



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.



# TxDMV Board Meeting

9:00 a.m.

Thursday, December 8, 2022

**AGENDA**  
**BOARD MEETING**  
**TEXAS DEPARTMENT OF MOTOR VEHICLES**  
**4000 JACKSON AVE., BUILDING 1, LONE STAR ROOM**  
**AUSTIN, TEXAS 78731**  
**THURSDAY, DECEMBER 8, 2022**  
**9:00 A.M.**

Link to December 8, 2022, TxDMV Board Meeting Documents:  
<https://www.txdmv.gov/about-us/txdmv-board-meetings>

All agenda items are subject to possible discussion, questions, consideration, and action by the Board of the Texas Department of Motor Vehicles (Board). Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Board. Presentations may be made by the identified staff, Board member, or other personnel as needed. The Board reserves the right to discuss any items in closed session where authorized by the Open Meetings Act.

PAGE

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

**2. Pledges of Allegiance - U.S. and Texas**

**3. Chair's Reports - Chairman Bacarisse**

- A. [Proposed 2023 Board Meeting Schedule](#)
- B. Wynne Unit License Plate Manufacturing Facility Tour

**4. Executive Director's Reports - Daniel Avitia**

- A. [Introduction of Vehicle Titles and Registration \(VTR\) Division Director Annette Quintero](#)
- B. [Introduction of Office of Administrative Hearings \(OAH\) Director Bennie Brown](#)
- C. [Introduction of Houston Regional Service Center \(RSC\) Manager Esteban Sanchez](#)
- D. [Introduction of Motor Vehicle Crime Prevention Authority \(MVCPA\) Director Joe Canady](#)
- E. [Temporary Tag Redesign Deployment](#)
- F. [V.G. Young School for Tax Assessor-Collectors \(Conference\) Update](#)
- G. [Awards, Recognition of Years of Service, and Announcements](#)

**5. Human Resources Director's Report - Cynthia Mendoza (BRIEFING ONLY)**  
[State Employee Charitable Campaign \(SECC\) Update](#)

**RULE ADOPTIONS**

- 6. Chapter 217. Vehicle Titles and Registration - Jimmy Archer (ACTION ITEM)**  
**Amendments, §§217.54, 217.55, 217.184**  
[\(Relating to SB 1064, Extended Registration of Certain County Fleet](#)

[Vehicles](#)*(Published 8/26/22 - 47 TexReg 5091)*

7. **Chapter 215. Motor Vehicle Distribution** – Monique Johnston (ACTION ITEM)  
**Amendments, §215.133 and §215.140**  
(Relating to Licensing Requirements for Applicants for and Holders of a Dealer General Distinguishing Number (GDN) under Transportation Code Chapter 503)  
*(Published 10/28/22 - 47 TexReg 7256)*

**RULE PROPOSALS**

- 37 8. **Chapter 206. Management** - David Richards (ACTION ITEM)  
**Amendments, §§206.94 - 206.97**  
**Repeal, §206.98**  
[\(Relating to Advisory Committees\)](#)

**BRIEFING AND ACTION ITEMS**

- 46 9. [Specialty Plate Designs](#) - Patricia Ueckert (ACTION ITEM)  
A. Austin FC - New design proposed under Transportation Code §504.851
- 49 10. **Finance and Audit**  
[Internal Audit Division Status Update: Internal and External Engagements, including webDEALER Advisory Service and the State Auditor's Office Audit](#) - Salem Chuah (BRIEFING ONLY)
- 108 11. **Projects and Operations Committee Update – Committee Chair John Prewitt** (BRIEFING ONLY)  
125 A. [Camp Hubbard Renewal Project Update](#)  
B. [Technology Projects](#) - Wendy Barron (BRIEFING ONLY)  
i. Registration and Title System (RTS)  
- Tax Assessor-Collectors (TAC) T1 Upgrade  
- TAC Workstation Refresh  
- Texas by Texas (TxT)  
- RTS Batch Cycle  
- Credit Cards in the Regional Service Centers  
- RTS Performance Stabilization  
ii. webDEALER  
- Statewide webDEALER Adoption (SWA) Phase II  
- webSALVAGE  
- Temp Tag Redesign  
iii. Motor Carrier Projects  
- Motor Carrier Credentialing System (MCCS) Rewrite  
- Texas International Registration Plan (TxIRP) System Upgrade  
iv. Call Center Upgrade

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- v. Project Prioritization  
C. TxDMV IMPACT Mentorship Program

**CLOSED SESSION**

- 12. 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, including briefing, discussion and deliberation regarding the webDEALER Advisory Service and the State Auditor's Office Audit regarding Temporary Tags:**

**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;
- any item on this agenda or
- *Lucid Group USA, Inc. vs. Monique Johnston, in her official capacity as Director of the Motor Vehicle Division of the Texas Department of Motor Vehicles, et al.*; Case No. 1:22-cv-01116; in the United States District Court for the Western District of Texas, Austin Division

**Section 551.074** - Personnel matters.

- Discussion relating to the appointment, employment, evaluation, reassignment, duties, discipline, and dismissal of personnel.

**Section 551.076** - Deliberation Regarding Security Devices or Security Audits.

- the deployment, or specific occasions for implementation, of security personnel or devices; or
- a security audit.

**Section 551.089** - Deliberation Regarding Security Devices or Security Audits.

- security assessments or deployments relating to information resources technology;
- network security information as described by Government Code Section 2059.055(b); or
- the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

- 13. Action Items from Closed Session**

- 14. Public Comment**

- 15. Adjournment**

The Board will allow an open comment period to receive public comment on any



agenda item or other matter that is under the jurisdiction of the Board. 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, Board members may respond in accordance with Government Code §551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

If you would like to comment on any agenda item (including an open comment under the agenda item for Public Comment), you must complete a speaker's form at the registration table prior to the agenda item being taken up by the Board or send an email to [GCO\\_General@txdmv.gov](mailto:GCO_General@txdmv.gov) to register by providing the required information prior to the agenda item being taken up by the Board:

1. a completed [Public Comment Registration Form](#); or
2. the following information:
  - a. the agenda item you wish to comment on;
  - b. your name;
  - c. your address (optional), including your city, state, and zip code; and
  - d. who you are representing.

Public comment will only be accepted in person. Each speaker will be limited to three minutes, and time allotted to one speaker may not be reassigned to another speaker.

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 David Richards by telephone at (512) 465-1423.

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

CERTIFYING OFFICIAL: Elizabeth Brown Fore, General Counsel, (512) 465-5665.

## Proposed 2023 Committee and Board Meeting Dates

Hold dates for full Board Meetings are second Thursdays of February, April, June, August, October and December; and at the call of the Board Chair. Call to Order is 9:00 a.m., unless otherwise updated. Availability and quorum will be confirmed with all board members. See legend below.

January						
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## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**

**BRIEFING ITEM**

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**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Executive Director  
**Agenda Item:** 4.A  
**Subject:** Introduction of Vehicle Titles and Registration (VTR) Division Director Annette Quintero

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### RECOMMENDATION

Briefing Only.

### PURPOSE AND EXECUTIVE SUMMARY

TxDMV would like to proudly announce the selection of the new Vehicle Titles and Registration (VTR) Division Director, Annette Quintero. We respectfully request that the Board members join us in welcoming Annette Quintero to TxDMV.

### FINANCIAL IMPACT

N/A

### BACKGROUND AND DISCUSSION

Annette joins our team with more than 19 years of public service and has served in various leadership positions with increasing responsibility for 15 years, which includes serving on the executive management team with the Office of Attorney General for 6 years. Her management experience includes serving as a Field Services Manager, Director of Communications, and Deputy Director of Program Innovation and Communications. Annette's experience also includes leading the creation and implementation of statewide initiatives, projects, operational improvements, strategy development, and outcomes.

Annette has extensive experience with legislative affairs and has worked closely with legislative offices. Annette has also worked closely with numerous stakeholders at the state and national levels, and has served in various national workgroups, presenting training modules and best practices at state and national conferences.

Annette earned a Bachelor of Business Administration in Business Administration and Management from Texas State University. She is an adoring mother of her two boys, Noah (6) and Alex (3), and enjoys spending time with her family, hiking, outdoor picnics, movie night, and great food.

Annette brings excellent professional experience, a demonstrated focus on building stakeholder relationships, and a positive attitude.

Annette assumed her new role on November 14, 2022. We are confident that Annette will help build on the past successes and future endeavors of TxDMV and VTR. Please welcome Annette to the TxDMV family.



## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**

**BRIEFING ITEM**

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**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Executive Director  
**Agenda Item:** 4.B  
**Subject:** Introduction of Office of Administrative Hearings (OAH) Director Bennie Brown

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### RECOMMENDATION

Briefing Only.

### PURPOSE AND EXECUTIVE SUMMARY

TxDMV would like to proudly announce the selection of the new Office of Administrative Hearings (OAH) Director, Bennie Brown. We respectfully request that the Board members join us in welcoming Bennie Brown to TxDMV.

### FINANCIAL IMPACT

N/A

### BACKGROUND AND DISCUSSION

Ms. Bennie Brown serves as the Chief Hearings Officer with the Office of Administrative Hearings for the Texas Department of Motor Vehicles (TxDMV). She is a licensed attorney and certified mediator. She is a native Texan and has served the people and the State of Texas for more than two decades. She has extensive experience in administrative law. Prior to joining the TxDMV, she served as an Administrative Law Judge with the State Office of Administrative Hearings for 12 years. She presided over thousands of contested hearings involving the suspension and revocation of state licenses as well as cases involving civil penalties and monetary sanctions. Prior to her service as Administrative Law Judge, she was a prosecutor for the Texas Department of Public Safety. She represented the Department in its Administrative License Revocation program and Concealed Handgun License program. She also managed the appeals for the Houston Region and created an appellate training manual.

She received her bachelor's degree from the University of Houston and her juris doctorate from the University of Texas School of Law.

**Texas Department of Motor Vehicles**

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**  
**BRIEFING ITEM**

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**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Executive Director  
**Agenda Item:** 4.C  
**Subject:** Introduction of Houston Regional Service Center (RSC) Manager Esteban Sanchez

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**RECOMMENDATION**

Briefing Only.

**PURPOSE AND EXECUTIVE SUMMARY**

The Vehicle Titles and Registration (VTR) Division has selected Esteban Sanchez as the new Houston Regional Service Center (RSC) Manager.

**FINANCIAL IMPACT**

N/A

**BACKGROUND AND DISCUSSION**

Esteban (Steve) Sanchez joined TxDMV in November 2017 as a Customer Service Representative III at the El Paso Regional Service Center (RSC). In August of 2021, Steve was promoted to Customer Service Representative IV. In April of 2022, Steve was promoted to Operations Branch Manager II in the Fort Worth RSC.

Steve's public service career includes 4 years of prior county employment and a total of 8 years of management experience. His work experience also includes two retail management positions prior to working for El Paso County.

In his capacity as Fort Worth RSC Manager, Steve has demonstrated patience, consideration, and empathy and has earned the trust of the Fort Worth Regional Service Center (FWRSC) staff. He has identified inefficiencies, created a structured training plan for the office, and worked closely with his team to create a strong and cohesive team. Steve has focused on developing and measuring metrics in his office to provide the stakeholders of Texas with a more efficient and customer-centric experience. Steve's attention to detail, training, and mentorship has created a stronger, more efficient, and well-rounded team.

Steve will assume his new role on December 1, 2022. VTR is confident that Steve's positive attitude and optimistic outlook will continue in his new management role at the Houston RSC.

**Texas Department of Motor Vehicles**

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**  
**BRIEFING ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Executive Director  
**Agenda Item:** 4.D  
**Subject:** Introduction of Motor Vehicle Crime Prevention Authority (MVCPA) Director Joe Canady

**RECOMMENDATION**

Briefing Only.

**PURPOSE AND EXECUTIVE SUMMARY**

TxDMV would like to proudly announce the selection of Joe Canady as the new Motor Vehicle Crime Prevention Authority (MVCPA) Director.

**FINANCIAL IMPACT**

N/A

**BACKGROUND AND DISCUSSION**

Joe Canady has an extensive background in public service with nearly 34 years of prior law enforcement experience with an emphasis on motor vehicle theft and law enforcement command. His previous assignments as an investigator and ascension to a commander of the Burnet County Sheriff's Office Auto Theft Taskforce created a passion for motor vehicle theft investigations. Joe has served in various law enforcement leadership positions including as a Lieutenant in the Criminal Investigations Division, Captain of Investigations, Chief Deputy of Operations, and Business Jail Administrator. Joe's commitment to vehicle theft investigations and crime reduction positioned him to serve as the President of the Texas Association of Vehicle Theft Investigators and the Vice President of the International Association of Auto Theft Investigators.

Joe is a certified Texas Commission on Law Enforcement Instructor, holds a TCOLE Master Jailer Certification, is a TCOLE Master Peace Officer, and has provided training to countless law enforcement professionals. Joe has served as a board member for many non-profit organizations and committees on the local, state, and international levels.

Most recently, Joe served as the MVCPA Law Enforcement Coordinator responsible for managing law enforcement grants, the development of training materials for task force investigators, coordination with other trainers to administer training to law enforcement, and the management of a Virtual Command Center that offers a secure platform for the sharing of intelligence and critical information for officers to combat vehicle-related crimes and improve officer safety.

Joe served as the interim Director of the Motor Vehicle Crime Prevention Authority (MVCPA) Division for the Texas Department of Motor Vehicles (TxDMV). In his new position, he continues to work with the authority to reduce motor vehicle crimes by providing grants and training to law enforcement agencies. TxDMV enthusiastically welcomes Joe Canady to this new position where he will without doubt continue to serve Texas in efforts to reduce motor vehicle crime.



## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**  
**BRIEFING ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Executive Director  
**Agenda Item:** 4.E  
**Subject:** Temporary Tag Redesign Deployment

### RECOMMENDATION

Briefing Only.

### PURPOSE AND EXECUTIVE SUMMARY

TxDMV has been working internally and collaborating with external stakeholders to develop a more secure temporary tag design that supports the needs of both law enforcement and dealers. This agenda item provides a brief overview of TxDMV's process and strategy for creating, evaluating, and implementing the temporary tag redesign.

### FINANCIAL IMPACT

N/A

### BACKGROUND AND DISCUSSION

In our continued efforts to reduce and prevent the fraudulent use of department systems and processes, a newly designed temporary buyer tag will be released on December 9, 2022. The existing temporary buyer tag has been used since 2018, and TxDMV is rebranding the look and building on the security components to combat and reduce future temporary tag abuse and the production of counterfeit tags.

In addition to the department's internal review of procedures and programming, an analysis of the existing temporary buyer tag was conducted to identify available security enhancements. Numerous security features were evaluated or researched by the team, and TxDMV staff created a strategy for the deployment of those with the highest and most secure use in a redesigned temporary tag.

As part of the process, TxDMV called for cross-divisional participation within the department to collectively design, evaluate, and strategize deployment and communication plans for the project. A communication plan was developed that identified key audiences and stakeholders such as legislators, the public, tax assessor-collectors, and law enforcement to notify them of the temporary tag redesign release date, functionality, and goals of the project.

Features of the new temp tag redesign include:

- Texas flag watermark.
- Enhanced depiction of tag expiration date, vehicle year and make, and name of issuing dealer.
- Identification of the specific type of tag issued.
- Font selection and size that maximize readability of primary components.
- Active and passive security features identifiable by law enforcement.

- Numerous pieces of embedded data and text, linked to law enforcement databases, that can be created only by internal TxDMV computer systems.



*Note: Certain security elements of the temporary tag depicted above have been modified so they cannot be digitally replicated.*



**Texas Department of Motor Vehicles**

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**Board Meeting Date: 12/8/2022****BRIEFING ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Executive Director  
**Agenda Item:** 4.F  
**Subject:** V.G. Young School for Tax Assessor-Collectors (Conference) Update

**RECOMMENDATION**

Briefing Only.

**PURPOSE AND EXECUTIVE SUMMARY**

Deputy Executive Directors Roland D. Luna, Sr. and Shelly Mellott attended the V.G. Young School for Tax Assessor-Collectors Conference on November 29 – December 1. Various TxDMV staff from the Consumer Relations Division (CRD), Enforcement Division (ENF), Government and Strategic Communications Division (GSC), Information Technology Services Division (ITSD), and Vehicle Titles and Registration Division (VTR) were also in attendance.

The V.G. Young School for Tax Assessor-Collectors Conference offers a platform for county tax assessor-collectors and their staff to expand their knowledge with presentations and information from leading agencies, topic experts, and vendors.

**FINANCIAL IMPACT**

N/A

**BACKGROUND AND DISCUSSION**

TxDMV staff provided training and collaboration opportunities throughout the conference, shared information, and answered questions during the roundtables and at the exhibition booth. VTR staff participated in a webDEALER roundtable, provided updates on projects, and discussed processes and other technological concerns. The Enforcement Division also provided a presentation on title fraud.

Deputy Executive Director Roland D. Luna, Sr. provided a TxDMV update and overview during the conference general session. The overview included items related to the upcoming legislative session, personnel recognition, project updates, and the introduction of new VTR Division Director Annette Quintero. Mr. Luna's remarks also highlighted some of the department's major ongoing initiatives and plans to enhance agency operations. The department briefed attendees on the department's Legislative Appropriations Request (LAR) for the Registration and Title System (RTS) replacement, Regional Service Center (RSC) expansion, and increase in Full-Time Equivalents (FTE). The department also addressed its process changes that were implemented over the past year, improvements to temporary tags, and legislative outreach.

Conference attendees and TxDMV staff networked and engaged in collaborative discussions, which confidently built on the ongoing partnerships between TxDMV and tax assessor-collectors and their staff.



## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**  
**BRIEFING ITEM**

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**To:** Texas Department of Motor Vehicles Board  
**From:** Daniel Avitia, Executive Director  
**Agenda Item:** 4.G  
**Subject:** Executive Director's Report – Awards, Recognition of Years of Service, and Announcements

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### RECOMMENDATION

Briefing Only. Board Chair and members offer congratulations to employees receiving recognition for an award, reaching a state service milestone, or retirement.

### PURPOSE AND EXECUTIVE SUMMARY

The Executive Director announces the name of individuals who retired from the agency and recognizes employees who have reached a state service milestone of 20 years and every five-year increment thereafter. Recognition at the December 8, 2022, Board Meeting for state service awards and retirements include:

- Jeanna Gordon – Enforcement Division reached 20 years of state service.
- Steve Harper – Finance and Administrative Services Division reached 20 years of state service.
- Melissa Altman – Vehicle Titles and Registration Division reached 25 years of state service.

The following individual recently retired from the agency:

- Delisa Dedeaux – Motor Carrier Division reached 23 years of state service

### FINANCIAL IMPACT

No financial impact.

### BACKGROUND AND DISCUSSION

No additional background and discussion.

**Texas Department of Motor Vehicles**

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**Board Meeting Date: 12/8/2022****BRIEFING ITEM**

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**To:** Texas Department of Motor Vehicles Board  
**From:** Cynthia Mendoza, Human Resources Division Director  
**Agenda Item:** 5  
**Subject:** Human Resources Director's Report – State Employee Charitable Campaign (SECC) Update

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**RECOMMENDATION**

Briefing Only.

**PURPOSE AND EXECUTIVE SUMMARY**

The annual State Employee Charitable Campaign (SECC) ran from September 1 - October 31, 2022.

The SECC is an annual event in which state employees have the opportunity to donate to over 1,000 different charities to help fellow Texans. Participation is voluntary.

**FINANCIAL IMPACT**

Agency fundraising activities included a Bake Sale, Gift Basket Raffle, and a Halloween Contest.

Our agency goal was \$2,500 and we raised \$3,506.

We donated the funds equally to the following charities St. Jude's Children Hospital, Lonestar Circle of Care, and Assistance to Domestic Victims of Human Trafficking.

**BACKGROUND AND DISCUSSION**

We are proud of our voluntary employee participation and exceeding our 2022 annual goal.



## Texas Department of Motor Vehicles

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**Board Meeting Date: 12/8/2022**  
**ACTION ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Jimmy Archer, Motor Carrier Division Director  
**Agenda Item:** 6  
**Subject:** **Chapter 217, Vehicle Titles and Registration Amendments, §§217.54, 217.55, & 217.184**  
(Relating to SB 1064, Extended Registration of Certain County Fleet Vehicles)  
(Published 8/26/22 - 47 *TexReg* 5091)

### **RECOMMENDATION**

Action Item. Adopt amendments to §§217.54, 217.55, and 217.184 and approve publication of adoption in the *Texas Register*.

### **PURPOSE AND EXECUTIVE SUMMARY**

The purpose of the amendments to §§217.54, 217.55, and 217.184 is to implement Senate Bill 1064, 87th Legislature, Regular Session (2021), concerning the extended registration of an exempt county fleet and to update the rules to reflect current practices.

### **FINANCIAL IMPACT**

The department has determined that in the first five years the amendments will be in effect, there will be a one-time cost of approximately \$250,000 to program the department's automated systems. This amount was appropriated to the department. There will be no significant fiscal impact to the state or local governments as a result of the enforcement or administration of the amendments. There will be no additional costs to the department, and the amendments will have no impact on revenue collections.

### **BACKGROUND AND DISCUSSION**

Senate Bill 1064 added Transportation Code §502.0025, allowing an exempt county fleet to be registered for an extended period of not less than one year or more than eight years. An "exempt county fleet" is a group of two or more nonapportioned motor vehicles, semitrailers, or trailers that is owned by and used exclusively in the service of a county with a population of 3.3 million or more. Amendments to §217.55 and §217.184 address exempt county fleets to ensure rules provide the policies and procedures to implement the new program. Amended §217.55(e) establishes the requirements regarding exempt county fleets, including the penalty associated with failing to maintain compliance with Transportation Code §502.0025, the rules adopted under that section, and vehicle inspection requirements. Amendments to §217.54 and §217.55 make updates and conforming changes to the current commercial fleet registration rule and exempt registration rule.

### **COMMENTS**

The amendments were published for comment in the August 26, 2022, issue of the *Texas Register*. The comment period closed on September 26, 2022.

The department received one comment from the Lubbock County Tax Assessor-Collector. The comment is attached. The department does not recommend any changes to the rule text in response to the comment.

TITLE 43. TRANSPORTATION  
Part 10. Texas Department of Motor Vehicles  
Chapter 217. Vehicle Titles and Registration

Adopted Sections  
Page 1 of 5

1                                   **ADOPTION OF**

2                                   **SUBCHAPTER B. MOTOR VEHICLE REGISTRATION**

3                                   **43 TAC §217.54 and §217.55**

4                                   **SUBCHAPTER I. FEES**

5                                   **43 TAC §217.184**

6   **INTRODUCTION.** The Texas Department of Motor Vehicles (department) adopts amendments to 43 TAC  
7   §§217.54, 217.55, and 217.184, concerning the registration of vehicles as part of certain county fleets.  
8   The department adopts §§217.54, 217.55, and 217.184 without changes to the proposed text as published  
9   in the August 26, 2022, issue of the *Texas Register* (47 TexReg 5091). The rules will not be republished.

10 **REASONED JUSTIFICATION.** The amendments to §§217.54, 217.55, and 217.184 are necessary to  
11 implement new Transportation Code §502.0025 and amended §502.453, which authorize registration of  
12 an exempt county fleet for an extended period, under Senate Bill 1064 (SB 1064), 87th Legislature, Regular  
13 Session (2021).

14 Transportation Code §502.0025 defines an "exempt county fleet" as a group of two or more  
15 nonapportioned motor vehicles, semitrailers, or trailers that is owned by and used exclusively in the  
16 service of a county with a population of 3.3 million or more. Currently only Harris County is eligible to  
17 register vehicles under an exempt county fleet as defined by §502.0025. Amendments to §§217.54,  
18 217.55, and 217.184 incorporate the new statutory definition of exempt county fleets into existing  
19 commercial fleet and exempt registration rules to implement extended registration requirements in SB  
20 1064.

21 SB 1064 directs the department to establish rules regarding the suspension of the county fleet's  
22 registration if the owner fails to comply with Transportation Code §502.0025 or rules adopted under that

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1 section and to enforce inspection requirements. Amendments to §217.55(e) establish the penalty  
2 associated with failing to maintain compliance with Transportation Code §502.0025.

3 Nonsubstantive amendments also remove obsolete terms and conform the rules to current practices.

4 **Section 217.54(e), (f), and (i)(6)(B).** The amendments to §217.54(e), (f), and (i)(6)(B) replace the term  
5 "insignia" with "metal fleet license plate" and "registration receipt" to conform with current department  
6 operations. Fleet license plates and registration receipts are issued to commercial fleet registrants rather  
7 than registration insignia, under Transportation Code §502.0023.

8 **Section 217.54(e)(2)-(3).** The amendments remove §217.54(e)(2)-(3) as those requirements apply only to  
9 insignia, making them unnecessary when insignia are not used. The amendments also renumber existing  
10 §217.54(e)(4)-(5) accordingly.

11 **Section 217.54(f)(2), (f)(3), and (i)(6)(B).** The amendments to Section 217.54(f)(2), (f)(3), and (i)(6)(B) add  
12 the option of providing the department with acceptable proof that the metal fleet license plates have  
13 been destroyed when the registered vehicle has been removed from the fleet or when the registration  
14 has been canceled.

15 **Section §217.55(a)(2)(A)(iii) and (a)(C).** The amendment to §217.55(a)(2)(A)(iii) changes the manner in  
16 which an application for exempt registration provides the required statement "that the vehicle is owned  
17 or under the control of and will be operated by the exempt agency." The amendment requires the  
18 statement to be a certification instead of an affidavit. A similar amendment was made to §217.55(a)(C) to  
19 require a statement to be a certification, rather than an affidavit. These amendments conform the rule to  
20 the department's current practices.

21 **Section §217.55(a)(3)(D).** The amendment to §217.55(a)(3)(D) removes the reference to an exempt plate  
22 being marked with a replacement year because license plates no longer have an assigned replacement  
23 interval. Also, the remaining language in §217.55(a)(3)(D) was moved to §217.55(a)(2)(F) because the

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1 applicants for these vehicles will receive a standard exempt license plate for the vehicle if the application  
2 is approved.

3 **Section 217.55(e).** New §217.55(e) implements the extended registration allowed under Transportation  
4 Code §502.0025, including the following: (1) requirements regarding the suspension of an exempt county  
5 fleet's registration for failure to comply with the law or adopted rules; and (2) the method to enforce the  
6 inspection requirements under Transportation Code Chapter 548 for motor vehicles, semitrailers, and  
7 trailers registered under §217.55(e).

8 **Section 217.55(e).** New §217.55(e) allows an exempt county fleet to be registered for annual increments  
9 of up to eight years and requires that a registered vehicle be titled, unless exempt by statute from titling.

10 **Section 217.55(e)(1)-(4).** New §217.55(e)(1)-(4) establish application requirements and requirements  
11 related to registration receipts and exempt fleet license plates.

12 **Section 217.55(e)(5).** New §217.55(e)(5) establishes requirements related to adding or removing a vehicle  
13 from an exempt county fleet.

14 **Section 217.55(e)(6).** New §217.55(e)(6) establishes procedures for paying the state's portion of the  
15 vehicle inspection fee.

16 **Section 217.55(e)(7).** New §217.55(e)(7) allows for the cancellation of a registration for noncompliance  
17 with the exempt fleet statutes and rules or with inspection requirements under Transportation Code  
18 Chapter 548. New §217.55(e)(7) also prohibits a vehicle with canceled registration from operating on a  
19 public highway.

20 **Section 217.55(e)(8)-(9).** New §217.55(e)(8)-(9) establish procedures for reinstating a canceled  
21 registration and for requesting a replacement license plate.

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**Section 217.184(3).** The amendment to §217.184(3) specifies that exempt county fleets are excluded from the processing and handling fee requirements under §217.183. The amendment is necessary to implement SB 1064's amendments to Transportation Code §502.453.

**SUMMARY OF COMMENTS.**

The department received one written comment on the proposal from the Lubbock County Tax Assessor-Collector.

**Comment:**

A commenter asked how a tax assessor-collector can replace a plate, in relation to amended §217.54(e)(1) and amended §217.55(c)(1). The commenter implied that the two paragraphs are related.

**Response.**

The paragraphs that the commenter expresses concern with appear in two separate sections of rules and are not related to each other. Section 217.54 relates to the extended commercial fleet program. Amended §217.54(e)(1) replaced the term "insignia" with "metal fleet license plate" and "registration receipt" to conform with current department operations. Fleet license plates and registration receipts are issued to commercial fleet registrants rather than registration insignia, under Transportation Code §502.0023. Section 217.55 relates to exempt vehicles. Amended §217.55(c)(1) contains nonsubstantive amendments to conform the rules to current practices. The amendments do not add a new requirement. No change has been made in response to this comment.

**STATUTORY AUTHORITY.** The department adopts amendments to §§217.54, 217.55, and 217.184 under Transportation Code §§502.0021, 502.0023, 502.0025, and 1002.001.

-- Transportation Code §502.0021 authorizes the department to adopt rules to administer Transportation Code Chapter 502.



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1           -- Transportation Code §502.0023 requires the department to adopt rules to implement extended  
2 registration of commercial fleet vehicles.

3           -- Transportation Code §502.0025 requires the department to adopt rules to implement extended  
4 registration of certain county fleet vehicles.

5           -- Transportation Code §1002.001 authorizes the board to adopt rules that are necessary and  
6 appropriate to implement the powers and the duties of the department.

7   **CROSS REFERENCE TO STATUTE.** Transportation Code §§502.0023, 502.0025, 502.1911, and 502.453.

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ADOPTION OF

SUBCHAPTER B. MOTOR VEHICLE REGISTRATION

43 TAC §217.54 and §217.55

SUBCHAPTER I. FEES

43 TAC §217.184

TEXT.

Subchapter B. Motor Vehicle Registration

43 TAC §217.54 and §217.55

§217.54. Registration of Fleet Vehicles.

(a) Scope. A registrant may consolidate the registration of multiple motor vehicles [~~including trailers and semitrailers,~~] in a fleet instead of registering each vehicle separately. A fleet may include trailers and semitrailers. Except as provided by §217.55 of this title (relating to Exempt and Alias Vehicle Registration), to consolidate registration, a registration must meet the requirements of this section. [This section prescribes the policies and procedures for fleet registration.]

(b) Eligibility. A fleet must meet the following requirements to be eligible for fleet registration.

(1) No fewer than 25 vehicles will be registered as a fleet;

(2) Vehicles may be registered in annual increments for up to eight years;

(3) All vehicles in a fleet must be owned by or leased to the same business entity;

(4) All vehicles must be vehicles that are not registered under the International Registration Plan; and

(5) Each vehicle must currently be titled in Texas or be issued a registration receipt, or the registrant must submit an application for a title or registration for each vehicle.

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(c) Application.

(1) Application for fleet registration must be in a form prescribed by the department. At a minimum the form will require:

(A) the full name and complete address of the registrant;

(B) a description of each vehicle in the fleet, which may include the vehicle's model year, make, model, vehicle identification number, document number, body style, gross weight, empty weight, and for a commercial vehicle, manufacturer's rated carrying capacity in tons;

(C) the existing license plate number, if any, assigned to each vehicle; and

(D) any other information that the department may require.

(2) The application must be accompanied by the following items:

(A) in the case of a leased vehicle, a certification that the vehicle is currently leased to the person to whom the fleet registration will be issued;

(B) registration fees prescribed by law for the entire registration period selected by the registrant;

(C) local fees or other fees prescribed by law and collected in conjunction with registering a vehicle for the entire registration period selected by the registrant;

(D) evidence of financial responsibility for each vehicle as required by Transportation Code, §502.046, unless otherwise exempted by law;

(E) annual proof of payment of Heavy Vehicle Use Tax;

(F) the state's portion of the vehicle inspection fee; and

(G) any other documents or fees required by law.

(d) Registration period.

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(1) The fleet owner will designate a single registration period for a fleet so the registration period for each vehicle will expire on the same date.

(2) The fleet registration period will begin on the first day of a calendar month and end on the last day of a calendar month.

(e) Registration receipt and fleet license plates ~~[Insignia]~~.

(1) As evidence of registration, the department will issue a registration receipt and one or two metal fleet license plates ~~[distinguishing insignia]~~ for each vehicle in a fleet.

(2) ~~[The insignia shall be included on the license plate and affixed to the vehicle.]~~

~~[(3) The insignia shall be attached to the rear license plate if the vehicle has no windshield.]~~

~~[(4)]~~ The registration receipt for each vehicle shall at all times be carried in that vehicle and be available to law enforcement personnel upon request.

~~[(3)]~~~~[(5)]~~ A registration receipt or fleet license plate ~~[Insignia]~~ may not be transferred between vehicles, owners, or registrants.

(f) Fleet composition.

(1) A registrant may add a vehicle to a fleet at any time during the registration period. An added vehicle will be given the same registration period as the fleet and will be issued one or two metal fleet license plates and a registration receipt ~~[insignia]~~.

(2) A registrant may remove a vehicle from a fleet at any time during the registration period. After a vehicle is removed from the fleet, the ~~[The]~~ fleet registrant shall either return the metal fleet license plates ~~[registration insignia]~~ for that vehicle to the department or provide the department with acceptable proof that the metal fleet license plates for that vehicle have been destroyed. ~~[at the time the vehicle is removed from the fleet.]~~ Credit for any vehicle removed from the fleet for the remaining full

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1 year increments can be applied to any vehicle added to the fleet or at the time of renewal. No refunds  
2 will be given if credit is not used or the account is closed.

3 (3) If the number of vehicles in an account falls below 25 during the registration period,  
4 fleet registration will remain in effect. If the number of vehicles in an account is below 25 at the end of  
5 the registration period, fleet registration will be canceled. In the event of cancellation, each vehicle shall  
6 be registered separately. The registrant shall immediately either return all metal fleet license plates to the  
7 department or provide the department with acceptable proof that the metal fleet license plates have  
8 been destroyed. ~~[registration insignia to the department.]~~

9 (g) Fees.

10 (1) When a fleet is first established, the department will charge a registration fee for each vehicle  
11 for the entire registration period selected. A currently registered vehicle, however, will be given credit for  
12 any remaining time on its separate registration.

13 (2) When a vehicle is added to an existing fleet, the department will charge a registration fee  
14 that is prorated based on the number of months of fleet registration remaining. If the vehicle is currently  
15 registered, this fee will be adjusted to provide credit for the number of months of separate registration  
16 remaining.

17 (3) When a vehicle is removed from fleet registration, it will be considered to be registered  
18 separately. The vehicle's separate registration will expire on the date that the fleet registration would  
19 have expired. The registrant must pay the statutory replacement fee to obtain regular registration insignia  
20 before the vehicle may be operated on a public highway.

21 (4) In addition to the registration fees prescribed by Transportation Code, Chapter 502, an owner  
22 registering a fleet under this section must pay a one-time fee of \$10 per motor vehicle, semitrailer, or  
23 trailer in the fleet. This fee is also due as follows:

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(A) for each vehicle added to the owner's existing fleet; and

(B) for each vehicle that a buyer registers as a fleet, even though the seller previously registered some or all of the vehicles as a fleet under this section.

(h) Payment. Payment will be made in the manner prescribed by the department.

(i) Cancellation.

(1) The department will cancel registration for non-payment and lack of proof of annual payment of the Heavy Vehicle Use Tax.

(2) The department may cancel registration on any fleet vehicle on the anniversary date of the registration if the fleet vehicle ~~that~~ is not in compliance with the inspection requirements under Transportation Code, Chapter 548 or the inspection requirements in the rules of ~~and~~ the Texas Department of Public Safety ~~[rules regarding inspection requirements on the anniversary date(s) of the registration]~~.

(3) A vehicle with a canceled ~~cancelled~~ registration may not be operated on a public highway.

(4) If the department cancels the registration of a vehicle under this subsection, the registrant can request the department to reinstate the registration by doing the following:

(A) complying with the requirements for which the department canceled ~~cancelled~~ the registration;

(B) providing the department with notice of compliance on a form prescribed by the department; and

(C) for a registration canceled ~~cancelled~~ under paragraph (2) of this subsection, paying an administrative fee in the amount of \$10.

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(5) A registrant is ~~[only]~~ eligible for reinstatement of the registration only within 90 calendar days of the department's notice of cancellation.

(6) If a registrant fails to timely reinstate the registration of a canceled ~~[cancelled]~~ vehicle registration under this section, the registrant:

(A) is not entitled to a credit or refund of any registration fees for the vehicle; and

(B) must immediately either return the metal fleet license plates to the department or provide the department with acceptable proof that the metal fleet license plates have been destroyed. ~~[registration insignia to the department.]~~

(j) Inspection fee. The registrant must pay the department by the deadline listed in the department's invoice for the state's portion of the vehicle inspection fee.

§217.55. Exempt and Alias Vehicle Registration.

(a) Exempt plate registration.

(1) Issuance. Pursuant to Transportation Code, §502.453 or §502.456, certain vehicles owned by and used exclusively in the service of a governmental agency, owned by a commercial transportation company and used exclusively for public school transportation services, designed and used for fire-fighting or owned by a volunteer fire department and used in the conduct of department business, privately owned and used in volunteer county marine law enforcement activities, used by law enforcement under an alias for covert criminal investigations, owned by units of the United States Coast Guard Auxiliary headquartered in Texas and used exclusively for conduct of United States Coast Guard or Coast Guard Auxiliary business and operations, or owned or leased by a non-profit emergency medical service provider are ~~[is]~~ exempt from payment of a registration fee and are ~~[is]~~ eligible for exempt plates.

(2) Application for exempt registration.

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(A) Application. An application for exempt plates shall be made to the county tax assessor-collector, shall be made on a form prescribed by the department, and shall contain the following information:

(i) vehicle description;

(ii) name of the exempt agency;

(iii) a certification ~~[an affidavit executed]~~ by an authorized person stating that the vehicle is owned or under the control of and will be operated by the exempt agency; and

(iv) a certification that each vehicle listed on the application has the name of the exempt agency printed on each side of the vehicle in letters that are at least two inches high or in an emblem that is at least 100 square inches in size and of a color sufficiently different from the body of the vehicle as to be clearly legible from a distance of 100 feet, unless the applicant complies with the requirements under this section for each vehicle that is exempt by law from the inscription requirements.

(B) Emergency medical service vehicle.

(i) The application for exempt registration must contain the vehicle description, the name of the emergency medical service provider, and a statement signed by an officer of the emergency medical service provider stating that the vehicle is used exclusively as an emergency response vehicle and qualifies for registration under Transportation Code, §502.456.

(ii) A copy of an emergency medical service provider license issued by the Department of State Health Services must accompany the application.

(C) Fire-fighting vehicle. The application for exempt registration of a fire-fighting vehicle or vehicle owned privately by a volunteer fire department and used exclusively in the conduct of department business must contain the vehicle description, including a description of any fire-fighting



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equipment mounted on the vehicle if the vehicle is a fire-fighting vehicle. The certification ~~[affidavit]~~ must be executed by the person who has the proper authority and shall state either:

(i) the vehicle is designed and used exclusively for fire-fighting; or

(ii) the vehicle is owned by a volunteer fire department and is used exclusively in the conduct of its business.

(D) County marine law enforcement vehicle. The application for exempt registration of a privately-owned vehicle used by a volunteer exclusively in county marine law enforcement activities, including rescue operations, under the direction of the sheriff's department must include a statement signed by a person having the authority to act for a sheriff's department verifying that fact.

(E) United States Coast Guard Auxiliary vehicle. The application for exempt registration of a vehicle owned by units of the United States Coast Guard Auxiliary headquartered in Texas and used exclusively for conduct of United States Coast Guard or Coast Guard Auxiliary business and operation, including search and rescue, emergency communications, and disaster operations, must include a statement by a person having authority to act for the United States Coast Guard Auxiliary that the vehicle or trailer is used exclusively in fulfillment of an authorized mission of the United States Coast Guard or Coast Guard Auxiliary, including search and rescue, emergency communications, or disaster operations.

(F) Motor vehicles owned and used by state-supported institutions. If the applicant is exempt from the inscription requirements under Education Code §51.932, the applicant must present a certification that each vehicle listed on the application is exempt from the inscription requirements under Education Code §51.932.

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(3) Exception. A vehicle may be exempt from payment of a registration fee, but display license plates other than exempt plates if the vehicle is not registered under subsection (b) of this section.

(A) If the applicant is a law enforcement office, the applicant must present a certification that each vehicle listed on the application will be dedicated to law enforcement activities.

(B) If the applicant is exempt from the inscription requirements under Transportation Code, §721.003, the applicant must present a certification that each vehicle listed on the application is exempt from inscription requirements under Transportation Code, §721.003. The applicant must also provide a citation to the section that exempts the vehicle.

(C) If the applicant is exempt from the inscription requirements under Transportation Code, §721.005 the applicant must present a certification that each vehicle listed on the application is exempt from inscription requirements under Transportation Code, §721.005. The applicant must also provide a copy of the order or ordinance that exempts the vehicle.

~~[(D) If the applicant is exempt from the inscription requirements under Education Code, §51.932, the applicant must present a certification that each vehicle listed on the application is exempt from the inscription requirements under Education Code, §51.932. Exempt plates will be marked with the replacement year.]~~

(b) Affidavit for issuance of exempt registration under an alias.

(1) On receipt of an affidavit for alias exempt registration, approved by the executive administrator of an exempt law enforcement agency, the department will issue alias exempt license plates for a vehicle and register the vehicle under an alias for the law enforcement agency's use in covert criminal investigations.

(2) The affidavit for alias exempt registration must be in a form prescribed by the director and must include the vehicle description, a sworn statement that the vehicle will be used in covert criminal

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1 investigations, and the signature of the executive administrator or the executive administrator's designee  
2 as provided in paragraph (3) of this subsection. The vehicle registration insignia of any vehicles no longer  
3 used in covert criminal investigations shall be surrendered immediately to the department.

4 (3) The executive administrator, by annually filing an authorization with the director, may  
5 appoint a staff designee to execute the affidavit. A new authorization must be filed when a new executive  
6 administrator takes office.

7 (4) The letter of authorization must contain a sworn statement delegating the authority  
8 to sign the affidavit to a designee, the name of the designee, and the name and the signature of the  
9 executive administrator.

10 (5) The affidavit for alias exempt registration must be accompanied by a title application  
11 under §217.103 of this title (relating to Restitution Liens). The application must contain the information  
12 required by the department to create the alias record of vehicle registration and title.

13 (c) Replacement of exempt registration.

14 (1) If a metal exempt ~~[an exempt metal]~~ license plate is lost, stolen, or mutilated, a  
15 properly executed application for metal exempt ~~[metal]~~ license plates must be submitted to the county  
16 tax assessor-collector.

17 (2) An application for replacement metal exempt ~~[metal]~~ license plates must contain the  
18 vehicle description, original license number, and the sworn statement that the license plates furnished  
19 for the vehicle have been lost, stolen, or mutilated and will not be used on any other vehicle.

20 (d) Title requirements. Unless exempted by statute, a vehicle must be titled at the time the  
21 exempt registration is issued.

22 (e) Extended Registration of County Fleet Vehicles.

23 (1) Subsections (a)(2), (a)(3)(B), and (c) of this section do not apply under this subsection.

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(2) The owner of the exempt county fleet must file a completed application for exempt county fleet registration on a form prescribed by the department, and shall contain the following information:

(A) vehicle description;

(B) name of the exempt agency;

(C) a certification by an authorized person stating that the vehicle is owned by and used exclusively in the service of the county;

(D) a certification that each vehicle listed on the application has the name of the exempt agency printed on each side of the vehicle in letters that are at least two inches high or in an emblem that is at least 100 square inches in size and of a color sufficiently different from the body of the vehicle as to be clearly legible from a distance of 100 feet, unless the applicant complies with the requirements under this section for each vehicle that is exempt by law from the inscription requirements; and

(E) designation of a single registration period for the fleet to ensure that the registration period for each vehicle will expire on the same last day of a calendar month.

(3) The application for exempt county fleet registration must be accompanied by the state's portion of the vehicle inspection fees.

(4) As evidence of registration, the department will issue a registration receipt and one or two metal exempt fleet license plates for each vehicle in the exempt county fleet. The registration receipt for each vehicle must be carried in that vehicle at all times and be made available to law enforcement personnel upon request. The registration receipt and exempt fleet license plates may not be transferred between vehicles, owners, or registrants.

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1                   (5) An owner may add or remove a vehicle from an exempt county fleet at any time during  
2 the registration period. An added vehicle will be given the same registration period as the other vehicles  
3 in the exempt county fleet and will be issued a registration receipt and one or two metal exempt fleet  
4 license plates. Upon the removal of a vehicle from the exempt county fleet, the owner of the vehicle shall  
5 dispose of the registration receipt and shall either return the metal exempt fleet license plates to the  
6 department or provide the department with acceptable proof that the metal exempt fleet license plates  
7 have been destroyed.

8                   (6) An owner must pay the department by the deadline listed in the department's invoice  
9 for the state's portion of the vehicle inspection fee. Payment shall be made in the manner prescribed by  
10 the department.

11                   (7) The department may cancel registration on an exempt county fleet or any vehicle in  
12 an exempt county fleet on the anniversary date of the registration if the vehicle is not in compliance with  
13 Transportation Code §502.0025, this subsection, the inspection requirements under Transportation Code  
14 Chapter 548, or the inspection requirements in the rules of the Texas Department of Public Safety. A  
15 vehicle with a canceled registration may not be operated on a public highway.

16                   (8) If the department cancels the registration of a vehicle in an exempt county fleet under  
17 subsection (e)(7) of this section, the owner may request that the department reinstate the registration.  
18 To request reinstatement, the owner must comply with the requirements that led the department to  
19 cancel the registration and must provide the department with notice of compliance on a form prescribed  
20 by the department. An owner is eligible for reinstatement of the registration of a vehicle in an exempt  
21 county fleet if the department receives the owner's request for reinstatement and proof of compliance  
22 no later than 90 calendar days after the date of the department's notice of cancellation. If the department

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does not timely receive an owner's request to reinstate the registration, the owner must immediately do the following:

(A) either return all metal exempt county fleet license plates to the department or provide the department with acceptable proof that the metal exempt county fleet license plates have been destroyed; and

(B) dispose of the registration receipt in a manner prescribed by the department.

(9) If a metal exempt county fleet license plate is lost, stolen, or mutilated, the owner may request a new metal exempt county fleet license plate from the department. The request must include the following:

(A) a certification that the previously issued metal exempt county fleet license plate furnished for the vehicle has been lost, stolen, or mutilated and that the new metal exempt county fleet license plate will not be used on any other vehicle;

(B) the vehicle description; and

(C) the original license plate number, if applicable.

**Subchapter I. Fees**

**43 TAC §217.184**

**§217.184. Exclusions.**

The following transactions are exempt from the processing and handling fee established by §217.183 of this title (relating to Fee Amount), but are subject to any applicable service charge set pursuant to Government Code, §2054.2591, Fees. The processing and handling fee may not be assessed or collected on the following transactions:

(1) a replacement registration sticker under Transportation Code, §502.060;

(2) a registration transfer under Transportation Code, §502.192;

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(3) an exempt registration under Transportation Code, §502.451 or §502.0025;

(4) a vehicle transit permit under Transportation Code, §502.492;

(5) a replacement license plate under Transportation Code, §504.007;

(6) a registration correction receipt, duplicate receipt, or inquiry receipt;

(7) an inspection fee receipt; or

(8) an exchange of license plate for which no registration fees are collected.

**CERTIFICATION.** The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Issued at Austin, Texas, on M DD, YYYY.

\_\_\_\_\_  
Elizabeth Brown Fore, General Counsel

**Ronnie Keister**

Lubbock County Tax Assessor-Collector  
916 Main Street, Suite 102  
PO Box 10536  
Lubbock, TX 79408-3536  
806.775.1344  
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September 26, 2022

Office of General Counsel  
Texas Department of Motor Vehicles  
4000 Jackson Avenue  
Austin, TX 78731

Via Email to: rules@txdmv.gov

SUBJECT: Response to TxDMV  
43 TAC § 217.54 and 217.55 – Motor Vehicle Registration  
43 TAC § 217.184 – Fees

TxDMV Board Members and Agency Leadership:

If the department issues a metal exempt license plate then how can the tax assessor-collector replace a lost, stolen, or mutilated plate?

6 (e) Registration receipt and fleet license plates ~~[Insignia]~~.

7 (1) As evidence of registration, the department will issue a registration receipt and one or

8 two metal fleet license plates ~~[distinguishing insignia]~~ for each vehicle in a fleet.

16 (1) If a metal exempt ~~[an exempt metal]~~ license plate is lost, stolen, or mutilated, a

17 properly executed application for metal exempt ~~[metal]~~ license plates must be submitted to the county

18 tax assessor-collector.

The concern listed needs to be addressed prior to the approval of this rule. Please call me if you have any additional questions.

Respectfully,

Ronnie Keister  
Tax Assessor-Collector





## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Board Meeting Date: 12/8/2022

**ACTION ITEM**

To: Texas Department of Motor Vehicles Board  
From: David Richards, Associate General Counsel  
Agenda Item: 8  
Subject: Chapter 206. Management  
Amendments, §§206.94 - 206.97  
Repeal, §206.98  
(Relating to Advisory Committees)

### RECOMMENDATION

Action Item. Approval to publish amendments and repeal in the *Texas Register* for public comment.

### PURPOSE AND EXECUTIVE SUMMARY

The purpose of the amendments and repeal is to: 1) extend the expiration dates of four advisory committees; and 2) to repeal the Customer Service Advisory Committee (CSAC) and combine it with the Consumer Protection Advisory Committee (CPAC) to maximize efficiencies and expertise concerning consumer protection and customer service topics. The combined advisory committee will be renamed the Customer Service and Protection Advisory Committee (CSPAC).

### FINANCIAL IMPACT

There will be no fiscal implications related to the proposed amendments and repeal.

### BACKGROUND AND DISCUSSION

The proposed amendments and repeal include:

- §206.94 – extends the expiration date of the Motor Vehicle Industry Regulation Advisory Committee (MVIRAC) to July 7, 2027.
- §206.95 – extends the expiration date of the Motor Carrier Regulation Advisory Committee (MCRAC) to July 7, 2027.
- §206.96 – extends the expiration date of the Vehicle Titles and Registration Advisory Committee (VTRAC) to July 7, 2027.
- §206.97 – extends the expiration date of CPAC to July 7, 2027, adds the scope of work that was performed by CSAC, and renames the combined advisory committee CSPAC.
- §206.98 – repeals CSAC.

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**PROPOSAL OF**

**CHAPTER 206. MANAGEMENT**

**SUBCHAPTER E. ADVISORY COMMITTEES**

**§§206.94-206.98**

**INTRODUCTION.** The Texas Department of Motor Vehicles (department) proposes amendments to 43 TAC §§206.94-206.97 concerning Advisory Committees. These amendments are necessary to extend the expiration date for four advisory committees, to expand the scope of the Consumer Protection Advisory Committee (CPAC) to include the scope from the Customer Service Advisory Committee (CSAC), and to rename the combined advisory committee as the Customer Service and Protection Advisory Committee (CSPAC). In conjunction with this proposal, the department is proposing the repeal of §206.98, concerning CSAC, which is also published in this issue of the *Texas Register*.

**EXPLANATION.**

Amend §206.94

An amendment to §206.94 extends the expiration date of the Motor Vehicle Industry Regulation Advisory Committee (MVIRAC) by four (4) years to July 7, 2027.

Amend §206.95

An amendment to §206.95 extends the expiration date of the Motor Carrier Regulation Advisory Committee (MCRAC) by four (4) years to July 7, 2027.

Amend §206.96

An amendment to §206.96 extends the expiration date of the Vehicle Titles and Registration Advisory Committee (VTRAC) by four (4) years to July 7, 2027.

Amend §206.97

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1 Amendments to §206.97 extend the expiration date of CPAC by four (4) years to July 7, 2027,  
2 expand the scope of CPAC to include the scope from CSAC due to the proposed repeal of §206.98, and  
3 renames the combined advisory committee as CSPAC.

4 The department created the current advisory committees to implement the Sunset Advisory  
5 Commission's recommendation number 1.7 from the Sunset Advisory Commission Staff Report with Final  
6 Results, Texas Department of Motor Vehicles, 2018-2019, 86<sup>th</sup> Legislature. Recommendation number 1.7  
7 directed the department to establish advisory committees to provide independent, external expertise for  
8 rulemaking and other issues. The Sunset Advisory Commission stated that having standing advisory  
9 committees would create more structure around the department's stakeholder input processes and a  
10 more inclusive, independent, and transparent process for vetting issues and developing rules. The  
11 department needs to extend the expiration date of its advisory committees so they are available to  
12 provide input on the department's rulemaking and policy development.

13 Repeal §206.98

14 The repeal of §206.98 is necessary because the specific work that CSAC was formed to undertake  
15 has been completed. Any future topics relating to improving and enhancing customer service by the  
16 department, including, but not limited to the following, can be addressed by CSPAC: infrastructure; new  
17 customer service initiatives; policy and process improvements; and technology. The repeal of §206.98 is  
18 also necessary to combine CSAC and CPAC into one advisory committee, the CSPAC. Combining CSAC and  
19 CPAC into one advisory committee will maximize the efficiencies and expertise concerning customer  
20 service and consumer protection topics.

21 **FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT.** Glenna Bowman, Chief Financial Officer,  
22 has determined that for each year of the first five years the amendments and repeal will be in effect, there  
23 will be no fiscal impact to state or local governments as a result of the enforcement or administration of

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1 the proposal. The department is prohibited from compensating its advisory committee members under  
2 Transportation Code §643.155(b) and §1001.031(e). The department does not reimburse advisory  
3 committee members for their expenses regarding their service on any advisory committees under  
4 §643.155, which prohibits reimbursement for advisory committee member expenses. The department  
5 does not currently reimburse advisory committee members for their expenses for their service on any  
6 advisory committees under §1001.031 because the department does not currently receive appropriations  
7 for the reimbursement under Government Code §2110.004. Elizabeth Brown Fore, General Counsel, has  
8 determined that there will be no measurable effect on local employment or the local economy as a result  
9 of the proposal.

10 **PUBLIC BENEFIT AND COST NOTE.** Anticipated Public Benefits. Ms. Fore has also determined that, for  
11 each year of the first five years the amendments and repeal are in effect, the public benefits anticipated  
12 as a result of enforcing or administering the proposal will be increased opportunities for stakeholders and  
13 the public to provide input into rulemaking and policy development by the department.

14 Anticipated Costs to Comply with the Proposal. Ms. Fore anticipates that there will be no costs to  
15 comply with the amendments and repeal because the amendments and repeal do not establish any  
16 additional requirements on regulated persons. Advisory committee members serve on a voluntary basis.

17 **ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS.** As required by Government  
18 Code §2006.002, the department has determined that the proposed amendments and repeal will not  
19 have an adverse economic effect on small businesses, micro-businesses, and rural communities because  
20 the amendments merely extend the advisory committee expiration dates four (4) more years. The  
21 proposed amendments and repeal do not require small business, micro businesses, or rural communities  
22 to comply. Therefore, the department is not required to prepare a regulatory flexibility analysis under  
23 Government Code §2006.002.

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1 **TAKINGS IMPACT ASSESSMENT.** The department has determined that no private real property interests  
2 are affected by the proposed amendments and repeal and that this proposal does not restrict or limit an  
3 owner's right to property that would otherwise exist in the absence of government action and, therefore,  
4 does not constitute a taking or require a takings impact assessment under the Government Code  
5 §2007.043.

6 **GOVERNMENT GROWTH IMPACT STATEMENT.** The department has determined that each year of the  
7 first five years the proposed new amendments and repeal are in effect, no government program would  
8 be created or eliminated. Implementation of the proposed new amendments and repeal would not  
9 require the creation of new employee positions or elimination of existing employee positions.  
10 Implementation would not require an increase or decrease in future legislative appropriations to the  
11 department or an increase or decrease of fees paid to the department. The proposed new amendments  
12 and repeal do not create a new regulation, or expand, limit, or repeal an existing regulation. Lastly, the  
13 proposed new amendments and repeal do not affect the number of individuals subject to the rule's  
14 applicability and will not affect this state's economy.

15 **REQUEST FOR PUBLIC COMMENT.**

16 If you want to comment on the proposal, submit your written comments by 5:00 p.m. CST on MM, DD,  
17 YYYY. A request for a public hearing must be sent separately from your written comments. Send written  
18 comments or hearing requests by email to *rules@txdmv.gov* or by mail to Office of General Counsel, Texas  
19 Department of Motor Vehicles, 4000 Jackson Avenue, Austin, Texas 78731. If a hearing is held, the  
20 department will consider written comments and public testimony presented at the hearing.

21 **STATUTORY AUTHORITY.** The department proposes amendments to §§206.94 - 206.97, and the repeal  
22 of §206.98 under Transportation Code §643.155 and §1002.001.

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- 1 Transportation Code §1002.001 authorizes the board to adopt rules that are necessary and appropriate
- 2 to implement the powers and the duties of the department. Transportation Code §643.155 authorizes the
- 3 department to adopt rules to govern the operations of the rules advisory committee under §643.155.
- 4 **CROSS REFERENCE TO STATUTE.**
- 5 Transportation Code §643.155 and §1001.0031; and Government Code §2110.005 and §2110.008.

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1 **TEXT.**

2 **Subchapter E. Advisory Committees**

3 **43 TAC §§206.94 - 206.98**

4 §206.94. Motor Vehicle Industry Regulation Advisory Committee (MVIRAC).

5 (a) The MVIRAC is created to make recommendations, as requested by the department and  
6 board, on topics related to regulation of the motor vehicle industry.

7 (b) The MVIRAC shall comply with the requirements of §206.93 of this title (relating to Advisory  
8 Committee Operations and Procedures).

9 (c) The MVIRAC shall expire on July 7, 2027 [2023].

10  
11 §206.95. Motor Carrier Regulation Advisory Committee (MCRAC).

12 (a) The MCRAC is created to make recommendations, as requested by the department and  
13 board, on topics related to motor carrier registration and motor carrier regulation.

14 (b) The MCRAC shall comply with the requirements of §206.93 of this title (relating to Advisory  
15 Committee Operations and Procedures).

16 (c) The MCRAC shall expire on July 7, 2027 [2023].

17  
18 §206.96. Vehicle Titles and Registration Advisory Committee (VTRAC).

19 (a) The VTRAC is created to make recommendations, as requested by the department and  
20 board, on topics related to vehicle titles and registration.

21 (b) The VTRAC shall comply with the requirements of §206.93 of this title (relating to Advisory  
22 Committee Operations and Procedures).

23 (c) The VTRAC shall expire on July 7, 2027 [2023].

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§206.97. Customer Service and [Consumer] Protection Advisory Committee (CSPAC) [(CPAC)].

(a) The CSPAC [CPAC] is created to make recommendations, as requested by the department and board, on the following:

(i) ~~on~~ investigation and enforcement issues, including: vehicle titles and registration fraud; lemon law; the warranty performance program; and various other topics affecting consumers; and

(ii) topics related to improving and enhancing customer service by the department, including, but not limited to the following: infrastructure; new customer service initiatives; policy and process improvements; and technology.

(b) The CSPAC [CPAC] shall comply with the requirements of §206.93 of this title (relating to Advisory Committee Operations and Procedures).

(c) The CSPAC [CPAC] shall expire on July 7, 2027 [2023].

~~[§206.98. Customer Service Advisory Committee (CSAC).]~~

~~[(a) The CSAC is created to make recommendations, as requested by the department and board, on topics related to improving and enhancing customer service by the department, including, but not limited to: infrastructure; new customer service initiatives; policy and process improvements; and technology.]~~

~~[(b) The CSAC shall comply with the requirements of §206.93 of this title (relating to Advisory Committee Operations and Procedures).]~~

~~[(c) The CSAC shall expire on July 7, 2023.]~~

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**CERTIFICATION.** The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on M DD, YYYY.

---

Elizabeth Brown Fore, General Counsel

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Exhibit B



## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**  
**ACTION ITEM**

To: Texas Department of Motor Vehicles Board  
From: Patricia Ueckert, Vehicle Titles and Registration Division Operations Section Director  
Agenda Item: 9  
Subject: Specialty Plate Designs

### RECOMMENDATION

Action Item. The Vehicle Titles and Registration Division seeks board approval or denial for one plate design submitted for your consideration. The plate design is from the marketing vendor, My Plates.

### PURPOSE AND EXECUTIVE SUMMARY

Austin FC is a new plate design.

### FINANCIAL IMPACT

Costs incurred by the department related to the My Plates program and an \$8 administrative fee per plate are recouped from the My Plates vendor. Revenue generated from the sale of vendor specialty license plates is split between the state (General Revenue Fund) and My Plates. The details of the revenue splits can be found in Section IV (State/Contractor Revenue Sharing) of the Specialty License Plate Marketing contract.

### BACKGROUND AND DISCUSSION

Statutory authority for the board to approve vendor specialty license plates and invite the public's comment on proposed vendor plate designs are in Texas Transportation Code §504.851(g) and (g-1) (1). Statutory authority for a sponsor of a specialty license plate under Texas Transportation Code Chapter 504, Subchapter J, to contract with the private vendor authorized under Texas Transportation Code §504.851 for the marketing and sale of the specialty license plate is in Texas Transportation Code §504.6011. Statutory authority for the board to approve non-profit organization specialty license plates and invite the public's comment on proposed plate designs are in Texas Transportation Code §504.801. The board's approval criteria are clarified in Texas Administrative Code §217.45 Specialty License Plates, Symbols, Tabs, and Other Devices, and §217.52 Marketing of Specialty License Plates through a Private Vendor.

The vendor contract (Statement of Work paragraph #2, Marketing Services) specifies that following the board's contingent approval of a plate, the vendor must get at least 200 commitments within six months of the approval for a plate to be produced (*existing* plates must also maintain 200 registrations to stay in the program). My Plates' procedure is to first offer a plate to the public to register their interest. Following the board's contingent approval, My Plates then offers a plate online for prepaid orders and confirms when 200 prepaid orders are achieved.

TxDMV's procedure is to invite comments on all proposed plates ahead of the board's review. The department's intent is to determine if there are any unforeseen public concerns about a plate design. The department publishes a 10-day



## Texas Department of Motor Vehicles

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“like/dislike/comment-by-email” survey, called an eVIEW, on its website. Although the survey counts the public’s “likes” and “dislikes,” it is unscientific and not used as an indicator of a plate’s popularity.

The plate design listed below was presented to the public in a November 2022 eVIEW. No negative comments were received. The count of the public’s “like/dislikes” are noted below with each design.

Austin FC	NEW	
1,552 people liked this design and 350 did not		

### Austin FC



# TEXAS SPECIALTY PLATE BUSINESS

Vehicle Titles and  
Registration Division  
Special Plates Unit (5FTEs) 11/22



VTR Director  
Annette Quintero

## DEC. 2022



COLLEGIATE REDESIGN



NEW MILITARY



NEW MILITARY



NEW CHARITY

# COMING IN THE NEW YEAR



VENDOR REDESIGN



VENDOR REDESIGN



VENDOR REDESIGN



VENDOR REDESIGN

## SPECIALTY PLATES HOLIDAY 2022 EDITION



**SLP AVAILABLE** **531**  
**MILITARY AND DV** **194**  
**RESTRICTED USE** **51**  
**STATE SPECIALTY** **148**  
**VENDOR SPECIALTY** **138**



CHARITY

	LINKED	UNLINKED	TOTAL
1. ANIMAL FRIENDLY	7,564	269	7,833
2. CONSERVATION: HORNED LIZARD	6,362	232	6,594
3. CONSERVATION: BLUEBONNET	4,648	207	4,855
4. STATE OF THE ARTS	4,627	188	4,815
5. CONSERVATION: WHITE-TAILED DEER	3,277	150	3,427
6. TEXAS A & M UNIVERSITY	2,282	54	2,336
7. BIG BEND NATIONAL PARK	2,045	116	2,161
8. CONSERVATION: HUMMINGBIRD	1,943	122	2,065
9. CONSERVATION: LARGE MOUTH BASS	1,930	135	2,065
10. CONSERVATION: CAMPING	1,914	105	2,019



VENDOR

1. CLASSIC BLACK	56,894	10,444	67,338
2. LARGE STAR WHITE/BLACK	40,479	7,175	47,654
3. TEXAS BLACK 1845	17,837	4,204	22,041
4. LONE STAR BLACK	13,899	3,145	17,044
5. CARBON FIBER	11,359	2,598	13,957
6. LONE STAR 1836	4,944	879	5,823
7. LONE STAR BLK/SILV	4,246	1,156	5,402
8. TEXAS VINTAGE BLACK	4,171	744	4,915
9. TEXAS A&M (MAROON)	4,119	613	4,732
10. WHITE	3,815	826	4,641



MILITARY

1. DISABLED VETERAN	208,359	8,033	216,392
2. DV U.S. ARMY	50,216	2,044	52,260
3. DV U.S. MARINE CORPS	27,172	994	28,166
4. DV U.S. AIR FORCE	22,494	782	23,276
5. DV U.S. NAVY	19,775	719	20,494
6. DV BRONZE STAR MEDAL	13,999	452	14,451
7. PURPLE HEART	13,539	367	13,906
8. MERITORIOUS SERVICE MEDAL	12,482	508	12,990
9. U.S. MARINE CORPS	12,442	516	12,958
10. U.S. ARMY	10,694	442	11,136

## SPECIAL PLATES UNIT CUSTOMER SERVICE STATISTICS FY 2023

<b>13,542</b>	<b>4,518</b>	<b>15</b>	<b>2,678</b>	<b>669</b>	<b>9</b>	<b>3,616</b>
Personalized Plate Applications Reviewed (95% Approved)	Telephone Calls	Walk-in Customers	Emails	Refunds	Public Information Open Records	Correspondence (Including Plate Applications)





## Texas Department of Motor Vehicles

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Board Meeting Date: 12/8/2022

BRIEFING ITEM

**To:** Texas Department of Motor Vehicles Board  
**From:** Salem Chuah, Internal Audit Division Director  
**Agenda Item:** 10  
**Subject:** Internal Audit Division Status Update: Internal and External Engagements, including webDEALER Advisory Service and the State Auditor's Office Audit

### RECOMMENDATION

Briefing Only.

### PURPOSE AND EXECUTIVE SUMMARY

This status update provides information on current Internal Audit Division (IAD) activities on fraud, waste, and abuse; internal engagements; and external engagements.

### FINANCIAL IMPACT

None.

### BACKGROUND AND DISCUSSION

#### ***Fraud, Waste, and Abuse***

From September 1, 2022 to November 15, 2022, IAD received 18 complaints. The complaints are from the State Auditor's Office and sources external to TxDMV. Of the 18 complaints, 2 are closed, 15 have been referred, and IAD is obtaining additional information for 1 remaining complaint.

IAD administered the fraud pulse survey consisting of 14 questions to Department employees in October 2022. The questions are in the categories ethics, reporting misconduct, accountability, and work performance. 375 (52 percent) of the 723 Department employees responded. Results are included on page 3.

#### ***Internal Engagements***

IAD is planning to conduct its FY2023 risk assessment for the second six months. IAD will engage with divisions in December and January to complete this process.

IAD completed four engagements: the Business Continuity Audit, Contract Development Audit, webDEALER Advisory, and the Internal Audit Quality Assurance and Improvement Program Review.

For the Business Continuity Audit, the objective was to determine whether the Department designed and implemented controls to ensure operational resilience in accordance with state requirements and best practices. There were two results and two recommendations:

- **Result #1:** The Department performs a comprehensive risk assessment but should standardize business process and business impact analysis as part of the continuity of operations planning process.

- **Result #2:** The Department should ensure that the Continuity of Operations Plan includes all required elements and establish a schedule for testing and maintenance tasks.

For the Contract Development Audit, the objective was to evaluate the Department's processes in place to ensure contracts are developed and reported in accordance with applicable requirements and to determine whether statements of work are well defined. There were three results with eight recommendations:

- **Result #1:** The Department established a Procurement and Contract Procedures Guide but should ensure that the Guide and contract templates are updated periodically to align with requirements.
- **Result #2:** The Department has well-defined Statements of Work and maintains contract files; however, it should better document all contract forms.
- **Result #3:** The Department performs a monthly reconciliation to ensure that certain contracts are reported; however, it should track all contracts to ensure proper reporting.

The webDEALER Advisory was completed by Weaver. The objective of this advisory was to identify system weaknesses, including management of user accounts and system logic and security. Opportunities for improvement were identified and grouped into categories of application security, application enhancements, change management, reporting and automation, and business processes. The Weaver team is here today and will go over additional details in closed session.

IAD completed its annual Internal Audit Quality Assurance Review. This review is conducted as part of the Quality Assurance and Improvement Program, which is required by auditing standards to be conducted every year. This internal review is in addition to the external assessment (peer review) that must be completed once every three years. The internal assessment found that for FY2022, IAD complied with all internal audit standards and maintained an overall Level 4 on the capability model.

### ***External Engagements***

The Comptroller of Public Accounts' desk audit on dual/multiple employment continues to be in-progress.

The State Auditor's Office (SAO) continues its audit on the Motor Vehicle Crime Prevention Authority's (MVCPA) grant processes and TxDMV's temporary tags. The objective on the latter remains the same: to evaluate TxDMV's processes and controls related to ensuring the appropriate production and use of temporary vehicle tags. Auditors from the SAO have requested information from the Information Technology Services Division and the Motor Vehicle Division for testing.

## FY2023 First Quarter\* Complaint Summary

18

Total Complaints



### Legend

● Closed    ● Referred    ● Under Investigation

\*Results are from September 1, 2022 through November 15, 2022 due to timing of Board materials

## Fraud Pulse Survey Results – October (Fall) 2022

Survey Question	%			#		
	Agree	Disagree	Unsure	Agree	Disagree	Unsure
Q1 I know how to report suspected unethical behavior and fraud.	94.7%	1.1%	4.3%	355	4	16
Q2 I understand how ethical guidance applies to me and the role I perform.	98.4%	0.3%	1.3%	369	1	5
Q3 I feel comfortable raising questions about ethics or potential fraudulent behavior with my supervisor/manager.	89.3%	4.8%	5.9%	335	18	22
Q4 I feel comfortable reporting wrongdoing, without fear of retaliation.	81.1%	7.7%	11.2%	304	29	42
Q5 I feel confident that if I reported unethical behavior or fraud, appropriate action would be taken.	72.5%	6.9%	20.5%	272	26	77
Q6 I DO NOT feel pressure to engage in unethical behavior or compromise my organization's code of ethics.	95.2%	2.9%	1.9%	357	11	7
Q7 I believe the same set of ethical standards is used in dealing with citizens, employees, dealers, and others.	81.9%	5.3%	12.8%	307	20	48
Q8 I feel that the work I do is accurately reported to management.	87.5%	4.0%	8.5%	328	15	32
Q9 My supervisor/manager acts in an honest and ethical way.	92.0%	2.1%	5.9%	345	8	22
Q10 Management takes action when there is inappropriate behavior.	74.7%	6.1%	19.2%	280	23	72
Q11 Senior leaders in my organization take responsibility, even if things go wrong.	70.9%	8.5%	20.5%	266	32	77
Q12 The performance targets in my work unit are realistic and obtainable.	78.9%	11.5%	9.6%	296	43	36
Q13 My organization focuses on doing the right thing.	89.3%	1.6%	9.1%	335	6	34
Q14 Please provide comments for any of the questions above.						



# Internal Audit Division Status

## Internal Engagements



### Planning

- FY2023 Risk Assessment (Second Six Months)



### Fieldwork

N/A



### Reporting

N/A



### Issued

- Business Continuity Audit
- Contract Development Audit
- webDEALER Advisory
- Quality Assurance Improvement Program

## External Engagements



### In-Progress

- CPA: Dual/Multiple Employment Desk Audit
- SAO: MVCPA Grant Processes and Temporary Tags



### Issued

N/A

#### Legend

CPA: Comptroller of Public Accounts

SAO: State Auditor's Office



**Texas Department  
*of* Motor Vehicles**  
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# Business Continuity Audit Report

## 22-06

Internal Audit Division  
November 2022



## Texas Department of Motor Vehicles

# Business Continuity Audit Report, 22-06

## Executive Summary

Continuity planning allows an organization to maintain operations during and after a disruptive event such as a natural disaster, pandemic, or terrorist attack. A Continuity of Operations Plan (Plan) is the roadmap that documents how an organization will perform operations during the disruption period. At the Texas Department of Motor Vehicles (TxDMV), this Plan is the responsibility of the Business Continuity Coordinator, who reports to the Chief Information Security Officer in the Information Technology Services Division.

The objective of the audit was to determine whether TxDMV has designed and implemented controls to ensure operational resilience in accordance with state requirements and best practices. The audit scope was March 2021 to August 2022.

### WHAT WE FOUND

The audit found that business continuity planning processes are at a Level 2 – Informal and Reactive. The function achieves its purpose with basic processes and activities that are not very organized or followed. The Internal Audit Division (IAD) issued two results:

- **Result #1:** The Department performs a comprehensive risk assessment but should standardize Business Process and Business Impact Analysis as part of the Continuity of Operations planning process
- **Result #2:** The Department should ensure that the Continuity of Operations Plan includes all required elements and establish a schedule for testing and maintenance tasks

### WHAT WE RECOMMEND

IAD made two **HIGH** priority recommendations to strengthen continuity planning processes:



Facilitate business process analysis in a systematic manner for all Department divisions.



Update the continuity multi-year strategic plan to ensure it addresses all elements and implement training so employees are aware of their roles.

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## Background

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Continuity planning allows an organization to maintain operations during and after a disruptive event such as a natural disaster, pandemic, or terrorist attack. Multiple plans and documents contribute to preparing for organizational resilience. These can include:

- Continuity of Operations Plan: a roadmap that documents how an organization will perform essential functions to maintain operations during a disruption;
- Occupant Emergency Plan/Facility Emergency Plan: procedures to safeguard life and property in and around a facility during emergencies (for example, evacuation protocols);
- Pandemic Plan: a strategy to mitigate illness and impact on staff while maintaining essential functions in a period of significant absenteeism; and
- Disaster Recovery Plan: steps to restore information systems following major disruptions that prevent access to primary facility infrastructure.

The Continuity of Operations Plan and the Disaster Recovery Plan (DRP) are related but not interchangeable. The Continuity of Operations Plan addresses business processes and operations. The DRP is specific to information systems (servers, applications, etc.) The systems covered by the DRP might be required for the operation of essential functions, making the DRP a component of the Continuity of Operations Plan.

Within the Texas Department of Motor Vehicles (TxDMV or Department), the Continuity of Operations Plan and the Disaster Recovery Plan are the responsibility of the Business Continuity Coordinator, who reports to the Chief Information Security Officer in the Information Technology Services Division. The Continuity of Operations Plan also includes a pandemic plan. Procedures related to on-site safety during an emergency are included in the Safety Manual, which is overseen by the Safety Officer within the Finance and Administrative Services Division.

The Department contracts with an outside vendor to oversee and administer the disaster recovery program. The contract is managed by the Department of Information Resources. Because these tasks are conducted outside TxDMV, this audit focuses on the Continuity of Operations Plan.

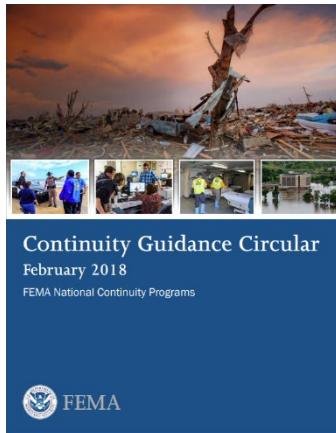
### Audit Engagement Team

The audit was performed by Naomi Marmell (Internal Audit Contractor), and Salem Chuah (Internal Audit Director).

## Audit Results

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### **Audit Result #1: The Department performs a comprehensive risk assessment but should standardize Business Process and Business Impact Analysis as part of the Continuity of Operations planning process**



The State Office of Risk Management requires state agencies to adhere to the continuity of operations standards set by the Federal Emergency Management Agency (FEMA) Continuity Guidance Circular (Circular). According to the Circular, organizations should conduct a risk assessment, a business process analysis, and a business impact analysis, with the end goal of identifying essential functions. This is a requirement prior to drafting a Continuity of Operations Plan (Plan), which ensures that processes are in place to prevent risks from disrupting the essential functions. While the Circular does not specify how each step should be completed, it includes a list of questions that each step should answer.

[The Department completed a comprehensive risk assessment; however, the Business Process Analysis and Business Impact Analysis should be completed in a systematic manner.](#)

The Plan includes a risk assessment, Business Process Analysis (BPA), and a Business Impact Analysis (BIA) as required. The risk assessment addressed all four questions included in the FEMA Circular: it identifies threats and hazards, describes the effect to the Department, estimates likelihood, and calculates overall risk.

However, the BPAs were inconsistent and incomplete, because divisions provided different information and did not answer all FEMA Circular questions. One division provided step-by-step instructions for multiple processes but did not identify inputs and outputs or necessary resources. Some divisions provided their own continuity plans rather than an assessment of their processes. Other divisions included inputs, outputs, and necessary resources but did not provide information on their processes and had no documents less than five years old.

The Circular states that performing a BPA should be approached systematically and with a focus on clearly describing the details regarding how each task and activity is performed. The Plan itself states that Business Process Analysis provide procedures detailed enough to enable another similarly trained individual, other than the person primarily responsible for the work, to follow them.

Also, the Business Impact Analysis groups function together so that specific functions and processes are indistinguishable. The Plan lists specific essential functions, but there is no documentation of how these functions were identified and prioritized. For example, the BIA groups divisions such as Enforcement, Hearings, and Internal Audit together and treats these

divisions all as equally essential, while the Plan only includes Enforcement and Hearings. Additionally, the BIA did not assess risk vulnerabilities at the function or process level, as required by the Circular.

The Business Continuity Coordinator (BCC) noted that there are no documented procedures for the review and maintenance of the Plan, including planning activities such as the BPAs and BIAs. There has been turnover in the BCC position, with the prior BCC serving from April 2021 through September 2022, as well as turnover in the Chief Information Security Officer position during this time.

As a result, the priorities in the Plan do not reflect the documentation contained within the BIA, and auditors cannot provide assurance that the mitigation plans directly address the risks specific to essential functions. Also, the BPA is intended to provide guidance in carrying out essential functions if usual personnel are not available. Without this guidance, these functions could be interrupted during a disaster.

### Recommendation

1. Establish and document procedures for the continuity planning process, including the use of Business Process Analysis templates for all Department divisions and incorporation into the Continuity of Operations Plan **(HIGH)**.




## Audit Result #2: The Department should ensure that the Continuity of Operations Plan includes all required elements and should establish a schedule for testing and maintenance tasks

In addition to the FEMA Circular, FEMA also publishes a Continuity Assessment Tool. This tool distills the requirements in the Circular into a set of elements that can be tested and evaluated. Each element is rated on a ten-point scale divided into three categories: red (zero to three points), yellow (four to seven points), and green (eight to ten points). The points reflect how fully an organization has achieved the element's objective. The Assessment Tool is composed of 66 elements, divided into three stages to match the organization of the Circular: Initiating, Building, and Maintaining. To avoid redundancy and facilitate communication of results, auditors narrowed the scope of testing to 36 elements and categorized them as:

- General content;
- Testing, training, and exercises; and
- Maintenance.

Auditors assigned each element a color value using the criteria in the Assessment Tool. Figure 1 below shows the number and rating of elements in each category. Appendix 3 outlines the elements that were tested.

Figure 1: Elements in Compliance with FEMA Circular

Category		Fully Compliant (Green; 8 to 10 points)	Partially Compliant (Yellow; 4 to 7 points)	Not Compliant (Red; 0 to 3 points)
	General (14 elements tested)	9	3	2
	Training and Testing (11 elements tested)	0	2	9
	Maintenance (11 elements tested)	3	6	2

### The Continuity of Operations Plan includes most of the required elements.

The Plan fully or partially incorporates 12 (86 percent) of the 14 general elements selected for testing from the FEMA Circular, such as procedures for activating the plan and resuming normal activities, an inventory of essential records, and orders of succession. The Plan does not discuss integrating critical external partners into the continuity planning process or the needs of staff with disabilities who might require accommodation if the plan were activated. Both of these elements could reduce the effectiveness of Plan activation: without input from external partners, the Department might not use mitigation strategies that meet stakeholder needs, and without an opportunity to request accommodations, some staff might not be able to assist in carrying out essential functions.



Due to the turnover and incomplete procedures mentioned previously, the Plan has not been reviewed and updated on schedule (see section below for more detail) and has not been checked against FEMA standards to ensure that all elements are addressed.

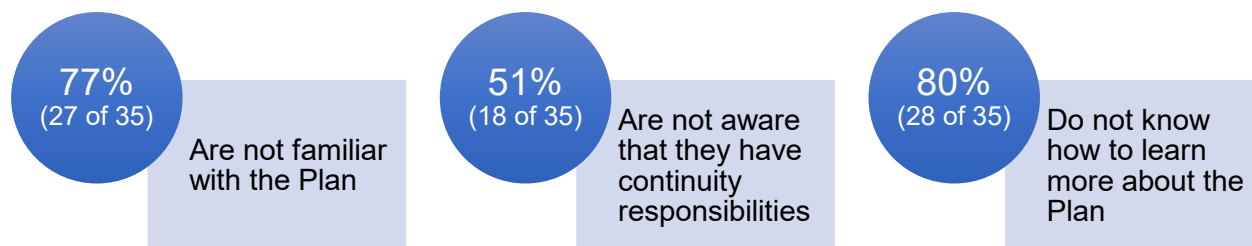
**The Department should conduct regular testing, training, and exercises.**

The Department has not been conducting testing, training, and exercises. System testing is not addressed in the Plan and has not been performed. This leaves the department open to the risk that critical systems might fail when activated.

While the Plan addresses training and exercises, these activities have not been conducted in the past few years. The State Office of Risk Management issued a letter in April 2022 clarifying that responding to an actual incident – such as the COVID-19 pandemic – could serve as a substitute for conducting preparedness exercises. However, state agencies resumed normal operations in June 2021, and exercises did not resume.

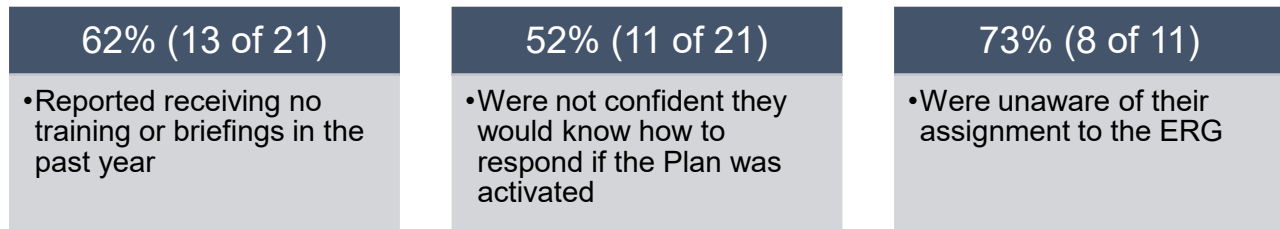
The Department does not include continuity awareness training in New Employee Orientation or as part of ongoing training requirements. As a result, staff are unaware of their roles and responsibilities regarding continuity of operations. Auditors surveyed a sample of Department staff and found that the majority of staff are not familiar with the Plan, are not aware that they have responsibilities under the Plan, and do not know how to learn more (see Figure 2 below).

Figure 2:



Some Department staff have specific continuity roles, as division points of contact (POC) and/or members of the Emergency Response Group (ERG). The ERG is responsible for setting up essential functions in a secondary location if an event occurs that renders the Camp Hubbard campus unusable. In a survey of all POC and ERG staff (based on the rosters in the current draft of the Plan), many reported receiving no training or briefings in the past year and said that they were not confident they would know how to respond if the Plan was activated. Moreover, respondents who were assigned to the ERG were unaware of this assignment (see Figure 3 below). While many staff can telecommute, some work is still required on site at Camp Hubbard that would need to be relocated in an emergency. If staff are unaware of their ERG responsibilities, this could delay the resumption of essential functions.

Figure 3:



FEMA requires regular testing of alert and notification systems, activation procedures, communications, and systems and equipment. FEMA standards also require that all staff receive basic continuity awareness training, and that training is provided for staff with specific continuity roles.

In addition to the turnover previously discussed, the Department has not kept up with these requirements because there is not an overarching strategic approach. The FEMA Circular requires a multi-year strategic plan for continuity planning, as well as performance metrics and continuous improvement activities (such as Corrective Action Programs or After-Action Reports following an exercise or incident). While the current draft of the Plan contains a multi-year strategic plan, it has not been kept up to date. It was not adjusted to reflect changes due to the pandemic and it has no entries beyond 2022.

[The Department should ensure that the Plan and all its supporting information is regularly reviewed and updated.](#)

The most recent finalized update to the Plan was August 2020. An updated draft was prepared in 2022 but has not yet been approved. Some of the information contained in the Appendices is out of date. For example, the Business Process Analysis and the delegation of authority both refer to the Enterprise Project Management Office, which was integrated into the Information Technology Services Division in 2019. Contact lists and role assignments included staff no longer with the Department, and a few staff responding to the continuity roles survey reported that their roles had changed but had not been updated in the Plan.

The FEMA Circular sets requirements for review frequency:

Plan Area	Monthly	Annually	Biennially
Role Assignments	X		
Orders of Succession / Delegation of Authority		X	
Review of Plan		X	
Planning documents (e.g., BPA)			X

The Plan with its appendices is intended to be a comprehensive guide for maintaining essential services during an incident. If information is out of date or does not reflect current operations,

essential functions might be disrupted. The multi-year strategic plan includes a review and update schedule, but as previously discussed the strategic plan is itself not up to date.

### Recommendation

2. Update the continuity multi-year strategic plan that provides for the maintenance and review of continuity plans **(HIGH)**. This should include:
  - a. Establishing a regular schedule for updating the Continuity of Operations Plan to ensure it addresses all required elements and is reflective of the Department's current environment; and
  - b. Conducting general training for Department employees and more specific training for those who are part of the Emergency Response Group.

## Appendix 1: Objective, Scope, Methodology, and Rating Information

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### Objective

To determine whether TxDMV has designed and implemented controls to ensure operational resilience in accordance with state requirements and best practices.

### Scope and Methodology

The scope of the audit included the second quarter of Fiscal Year 2021 through the end of Fiscal Year 2022. Information and documents reviewed in the audit included the following:

- Interviewed Business Continuity Coordinator
- Selected a random sample of ten percent of TxDMV staff (excluding upper management and staff with assigned continuity roles)
- Surveyed sample of 66 TxDMV employees
- Surveyed 32 employees assigned as divisional points of contact and/or members of the Emergency Response Group
- Reviewed information technology vendor contracts
- Reviewed Texas Labor Code 412.054
- Reviewed Federal Emergency Management Agency Continuity Guidance Circular and Assessment Tool
- Reviewed Department's Continuity of Operations Plan and Appendices and evaluated using the Circular and the Assessment Tool
- Reviewed National Institute of Standards and Technology Special Publication 800-34: Contingency Planning Guide for Federal Information Systems

The audit scope initially included both the Continuity of Operations Plan and the Disaster Recovery Plan. Auditors excluded the Disaster Recovery Plan after reviewing the responsibilities of the vendor selected to provide disaster recovery services for key Department information systems.

This audit was included in the FY2022 Second Six Month Internal Audit Plan. IAD 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. Those standards require that IAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. IAD believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives

## Report Distribution

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, and the State Auditor's Office.

## Ratings Information

### Maturity Assessment Rating Definition

IAD derived the maturity assessment ratings and definitions from the Control Objectives of Information and Related Technologies (COBIT) 5 IT Governance Framework and Maturity Model, the Enterprise Risk Management (ERM) Maturity Model, and the ISACA 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. The ratings and definitions are provided in Table 1.

Table 1. Maturity Assessment/Process Capability Rating Definitions

Rating	Name	Definition
<b>1</b>	Minimal	The function may have policies and procedures established for some activities but relies on intuition and handles issues on an ad-hoc basis.
<b>2</b>	Informal and Reactive	The function achieves its purpose with basic processes and activities that are not very organized or followed.
<b>3</b>	Established	The function achieves its purpose in an organized way, following established processes, but those processes may not be consistently followed or well communicated.
<b>4</b>	Predictable	The function fully achieves its purpose, is well-defined, and its performance is quantitatively measured. The function is fully integrated within the Department, the function has full resources to achieve business objectives, and policies and procedures are regularly improved.
<b>5</b>	Optimized	The function fully achieves its purpose, is well-defined, and its performance is quantitatively measured. There is continuous improvement that is pursued, and technology is heavily leveraged to automate workflow and improve quality and effectiveness of processes.

## Recommendation Rating Criteria

The IAD rates audit recommendation's priority (i.e., HIGH or LOW) to help the TxDMV Board and executive management identify the importance of the recommendation. The criteria for Low and High Priority are documented in Table 3.

Table 3. Recommendation Priority Criteria

Priority	Criteria
Low	<ul style="list-style-type: none"><li>• Requires only a written policy or procedure update</li><li>• Is within an acceptable range of risk tolerance for the Department</li><li>• A non-reoccurring or regulatory external audit issue</li></ul>
High	<ul style="list-style-type: none"><li>• Executive Management or Board Request</li><li>• Not within an acceptable range of the risk tolerance of the division</li><li>• New process had to be developed to address recommendations</li><li>• Regulatory impact or reoccurring issue</li></ul>

## Appendix 2: Survey Results

### General Staff Survey

35 responses were received for all questions.

Question 1: Which of the following most closely matches your understanding of what "continuity of operations" means?	Total	Percent
"Continuity of operations" is the system that ensures an organization can provide its essential services even after a major disruptive event like a natural disaster	21	60%
"Continuity of operations" is like succession planning, making sure that potential leaders are identified and trained so there's continuity of leadership when executives or other key staff leave the agency.	1	3%
"Continuity of operations" means having robust policies and procedures in place so that an organization can continue to operate effectively after a change in leadership.	10	29%
None of these is the definition of "continuity of operations"	0	0%
I don't know	3	9%

Question 2: I have received training about continuity of operations	Total	Percent
TRUE	4	11%
FALSE	12	34%
I don't know/I don't remember	19	54%

Question 3: My job has no role in continuity of operations.	Total	Percent
TRUE	5	14%
FALSE	17	49%
I don't know/I'm not sure	13	37%

Question 4: I am familiar with the Continuity of Operations Plan (COOP).	Total	Percent
TRUE	8	23%
FALSE	13	37%
I don't know/I'm not sure	14	40%

Question 5: I know how to find information about continuity of operations and the COOP.	Total	Percent
TRUE	7	20%
FALSE	13	37%
I don't know/I'm not sure	15	43%

Question 6: In your own words, please describe what continuity of operations means to you and what effect it has on your job at TxDMV.	Total	Percent
Correctly described continuity of operations and articulated the effect on their job	5	14%
Correctly described continuity of operations but did not describe an effect	12	34%
Incorrect understanding of continuity of operations	8	23%
I don't know/I'm not sure	7	20%
Blank/no answer	3	9%

### Assigned Roles Survey

21 responses were received for all questions.

Question 1: I am a:	Total	Percent
Continuity of operations Point of Contact for my division	10	48%
Member of the Emergency Response Group	1	5%
Both	4	19%
Neither	6	29%

Question 2: I have been in that role for:	Total	Percent
Less than six months	2	10%
Six months to two years	3	14%
Two to five years	3	14%
More than five years	9	43%
Not applicable because I am not in the Emergency Response Group nor am I a point of contact for my division	4	19%

Question 3: I have been informed of what my role is regarding continuity of operations	Total	Percent
TRUE	14	67%
FALSE	2	10%
I don't know/I'm not sure	5	24%

Question 4: I have, at any time, received training or briefings on my continuity of operations role (if any)	Total	Percent
TRUE	11	52%
FALSE	4	19%
I don't know/I don't remember/not applicable	6	29%



Question 5: I have received training or briefings on my continuity of operations role (if any) within the past year	Total	Percent
TRUE	8	38%
FALSE	10	48%
I don't know/I don't remember/not applicable	3	14%

Question 6: The Continuity of Operations Plan accurately identifies essential functions and personnel.	Total	Percent
TRUE	12	57%
FALSE	2	10%
I don't know/I'm not sure	7	33%

Question 7: The Continuity of Operations Plan is comprehensive and doesn't leave out anything we'd need to know in an emergency.	Total	Percent
TRUE	10	48%
FALSE	2	10%
I don't know/I'm not sure	9	43%

Question 8: I feel confident that I would know what to do if the Continuity of Operations Plan were activated	Total	Percent
TRUE	10	48%
FALSE	4	19%
I don't know/I'm not sure	7	33%

Question 9: In your own words, please give a general description of what your roles and responsibilities are regarding continuity of operations and the Continuity of Operations Plan	Total	Percent
Assist with operations	3	14%
Provide information	6	29%
Backup/not actively involved	3	14%
I don't know/I'm not sure	4	19%
Blank/no answer*	5	24%

\*"no answer" also includes responses that provided other information but did not directly answer the question

## Appendix 3: Continuity Assessment Tool

General	Assessment Element	Rating
	Has the organization integrated critical external partners into the continuity planning process?	Red
	Has the organization coordinated the continuity planning effort with other incident management, risk management, and preparedness planning efforts, such as the Occupant Emergency Plan, Emergency Operations Plan, Information Technology/Disaster Recovery, and pandemic plan?	Green
	Has the organization developed a comprehensive continuity plan?	Green
	Has the organization identified and planned for mitigation options to support the continuance of essential functions, such as identifying alternate sites, teleworking, developing devolution plans, or entering into mutual aid agreements?	Green
	Has the organization established and documented orders of succession to ensure an orderly and predefined transition of leadership?	Green
	Has the organization established and documented delegations of authority to make key decisions, conduct essential functions, and direct the organization?	Yellow
	Has the organization clearly explained the expectations, roles, and responsibilities for all personnel during a continuity plan activation?	Green
	Has the organization implemented a strategy to communicate the organization's operating status to all staff and with external stakeholders?	Green
	Has the organization implemented a process to account for all staff, including contractors, in the event of an emergency?	Yellow
	Has the organization ensured the needs of personnel with disabilities are considered during the continuity planning process?	Red

### Training Testing & Exercises

Has the organization provided guidance to employees on individual and community preparedness actions to ensure readiness during a continuity activation?	Yellow
Has the organization identified and inventoried essential records, including emergency operating records and legal and financial rights records?	Green
Has the organization developed a plan or procedures to activate your continuity plan?	Green
Has the organization developed a plan or procedures to recover from the effects of an emergency and transitioning back to normal operations after a continuity activation?	Green
Has the organization conducted testing of alert and notification procedures?	Red
Has the organization conducted testing of activation procedures?	Red
Has the organization conducted testing of accountability procedures?	Red
Has the organization conducted testing of the interoperable and available communications capabilities that support identified essential functions?	Red
Has the organization conducted testing of critical systems and equipment and strategies to meet associated recovery time objectives?	Red
Have all staff members completed continuity awareness training?	Red
Has the organization trained continuity personnel on continuity plans and strategies?	Yellow
Have continuity personnel participated in regular continuity training activities with other continuity programs (both internally and externally)?	Red
Has the organization regularly conducted organization-wide continuity exercises that include exercising of mitigation options that support the continuance of essential functions?	Yellow

## Maintenance

Has the organization conducted exercises of the reconstitution plan or procedures to exercise recovery from the effects of an emergency and transitioning back to normal operations after a continuity activation?	Red
Has the organization exercised with internal and external partners to coordinate continuity plans and programs?	Red
Has the organization developed a multi-year strategic plan to provide for the development, maintenance, and review of the continuity plan and program?	Green
Has the organization developed metrics or success criteria in order to evaluate the continuity plan and program on a regular basis?	Red
Has the organization established a working group that reviews and revises the continuity plan according to a regular, formal schedule?	Yellow
Has the organization reviewed and updated, as needed, its Business Process Analysis (BPA)?	Yellow
Has the organization reviewed and updated, as needed, its risk assessments?	Green
Has the organization reviewed and updated, as needed, its BIA?	Green
Has the organization reviewed and updated, as needed, its orders of succession and delegations of authority?	Yellow
Has the organization reviewed and updated essential records and the essential records inventory, including emergency operating records and legal and financial rights records?	Yellow
Has the organization's continuity program established a Corrective Action Program (CAP) to track and implement areas for improvement from tests, training, and exercise events and real-world activities?	Red
Has the continuity planning team met on a regular basis?	Yellow
Has the organization regularly updated appropriate point-of-contact rosters of continuity personnel?	Yellow

## Appendix 4: Management Response and Action Plan

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The Information and Technology Services Division provided the following response:

*Management agrees with the recommendations and will establish and document procedures to include the use of Business Process Analysis templates for all Department divisions in the continuity planning process and will update the continuity multi-year strategic plan to ensure the Continuity of Operations Plan includes all required elements and is tested accordingly. ITSD is in the process of hiring a new Business Continuity/Disaster Recovery Coordinator and the completion of these tasks will depend on when the new person is onboarded and has had a reasonable amount of time to gather information and ensure processes are developed in coordination with all key stakeholders.*

Recommendation	Responsible Department and Section/Unit	Department Response	Completion Date
<p>1. Establish and document procedures for the continuity planning process, including the use of Business Process Analysis templates for all Department divisions and incorporation into the Continuity of Operations Plan <b>(HIGH)</b>.</p>	<p>Information Technology Services Division, Business Continuity/Disaster Recovery Coordinator</p>	<p>Will establish and document procedures for the continuity planning process, including the use of Business Process Analysis templates for all Department divisions and incorporation into the Continuity of Operations Plan. ITSD is in the process of hiring a new Business Continuity/Disaster Recovery Coordinator and the completion of this task will depend on when the new person is onboarded and has had time to gather information and assess the gaps to ensure the process is developed in coordination with all key stakeholders.</p>	<p>January 31, 2024]</p>
<p>2. Update the continuity multi-year strategic plan that provides for the maintenance and review of continuity plans <b>(HIGH)</b>. This should include:</p> <ul style="list-style-type: none"> <li>c. Establishing a regular schedule for updating the Continuity of Operations Plan to ensure it addresses all required elements and is reflective of the Department's current environment; and</li> <li>d. Conducting general training for Department employees and more specific training for those who are part of the</li> </ul>	<p>Information Technology Services Division, Business Continuity/Disaster Recovery Coordinator</p>	<p>Will update the continuity multi-year strategic plan. ITSD is in the process of hiring a new Business Continuity/Disaster Recovery Coordinator and the completion of this task will depend on when the new person is onboarded and has had time to gather information and establish timelines for Continuity of Operations Plan updates and to develop and implement employee training as required.</p>	<p>January 31, 2024</p>

Recommendation	Responsible Department and Section/Unit	Department Response	Completion Date
Emergency Response Group.			



# Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

## Contract Development Audit Report 22-07

Internal Audit Division  
November 2022



## Contract Development Audit Report, 22-07

### Executive Summary

The Finance and Administrative Services Purchasing Section (Purchasing) at the Texas Department of Motor Vehicles (Department) is responsible for the procurement of goods and services and provides oversight of procurement activities, coordination of the Historically Underutilized Business Program, and contract administration.

The objective of the audit was to evaluate whether the Department has processes in place to ensure contracts are developed and reported in accordance with applicable requirements and whether statements of work are well defined.

### WHAT WE FOUND

The audit found that the contract development processes are at a Level 3 – Established: The function achieves its purpose in an organized way, following established processes, but those processes may not be consistently followed or well communicated. The Internal Audit Division (IAD) issued three results to address the items identified.

- **Result #1:** The Department established a Procurement and Contract Procedures Guide but should ensure that the Guide and contract templates are updated periodically to be in alignment with requirements.
- **Result #2:** The Department has well-defined Statements of Work and maintains contract files; however, it should better document all contract forms.
- **Result #3:** The Department performs a monthly reconciliation to ensure that certain contracts are reported; however, it should track all contracts to ensure proper reporting.

### WHAT WE RECOMMEND

IAD made eight recommendations to strengthen Purchasing's processes. These recommendations deal with the following areas:



Reviewing and updating the Purchasing Guide



Implementing review processes so that contract files are complete



Ensuring essential clauses are in all contracts



Establishing a centralized system to track all contract information for accurate reporting



Conducting and tracking training

Of the eight recommendations, 5 were rated as **HIGH** priority and 3 were rated as **LOW** priority.

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## Background

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The Finance and Administrative Services Purchasing Section (Purchasing) at the Texas Department of Motor Vehicles (Department) is responsible for the procurement of goods and services for the Department and provides oversight of procurement activities, coordination of the Historically Underutilized Business (HUB) Program, and contract administration. Procurements must comply with the Texas Government Code, the Texas Administrative Code, the Comptroller of Public Accounts State of Texas Procurement and Contract Management Guide, and the Department's Procurement & Contract Procedures Guide.

Purchasing performs procurement processes and provides oversight for the Department's procurements by coordinating with many internal stakeholders and providing quality service that is effective and efficient.

Purchasing includes ten total staff: one Purchasing Director, one Assistant HUB Coordinator, four Contract Specialists, and four Purchasers. Purchasing experienced high turnover from 2017 to 2021, with five different Purchasing Directors in the last four years. The current Purchasing Director has been in the role since August 2021. In fiscal year 2021, Purchasing processed approximately 1,700 purchase orders and contracts with its specialized staff.

The Internal Audit Division previously conducted two engagements related to Purchasing:

- Procurement and Contract Management Audit released in July 2019
- Procurement Measures Advisory Service released in February 2021

### Audit Engagement Team

The audit was performed by Jason E. Gonzalez (Senior Internal Auditor) and Salem Chuah (Internal Audit Director).

## Audit Results

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### **Audit Results #1: The Department established a Procurement and Contract Procedures Guide but should ensure that the Guide and contract templates are updated periodically to be in alignment with requirements**

The Department should periodically review and update its Procurement and Contract Procedures Guide.

In 2020, the Department revised its Procurement and Contract Procedures Guide (Department Guide) to ensure efficiency, effectiveness, and compliance with state and federal legislation. However, the Texas Comptroller of Public Accounts (CPA) implemented substantive changes to its Procurement and Contract Management Guide (CPA Guide) in 2021 and 2022, which were not reflected in the Department Guide.

In its 2022 release, the CPA Guide updated its Spot Purchases section which prohibits dividing purchases to avoid competitive bidding requirements and raised the threshold in which competitive bidding is not required from \$5,000 to \$10,000. The CPA Guide also included new requirements in the Cloud Computing Services section to include a Texas Risk and Authorizations Management Program (TX-RAMP) certification. Both of these requirements are sections that are included in the Department's Guide but have not been updated to reflect changes from the CPA Guide.

According to the CPA Guide, each agency must publish a contract management handbook that establishes consistent contracting policies and practices to be followed by the agency and that is consistent with the CPA Guide. Without periodically updating the Department's Guide, the Department may not include new changes that affect procurement processes.

The Department developed standard terms & conditions but did not include all essential clauses.

The Department developed and published standard terms and conditions to include in contracts. However, in a review of 30 contracts, certain essential clauses were not included:

- 2 (7 percent) of 30 did not include Indemnification, State Auditor's Right to Audit, and Child Support Obligation clauses;
- 20 (67 percent) of 30 did not include the Executive Head of a State Agency Affirmation clause;
- 18 (60 percent) of 30 did not include the Financial Participation Prohibition clause.

According to the CPA Guide, clearly stated terms and conditions are the most effective means of protecting the agency from unintended risk. It is a common practice for contracts to include standard terms and conditions that are often referred to as "boilerplate." Also, standard terms

and conditions are required for both contracts and solicitations. The CPA Guide further states that contract responses will not be considered without terms and conditions.

Not all Departmental contracts reference the Department's Standard Terms and Conditions and the Standard Terms and Conditions did not include 5 (24 percent) of 21 essential clauses that must be present in all contract types.

Executing contracts without all essential clauses increases the risk of liability for the Department. Purchasing recognizes the need to update its standard terms and conditions but has been limited in this effort due to staffing capacity.

**The Department conducted contract development and monitoring training; however, it should perform training more frequently.**

In June 2021, the Department conducted four contract monitor trainings. While the training curriculum stated that Purchasing will assist the Divisions with contract development, detailed contract development guidance was not included in the materials. In a Department survey of contract monitors, survey participants stated there is limited understanding of the contract development process along with a desire for contract development training (see Figure 1 below).

Figure 1: Survey Responses



**Training/Guidance/Collaboration** — 3 (8 percent) of 38 survey comments stated the Department should provide training. Additionally, 12 (32 percent) of 38 survey comments indicated that Purchasing can establish better templates and guidelines to improve the contract development process. Another 10 (26 percent) of 38 survey comments indicated Purchasing could better communicate and collaborate throughout the purchasing cycle. These elements could be incorporated into the training curriculum.



**Contract Development** — 11 (33 percent) of 33 survey respondents stated they had a limited understanding of the contract development process.

The Department Guide states that Purchasing will provide periodic training to Department staff who administer and monitor contracts to ensure compliance and quality assurance. Purchasing's training curriculum also requires Department contract monitors to attend internal training annually.

Current contract training focuses on the Procurement Cycle's Contract Management/Monitoring. However, contract monitors may have contract development responsibilities, such as requisition responsibilities and evaluation criteria development. Divisional misunderstanding or lack of understanding of contract development processes could cause process inefficiencies.

### Recommendations

1. The Department should update its Procurement and Contract Procedures Guide to ensure it is in alignment with the State of Texas Procurement and Contract Management Guide as published by the Texas Comptroller of Public Accounts **(LOW)**.
2. The Department should ensure that it establishes a process to periodically review its Procurement and Contract Procedures Guide so that it meets Department needs **(LOW)**.
3. The Department should evaluate and update its Standard Terms and Conditions to include all essential clauses from the Procurement and Contract Management Guide as published by the Texas Comptroller of Public Accounts **(HIGH)**.
4. The Department should update its contract monitor training to be more comprehensive and establish a schedule to conduct annual training. The Department should identify all contract monitors and track contract monitors to ensure annual training is taken **(HIGH)**.

## Audit Results #2: The Department has well-defined Statements of Work and maintains contract files; however, it should better document all contract forms.

### Department contracts include well-defined Statements of Work (SOWs).

As part of the solicitation and procurement process, some contracts require the development of a Statement of Work (SOW), which describes the work requirements for a specific project along with its performance and design expectations. During the contract development process, the Department consistently developed SOWs that incorporated sections from industry best practices.

According to the Texas Government Code Section 2262.051(d)(1), contract design should ensure contracts protect the interests of the State. Auditors identified 9 best practice sections in SOWs across 11 different federal and state entities. Three examples of the nine best practice SOW sections include:

- A defined Project Scope which defines the total amount of work needed to complete a project. A defined scope is important because it defines the boundaries of what will and won't be part of the project work.
- Defined Deliverables document the expected outcome of provided services. Defined deliverables are important as they are often used to evaluate vendor performance.
- A defined Period of Performance Schedule which includes incremental deadlines for completing work. A defined schedule should ensure products or services are received timely.

In 30 contracts for review by auditors, the contract sample included 11 contracts that required an SOW. Auditors determined whether industry best practice attributes were included in the SOWs and found all contracts incorporated SOW best practice sections. For example, the Department's NEMO-Q and Physical Security contracts included detailed information in the SOW sections (see Figures 2 and 3 below).

Figure 2: Nemo-Q Contract compared to SOW Best Practices

SOW Best Practice Element	Example of Content in Contract
Project Scope	<p>The contract defines requirements to develop an interactive customer queue management system within all Regional Service Centers (RSCs).</p> <p>The developed solution will provide customer routing, collect information, and integrate with digital media applications.</p>
Defined Deliverables	<p>The contract outlines deliverable expectations which include the product's impact on bandwidth at all RSCs. It stated that business processes or staffing would not be impacted during or by the implementation.</p>

SOW Best Practice Element	Example of Content in Contract
	The contract also defined expectations that the vendor shall provide onsite replacement hardware and defined that the end product shall include customer feedback functionality.
Period of Performance Schedule	The schedule included project implementations and installations to be completed in one year, with ongoing maintenance, support and upgrades for up to four years.

Figure 3: Statewide Facility Physical Security Contract compared to SOW Best Practices

SOW Best Practice Element	Example of Content in Contract
Project Scope	Contract defines requirements for hardware and software maintenance. It also stated that the vendor will provide 24-hour monitoring of system operations and all alarm activations for all Department facilities.
Defined Deliverables	<p>The contract had clear operational and physical delivery expectations. Operational requirements included 24-hour vendor monitoring of security operations.</p> <p>The contract also included product deliverable expectations which included:</p> <ul style="list-style-type: none"> <li>Physical, intrusion, and fire alarm system installation;</li> <li>Onsite control panels;</li> <li>Perimeter entrance/exit badge reader and door security installation.</li> </ul>
Period of Performance Schedule	The schedule required hardware and software maintenance completion within one year.

Contract files included most verification documents but should ensure that the Historically Underutilized Business review and applicable contract forms are also maintained.

While the Department maintained contract files, not all files consistently contained required documentation.

Contract Vendor Verification Documents: In 28 (93 percent) of 30 contracts tested, contracts included most verification documents. However, in one contract file, there was no documentation of the CPA Debarred Vendor List verification, CPA Boycott Israel Check, Warrant Hold Status Check, or Franchise Tax Status Check. In two contract files, there was no documentation to show the System Award Management Vendor Check was performed.

According to the CPA Guide, agencies must review the contents of the contract file to ensure that all documents such as interested party disclosures and federal databases checks are included in contract files. Incomplete vendor verification could lead to the Department completing contracts with ineligible vendors.

Historically Underutilized Business (HUB) Review: The HUB Coordinator review was not documented in any of the 30 contract files reviewed. While not all 30 contracts required



submission of HUB Subcontracting Plans, the Department did not document the justification for not performing the HUB review. Purchasing acknowledged the absence of documentation and is planning to implement process improvements to ensure reviews are documented.

Based on the CPA Guide, any solicitation with a value of \$100,000 or more must consider if there are probable HUB subcontracting opportunities. Also, the Department Guide states that the HUB Coordinator and Assistant HUB Coordinator will oversee each Department procurement over \$5,000 which includes the HUB Subcontracting Plan requirement. Completing and documenting HUB reviews helps to ensure that the Department meets state requirements in making a good faith effort to assist HUBs.

Conflict of Interest Forms and Nepotism Disclosure Forms: Four (80 percent) of five contract files did not have Nepotism Forms and Non-disclosure Conflict of Interest forms completed.

The CPA Guide also states each state agency employee or official who is involved in procurement or in contract management for a state agency shall disclose to the agency any potential conflict of interest specified by state law or agency policy that is known by the employee or official with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor by the agency. Completing the disclosures is important to ensure that the process for selecting a vendor is objective and that vendors are not being awarded a contract based on personal relationships.

Purchasing's checklist includes all elements listed above but the current review process did not consistently ensure that the verification, review, and forms are documented. Also, staff turnover has impacted HUB review coordination.

### Recommendations

5. The Department should review processes and the procurement guide to ensure solicitation, evaluation, and contract award documentation are included in contract files. The Department should ensure contract files include required vendor verification documentation and conflict of interest documentation **(HIGH)**.
6. The Department should ensure contract files include documentation on the Historically Underutilized Business (HUB) Coordinator review or justification for why the review is not needed **(LOW)**.

### **Audit Results #3: The Department performs a monthly reconciliation to ensure that certain contracts are reported; however, it should track all contracts to ensure proper reporting.**

#### **The Department should enhance compliance with reporting requirements.**

The Department established a monthly reconciliation process to ensure that contracts with current expenditures and encumbrances of \$50,000 or greater are reported to the Legislative Budget Board (LBB) as required. However, the monthly reconciliation process does not take into consideration the maximum value of a contract in fulfilling reporting requirements. As a result, auditors could not determine if all contracts are being reported to the LBB if current expenditures and current encumbrances have not reached the \$50,000 or greater threshold.

According to the LBB, all contracts exceeding \$50,000 must be reported within 30 days of award or modification. The value thresholds for reporting contracts are based on the maximum contract value which is defined as the value of the contract, amendments, and all extensions or renewals even if not exercised. This definition is different from the current contract value, which is defined as the value of the contract, any amendments, and any exercised extensions or renewals. In other words, the maximum contract value is the total amount both currently and *potentially* obligated compared to the current contract value which includes only the amount currently obligated.

For example, assuming a professional services contract has a value of \$40,000 each year for an initial term of one year with two options to extend the contract by one year each which are exercised, the Department would only report to the LBB in years two and three with the current and maximum values matching. However, given the LBB guidelines, the contract should be reported in year one. Figure 4 below shows the Department's current process in comparison to LBB's process.

Figure 4: Department's LBB Contract Reporting Process compared to LBB Process

Year	Current Process		LBB Process	
	Current Value	Maximum Value	Current Value	Maximum Value
Year One	\$40,000	\$40,000	\$40,000	\$120,000
Year Two	\$80,000	\$80,000	\$80,000	\$120,000
Year Three	\$120,000	\$120,000	\$120,000	\$120,000

Auditors also tested the data entry of the contract number, vendor name, and award date fields in the LBB Contracts Database (Database). The Department accurately reported 29 (97 percent) of 30 contracts tested for contract number and vendor name. One contract had an incorrect contract number and vendor name. Staff stated that this is due to a vendor name change. Also, 17 (57 percent) of 30 contracts had incorrect award date fields in the Database when compared with information in the Centralized Accounting and Payroll/Personnel System.

Purchasing experienced significant staff turnover in recent years which could have resulted in inconsistent reporting processes. Not reporting complete or accurate contract information may prevent the LBB from effectively monitoring compliance with requirements and conducting analysis on contracts to identify risks.

### Recommendations

7. The Department should align its reporting procedures to ensure complete and accurate reporting of required contracts to the Legislative Budget Board **(HIGH)**.
8. The Department should maintain contract information (e.g., contract award date, contract end date, current expenditures, current contract value, and maximum contract value) in a centralized system and explore opportunities to use a database to manage its contracts **(HIGH)**.

## **Appendix 1: Objectives, Scope, Methodology, and Rating Information**

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### **Objectives**

- To determine whether the Department has processes in place to ensure contracts are developed and reported in accordance with applicable requirements; and,
- To determine if the statement of work is well defined.

### **Scope and Methodology**

The scope of the audit included contracts from September 2021 to August 2022.

Information and documents reviewed in the audit included the following:

- Interviewed Purchasing and Department employees
- Interviewed LBB Contract Oversight team
- Selected 30 contracts with values greater than \$50,000; included service contracts, information technology contracts, and Regional Service Center contracts
- Reviewed contract files to ensure required documents are maintained
- Conducted survey of 99 Departmental contract monitoring personnel
- Reviewed contract monitor training curriculum developed by Purchasing
- Reviewed Texas Government Code, Chapters 656, 2155, 2251, 2252, 2261, and 2262
- Reviewed Department's Procurement and Contract Management Guide
- Reviewed State of Texas Procurement & Contract Management Guide Version 2.1
- Reviewed LBB reporting requirements and Frequently Asked Questions

This audit was included in the FY2022 Second Six Month Internal Audit Plan. IAD 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. Those standards require that IAD plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. IAD believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives

### **Report Distribution**

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, and the State Auditor's Office.

## Ratings Information

### Maturity Assessment Rating Definition

IAD derived the maturity assessment ratings and definitions from the Control Objectives of Information and Related Technologies (COBIT) 5 IT Governance Framework and Maturity Model, the Enterprise Risk Management (ERM) Maturity Model, and the ISACA Maturity Model. The model was adapted for assurance audit purposes and does not provide a guarantee against reporting misstatement and reliability, non-compliance, or operational impacts. The ratings and definitions are provided in Table 1.

Table 1. Maturity Assessment/Process Capability Rating Definitions

Rating	Name	Definition
<b>1</b>	Minimal	The function may have policies and procedures established for some activities but relies on intuition and handles issues on an ad-hoc basis.
<b>2</b>	Informal and Reactive	The function achieves its purpose with basic processes and activities that are not very organized or followed.
<b>3</b>	Established	The function achieves its purpose in an organized way, following established processes, but those processes may not be consistently followed or well communicated.
<b>4</b>	Predictable	The function fully achieves its purpose, is well-defined, and its performance is quantitatively measured. The function is fully integrated within the Department, the function has full resources to achieve business objectives, and policies and procedures are regularly improved.
<b>5</b>	Optimized	The function fully achieves its purpose, is well-defined, and its performance is quantitatively measured. There is continuous improvement that is pursued, and technology is heavily leveraged to automate workflow and improve quality and effectiveness of processes.

### Recommendation Rating Criteria

The IAD rates audit recommendation's priority (i.e., HIGH or LOW) to help the Department Board and executive management identify the importance of the recommendation. The criteria for Low and High Priority are documented in Table 2.

Table 2. Recommendation Priority Criteria

Priority	Criteria
Low	<ul style="list-style-type: none"><li>• Requires only a written policy or procedure update</li><li>• Is within an acceptable range of risk tolerance for the Department</li><li>• A non-reoccurring or regulatory external audit issue</li></ul>
High	<ul style="list-style-type: none"><li>• Executive Management or Board Request</li><li>• Not within an acceptable range of the risk tolerance of the division</li><li>• New process had to be developed to address recommendations</li><li>• Regulatory impact or reoccurring issue</li></ul>

## Appendix 2: Survey Results

Survey was sent to 99 Department contract monitors. Responses received from 55 (56%) of 99 survey recipients between 9/12/2022 and 9/20/2022.

### Question 1: Have you participated with the procurement team in solicitation development (Statement of Work and Needs Assessment) and the review of contract documents?

	Total	Percentage
True	34	62%
False	17	31%
I don't know or I'm not sure	4	7%
Grand Total	55	100%

### Question 2: Was the Office of General Counsel involved during contract development?

	Total	Percentage
True	30	56%
False	7	13%
I don't know or I'm not sure	17	31%
Grand Total	54	100%

### Question 3: Have you been instructed to inspect and approve the products and/or services by submitting a written document accepting the deliverables?

	Total	Percentage
True	23	43%
False	20	38%
I don't know or I'm not sure	10	19%
Grand Total	53	100%

### Question 4: Did you receive the expected deliverables?

	Total	Percentage
True	36	68%
False	5	9%
I don't know or I'm not sure	12	23%
Grand Total	53	100.00%

### Question 5: What can the Department do to improve the contract development process?

Establish Template/Guidelines	12	32%
Shorten Review Time	9	24%
Communicate and Collaborate	10	26%
Provide Training	3	8%
Have Dedicated/More Staff	2	5%
Implement Technology	2	5%
Grand Total	38 <sup>1</sup>	100%

<sup>1</sup> There were 32 survey respondents to this question. Responses in the table above do not add up to 32 because some responses may contain comments that deal with more than one category.

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**Question 6: What are obstacles you have faced during the contract development process?**

<b>Length of time – legal review and overall process</b>	16	42%
<b>Limited understanding of the process</b>	11	29%
<b>Limited communication</b>	4	11%
<b>Assignments unclear/No clear lines of responsibility</b>	7	18%
	38 <sup>2</sup>	100%

**Question 7: How well do contract stakeholders collaborate on contract development? Please rate on a scale of 1 through 5 (1 = do not collaborate and 5 = collaborate fully throughout the contract development)?**

<b>Rating 1 = Do Not Collaborate</b>	7	14%
<b>Rating 2</b>	7	14%
<b>Rating 3</b>	15	31%
<b>Rating 4</b>	13	27%
<b>Rating 5 = Collaborate Fully Throughout the Contract Development</b>	7	14%
	49	100%

<sup>2</sup> There were 32 survey respondents to this question. Responses in the table above do not add up to 32 because some responses may contain comments that deal with more than one category.



## Appendix 3: Management Response and Action Plan

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Finance and Administrative Services provided the following response:

*The Finance and Administrative Services division (FAS) has reviewed the Contract Development Audit Report, and provides this management response, in addition to the individual responses provided in the table below.*

*Throughout the process of selecting and reviewing contract files, the Internal Audit (IA) division and Audit Engagement Team stayed in continuous contact and communication with Purchasing staff. We appreciate their efforts to keep FAS staff and management informed of developments throughout the process.*

*As reflected in the table below, FAS agrees with all the recommendations made by the Audit Engagement Team; however, we would like to comment on the HUB Coordinator review in recommendation 6. While we agree with the recommendation to document the HUB review [in the Contract file], we want to clarify our commitment to supporting and utilizing Historically Underutilized Businesses, which is evidenced by the HUB activities in which the department participates. The TxDMV has a HUB Coordinator who has done exceptional work in developing HUB opportunities for the department, such that we regularly exceed the statewide purchasing goals in multiple HUB categories and continuously seek to improve our performance in this area. The types of purchases that do not allow for a HUB Coordinator review include, but are not limited to, lease agreements procured on behalf of TxDMV by the Texas Facilities Commission, contracts with WorkQuest through the State Use Program, contracts procured by the Comptroller's office and the Department of Information Resources on behalf of state agencies, and contracts with state print shops through the State Print Shops portal. Purchasing staff acknowledges that its procedures document is not clear on what types of procurements should be included in the HUB review process, but staff are diligent in reviewing all eligible purchases for possible HUB participation.*

*Ultimately, FAS agrees with the overall recommendations and spirit of the report; that its processes and procedures should be reviewed and updated as necessary to ensure accurate and efficient contract development and reporting. FAS has already begun, and will continue, to review and update its Standard Terms and Conditions, templates and processes and procedures to ensure compliance with state purchasing guidelines. We appreciate the collaboration and efforts of the IA staff in reviewing the department's contracts and look forward to working alongside them through completion of the initiatives listed in the table below.*

Recommendation	Responsible Department and Section/Unit	Department Response	Completion Date
1. The Department should update its Procurement and Contract Procedures Guide to ensure it is in alignment with the State of Texas Procurement and Contract Management Guide as published by the Texas Comptroller of Public Accounts <b>(LOW)</b> .	Finance and Administrative Services Division, Director of Purchasing and Purchasing Lead	The Department agrees with the recommendation and intends to review and update the Procurement and Contract Procedures Guide.	June 1, 2023
2. The Department should ensure that it establishes a process to periodically review its Procurement and Contract Procedures Guide so that it meets Department needs <b>(LOW)</b> .	Finance and Administrative Services Division, Director of Purchasing	The Department agrees with the recommendation and will establish a process for the periodic review of the Procurement and Contract Procedures Guide on a biennial basis, or when new and substantive laws, rules or purchasing guidelines are implemented before the regularly-scheduled biennial review.	June 1, 2023
3. The Department should evaluate and update its Standard Terms and Conditions to include all essential clauses from the Procurement and Contract Management Guide as published by the Texas Comptroller of Public Accounts <b>(HIGH)</b> .	Finance and Administrative Services Division, Director of Purchasing and Purchasing Lead	The Department agrees with the recommendation and is already in the process of updating its Standard Terms and Conditions. The updated version of the Standard Terms and Conditions will align with the Comptroller's required and recommended clauses.	March 1, 2023
4. The Department should update its contract monitor training to be more comprehensive and establish a schedule to conduct annual training. The Department should identify all contract monitors and track contract monitors to ensure annual training is taken <b>(HIGH)</b> .	Finance and Administrative Services Division, Director of Purchasing, Purchasing Lead and Purchasing staff	The Department agrees with the recommendation and will update its contract monitoring training and establish a schedule to conduct annual training for all contract monitors.	March 1, 2023

Recommendation	Responsible Department and Section/Unit	Department Response	Completion Date
5. The Department should review processes and the procurement guide to ensure solicitation, evaluation, and contract award documentation are included in contract files. The Department should ensure contract files include required vendor verification documentation and conflict of interest documentation <b>(HIGH)</b> .	Finance and Administrative Services Division, Director of Purchasing and Purchasing Lead	The Department agrees with the recommendation and will ensure current processes are enhanced and followed. This will be included in the update to the Procurement and Contract Procedures Guide.	June 1, 2023
6. The Department should ensure contract files include documentation on the Historically Underutilized Business (HUB) Coordinator review or justification for why the review is not needed <b>(LOW)</b> .	Finance and Administrative Services Division, Director of Purchasing and Assistant HUB Coordinator	The Department agrees with the recommendation and is in the process of establishing and implementing a HUB determination form for use by all Purchasing staff. Additionally, this will be included in the update to the Procurement and Contract Procedures Guide, along with clarification of those instances in which a HUB Review is not required.	June 1, 2023
7. The Department should align its reporting procedures to ensure complete and accurate reporting of required contracts to the Legislative Budget Board <b>(HIGH)</b> .	Finance and Administrative Services Division, Director of Purchasing and Purchasing Lead	The Department agrees with the recommendation; however, it should be noted that LBB requirements and instructions on this topic have been contradictory and difficult to interpret. Prior to the latest information from the LBB, Purchasing staff were reporting contracts to the LBB as it understood the requirement. In light of the latest direction from the LBB, Purchasing staff will ensure the clarified reporting requirement is included in the update to the Procurement and Contract Procedures Guide. The Department will also reach out to the LBB for potential training opportunities on reporting requirements.	June 1, 2023

Recommendation	Responsible Department and Section/Unit	Department Response	Completion Date
8. The Department should maintain contract information (e.g., contract award date, contract end date, current expenditures, current contract value, and maximum contract value) in a centralized system and explore opportunities to use a database to manage its contracts <b>(HIGH)</b> .	Finance and Administrative Services Division, Director of Purchasing and Accounting Operations	The Department agrees with the recommendation and will explore possible options for a centralized contract database to track contract information.	December 1, 2023



# Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

## Quality Assurance and Improvement Program Report 23-02

Internal Audit Division  
November 2022



## Texas Department of Motor Vehicles

### Quality Assurance and Improvement Program Report, 23-02

#### Executive Summary

The Internal Audit Division (IAD) at the Texas Department of Motor Vehicles (TxDMV or Department) follows (1) the audit standards prescribed by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA Standards), (2) U.S. Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS); and (3) Texas Internal Auditing Act, Texas Government Code. These audit standards require IAD to develop and maintain a Quality Assurance and Improvement Program (QAIP) that includes both internal and external assessments.

Internal assessments include ongoing monitoring of the performance of the internal audit activity as well as annual self-assessment reviews. The IIA Standards require the results of internal assessments be communicated to the governing board annually.

#### WHAT WE FOUND

IAD issued six results from its internal assessment:



**Result #1 and #2:** IAD met compliance standards and performance audit standards.



**Result #3:** IAD met most metrics in its key performance indicators.



**Result #4:** IAD maintains its level 4 on the capability model.



**Result #5:** IAD received and tracked 90 fraud, waste, and abuse allegations.



**Result #6:** IAD implemented the recommendation from its 2021 Peer Review (External Assessment).

#### WHAT WE RECOMMEND



**Recommendation #1:** IAD should continue tracking all internal and external audit recommendations and ensure that divisions are providing status updates on the progress of outstanding recommendations.



**Recommendation #2:** IAD should ensure clear and timely communication to Department staff in all engagements by ensuring regular status meetings are held and that staff are aware of observations prior to the draft engagement report.



## Texas Department of Motor Vehicles

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## Background

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The Internal Audit Division (IAD) at the Texas Department of Motor Vehicles (TxDMV or Department) follows (1) the audit standards prescribed by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA Standards), the Definition of Internal Auditing, the Core Principles for the Professional Practice of Internal Auditing and the Code of Ethics; (2) U.S. Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS); and (3) Texas Internal Auditing Act, Texas Government Code, Chapter 2102 (Act). These audit standards require IAD to develop and maintain a Quality Assurance and Improvement Program (QAIP) that includes both internal and external assessments:

**Internal assessments** are ongoing monitoring of the performance of the internal audit activity, as well as annual self-assessment reviews. The IIA Standards require the results of the internal assessments to be communicated to the governing board annually. Internal assessments include a review of all audit documentation, audit recommendations, and reports for each engagement conducted by IAD in a fiscal year (FY) prior to finalizing an engagement file. The annual self-assessment includes verifying that IAD followed all required compliance and performance audit standards. In addition, IAD provides progress and results on the following:

- Key Performance Indicators (KPIs)
- Institute of Internal Auditors (IIA) – Internal Audit Capability Model for the Public Sector (Capability Model)
- Fraud, waste, and abuse allegations and disposition
- External assessment recommendations progress

**External assessment (Peer Review)** is a review of the IAD conducted by a qualified, knowledgeable external party (Peer Review team). This review results in a report rendering an overall opinion on whether IAD complied with audit standards. The external assessment may also provide feedback on operational or strategic issues. IAD received its most recent Peer Review in March 2021.

### Audit Engagement Team

The assessment was performed by Frances Barker (Internal Auditor) and Salem Chuah (Internal Audit Director).



## Assessment Results

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### Assessment Result #1: IAD met compliance standards

IAD met all compliance standards based on a review of the IAD's audit charter, standard operating procedures, and engagement control programs. IAD was in adherence with all compliance standards:

- **Purpose, Authority, and Responsibility** - The internal audit function must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Institute of Internal Auditors (IIA) Standards, and the Definition of Internal Auditing).
- **Independence and Objectivity** - The internal audit function must be independent and perform work in an objective manner.
- **Proficiency and Due Professional Care** - Engagements must be performed by staff who are proficient and have due professional care.
- **Quality Assurance and Improvement Program** - A quality assurance and improvement program must be established and must enable an evaluation of the internal audit function's conformance with the audit standards and any applicable other requirements. The program should also assess the efficiency and effectiveness of the internal audit function and identify opportunities for improvement for the function.
- **Managing the Internal Audit Activity** - The internal audit function must be effectively managed to ensure it adds value to the organization.
- **Nature of Work** - The internal audit function must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach.
- **Monitoring Progress** - A system to monitor the disposition of results must be established, maintained, and communicated.

### Assessment Result #2: IAD met performance audit standards

IAD met all performance audit standards when planning, performing, and communicating engagement results based on the review of the Access Management Advisory Services report. An auditor associated with the advisory service conducted this review to determine whether the engagement complied with performance audit standards due to staff limitations. IAD adhered to all performance audit standards:

- **Engagement Planning** - A plan must be developed and documented for each engagement.
- **Performing the Engagement** - Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.
- **Communicating Results** - Results from the audit engagements must be communicated to management and others in charge of governance.

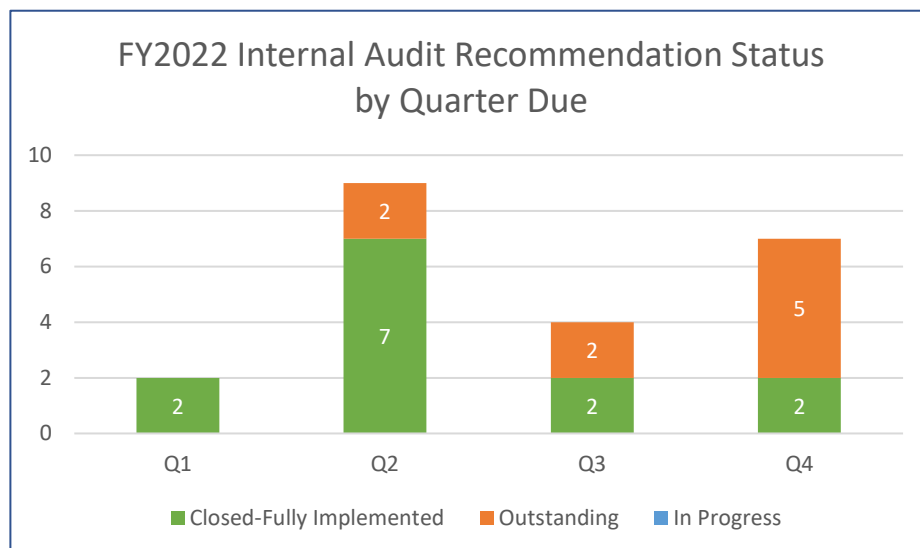
### Assessment Result #3: IAD met most metrics in its key performance indicators audit standards

IAD has six KPIs to measure the audit function's effectiveness and efficiency. IAD met four out of six KPIs. The two remaining KPIs are with division's implementation of internal audit recommendations and clear and timely communication results from client surveys.

**KPI #1: Percentage of audit plan completed** – IAD completed 9 (82%) of 11 engagements listed for FY2022. The two engagements that were not completed began in FY2022 and planned to be completed in November 2022.

**KPI #2: Percentage of audit recommendations implemented** – IAD monitors the Department's implementation rate for internal and external audit recommendations. In FY2022, the Department had 22 *internal* audit recommendations due. Divisions implemented 13 (59%) of 22 *internal* audit recommendations as depicted in Figure 1.

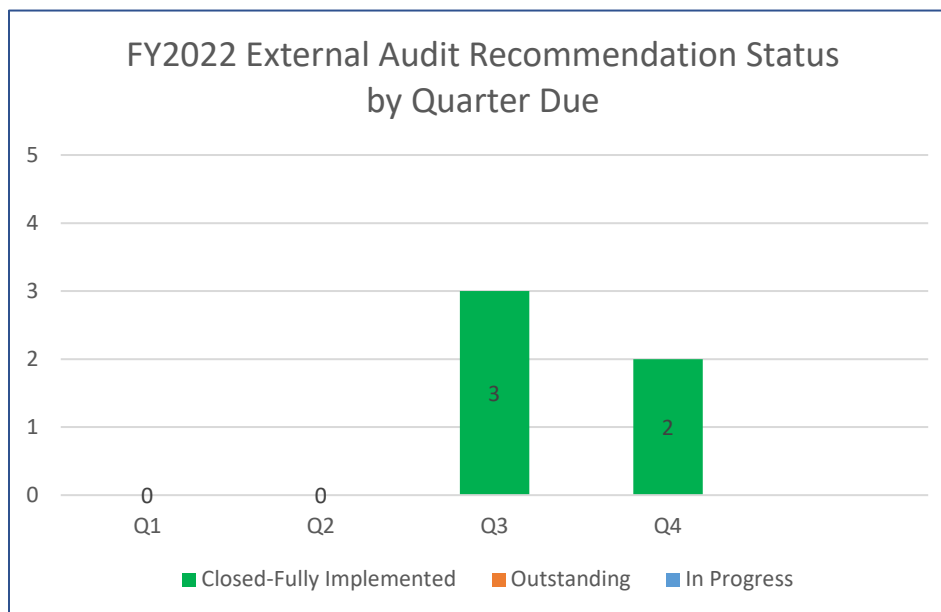
*Figure 1: FY2022 Internal Audit Recommendation Status by Due Date*



In past years, IAD allowed recommendation due dates to be extended into the future if divisions needed additional time. Effective summer 2022, the Internal Audit Director stated that recommendation due dates will remain static based on the date of implementation stated by divisions in the audit reports. As a result, some recommendations in the figure above are now outstanding. Leaving recommendations in outstanding status and not extending due dates allow for more accurate reporting from IAD and accountability from divisions. IAD should continue tracking all internal and external audit recommendations and ensure that divisions are providing status updates on the progress of outstanding recommendations.

In FY2022, the Department had 5 *external* audit recommendations due. Divisions implemented all 5 (100%) *external* audit recommendations as depicted in Figure 2.

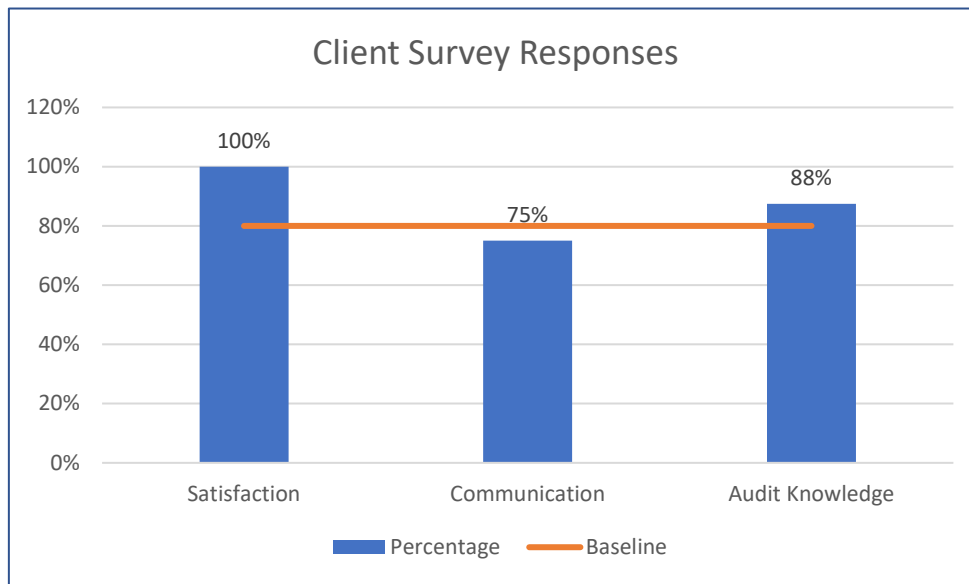
*Figure 2: FY2022 External Audit Recommendation Status by Due Date*



**KPI #3, #4, #5: Survey results on client satisfaction, communication, and subject knowledge –**

For three KPIs, IAD uses surveys to determine Department staff's overall satisfaction with the engagement (satisfaction); whether IAD provided clear and timely communication (communication), and whether Department staff believe that IAD had sufficient knowledge to conduct the engagement (audit knowledge). Figure 3 below depicts the survey results with satisfaction at 100%, communication at 75%, and audit knowledge at 88%. Based on survey results, IAD can improve its score in clear and timely communication to Department staff by ensuring regular status meetings are held and that staff are aware of observations prior to the draft engagement report.

Figure 3: Client Survey Responses



**KPI #6: Number of internal audit education efforts conducted annually** - To ensure staff and stakeholders understand the role of the IAD, IAD has a goal of completing two educational efforts (trainings) in a fiscal year. In FY2022, IAD exceeded its goal by conducting five trainings as denoted in Figure 4. Trainings focused on the role of internal audit or provided awareness on fraud, waste, and abuse (FWA).

Figure 4: Educational Efforts Conducted

Number	Date	Quarter	Topic	Audience
1	9/15/2021	1	FWA Awareness	Internal
2	9/24/2021	1	IAD Newsletter	Internal
3	10/11/2021	1	FWA Awareness	External
4	5/5/2022	3	FWA Awareness	External
5	7/15/2022	4	Conversation Café – Internal Audit Division Overview	Internal

## Assessment Result #4: IAD maintains its level 4 on the capability model

Since the 2018 Peer Review, IAD tracks its effectiveness progress through the *Capability Model for the Public Sector*. The goal for the division is to achieve *Level 5, Optimizing*. After the 2018 Peer Review, IAD was at a *Level 2, Informal and Reactive*. Since then, IAD has consistently been improving with each fiscal year. In FY2022, IAD maintained a *Level 4, Predictable*.

While IAD manages the organization's risk management through its own process by holding risk conversations with each Department division through its semi-annual risk assessment. Without IAD, those conversations may not consistently occur.

*Figure 5: FY2022 TxDMV IAD Capability Model*

	Services and Role of IAD	People Management	Professional Practices	Performance Management and Accountability	Organizational Relationships and Culture	Governance Structures
<b>Level 5 – Optimized</b>	IAD Recognized as Key Agent of Change	Leadership Involvement with Professional Bodies  Workforce Projection	Continuous Improvement in Professional Practices  Strategic IAD Planning	Outcome Performance and Value to Organization Achieved	Effective and Ongoing Relationships	Independence, Power, and Authority of the IAD Activity
<b>Level 4 – Predictable</b>	Overall Assurance on Governance, Risk Management, and Control	Contributes to Management Development  IAD Activity Supports Professional Bodies  Workforce Planning	Audit Strategy Leverages Organization's Management of Risk	Integration of Qualitative and Quantitative Performance Measures	Chief Audit Executive Advises and Influences Top-level Management	Independent Oversight of the IAD Activity  Chief Audit Executive Reports to Top-level Authority
<b>Level 3 – Established</b>	Advisory Services  Performance and Value-for-Money Audits	Team Building and Competency  Professionally Qualified Staff	Quality Management Framework  Risk-based Audit Plans	Performance Measures  Cost Information  IAD Management Reports	Coordination with Other Review Groups  Integral Component of Management Team	Management Oversight of the IAD Activity  Funding Mechanism
<b>Level 2 – Informal and Reactive</b>	Compliance Auditing	Individual Professional Development  Skilled People Identified and Recruited	Professional Practices and Processes Framework  Audit Plan Based on Management/ Stakeholder Priorities	IAD Operating Budget  IAD Business Plan	Managing within the IAD Activity	Full Access to the Organization's Information, Assets, and People  Reporting Relationship Established
<b>Level 1 – Minimal</b>	Ad hoc and unstructured; isolated single audits or reviews of documents and transactions for accuracy and compliance; outputs dependent upon the skills of specific individuals holding the position; no specific professional practices established other than those provided by professional associations; funding approved by management, as needed; absence of infrastructure; auditors likely part of a larger organizational unit; no established capabilities; therefore, no specific key process areas					

## Assessment Result #5: IAD received and tracked 90 fraud, waste, and abuse allegations

IAD tracks and investigates fraud, waste, and abuse (FWA) allegations. The allegations are received from multiple sources: internal sources (employees), external sources, and the State Auditor's Office (SAO). In FY2022, IAD received a total of 90 complaints compared to 223 in FY2021.

Figure 6: Fraud, Waste, and Abuse Allegations in FY2021 and FY2022

	FY2021	FY2022
Internal	13	9
External	3	2
SAO	207	79
Total	223	90

Of the 90 allegations received in FY2022, 81 were referred, 7 were reviewed and closed, and 2 were investigated. In FY2022, the top four categories of FWA allegations pertain to dealers (39), external fraud outside of the Department's jurisdiction (7), titles (6), and registration (3). IAD dedicated approximately 750 hours to FWA, split between investigations and detection work.

## Assessment Result #6: IAD implemented the recommendation from its 2021 Peer Review (external assessment)

IAD implemented the audit recommendation for documenting sample selection from its March 2021 Peer Review (External Assessment). The Peer Review team rated IAD as "pass" which is the best rating. The following is an excerpt from the peer review report's 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" and is in compliance with the Institute of Internal Auditors (IIA) International Professional Practices Framework 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.*

The Peer Review included one opportunity for improvement on documenting the population of samples that IAD tested in its audits, stating that documenting the reasons for sample selection could help IAD better support why the sample selection is appropriate to address audit objectives.

IAD has since updated its engagement control programs to include explicit details on documenting sample selection.

## Appendix 1: Objective, Scope, and Methodology

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### Objective

To provide a summary of the Internal Audit Division activities and compliance with applicable audit standards.

### Scope and Methodology

The scope of the assessment included fiscal year 2022 Internal Audit Division activities. Information and documents reviewed in the assessment included the following:

- End of engagement and end of planning survey results
- Internal Audit Charter
- IAD Standard Operating Procedures
- IAD Engagement Control Programs
- Human resource records
- IAD 2021 Peer Review Report
- TxDMV Operational Plan
- TeamMate+ Insight Reports
- IIA's Capability Model
- State Agency Internal Audit Forum – Peer Review Forms

### Report Distribution

This report is distributed to the Board of the Texas Department of Motor Vehicles.



## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**  
**BRIEFING ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Chris Hayden, Deputy Chief Financial Officer and Ann Pierce, Finance and Administrative Services Assistant  
Division Director  
**Agenda Item:** 11.A  
**Subject:** Camp Hubbard Renewal Project Update

### **PURPOSE AND EXECUTIVE SUMMARY**

Briefing item only to provide an update on the Camp Hubbard (CH) Renewal Project.

### **BRIEFING**

This briefing includes the following topics:

- Project timeline and current status
- Review of campus guiding principles
- Review of the current campus building layout and assessment
- Project Masterplan Phases 1-4 to include demolition, renovations, and construction
- New building renderings with views from Jackson Avenue and Mopac
- New building schematics, by floor, with division locations and adjacencies
- Building 6 renovation and future use plans

Notable highlights include:

- Project timeline and current status: The new building design project initially kicked off in early May of this year and is officially at the mid-point in the Phase I design process. Numerous meetings and workshops have been held with core team members (TxDMV, Texas Facilities Commission (TFC) and Marmon Mok representatives), as well as facilities, security and information technology experts and staff from across the department to solicit feedback and determine unique division needs for a future building.
- Existing buildings are at end of useful life: Current campus buildings are nearing 70 years in age (CH-1 was built in 1955; CH-2 in 1958; CH-3 in 1963; and CH-5 in 1955) and have exceeded their useful life.
- Cost to maintain existing buildings: The cost to provide required maintenance for existing facilities and to ensure those buildings are safe to continue to inhabit, meet current code requirements, and address the functional needs of the department would cost roughly \$180 million. Additionally, the lifetime operating costs for these existing buildings would be greater than that of a new building constructed to current energy code requirements.
- Ongoing issues with end of useful life buildings: The department has experienced numerous issues with the current campus relating the building age, including plumbing leaks, rodent infestation issues, burst pipes, weeping windows and walls, windows falling out, electrical issues related to repeated lighting strikes, repeated ceiling and roof damage, flooding during storms, poor indoor air quality, and high utility bills resulting from lack of a building envelope.

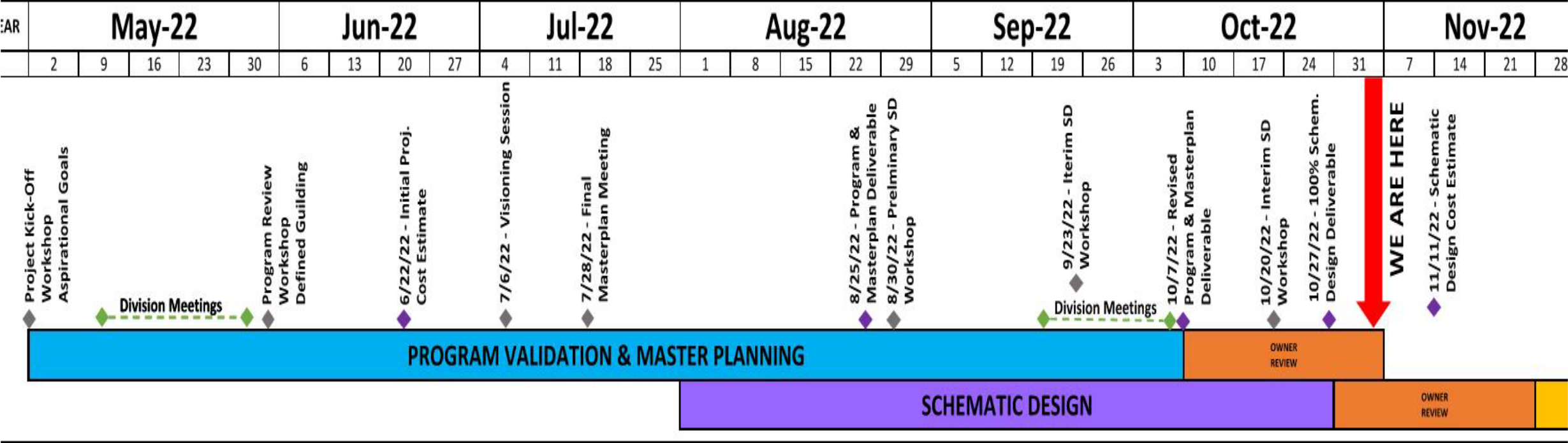


- Energy Efficiency Plans for New Building: One of the guiding principles of the project is to ensure an energy-efficient facility. Project requirements regarding sustainability include that the building and renovations must meet or exceed the State Energy Conservation Office (SECO) regulations which are intended to achieve many of the efficiencies for which third-party certifications of sustainable design are typically pursued (such as the Leadership through Energy and Environment Design - LEED - certification).
  
- Cost Savings Measures During the Planning Process: Through the design process, the project team has taken significant steps to reduce overall building costs. Initial planning called for demolition of all existing buildings, constructing a 5-story building with a parking garage, and assumed square footage to accommodate all headquarters staff to be on-site daily. By further developing department needs and applying cost savings opportunities, the design process now recommends that we build a 3-story building, maintain and renovate existing CH-6, and reduce the overall square footage constructed (assuming 70% of projected staff will work on-site, which resulted in a 27,000 square foot decrease in total campus space). In addition, a parking study was conducted that determined enough flat surface parking could be developed across the campus to no longer require a parking garage at this time.



# CAMP HUBBARD RENEWAL PROJECT

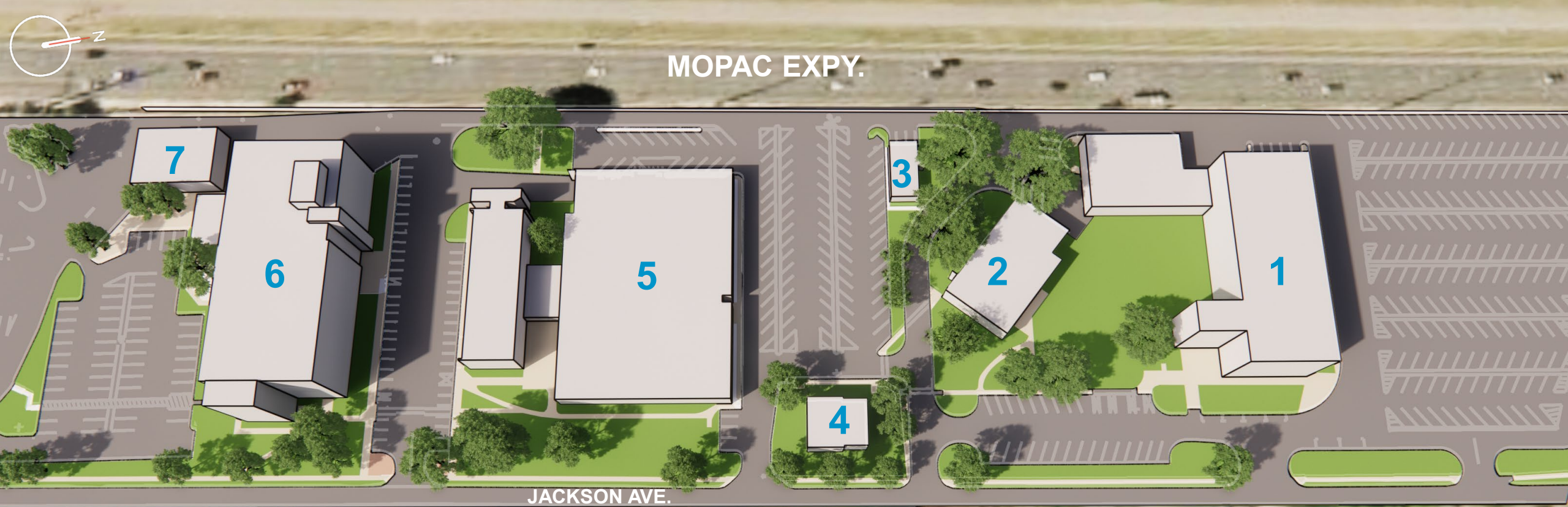
# PROJECT TIMELINE



# CAMPUS GUIDING PRINCIPLES



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



MOPAC EXPY.

JACKSON AVE.

- |   |   |
|---|---|
| 1 – Camp Hubbard Bldg 1: 5-Story TxDMV Administrative Offices | 5 – Camp Hubbard Bldg 5: 1 & 2-Story TxDMV Office & Data Center |
| 2 – Camp Hubbard Bldg 2: 1-Story Cafeteria & Training         | 6 – Camp Hubbard Bldg 6: 5-Story TxDOT Former Data Center &     |
| 3 – Camp Hubbard Bldg 3: 1-Story TxDOT Maintenance & Storage  | Offices (Levels 1-4) and TxDMV Offices (Level 5)                |
| 4 – Camp Hubbard Bldg 4: 2-Story TxDOT Security Operations    | 7 – Camp Hubbard Bldg 7: 1-Story Central Utility Plant          |

# EXISTING CAMP HUBBARD CAMPUS









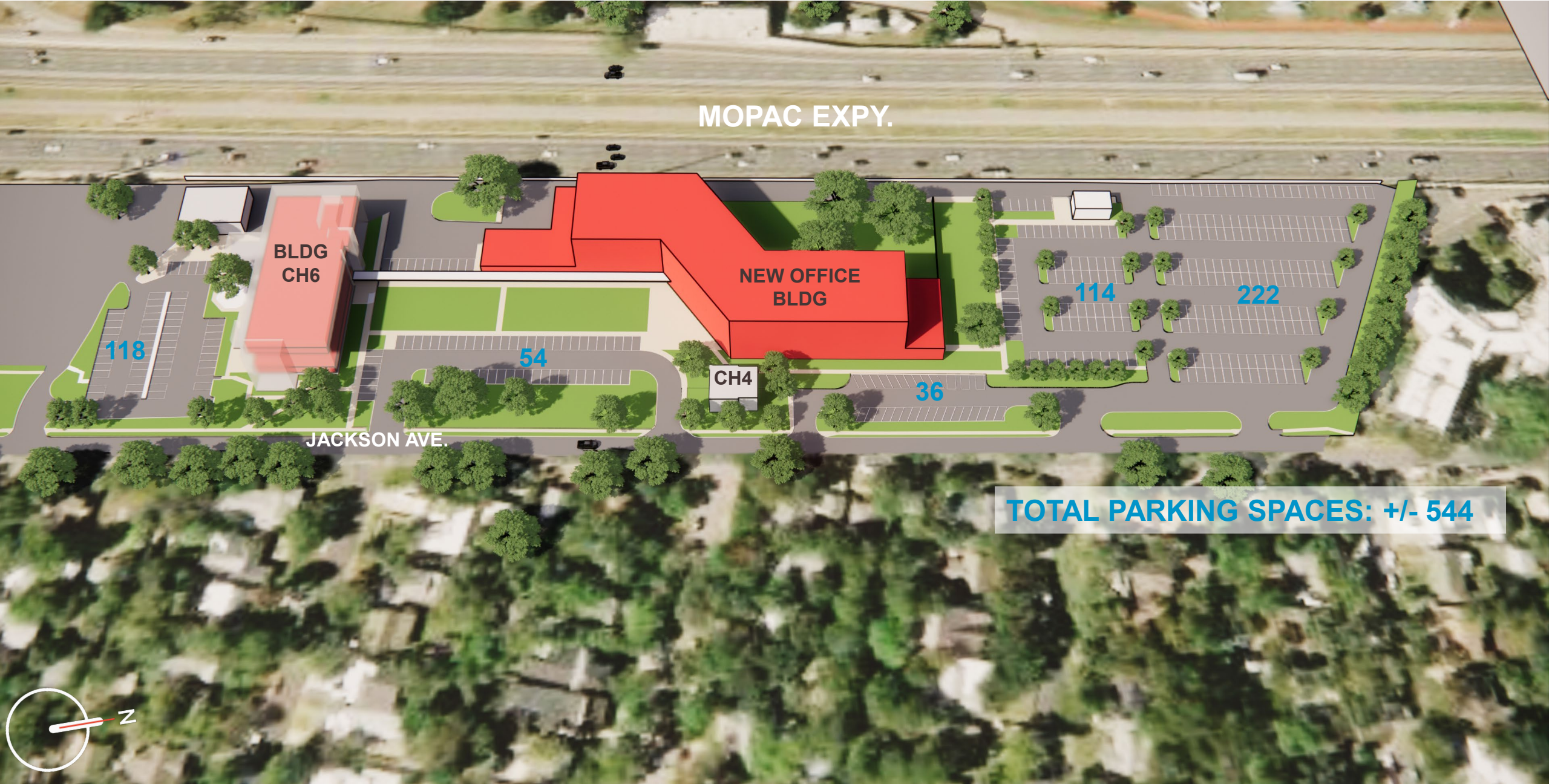
PHASES 1 & 2



PHASES 3 & 4

# MASTERPLAN – PHASES 1-4





MOPAC EXPY.

BLDG  
CH6

NEW OFFICE  
BLDG

CH4

JACKSON AVE.

118

54

36

114

222

TOTAL PARKING SPACES: +/- 544





**BIRDSEYE LOOKING NORTHWEST**

**MarmonMOK**  
ARCHITECTURE

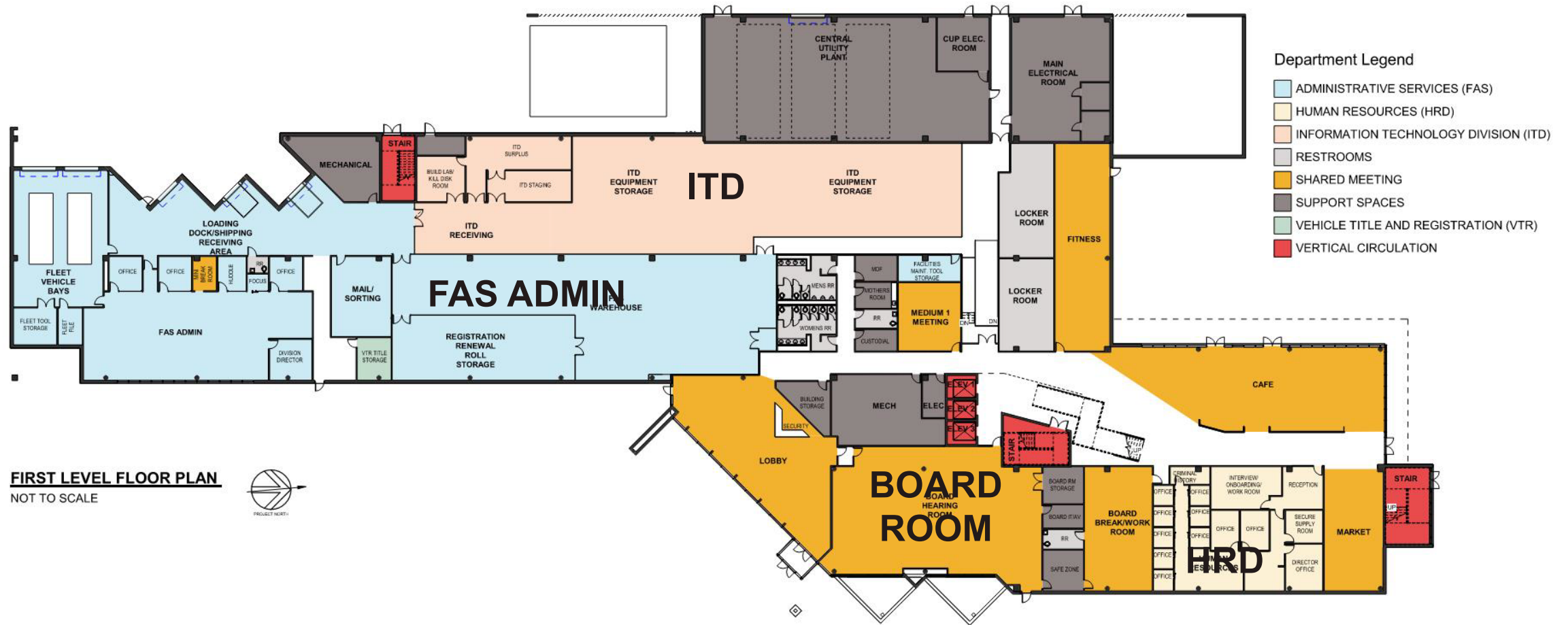




**NEW BUILDING – REAR BUILDING VIEW**

**MarmonMok**  
ARCHITECTURE













# Building 6: Multi-Purpose Future Use



- **Immediate Permanent Program Space:** Motor Carrier Division; Information Technology Services Division; Ombudsman's Office
- **Warehouse/Storage Space:** allows the consolidation of multiple warehousing operations and the cancelation of commercial leases
- **Surplus Property Administration:** jointly operated by Finance and Administrative Services and Information Technology Services
- **Temporary Space:** Programs displaced by construction activities include the Motor Vehicle Crime Prevention Authority, Office of Administrative Hearings, and Government/Strategic Communications
- **Future Department Growth:** Space will be programmed as hoteling options for staff without dedicated space on new campus, to accommodate all-staff division needs, and provide for future growth of department operations in coming decades





**Questions?**





## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**  
**BRIEFING ITEM**

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**To:** Texas Department of Motor Vehicles Board  
**From:** Wendy Barron, Chief Information Officer  
**Agenda Item:** 11.B  
**Subject:** Technology Projects

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### **RECOMMENDATION**

Briefing only.

### **PURPOSE AND EXECUTIVE SUMMARY**

To brief the Projects and Operations Committee on the current active projects including project descriptions, status, budget, and end dates.

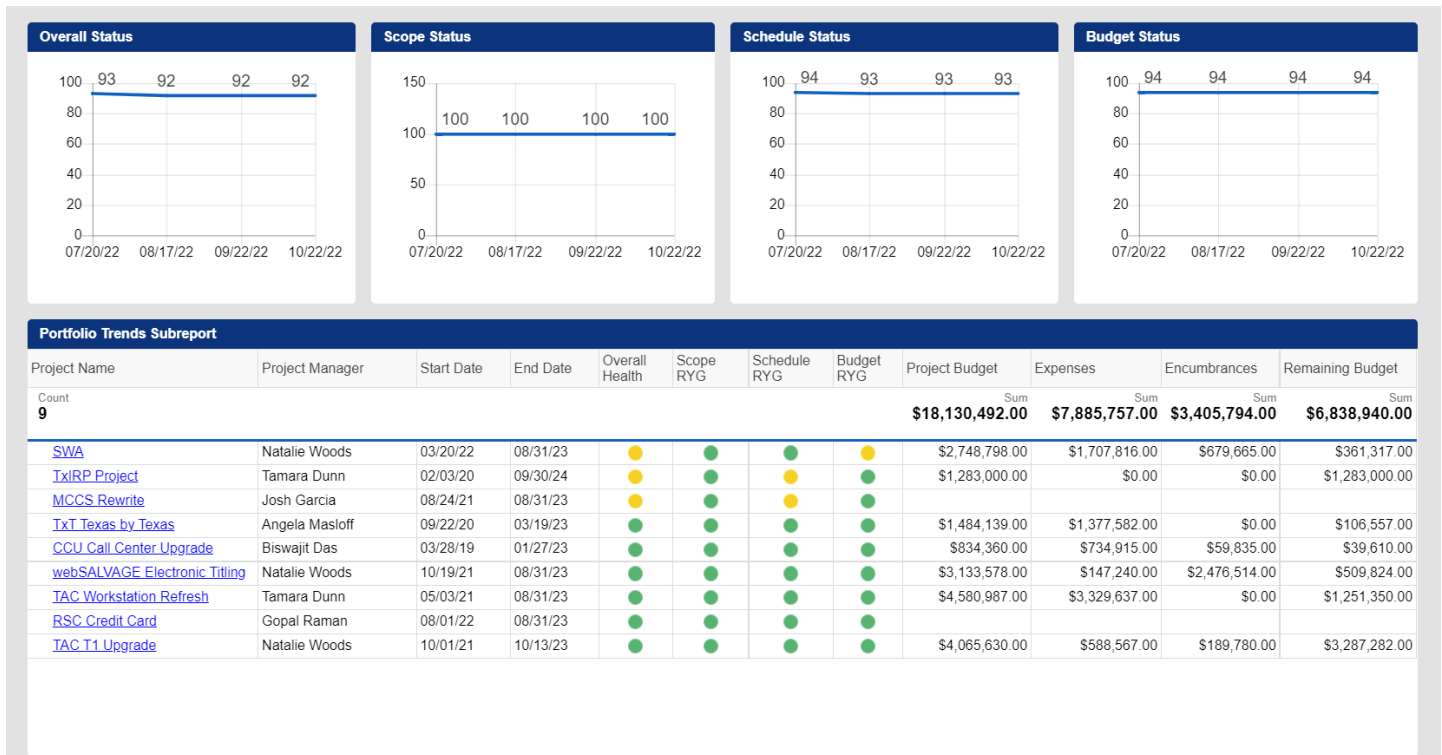
### **FINANCIAL IMPACT**

None.

### **BACKGROUND AND DISCUSSION**

This briefing includes a summary of thirteen of the high-priority projects and initiatives overseen by the Information Technology Services Division (ITSD), including an updated status, budget, and completion date.

The project portfolio dashboard is presented on the following page. Seven of the 10 ITSD Project Management Office (PMO) managed projects have a “green” status and are progressing in alignment with their planned scope, schedule, and budgets. Three of the projects are in “yellow” status due to schedule or budget issues. More details as to why these projects are in yellow are provided in the individual project briefings.



## Registration and Title System

### Tax Assessor Collector (TAC) T1 Upgrade

Current network circuit technology servicing most of the county tax assessor-collector (TAC) offices is outdated, using older T1 technology. This technology is not reliable, leading to frequent losses of connectivity for our TAC partners and impacting the department's and the TACs' ability to provide good customer service to our constituents. These types of circuits are being phased out by the major service providers, including TxDMV's vendor AT&T. This project will execute the upgrade of current T1 connections to metro-ethernet. This conversion will increase circuit reliability and increase network speeds for our county TAC partners. In conjunction with the fiber upgrade, the current routing and switching equipment at the county TAC locations will be upgraded to newer equipment with LTE (cellular) capabilities. A second networking route will be established in locations where cellular is available and reliable to act as a failover in the event the fiber route became disabled. The TAC T1 Upgrade Project is a multi-phased effort. The project is in its first phase with an objective to upgrade county offices from T1 circuits to AT&T Metro Ethernet for 286 AT&T in-region sites. Network routers and switches will also be upgraded for these offices as part of phase one. Subsequent phases will transition the remaining county offices.

#### Project Status:

- Upgrade to fiber of in-region (286 sites) AT&T Metro Ethernet in underway. So far 30% of sites are complete.
- Legal is reviewing the Statement of work for upgrading routers, switches, and firewalls.
- The project overall health is green. The project is on time and within scope, schedule, and budget.

Project End Date: Phase One end date Oct 2023

### *TAC Workstation Refresh*

TxDMV provides workstation and printer equipment to the county tax assessor-collector (TAC) offices enabling them to provide vehicle and titling services on the department's behalf. In accordance with industry best practices and Department of Information Resources (DIR) guidelines, this equipment should be replaced every five years. ITSD is moving to an operational deployment strategy by which 20% of the equipment is replaced each year, with 25% of that amount deployed each quarter. The intent of this project is to deploy 50% of the equipment, establishing the operational processes and procedures to transition from a projectized deployment to an operational initiative.

#### Project Status:

- Vendor is onboarded and completed training.
- Schedule is being finalized and communications will be sent to TAC offices.
- The project overall health is green. The project is on time and within scope, schedule, and budget.

Project End Date: Aug 2023

### *Texas by Texas (TxT)*

The Texas-by-Texas project has provided the constituents of Texas a secure, mobile-friendly platform to do business with multiple state agencies using a single user account (single sign-on). TxT serves as a personal and portable government assistant for customers. It allows customers to create an account, link to vehicles, and establish a personalized profile with stored payment information, transaction history, preferences, and other features. Users can choose to receive text and email renewal reminders which helps Texans renew their vehicle registration more efficiently.

#### Project Status:

- The ability to transact Vehicle Registration Renewals (VRR) in the TxT web application was launched in October.
- The ability to transact VRR in TxT mobile apps was implemented in February of 2022.
- Electronic Renewal notice Opt-in (ERNO), TxT enhancements and integration with TxDMV systems will be implemented in March 2023.
- The project overall health is green. The project is on time and within scope, schedule, and budget.

Project End Date: Spring 2023

### *RTS Batch Cycle*

The original objective of the RTS Batch Refactoring project was to reduce the run time of 33 high priority batch jobs. The project has modernized existing batch code, moving from Maxenso to Java. It optimized the run time of these jobs significantly. We refactored a total of 170 Maxenso jobs to 49 new spring batch jobs exceeding the original scope of refactoring 33 jobs. Refactoring these jobs has optimized the batch schedule and eliminated existing production defects. It has also helped with faster turnaround to fix production issues when a job fails in production.

**Project Status:**

- Project is in the closing phase.
- Wrapping up the closing activities of the project.

Project End Date: August 2022

*Credit Cards in the Regional Service Centers*

The objective of the RSC Credit Card Project is to enable RSCs to accept credit card payments for transactions processed at those locations. The project is an internal initiative to enhance customer service and to fully utilize the Texas.Gov payment portal services provided through DIR.

**Project Status:**

- Completed proof of concept.
- Gathering requirements.
- The project overall health is green. The project is on time and within scope, schedule, and budget.

Project End Date: Pilot end date Aug 2023

*RTS Performance Stabilization*

The TxDMV is taking multiple approaches to stabilize and improve performance in the RTS application. The ITSD has established a “tiger team” of staff from key sections of the division that are tasked with researching and implementing possible solutions to ongoing issues. Staff from application development and infrastructure have met regularly since the beginning of the calendar year to discuss and review new findings and solution implementation strategies.

Since reporting on this effort in April, the team has made multiple modifications that have resulted in a significant improvement to system performance. A critical issue with memory leaks in the code had required staff to “bounce” the servers twice a week. These memory leaks were growing at an exponential rate such that a third bounce in a week was being considered. Fortunately, the tiger team was able to identify and fix these memory leaks, thus eliminating the need for weekly server bounces.

**webDEALER***Statewide webDEALER Adoption (SWA) Phase II*

Senate Bill 604, passed during the 86<sup>th</sup> Texas Legislative Session, required that webDEALER, the department’s web-based system for processing title applications, be made available to all state of Texas motor vehicle dealers. To facilitate an increase in application throughput, maximize workflow, streamline processes, and, most importantly, encourage the participation of new users, the Statewide webDEALER Adoption project was initiated. Phase I of the project was completed in June of 2021 and included the highest priority tickets that provided webDEALER enhancements to Texas motor vehicle dealers. Phase II of the project is currently being executed and will implement the remaining priority tickets to improve the system for Texas motor vehicle dealers.

**Project Status:**

- The project is in the execution phase.
- Project overall health is yellow because the level of effort estimated to complete all tickets is greater than the current budget allocated to the project.

Project End Date: Aug 2023

***webSALVAGE***

The webSALVAGE project will expand throughput of electronic titling processes in webSALVAGE and the issuance/transfer of electronic titles. webSALVAGE will allow the electronic submission of title applications by insurance companies and Texas salvage motor vehicle dealers for hail-damaged vehicles, unrecovered thefts, and other non-salvage vehicles directly to county tax offices and will facilitate issuance of electronic titles to the submitting entities. The issuance of electronic titles will facilitate subsequent electronic transfer of title and required reporting for Texas salvage motor vehicle dealers. The project will expedite processing time and title issuance by eliminating manual processes for stakeholders and internal staff, reducing contract costs for the department, expanding system integrations, eliminating fraud associated with paper titles, and reducing theft and fraud associated with rebuilt vehicles.

**Project Status:**

- Project is in execution phase.
- Requirements are reviewed and approved for phase one and two. Phase three requirements gathering is about 70% complete.
- The project overall health is green. The project is on time and within scope, schedule, and budget.

Project End Date: Aug 2023

***Temp Tag Redesign***

Texas temporary tags are getting a major design overhaul. The TxDMV is introducing a new look for tags that are issued by licensed Texas motor vehicle dealers. This is the next step in ongoing efforts that have made a significant difference in curtailing and preventing the fraudulent production of, access to, and use of temporary tags.

Licensed dealers will begin issuing the redesigned temporary tags on December 9, 2022. The new tags are more complex and secure than existing tags and include additional data and security features to facilitate law enforcement identification of counterfeit tags and increase the safety of traffic stops.

**Motor Carrier Projects and Initiatives*****Motor Carrier Credentialing System (MCCS) Rewrite***

The Motor Carrier Credentialing System Rewrite project will replace the existing legacy MCCS system with a modern, reliable application supported by an external vendor. The project will reduce the operational risk to the department using improved technologies and ensure long-term support and operability.

**Project Status:**

- The project is currently in the procurement phase.
- The SOW is under review

- Project overall health is yellow because of delays in SOW review that have impacted the schedule.

Project End Date: Aug 2023

#### *Texas International Registration Program (TxIRP) System Upgrade*

The Texas International Registration Program Upgrade project will improve the TxIRP online user experience and reduce Out-of-Service (OOS) fraud. The project will improve user experiences through website responsiveness for mobile devices, add automated financial capabilities, and improve reporting.

Project status:

- Vendor is onboarded and we are about to complete the planning phase and start executing the project.
- Project overall health is yellow because of delays in SOW review that have impacted the schedule.

Project End Date: Sept 2024

#### **Call Center Upgrade Phase II**

The objective of Phase II of the Call Center Upgrade project is to implement a modern post call survey tool that will improve customer interaction quality with the department. The tool will collect actionable customer feedback, uncover the root cause of good or bad experiences, and track and measure customer satisfaction using industry best practices.

Project Status:

- The tool is implemented for Consumer Relations Division (CRD) and Motor Carrier Division (MCD). We are currently working on user acceptance testing (UAT) for the Vehicle Titles and Registration (VTR) division.
- The planned release date for the survey tool supporting VTR is December 31, 2022.
- The project overall health is green. The project is on time and within scope, schedule, and budget.

Project End Date: December 2022

#### **Project Prioritization**

ITSD is working closely with the Executive Leadership Team to establish governance and processes in the prioritization of projects and work efforts that require information technology resources. The intent of this major department initiative is to identify and categorize all work efforts, prioritize those efforts, and identify the capacity and scheduling of those efforts within the annual release cycles.

The initial prioritized list of projects and initiatives was identified at the beginning of the 2022/2023 biennium. This initial development is the first time the department has established a comprehensive inventory of all projects and initiatives. The portfolio of projects is currently being reviewed and updated, identifying those projects that have been completed and adding any new projects or initiatives. Once the portfolio is updated, a revised prioritization will be established, and resources will be assigned per capacity available.



## Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

**Board Meeting Date: 12/8/2022**  
**BRIEFING ITEM**

**To:** Texas Department of Motor Vehicles Board  
**From:** Leah Leone, Employee Ombudsman/Civil Rights Officer  
**Agenda Item:** 11.C  
**Subject:** TxDMV IMPACT Mentorship Program

### RECOMMENDATION

Briefing Only.

### PURPOSE AND EXECUTIVE SUMMARY

The TxDMV Impact Mentorship Program will help to achieve the TxDMV Strategic Plan's goals, which include recruiting, developing, and retaining qualified employees. Recruiting, developing, and retaining a qualified workforce is imperative to achieving the department's goals.

### FINANCIAL IMPACT

The annual cost to the program is approximately \$24,000.

### BACKGROUND AND DISCUSSION

My first year at the agency allowed me to understand the desires of employees who wished to experience greater satisfaction and growth from within the agency. I collected many expressions from employees who wanted to learn from leaders who had been placed in key positions throughout the agency. I, having gained extensive knowledge of a variety of valuable mentoring programs at prior jobs in my career, endeavored to create a unique mentoring opportunity that would allow employees to be matched via tailored algorithms, with a professional role model who would help them achieve greater employee well-being and individual career development. I found the ideal software platform and successfully implemented the TxDMV IMPACT Mentorship Program.

There are numerous benefits gained by employees who will use the platform and participate in the TxDMV IMPACT Mentorship Program. Employees who successfully complete the program can provide the agency with constructive feedback that would allow leadership to develop strategies that positively address and enhance workplace culture. Improvements of this kind should directly correlate to greater employee well-being and productivity. Such improvements are designed to decrease employee turnover and impact recruiting and retention results favorably.

The TxDMV IMPACT Mentorship Program could also help identify important metrics that would build in Key Performance Indicators (KPIs). Knowing and measuring the correct KPIs would aid the agency in accomplishing its business objectives, assist in understanding and monitoring the agency's overall health, and provide employees with ongoing support to develop personal accountability in achieving the agency's strategic plan and goals.



## TxDMV IMPACT Mentorship Program

[Program Overview](#)[Mentor Info](#)[Mentee Info](#)

# Welcome to TxDMV IMPACT!

[Join Now](#)

The TxDMV IMPACT Mentorship Program facilitates one-to-one mentoring relationships that connect mentees with leaders in the organization to learn and develop. TxDMV IMPACT mentoring helps you to expand networks, gain new knowledge and insights, and build new skills.

Join us now in the TxDMV IMPACT Mentorship Program to start developing personal and professional relationships with others in the organization who can help you learn and grow. Take the first step in furthering your professional development by joining the TxDMV IMPACT Mentorship Program today!

### Program Reminders:

- You have been employed with TxDMV for a minimum of six months (6).
- You are free and clear of corrective and disciplinary actions.





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# TxDMV IMPACT Mentorship Program

- **I**- Inclusive
- **M**-Motivated
- **P**-Purposeful
- **A**-Advancement
- **C**-Connection
- **T**-Teamwork

=

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TXDMV is making an IMPACT!



- Home
- Executive Dashboard NEW
- Manage
- Quick Access
- Users
- Mentors
- Mentees
- Reports
- Community
- Help & Support
- Help Resources
  - View All
  - Frequently Asked Questions
  - How to Get Matched
  - Mentor Handbook
  - Mentee Handbook
- Support
- Sign out
- Terms & Conditions

## For Mentees: Requesting a Connection

- From your Home page, review your top matches' profiles to see if they will be a fit to help with your current challenges and goals.

### Featured Mentor Recommendations

Personalize

**Vanessa Sharpe**  
 Member since April 2021

90% match  
 developing adaptability managing up Finance

[PROFILE](#)
[CONNECT](#)

**Lillian Moore**  
 Member since April 2021

86% match  
 Engineering Finance developing adaptability

[PROFILE](#)
[CONNECT](#)

- To see more candidates, click **Mentors** in the left navigation menu. Click **Show compatibility** to see why the matching algorithm is suggesting a mentor to you.

In what business funct... Rank leadership compet... What are your greatest... All Filters

Search by name or any profile field

**Vanessa Sharpe**  
 90% match  
[Show compatibility](#)

In what business functional areas could you provide mentoring?  
 Finance | Information Technology | Manufacturing

Rank leadership competencies in which you feel comfortable m...  
 managing the work | managing effective teams and work groups |  
 exhibiting leadership stature

[Connect](#)

**Lillian Moore**  
 86% match  
[Show compatibility](#)

In what business functional areas could you provide mentoring?  
 Engineering | Finance

Rank leadership competencies in which you feel comfortable m...  
 managing politics and influencing others | managing diversity and  
 difference | enhancing business perspective and acumen

[Connect](#)

**Mary Rivas**  
 82% match  
[Show compatibility](#)

In what business functional areas could you provide mentoring?  
 Engineering | Manufacturing

Rank leadership competencies in which you feel comfortable m...  
 managing the work | developing others | solving problems and  
 making decisions

[Connect](#)

**Drew Schmidt**  
 80% match  
[Show compatibility](#)

In what business functional areas could you provide mentoring?  
 Engineering | Finance

Rank leadership competencies in which you feel comfortable m...  
 managing the work | developing others | solving problems and  
 making decisions

[Connect](#)

**Kevin Bradley**  
 78% match  
[Show compatibility](#)

In what business functional areas could you provide mentoring?  
 Engineering | Finance

Rank leadership competencies in which you feel comfortable m...  
 managing the work | developing others | solving problems and  
 making decisions

[Connect](#)

**Frank Kelly**  
 74% match  
[Show compatibility](#)

In what business functional areas could you provide mentoring?  
 Engineering | Manufacturing

Rank leadership competencies in which you feel comfortable m...  
 managing the work | developing others | solving problems and  
 making decisions

[Connect](#)

Tip: To filter by specific criteria, click the **All Filters** button at the top of the page to tailor your options, then click **Apply Filters** to see your results.

- Click **Connect**, then **Request Mentoring Connection** to request a match with a mentor.

**Charlotte Pierce**  
 90% match  
[Show compatibility](#)

In what business functional areas could you provide mentoring?  
 Engineering | Finance

Rank leadership competencies in which you feel comfortable m...  
 managing the work | developing others | solving problems and  
 making decisions

[Request Mentoring Connection](#)

Request Charlotte Pierce to be my mentor

**Instructions**  
 Leave a note for the mentor about what you are looking for. The request is private and can be seen only by the mentor and the program administrator(s).

**Add a personal message \***  
 Example: Hi, I am reaching out to you because I am looking for guidance in the areas that you have experience. If you also think we would be a good fit, I'd be excited to...



# Benefits to a Mentor

- Leadership Development – Strengthen leadership skills
- Legacy – Invest and make an impact
- Learning – Acquire new insights

Join DMV IMPACT!  
[dmvimpat.chronus.com](http://dmvimpat.chronus.com)



Texas Department of Motor Vehicles

# Benefits to a Mentee

- Personal – Address development needs specific to team member or position
- Expanded Network – Build a trusting relationship with a TxDMV leader or peer
- Insight – Rewarded with valuable feedback

Join DMV IMPACT!  
[dmvimimpact.chronus.com](http://dmvimimpact.chronus.com)



Texas Department of Motor Vehicles



# Return on Investment (ROI)



## Number of People in Intended Mentoring Program

205 People



## Average Employee Salary

40,000 \$



## Current Retention Rate

32 %



## Net People Retained

35

## Average Salary Savings per Person

\$ 30,000

## Total Cost Savings from Mentoring Program

\$ 1,045,500

**Board Policy Documents**

Governance Process (10/13/11)

Strategic Planning (10/13/11)

Board Vision (4/7/16)

Agency Boundaries (9/13/12)

## **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,



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.



### 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 Legitimizing

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.

- 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?

- 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.

## **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.

- 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.

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

### 6.1.1. Key Objective 1

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.

- 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**



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

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

6.3.6. Key Objective 6

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

6.3.7. Key Objective 7

TxDmv shall timely meet all legislative requests and mandates.

## **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

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

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.