the Internal Audit Division for objectivity.

IAD reviewed the Department's draft travel policies and forms currently under development. The TxDMV's current travel policy and procedures was finalized in October 2014. The proposed revisions have been in development by the Executive Office and FAS since fiscal year 2016.

At the request of the TxDMV's governing board, Internal Audit reviewed the Department's policies and practices regarding board member travel how those compare with the policies and practices of other state agencies. IAD surveyed other state agencies to gather information on their agency policies and practices for board member reimbursements, receiving responses from nine state agencies. The survey was sent through the State Agency Internal Audit Forum (SAIAF), which has approximately 40 members. A total of 31 of those members received the survey.

Information and documents reviewed in the audit included the following:

- Texas Travel Regulations Act (Texas Government Code 660)
- State of Texas Travel Guidance (Texas Administrative Code Title 34, part 1, Chapter 5, Subchapter C, §5.22
- Texas General Appropriations Act Travel Regulations (Texas General Appropriations Act for the 2016-17 Biennium, Article IX, Part 5)
- Texas Government Code Chapter 656 Job Notices and Training (Texas Government Code Chapter 656)
- Texas Department of Motor Vehicles Finance and Administrative Services Division Travel Policies and Procedures, Version 1.1, October 2014
- Texas Department of Motor Vehicles Fiscal Year 2017 Expenditures by Coding Block

- Appendix E – Expenditure Account Codes (CAPPS Desk Reference Packet FY 2015)
- State Agency Internal Audit Forum members
- Texas Department of Motor Vehicles purchase vouchers and support documentation
- Texas Department of Motor Vehicles Draft Travel Authorization and Reimbursement Policy, November 2017
- Texas Department of Motor Vehicles Draft Travel Authorization Form, December 2017

Maturity Assessment Rating Definitions

The maturity assessment rating and information were derived from the Control Objectives of Information and Related Technologies (COBIT) 5 IT Governance Framework and Maturity Model and the Enterprise Risk Management (ERM) Maturity Model. The model was adapted for the TxDMV assurance audit purposes and does not provide a guarantee against reporting misstatement and reliability, non-compliance, or operational impacts. Below are the definitions for each rating level.

0 - A rating level of 0, also known as a non-existent process level, is defined as no process has been defined or used.

1 - A rating level of 1, also known as an initial and ad-hoc process level, is defined as a standardized process has not been developed and an ad hoc approach is being used when issues arise.

2 - A rating level of a 2, also known as repeatable but intuitive process level, is defined as having developed a process where similar procedures are followed by several employees, but the results may not be consistent. The process is not documented and has not been sufficiently evaluated to address risks.

3 - A rating level of a 3, also known as a defined process level, is defined as having a standardized, documented, communicated, and followed process. The process, however, may not detect any deviation due to the process not being sufficiently evaluated to address risks.

4 - A rating level of a 4, also known as a managed and measurable process level, is defined as having a standardized, documented, communicated, and followed process. Management monitors and measures compliance with process. Process is under constant improvement and provides good practice. The use of information technology would help automate workflow and improve quality and effectiveness.

5 - A rating level of a 5, also known as refined level, is defined as having a good process (e.g., standardized, documented, communicated, and followed process) because of continuous improvement and the use of technology. Information technology is used in an integrated way to automate workflow and to improve quality and effectiveness.

Social Media Governance Audit
Audit 18-07

Internal Audit Division
June 2018

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Texas Department *of* Motor Vehicles

Social Media Governance, 18-07
Executive Summary

BACKGROUND

Social media presents a variety of legal, security, privacy, human resources, and records management challenges not found with traditional information technology or communication channels.

The TxDMV uses social media to directly address customer questions and complaints, promote programs and initiatives, broadcast and receive public safety information during disasters, and share industry news. The Department maintains multiple social media accounts including three Facebook pages and three Twitter handles that target both the general public and industry-specific audiences such as motor carriers and law enforcement agencies.

TxDMV has more than 10,900 followers on Facebook and more than 4,214 followers on Twitter across all official accounts. The accounts are moderated by designated social media administrators within the Government Strategic & Communication, Motor Carrier and the Automobile Burglary and Theft Prevention Authority (ABTPA) Divisions.

RECOMMENDATIONS

The Internal Audit Division made three recommendations to develop guidance related to defining and promoting the Department's brand and message, creating privacy protocols for official social media accounts, and establishing a process to evaluate, approve, and track social media platforms.

RESULTS

The Texas Department of Motor Vehicles (TxDMV or Department) uses social media as a cost-effective method of reaching customers, reaching, 36,391 unique users at an average cost to the Department of $0.16 per user between October 2017 to February 2018. Job descriptions of the Department's designated official social media account administrators include duties related to social media.

TxDMV information security, human resources, and record retention policies cover employees' activity and behavior on official social media outlets and TxDMV records management strategy for preventing disclosure of confidential information through social media. In addition, the Motor Carrier Division (MCD) and the Automobile Burglary and Theft Prevention Authority (ABTPA) have division policies for staff managing official social media accounts.

However, the Department has not developed an agency-wide social media strategy to align the use of social media throughout the various divisions. Each division has their own security and privacy configurations for their social media pages, and have different expectations on how to manage customer comments based on business objectives rather than Department strategy.

A central process for reviewing social media platform terms and conditions and their associated risk to the Department, and approving and tracking all official social media accounts has not been created. The decision to register new official TxDMV account is made by each division without required review from TxDMV Office of General Counsel, Information Security Section, or the Executive Office.

MANAGEMENT RESPONSE

Management agrees with all three recommendations and will develop a comprehensive social media plan to include branding, content, and privacy standards by August 31, 2019 and a process for evaluating social media platforms on which the Department operates its official social media accounts by August 31, 2019.

Overall Conclusion and Executive Management Response

Maturity Assessment Rating

2 - Repeatable but Intuitive Process Level: The process is defined as having developed a process where several employees follow similar procedures, but the results may not be consistent. The process is not documented and has not been sufficiently evaluated to address risks.

Other possible ratings and definitions can be found in Appendix 1, under Maturity Assessment Rating Definition.

Strengths

The Texas Department of Motor Vehicles (TxDMV or Department) is using social media as a cost effective method of reaching customers. From October 2017 to February 2018, the Department reached 36,391 unique users at an average cost of $0.16 per user for the Department. The cost was associated to the time taken by staff to develop content and respond to customers. Staff that are responsible for social media have job descriptions that discuss their duties related to the administration of official social media accounts.

Additionally, the Automobile Burglary and Theft Prevention Authority (ABTPA) developed division policies for staff interacting on official social media accounts, including coordinating with Government and Strategic Communication Division (GSC) on major social media initiatives. Similarly, the Motor Carrier Division (MCD) developed a comprehensive policy that covered the following;

- which employees are designated to represent the division on social media and the process for posting, addressing communications goals and objectives of using social media,
- responding to or commenting in a personal capacity on official TxDMV posts or comments.
- the types of information the division will post,
- guidelines for crafting posts including tone,
- executive management review and approval prior to posting, and
- information accuracy and confidentiality, and use of copyrighted material.

Although no specific TxDMV wide policies have been developed for social media, the current Information Security Manual, Human Resource Manual, and Record Retention manual effectively extend to online social media activity and behavior when representing TxDMV through official social media outlets. The TxDMV Records Management Manual specifically outlines the Department's records management strategy for social media – prohibiting by policy the sharing of any information on social media that is not transitory or otherwise available as a record copy elsewhere.

Improvements

The Department has not developed an agency-wide social media strategy, including defining security standards for administrators of official TxDMV social media accounts, to align the use of social media throughout the various divisions. Similarly, each division has set up their own security and privacy configurations, such as whether public comment is immediately visible to everyone, for their social media pages, and have different expectations on how to manage customer comments.

A central process for reviewing new platform terms and conditions, the associated risk to the Department, and approving and tracking all official social media accounts has not been formalized or

created. The decision to register an official TxDMV account on new social media platforms is made by each division without required review from the Office of General Counsel, Information Security Section, or the Executive Office.

Below are the audit results that further expand on these areas.

- <u>Audit Result #1</u>: A Department-wide social media strategy does not exist
  - o <u>Recommendation #1</u>: The Department should develop guidance for employees administering official social media accounts and content to define and promote the Department's brand and message. (High)
  - o <u>Recommendation #2</u>: The Department should develop privacy protocols for official social media accounts. (High)
- <u>Audit Result #2:</u> The Department does not have a process for evaluating, approving, and tracking all its official social media accounts
  - o <u>Recommendation #1:</u> The Department should develop and document a process to evaluate, approve, track, and periodically review its continued presence on social media platforms including that terms, conditions, and platform account management configurations are acceptable to the Department. (High)

The detailed audit results can be found under the Audit Results section (begins on page 5).

Executive Director's Management Response

Management appreciates the Internal Audit Division's work and recommendations to improve TxDMV's social media strategy. Management agrees with all three recommendations and will develop a comprehensive social media plan to include branding, content, and privacy standards by August 31, 2020 and a process for evaluating social media platforms on which the Department operates its official social media accounts by August 31, 2021.

Observation

Currently, the Department tracks the number of followers, views, and comments on posts. Further analysis of available social media metrics is generally reserved for specific media campaigns. However, social media platforms such as Facebook and Twitter allow users and page administrators' access to historical activity information that can be leveraged to better measure and target the Department's impact of social media posts on customer interaction. As the Department matures its use of social media, the historical information should be used to measure the impact and cost associated to using and managing social media.

Background

Social media is defined as using Internet-based applications or broadcast capabilities to disseminate and/or collaborate on information. TxDMV has registered accounts on Facebook, Twitter, Instagram, YouTube, Periscope, and Google+, however, only Facebook and Twitter were considered during this audit as they are the primary social media platforms through which the Department engages customers.

The general public, news outlets, and other stakeholders are increasingly utilizing social media outlets as a primary information and communication source for a growing segment of the population. Through the appropriate use of social media, the Department has the opportunity to do the following:

- Increase traffic to websites and services
- Communicate with the public more directly and efficiently
- Increase outreach and brand recognition with stakeholders, and
- Turn negative complaints into positive experiences with timely customer service.

Social media presents a variety of legal, security, privacy, human resources, and records management challenges not found with traditional information technology or communication channels. With a growing dependency on social media as a primary communication channel, it is increasingly important to have a well-planned social media strategy to mitigate risks inherent in social media communications including a lack of control over engagements with customers, inadvertent posting of ill-advised content, and inconsistent internal processes or lack of governance.

TxDMV uses social media to directly address customer questions and complaints, promote programs and initiatives, broadcast and receive public safety information during disasters, and share industry news. The Department maintains multiple social media accounts including three Facebook pages and three Twitter handles targeted to both the general public and industry-specific audiences such as motor carriers and law enforcement agencies. The Department has over 10,900 followers on Facebook and over 4,214 followers on Twitter across all official accounts. Designated social media administrators within the GSC, MCD, and the ABTPA moderate the accounts.

GSC administers the Texas Department of Motor Vehicles Twitter (@TxDMV) and Facebook accounts, the MCD administers the TxDMV Motor Carrier Services Twitter account (@TxDMVGoTrucksGo) and Facebook page (@TxDMVMCD), and ABTPA administers the ABTPA Twitter (@TxAutoBurgTheft) and Texas Auto Burglary and Theft Prevention Authority Facebook page.

A core asset of social media is the ability to target and directly engage with a specific customer base. In the past six months, the GSC, MCD, and ABTPA divisions have made 50 Facebook posts and 178 Twitter posts to provide information on Department programs and disaster information, and engage customers to address questions and customer feedback. Those posts had the following reach to customers, as shown below in Table 1 and 2.

Table1 – Facebook Post Impact Analysis

Type of Post	Number of Posts	Lifetime Post Total Reach[1]	Lifetime Engaged Users[2]
ABTPA	26	4348	259
GSC	16	31410	1163
MCD	8	633	3
Grand Total	**50**	**36391**	**1425**

Table 2 – Twitter Post Impact Analysis

Type of Post	Number of Posts	Number of Impressions[3]	Number of Engagements[4]
GSC	170	295334	1993
MCD	8	1962	4
Grand Total	**178**	**297296**	**1997**

This audit was included in the fiscal year (FY) 2018 Audit Plan. The Internal Audit Division conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and in conformance with the Internal Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit was performed by Derrick Miller (Senior Auditor), Jacob Geray (Staff Auditor), and Sandra Menjivar-Suddeath (Internal Audit Director).

In accordance with the Texas Internal Auditing Act, this report is distributed to the Board of the Texas Department of Motor Vehicles, Governor's Office of Budget, Planning, and Policy, Legislative Budget Board. State Auditor's Office, and the Sunset Advisory Commission. The report was also distributed to the Department's executive management team.

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[1] The number of people who had a page's post enter their screen. (Unique Users)
[2] The number of unique people who engaged in certain ways with a page post, For example by commenting on, liking, sharing, or clicking upon particular elements of the post. (Unique Users)
[3] Impressions represent the number of times that a given Tweet has been viewed on the Twitter platform.
[4] Engagements represent the number of times that a given Tweet was engaged upon by a viewer. Engagements include, but are not limited to, Retweets, Replies, Clicks.

Audit Results

A Department-wide social media strategy does not exist.

Condition

TxDMV uses social media for varying reasons that have not been strategically aligned to make sure Department goals and objectives are met. Each division has their own process to manage social media content and customer interaction and does not follow the same guidelines. For example, GSC relies on staff expertise and experience to manage social media content and customer interactions, without formal documented guidance, while ABTPA and MCD have policies in place for customer interaction. The policies developed by ABTPA and MCD vary in detail, with ABTPA policy addressing high-level division communication goals and the MCD policy describing staff processes for posting content.

Similarly, each division has set up their own security and privacy configurations for their social media pages, such as whether public comment is immediately visible to everyone, and have different expectations on how to manage customer comments.

Effect

TxDMV customer engagement through social media has remained relatively flat, with a net increase of five followers, and varied significantly between divisions from October 2017 to February 2018. GSC reached 31,410 customers while ABTPA reached 4,348 and MCD reached 633 customers through its Facebook posts. Similarly, only 259 ABTPA and three MCD customers were actively engaged (e.g., commented, reacted, or shared postings) while GSC had 1,162 customers actively engage with Facebook posts in that same time period.

The varying policies could allow for inappropriate language or sensitive information to be posted by the public on the Department's social media. Currently some TxDMV social media pages allow commenting to be immediately viewable by the public without review or approval by the Department. Furthermore, the different social media platforms' available security configuration options may not align with TxDMV information security policy.

Cause

The Department has not developed an agency-wide social media strategy, including defined security standards for administrators of official TxDMV social media accounts, to align the use of social media throughout the various divisions.

Criteria

A well-planned social media strategy mitigates risks and provides the agency a roadmap toward continued growth and success while allowing divisions to achieve their own business goals using social media.

Evidence

- Divisions have differing privacy and security configurations across divisions and platforms.
  - GSC disabled the ability to send private messages because Facebook users have sent personally identifiable and vehicle identifiable information covered by the Driver's Privacy Protection Act. GSC disabled the ability to rate and review because the majority of reviews

reflected experiences with the Texas Department of Public Safety and local county tax assessor-collectors, rather than with TxDMV.

- o MCD does not review comments before they are posted. MCD does allow followers to send private messages and rate and review the division.
- o ABTPA periodically reviews comments after they have been posted, but does not currently review comments before they are publicly visible.
- o GSC's two social media administrators' Facebook roles are associated with their personal Facebook accounts as required by Facebook terms and conditions, while MCD's and ABTPA's social media administrators' Facebook roles are associated with one Facebook account each, created specifically to manage their Facebook pages.

- Divisions have not aligned the purpose and use of social media to the Department's overall strategy.
  - o GSC uses social media to promote Department services, media campaigns, and directly answer customer comments and complaints. GSC relies on staff expertise and experience, without formal documented guidance, to manage social media content and customer interactions.
  - o ABTPA's uses social media to promote ABPTA's work and grantee's work to combat automobile burglary and theft. ABTPA's operational manual outlines their communication goals for social media.
  - o MCD uses social media to engage customers for exchanging information, broadcasting immediate information, and correct misinformation. MCD's divisional social media policy addresses social media communication goals, approved content, staff's social media management responsibilities, and guidelines for tone, accuracy, and confidentiality.

Recommendations

The Internal Audit Division recommends the following:

1.1 The Department should develop guidance for employees administering official social media accounts and content to define and promote the Department's brand and message. (High)

1.2 The Department should develop privacy protocols for official social media accounts. (High)

Management's Response and Action Plan

Management Response & Action Plan 1.1

Management agrees with the recommendation and will develop branding and content standards and messaging guidelines for Department social media accounts.

Management Action Plan Owner(s): Wendy Cook, Government and Strategic Communications Division Information Specialist

Anticipated Completion Date: August 31, 2019

Management Response & Action Plan 1.2

Management agrees with the recommendation and will develop privacy protocols for Department social media accounts.

Management Action Plan Owner(s): Wendy Cook, Government and Strategic Communications Division Information Specialist

Anticipated Completion Date: August 31, 2019

The Department does not have a process for evaluating, approving, and tracking all its official social media accounts

Condition

The decision to register an official TxDMV account on new social media platforms is made by each division. It is up to the division to track the platforms, pages, and usernames which they have registered on behalf of the Department. Review and approval by key divisions and functions, such as the Office of General Counsel, Information Technology Services Division - Information Security Section, or Executive Office are not required.

Effect

The Department may not be aware of its official representation, current or former staff maintaining access to official accounts on various social media platforms. The risk that an unapproved account is created and operated without oversight from TxDMV management is also increased. Without appropriate oversight, social media sites can be used by dissatisfied customers, employees or individuals with an issue against an enterprise to disseminate misinformation and negative information.

The TxDMV may also be accepting legal and information security risks it is unaware of by agreeing to user terms and conditions of social media platforms without a review of said terms and conditions from the Office of General Counsel or the Information Security Section.

Cause

A central process for reviewing new platform terms and conditions and their associated risk to the Department, and approving and tracking all official social media accounts has not been formalized or created.

Criteria

A formal process for approving and tracking official social media accounts helps agencies to address how selected social media platforms and usage continue to align with the Department's mission, address program goals and objectives, and assign roles and responsibilities.

Evidence

- The Department currently has 10 registered social media accounts, including Twitter, Facebook, and YouTube accounts. None of the accounts or platforms were reviewed by the Office of General Counsel or the Information Security Section to ensure terms were acceptable to the Department.
  - The Facebook and Twitter platforms include tools which allow multiple users to be assigned administrator roles while maintaining their own unique login and passwords.
  - The MCD Facebook administrators share a single login and password.
  - GSC's two social media administrators' Facebook roles are associated with their personal Facebook accounts as required by Facebook terms and conditions.
  - MCD's and ABTPA's social media administrators' Facebook roles are associated with one Facebook account each, created specifically to manage their Facebook pages. The

> Facebook accounts associated to these pages may not be in agreement with Facebook's terms and conditions.

- GSC maintains a list of the accounts usernames, and staff assigned administrator roles, while MCD and ABTPA were able to verbally provide this information as needed.
- Divisions have not historically sought Executive approval before registering additional social media accounts. Divisions may inform the Executive Office before registering new social media accounts.

Recommendation

The Internal Audition Division recommends the following:

2.1 The Department should develop and document a process to evaluate, approve, track, and periodically review its continued presence on social media platforms including that terms, conditions, and platform account management configurations are acceptable to the Department. (High)

Management's Response and Action Plan

Management Response & Action Plan 2.1

Management agrees with the recommendation and will develop a comprehensive social media management plan to include periodic review and evaluation of Department presence on social media platforms.

Management Action Plan Owner(s): Wendy Cook, Government and Strategic Communications Division Information Specialist

Anticipated Completion Date: August 31, 2019

Appendix 1: Objectives, Scope, Methodology and Maturity Assessment

Objectives

To determine whether the Department has established a social media governance structure designed to protect the Department's brand.

Scope and Methodology

The scope of the audit included official TxDMV Facebook and Twitter accounts, and the Department's social media governance and management policies and procedures as of September 1, 2017.

IAD interviewed designated social media account administrators in the Government and Strategic Communications Division (GSC), Motor Carrier Division (MCD), and Automobile Burglary and Theft Prevention Authority Division (ABTPA), and GSC staff responsible for developing the strategic communications plans for TxDMV projects and initiatives to understand the governance processes and structure over the Department's official social media usage. IAD interviewed other Department personnel including the Human Resources Division Director, General Counsel, Information Security Officer, and TxDMV Records Manager to determine how policies apply to the Department personnel representing TxDMV on official social media accounts.

IAD also performed a cost-effectiveness analysis of the Department's use of social media based on historical social media activity data and metrics from Facebook and Twitter and the time and salary resources the Department dedicates to manage its social media presence.

Information and documents reviewed in the audit included the following:

- TxDMV Strategic Communications Publications Inventory 2017

- TxDMV Human Resources Manual, November 2017

- TxDMV Form 1836 Policy and Benefit Notification for New Employees, January 2018

- TxDMV Form 1836B Policy Notification and Acknowledgement for Employees, November 2017

- TxDMV job descriptions and salaries for designated social media administrator staff

- TxDMV Information Security Manual, May 2017

- TxDMV Form 1828 Information Resources Security Compliance and Confidentiality Agreement, September 2017

- TxDMV Records Retention Schedule, September 2017

- TxDMV Records Management Manual, Version 1.0, February 2018

- TxDMV Motor Carrier Division Online Social Media Policy

- TxDMV Auto Burglary and Theft Prevention Authority Social Media Policy

- Texas Department of Information Resources Social Media Resource Guide, February 2013

- ISACA's Social Media Audit/Assurance Program

- Facebook's page roles definitions and requirements

- Twitter's Terms and Conditions

- Facebook Page Insights activity metrics

- Twitter Analytics activity metrics

Maturity Assessment Rating Definitions

The maturity assessment rating and information were derived from the Control Objectives of Information and Related Technologies (COBIT) 5 IT Governance Framework and Maturity Model and the Enterprise Risk Management (ERM) Maturity Model. The model was adapted for the TxDMV assurance audit purposes and does not provide a guarantee against reporting misstatement and reliability, non-compliance, or operational impacts. Below are the definitions for each rating level.

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4 - A rating level of a 4, also known as a managed and measurable process level, is defined as having a standardized, documented, communicated, and followed process. Management monitors and measures compliance with process. Process is under constant improvement and provides good practice. The use of information technology would help automate workflow and improve quality and effectiveness.

5 - A rating level of a 5, also known as refined level, is defined as having a good process (e.g., standardized, documented, communicated, and followed process) as a result of continuous improvement and the use of technology. Information technology is used in an integrated way to automate workflow and to improve quality and effectiveness.

Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

May 24, 2018

Mrs. Whitney Brewster, Executive Director
Texas Department of Motor Vehicles
4000 Jackson Avenue
Austin, TX 78731

Subject: Engagement Letter for the Internal Audit of eLICENSING

Dear Mrs. Brewster:

The Internal Audit Division (IAD) will be auditing the eLICENSING system. The preliminary audit objectives are to:

- determine if eLICENSING is achieving desired outcomes related to faster services to customers
- review the adequacy of access controls within eLICENSING, and
- determine eLICENSING's impact on the licensing process.

Audit objectives may be revised during the planning phase of the audit. The IAD will provide management with proposed revisions to the objectives, if any, before the IAD finalizes the objectives.

IAD's work may also include the Information Technology Services Division in addition to the Motor Vehicle Division, Enforcement Division, Compliance & Investigations Division and Office of Administrative Hearings. We will conduct the audit in accordance with generally accepted government auditing standards and the Institute of Internal Auditors *International Professional Practices Framework*.

The planning phase of the audit is scheduled from May 25, 2018 to June 29, 2018 and the fieldwork phase is tentatively scheduled from July 2, 2018 to July 30, 2018. The IAD expects to release the audit report in August 2018.

The IAD will meet periodically with management to discuss interim and final audit results. At minimum, the IAD will provide an e-mail update on the audit progress twice a month. In addition, the IAD will provide management with a draft report and request management responses and action plans (if needed). The client will have up to 10 working days to review the audit report prior to being submitted the Executive Director and the Deputy Executive Director for final review.

If you have any questions, please contact me at (512) 465-4118. We look forward to working with the Compliance & Investigations Division, Motor Vehicle Division, Enforcement Division, and Office of Administrative Hearings.

Sincerely,

Sandra Menjivar-Suddeath, CISA, CIA, CGAP
Internal Audit Director

cc: Raymond Palacios Jr., Chairman, TxDMV Board

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Luanne Caraway, Finance and Audit Committee Chairman, TxDMV Board
Brett Graham, Finance and Audit Committee, TxDMV Board
Kate Hardy, Finance and Audit Committee, TxDMV Board
John Henry Walker III, Finance and Audit Committee, TxDMV Board
Mr. Blake Ingram, Vice-Chair, TxDMV Board
Robert "Barney" Barnwell III, TxDMV Board
Guillermo "Memo" Treviño, TxDMV Board
Gary Painter, TxDMV Board
Shelly Mellott, Deputy Executive Director
David Duncan, General Counsel
Carrie Fortner, Board Liaison
Derrick Miller, Senior Auditor
Daniel Avitia, Motor Vehicle Division Director
Corrie Thompson, Enforcement Division Director
Edward Sandoval, Office of Administrative Hearings Director
Tim Menke, Compliance & Investigations Division Director
Mike Higginbotham, Chief Information Officer

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Board Policy Documents

Governance Process (10/13/11)

Strategic Planning (10/13/11)

Board Vision (4/7/16)

Agency Boundaries (9/13/12)

KPIs (9/12/14)

Texas Department of Motor Vehicles
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Texas Department of Motor Vehicles
TxDMV Board Governance Policy

1. PURPOSE

The directives presented in this policy address board governance of the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. The TxDMV Board Governance Policy shall be one that is comprehensive and pioneering in its scope.

3. POLICY

3.1. TxDMV Board Governing Style

The Board shall govern according to the following general principles: (a) a vision for the agency, (b) diversity in points of view, (c) strategic leadership, providing day-to-day detail as necessary to achieve the agency vision, (d) clear distinction of Board and Executive Director roles, (e) collective decision making, (f) react proactively rather than reactively and with a strategic approach. Accordingly:

    3.1.1. The Board shall provide strategic leadership to TxDMV. In order to do this, the Board shall:

        3.1.1.1. Be proactive and visionary in its thinking.

        3.1.1.2. Encourage thoughtful deliberation, incorporating a diversity of viewpoints.

        3.1.1.3. Work together as colleagues, encouraging mutual support and good humor.

        3.1.1.4. Have the courage to lead and make difficult decisions.

        3.1.1.5. Listen to the customers and stakeholders needs and objectives.

        3.1.1.6. Anticipate the future, keeping informed of issues and trends that may affect the mission and organizational health of the TxDMV.

        3.1.1.7. Make decisions based on an understanding that is developed by appropriate and complete stakeholder participation in the process of identifying the needs of the motoring public, motor vehicle industries,

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and best practices in accordance with the mission and vision of the agency.

    3.1.1.8. Commit to excellence in governance, including periodic monitoring, assessing and improving its own performance.

3.1.2. The Board shall create the linkage between the Board and the operations of the agency, via the Executive Director when policy or a directive is in order.

3.1.3. The Board shall cultivate a sense of group responsibility, accepting responsibility for excellence in governance. The Board shall be the initiator of policy, not merely respond to staff initiatives. The Board shall not use the expertise of individual members to substitute for the judgment of the board, although the expertise of individual members may be used to enhance the understanding of the Board as a body.

3.1.4. The Board shall govern the agency through the careful establishment of policies reflecting the board's values and perspectives, always focusing on the goals to be achieved and not the day-to-day administrative functions.

3.1.5. Continual Board development shall include orientation of new Board members in the board's governance process and periodic board discussion of how to improve its governance process.

3.1.6. The Board members shall fulfill group obligations, encouraging member involvement.

3.1.7. The Board shall evaluate its processes and performances periodically and make improvements as necessary to achieve premier governance standards.

3.1.8. Members shall respect confidentiality as is appropriate to issues of a sensitive nature.

3.2. TxDMV Board Primary Functions/Characteristics

TxDMV Board Governance can be seen as evolving over time. The system must be flexible and evolutionary. The functions and characteristics of the TxDMV governance system are:

3.2.1. Outreach

    3.2.1.1. Monitoring emerging trends, needs, expectations, and problems from the motoring public and the motor vehicle industries.

    3.2.1.2. Soliciting input from a broad base of stakeholders.

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3.2.2. Stewardship

    3.2.2.1. Challenging the framework and vision of the agency.

    3.2.2.2. Maintaining a forward looking perspective.

    3.2.2.3. Ensuring the evolution, capacity and robustness of the agency so it remains flexible and nimble.

3.2.3. Oversight of Operational Structure and Operations

    3.2.3.1. Accountability functions.

    3.2.3.2. Fiduciary responsibility.

    3.2.3.3. Checks and balances on operations from a policy perspective.

    3.2.3.4. Protecting the integrity of the agency.

3.2.4. Ambassadorial and Legitimating

    3.2.4.1. Promotion of the organization to the external stakeholders, including the Texas Legislature, based on the vision of the agency.

    3.2.4.2. Ensuring the interests of a broad network of stakeholders are represented.

    3.2.4.3. Board members lend their positional, professional and personal credibility to the organization through their position on the board.

3.2.5. Self-reflection and Assessment

    3.2.5.1. Regular reviews of the functions and effectiveness of the Board itself.

    3.2.5.2. Assessing the level of trust within the Board and the effectiveness of the group processes.

3.3. Board Governance Investment

Because poor governance costs more than learning to govern well, the Board shall invest in its governance capacity. Accordingly:

3.3.1. Board skills, methods, and supports shall be sufficient to ensure governing with excellence.

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3.3.1.1. Training and retraining shall be used liberally to orient new members, as well as maintain and increase existing member skills and understanding.

3.3.1.2. Outside monitoring assistance shall be arranged so that the board can exercise confident control over agency performance. This includes, but is not limited to, financial audits.

3.3.1.3. Outreach mechanisms shall be used as needed to ensure the Board's ability to listen to stakeholder viewpoints and values.

3.3.1.4. Other activities as needed to ensure the Board's ability to fulfill its ethical and legal obligations and to represent and link to the motoring public and the various motor vehicle industries.

3.3.2. The Board shall establish its cost of governance and it will be integrated into strategic planning and the agency's annual budgeting process.

3.4.   Practice Discipline and Assess Performance

The Board shall ensure the integrity of the board's process by practicing discipline in Board behavior and continuously working to improve its performance. Accordingly:

3.4.1. The assigned result is that the Board operates consistently with its own rules and those legitimately imposed on it from outside the organization.

3.4.1.1. Meeting discussion content shall consist solely of issues that clearly belong to the Board to decide or to monitor according to policy, rule and law. Meeting discussion shall be focused on performance targets, performance boundaries, action on items of Board authority such as conduct of administrative hearings, proposal, discussion and approval of administrative rule-making and discussion and approval of all strategic planning and fiscal matters of the agency.

3.4.1.2. Board discussion during meetings shall be limited to topics posted on the agenda.

3.4.1.3. Adequate time shall be given for deliberation which shall be respectful, brief, and to the point.

3.4.2. The Board shall strengthen its governing capacity by periodically assessing its own performance with respect to its governance model. Possible areas of assessment include, but are not limited to, the following:

3.4.2.1. Are we clear and in agreement about mission and purpose?

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3.4.2.2. Are values shared?

3.4.2.3. Do we have a strong orientation for our new members?

3.4.2.4. What goals have we set and how well are we accomplishing them?

3.4.2.5. What can we do as a board to improve our performance in these areas?

3.4.2.6. Are we providing clear and relevant direction to the Executive Director, stakeholders and partners of the TxDMV?

3.4.3. The Board Chair shall periodically promote regular evaluation and feedback to the whole Board on the level of its effectiveness.

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Texas Department of Motor Vehicles
Strategic Planning Policy

1. PURPOSE

The directives presented in this policy address the annual Strategic Planning process at the Texas Department of Motor Vehicles (TxDMV).

2. SCOPE

The directives presented in this policy apply to the TxDMV Board and TxDMV agency personnel who interact with the Board. TxDMV Strategic Planning Policy attempts to develop, document and expand its policy that is comprehensive in its scope in regards to the strategic planning process of the Board and the Department beyond that of the state strategic planning process.

3. POLICY

3.1. TxDMV Board Strategic Planning

This policy describes the context for strategic planning at TxDMV and the way in which the strategic plan shall be developed and communicated.

3.1.1. The Board is responsible for the strategic direction of the organization, which includes the vision, mission, values, strategic goals, and strategic objectives.

3.1.2. TxDMV shall use a 5-year strategic planning cycle, which shall be reviewed and updated annually, or as needed.

3.1.3. The 5-year strategic plan shall be informed by but not confined by requirements and directions of state and other funding bodies.

3.1.4. In developing strategic directions, the Board shall seek input from stakeholders, the industries served, and the public.

3.1.5. The Board shall:

3.1.5.1. Ensure that it reviews the identification of and communication with its stakeholders at least annually.

3.1.5.2. Discuss with agency staff, representatives of the industries served, and the public before determining or substantially changing strategic directions.

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3.1.5.3. Ensure it receives continuous input about strategic directions and agency performance through periodic reporting processes.

3.1.6. The Board is responsible for a 5-year strategic plan that shall identify the key priorities and objectives of the organization, including but not limited to:

3.1.6.1. The creation of meaningful vision, mission, and values statements.

3.1.6.2. The establishment of a Customer Value Proposition that clearly articulates essential customer expectations.

3.1.6.3. A Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis, to be updated annually.

3.1.6.4. An assessment of external factors or trends (i.e., customer needs, political factors, economic factors, industry trends, technology factors, uncertainties, etc.)

3.1.6.5. Development of the specific goals and objectives the Department must achieve and a timeline for action.

3.1.6.6. Identification of the key performance indicators to measure success and the initiatives that shall drive results.

3.1.6.7. Engage staff at all levels of the organization, through the executive director, in the development of the strategic plan through surveys, interviews, focus groups, and regular communication.

3.1.6.8. Ensure the strategic planning process produces the data necessary for LBB/GOBPP state required compliance while expanding and enhancing the strategic plan to support the needs of the TxDMV. The overall strategic plan shall be used as a tool for strategic management.

3.1.7. The Board delegates to the Executive Director the responsibility for **implementing** the agency's strategic direction through the development of agency wide and divisional operational plans.

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Texas Department of Motor Vehicles
TxDMV Goals and Objectives

1. PURPOSE

The information presented in this policy addresses the goals and key objectives of the Board of the Texas Department of Motor Vehicles (TxDMV) as they relate to the mission, vision, and values of the TxDMV.

2. SCOPE

The scope of this policy is to define the desired state the TxDMV Board is working to achieve. This policy is designed to be inspirational in outlining the desired state of the agency that supports the TxDMV Board vision and meeting agency goals.

3. TxDMV MISSION

To serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.

4. TxDMV VISION

The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.

5. TxDMV VALUES

To earn the trust and faith of all citizens of Texas with transparency, efficiency, excellence, accountability, and putting stakeholders first.

> **5.1. <u>Transparency</u>** – Being open and inclusive in all we do.
> **5.2. <u>Efficiency</u>** – Being good stewards of state resources by providing products and services in the most cost-effective manner possible.
> **5.3. <u>Excellence</u>** – Working diligently to achieve the highest standards.
> **5.4. <u>Accountability</u>** – Accepting responsibility for all we do, collectively and as individuals.
> **5.5. <u>Stakeholders</u>** – Putting customers and stakeholders first, always.

6. TxDMV GOALS

6.1. GOAL 1 – Performance Driven

The TxDMV shall be a performance driven agency in its operations whether it is in customer service, licensing, permitting, enforcement or rule-making. At all times the TxDMV shall mirror in its performance the expectations of its customers and stakeholder by effective, efficient, customer-focused, on-time, fair, predictable and thorough service or decisions.

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6.1.1. <u>Key Objective 1</u>

The TxDMV shall be an agency that is retail-oriented in its approach. To accomplish this orientation TxDMV shall concentrate the focus of the agency on:

6.1.1.1. Delivering its products and services to all of its customers and stakeholders in a manner that recognizes that their needs come first. These needs must be positively and proactively met. TxDMV works for and with its customers and stakeholders, not the other way around.

6.1.1.2. Operating the agency's licensing and registration functions in a manner akin to how a private, for-profit business. As a private, for-profit business, TxDMV would have to listen to its customers and stakeholders and implement best practices to meet their needs or its services would no longer be profitable or necessary. Act and react in a manner that understands how to perform without a government safety net and going out of business.

6.1.1.3. Simplify the production and distribution processes and ease of doing business with the TxDMV. Adapting and maintaining a business value of continuous improvement is central to TxDMV operations and processes.

6.1.1.4. All operations of the TxDMV shall stand on their own merits operationally and financially. If a current process does not make sense then TxDMV shall work within legislative and legal constraints to redesign or discard it. If a current process does not make or save money for the state and/or its customers or stakeholders then TxDMV shall work within legislative and legal constraints to redesign or discard it. TxDMV shall operate as efficiently and effective as possible in terms of financial and personnel needs. Divisions should focus on cost savings without sacrificing performance. Division directors are accountable for meeting these needs and applicable measures. All division directors are collectively responsible for the performance of TxDMV as a whole.

6.1.1.5. Focus on revenue generation for transportation needs as well as the needs of its customers.

6.1.1.6. Decisions regarding the TxDMV divisions should be based on the overriding business need of each division to meet or provide a specific service demand, with the understanding and coordination of overarching agency-wide needs.

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6.1.1.7. Developing and regularly updating a long-range Statewide Plan describing total system needs, establishing overarching statewide goals, and ensuring progress toward those goals.

6.1.1.8. The TxDMV shall establish a transparent, well-defined, and understandable system of project management within the TxDMV that integrates project milestones, forecasts, and priorities.

6.1.1.9. The TxDMV shall develop detailed work programs driven by milestones for major projects and other statewide goals for all TxDMV divisions.

6.1.1.10. The TxDMV, with input from stakeholders and policymakers, shall measure and report on progress in meeting goals and milestones for major projects and other statewide goals.

6.2. GOAL 2 – Optimized Services and Innovation

The TxDMV shall be an innovative, forward thinking agency that looks for ways to promote the economic well-being and development of the industries it serves as well as the State of Texas within the legislative boundaries that have been established for the agency.

6.2.1. Key Objective 1

The TxDMV shall achieve operational, cultural, structural and financial independence from other state agencies.

6.2.1.1. Build the TxDMV identity. This means that TxDMV shall make customers aware of what services we offer and how they can take advantage of those services.

6.2.1.2. Build the TxDMV brand. This means that TxDMV shall reach out to the stakeholders, industries we serve and the public, being proactive in addressing and anticipating their needs.

6.2.1.3. Determine immediate, future, and long term facility and capital needs. TxDMV needs its own stand-alone facility and IT system as soon as possible. In connection with these needs, TxDMV shall identify efficient and effective ways to pay for them without unduly burdening either the state, its customers or stakeholders.

6.2.1.4. All regulations, enforcement actions and decision at TxDMV shall be made in a timely, fair and predictable manner.

6.2.2. Key Objective 2

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Provide continuous education training on business trends in the industry with a particular emphasis on activities in Texas.

6.2.3. Key Objective 3

Provide continuous outreach services to all customers and stakeholders to access their respective needs and wants. This includes helping frame legislative or regulatory issues for consideration by other bodies including the legislature.

6.2.4. Key Objective 4

Examine all fees to determine their individual worth and reasonableness of amount. No fee shall be charged that cannot be defended financially and operationally.

6.3. GOAL 3 – Customer-centric

The TxDMV shall be a customer-centric agency that delivers today's services and decisions in a positive, solution-seeking manner while ensuring continuous, consistent and meaningful public and stakeholder involvement in shaping the TxDMV of tomorrow.

6.3.1. Key Objective 1

The TxDMV shall seek to serve its customer base through a creative and retail oriented approach to support the needs of its industries and customers.

6.3.2. Key Objective 2

The TxDMV shall develop and implement a public involvement policy that guides and encourages meaningful public involvement efforts agency-wide.

6.3.3. Key Objective 3

The TxDMV shall develop standard procedures for documenting, tracking, and analyzing customer complaint data. Successful problem resolution metrics should be monitored to support continuous improvement activities that shall permanently improve customer facing processes.

6.3.4. Key Objective 4

The TxDMV shall provide a formal process for staff with similar responsibilities to share best practices information.

6.3.5. Key Objective 5

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The TxDMV shall provide central coordination of the Department's outreach campaigns.

6.3.6. <u>Key Objective 6</u>

The TxDMV shall develop and expand user friendly, convenient, and efficient website applications.

6.3.7. <u>Key Objective 7</u>

TxDMV shall timely meet all legislative requests and mandates.

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Agency Operational Boundaries as Defined by
Department Policies of the TxDMV Board (Board)

The Board is responsible for the policy direction of the agency. The Board's official connection to the day-to-day operation of the Texas Department of Motor Vehicles (TxDMV) and the conduct of its business is through the Executive Director of the TxDMV (ED) who is appointed by the Board and serves at its pleasure. The authority and accountability for the day-to-day operations of the agency and all members of the staff, except those members who report directly to the Board, is the sole responsibility of the ED.

In accordance with its policy-making authority the Board has established the following policy boundaries for the agency. The intent of the boundaries is not to limit the ability of the ED and agency staff to manage the day-to-day operations of the agency. To the contrary, the intent of the boundaries is to more clearly define the roles and responsibilities of the Board and the ED so as to liberate the staff from any uncertainty as to limitations on their authority to act in the best interest of the agency. The ED and staff should have certainty that they can operate on a daily basis as they see fit without having to worry about prior Board consultation or subsequent Board reversal of their acts.

The ED and all agency employees shall act at all times in an exemplary manner consistent with the responsibilities and expectations vested in their positions. The ED and all agency employees shall act in a manner consistent with Board policies as well as with those practices, activities, decisions, and organizational circumstances that are legal, prudent, and ethical. It is the responsibility of the ED to ensure that all agency employees adhere to these boundaries.

Accordingly, the TxDMV boundaries are as follows:

1. The day-to-day operations of the agency should be conducted in a manner consistent with the vision, mission, values, strategic framework, and performance metrics as established by the Board. These elements must not be disregarded or jeopardized in any way.

2. A team-oriented approach must be followed on all enterprise-wide decisions to ensure openness and transparency both internally and externally.

3. The agency must guard against allowing any financial conditions and decision which risk adverse fiscal consequences, compromise Board financial priorities, or fail to

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show an acceptable level of foresight as related to the needs and benefits of agency initiatives.

4. The agency must provide timely, accurate, and honest information that will afford the Board, public, stakeholders, executive branch and the legislature the best ability to evaluate all sides of an issue or opportunity before forming an opinion or taking action on it. Any information provided that is intentionally untimely, inaccurate, misleading or one-sided will not be tolerated.

5. The agency must take all reasonable care to avoid or identify in a timely manner all conflicts of interest or even the appearance of impropriety in awarding purchases, negotiating contracts or in hiring employees.

6. The agency must maintain adequate administrative policies and procedures that are understandable and aid in staff recruitment, development and retention.

7. The agency must maintain an organizational structure that develops and promotes the program areas from an enterprise-wide perspective. No organizational silos or sub-agencies will be allowed. We are the TxDMV.

8. The agency must empower its entire staff to deliver a positive customer experience to every TxDMV customer, stakeholder or vendor to reduce their effort and make it easier for them to do business with the TxDMV.

9. The agency must at all times look to flattening its organizational structure to reduce cost as technology advances allow.

10. Agency staff shall anticipate and resolve all issues timely.

11. The agency must maximize the deployment and utilization of all of its assets – people, processes and capital equipment – in order to fully succeed.

12. The agency must not waste the goodwill and respect of our customers, stakeholders, executive branch and legislature. All communication shall be proper, honest, and transparent with timely follow-up when appropriate.

13. The agency should focus its work efforts to create value, make sure that processes, programs, or projects are properly designed, budgeted and vetted as appropriate with outside stakeholders to ensure our assumptions are correct so positive value continues to be created by the actions of the TxDMV.

14. The ED through his or her staff is responsible for the ongoing monitoring of all program and fiscal authorities and providing information to the Board to keep it apprised of all program progress and fiscal activities. This self-assessment must result in a product that adequately describes the accomplishment of all program

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goals, objectives and outcomes as well as proposals to correct any identified problems.

15. In advance of all policy decisions that the Board is expected to make, the ED will provide pertinent information and ensure board members understand issues/matters related to the pending policy decision. Additionally, the ED or designee will develop a process for planning activities to be performed leading up to that particular policy decision and the timeframe for conducting these planning activities. It is imperative that the planning process describes not only when Board consideration will be expected but also when prior Board consultation and involvement in each planning activity will occur.

16. In seeking clarification on informational items Board members may directly approach the ED or his or her designee to obtain information to supplement, upgrade or enhance their knowledge and improve the Board's decision-making. Any Board member requests that require substantive work should come to the Board or Committee Chairs for direction.

17. The agency must seek stakeholder input as appropriate on matters that might affect them prior to public presentation of same to the Board.

18. The agency must measure results, track progress, and report out timely and consistently.

19. The ED and staff shall have the courage to admit a mistake or failure.

20. The ED and staff shall celebrate successes!

The Board expects the ED to work with agency staff to develop their written interpretation of each of the boundaries. The ED will then present this written interpretation to the Board prior to discussion between the Board and ED on the interpretation. The Board reserves the right to accept, reject or modify any interpretation. The intent is that the Board and the ED will come to a mutually agreeable interpretation of agency boundaries that will then form the basis of additional written thought on the part of the ED and staff as to how these boundaries will influence the actions of the agency.

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Performance Driven	Effective and efficient services	1	Average processing time for new franchise license applications	45 days	35 days		MVD
		2	Average processing time for franchise renewals	11 days	5 days		MVD
		3	Average processing time of franchise license amendments	20 days	8 days		MVD
		4	Average processing time for new Dealer's General Distinguishing Number (GDN) license applications	35 days	17 days		MVD
		5	Average processing time for GDN renewals	14 days	7 days		MVD
		6	Average processing time for GDN license amendments	19 days	7 days		MVD
		7	Average turnaround time for single-trip routed permits	33.88 mins	32 mins		MCD
		8	Average turnaround time for intrastate authority application processing	1.47 days	1.4 days		MCD
		9	Average turnaround time for apportioned registration renewal applications processing	2 days	2 days		MCD
		10	Average turnaround time to issue salvage or non-repairable vehicle titles	5 days	4 days		VTR
		11	Average time to complete motor vehicle complaints with no contested case proceeding	131 days	120 days		ENF
		12	Average time to complete motor vehicle complaints with contested case proceeding	434 days	400 days		ENF
		13	Average time to complete salvage complaints with no contested case proceeding	131 days	120 days		ENF
		14	Average time to complete salvage complaints with contested case proceeding	434 days	400 days		ENF
		15	Average time to complete motor carrier complaints with no contested case proceeding	297 days	145 days		ENF
		16	Average time to complete motor carrier complaints with contested case proceeding	133 days	120 days		ENF
		17	Average time to complete household goods complaints with no contested case proceeding	432 days	145 days		ENF
		18	Average time to complete household goods complaints with contested case proceeding	371 days	180 days		ENF
		19	Average time to complete Oversize/Overweight (OS/OW) complaints with no contested case proceeding	40 days	35 days		ENF
		20	Average time to complete OS/OW complaints with contested case proceeding	265 days	250 days		ENF
		21	Percent of lemon law cases resolved prior to referral for hearing	76%	60%		ENF
		22	Average time to complete lemon law cases where no hearing is held	147 days	65 days		ENF
		23	Average time to complete lemon law cases where hearing is held	222 days	150 days		ENF
		24	Percent of total renewals and net cost of registration renewal: A. Online B. Mail C. In Person	A. 15% B. 5% C. 80%	A. 16% B. 5% C. 79%		VTR
		25	Total dealer title applications: A. Through Webdealer B. Tax Office	Baseline in development	A. 5% B. 95%		VTR

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Optimized Services and Innovation		26	Percent of total lien titles issued: A. Electronic Lien Title B. Standard Lien Title	A. 16% B. 84%	A. 20% B. 80%		VTR
		27	Percent of total OS/OW permits: A. Online (self-issued) B. Online (MCD-issued) C. Phone D. Mail E. Fax	A. 57.47% B. 23.03% C. 11.33% D. 1.76% E. 6.4%	A. 58% or greater B. 25% or greater C. 10% or less D. 1.7% or less E. 5.3% or less		MCD
		28	Average time to complete lemon law and warranty performance cases after referral	Baseline in development	25 days		OAH
		29	Average time to issue a decision after closing the record of hearing	Baseline in development	30 days		OAH
	Implement appropriate best practices	30	Percent of audit recommendations implemented	Baseline in development	90% annual goal for these recommendations which Internal Audit included in a follow-up audit		IAD
	Continuous business process improvement and realignment	31	Percent of projects approved by the agency's governance team that finish within originally estimated time (annual)	57%	100%		EPMO
		32	Percent of projects approved by the agency's governance team that finish within originally estimated budget (annual)	71%	100%		EPMO/ FAS
		33	Percent of monitoring reports submitted to Texas Quality Assurance Team (TXQAT) by or before the due date	79%	100%		EPMO
		34	Percent of project manager compliance with EPMO project management standards based upon internal quality assurance reviews	Baseline in development	100%		EPMO
	Executive ownership and accountability for results	35	Percent of employees due a performance evaluation during the month that were completed on time by division.	Baseline in development	100%		HR
		36	Percent of goals accomplished as stated in the directors performance evaluation	Baseline in development	Measure annually at the end of the fiscal year		EXEC
	Organizational culture of continuous improvement and creativity	37	Employees who rate job satisfaction as above average as scored by the Survey of Employee Engagement (SEE)	3.47 (SEE 2012)	3.65	3.60 (SEE 2013)	HR
		38	Increase in the overall SEE score	337 (SEE 2012)	360	351 (SEE 2013)	HR
	Focus on the internal customer	39	Percent of favorable responses from customer satisfaction surveys	Baseline in development	90%		EPMO
		40	Annual agency voluntary turnover rate	6.5% (FY 2013)	5.0%		HR
	Increase transparency with external customers	41	Number of education programs conducted and number of stakeholders/customers attending education programs	4.48/80.61	4/80		MCD
		42	Number of education programs conducted and number of stakeholders/customers attending education programs	36/335	42/390		VTR
		43	Number of eLearning training modules available online through the Learning Management System and number of modules completed by stakeholders/customers	eLearning Modules Available - 28 Completed - 735	Available - 31 Completed - 814		VTR

GOAL	STRATEGY	#	MEASURE	Baseline	Target	Actual	OWNER
Customer Centric		44	Number of Shows and Exhibits attended to educate stakeholders/customers about TxDMV services and programs	6	7		MVD
		45	Number of education programs conducted and number of stakeholders/customers attending education programs	3/250	3/250		ENF
		46	Number of education programs conducted and number of stakeholders/customers attending education programs	3/150	4/300		ABTPA
		47	Percent of customers and stakeholders who express above average satisfaction with communications to and from TxDMV	Baseline in development	80%		All Divisions
	Excellent Service Delivery	48	Average hold time	9 min	9 min		CRD
		49	Abandoned call rate	22%	20%		CRD
		50	Average hold time	Baseline in development	1 min		ITS
		51	Abandoned call rate	Baseline in development	5%		ITS
		52	Average hold time	Credentialing -1.6 minutes Permits - 2.08 minutes CFS - 54.38 seconds	Credentialing - 1.5 minutes Permits - 2 minutes CFS - 50 seconds		MCD
		53	Abandoned call rate	Credentialing - 7% Permits - 6.42% CFS - 5.63%	Credentialing - 6% Permits - 5% CFS - 5%		MCD

Key:	Critical	Off Target	On target	Not yet started

Vision: The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.

Mission: To serve, protect, and advance the citizens and industries in the state with quality motor vehicle related services.

Philosophy: The Texas Department of Motor Vehicles is customer-focused and performance driven. We are dedicated to providing services in an efficient, effective and progressive manner as good stewards of state resources. With feedback from our customers, stakeholders and employees, we work to continuously improve our operations, increase customer satisfaction and provide a consumer friendly atmosphere.

Values: We at the Texas Department of Motor Vehicles are committed to: **TEXAS-T**ransparency, **E**fficiency, E**X**cellence**, A**ccountability, and **S**takeholders.