

1 overseen through department management and the Internal Audit Division. The external system is
2 overseen through the department's Compliance and Investigations Division. Each system rule is placed in
3 its appropriate chapter based on its focus.

4 New §223.101 outlines the program generally, to allow flexibility for change over time and
5 because a detailed disclosure of the means and methods of the department's system could be used to
6 evade the monitoring. The department welcomes tax assessor-collectors to join with the department in
7 all facets of detecting and preventing fraudulent activity; and recognizes that it is important to all county
8 tax assessor-collectors that they be involved in any informal or formal investigation of employees
9 relating to fraud, as it pertains to the tax assessor-collector's office, employees, and/or contractors.

10 The department agrees with the Tax Assessor-Collectors Association of Texas to work together
11 in the prevention of fraudulent activity. A strong partnership between the tax assessor-collectors and
12 the department ensures the safety and security of the motor vehicle titling and registration processes.
13 This partnership enables both to better serve with excellence our Texas motorists.

14 As addressed in response to comments, the department has amended §223.101 to add "including
15 procedures to notify county tax assessor-collectors concerning routine and periodic review and disclosure
16 procedures concerning possible fraudulent activity." In addition, the department has added as a separate
17 paragraph "notifying a tax assessor-collector of possible fraudulent activity in the tax assessor-collector's
18 office as authorized by law enforcement;" and renumbered the paragraphs accordingly. To this end the
19 department shall meet with tax assessor-collectors to develop the procedures in coordination with them.
20 The changes do not add additional requirements or costs on any regulated person.

21 **SUMMARY OF COMMENTS.**

22 The department received written comments requesting a change in the proposed text from the
23 Lubbock County Tax Assessor Collector and the Tax Assessor-Collectors Association of Texas.

1 **Comment:**

2 A commenter recommends that language be added to the rule that clarifies the qualifying
3 criteria used to determine when, and how, additional monitoring will be required.

4 **Agency Response:**

5 The department appreciates the comment, but will not make the change for reasons stated in the
6 preamble to the proposal and this adoption. As stated: New §223.101 outlines the program generally, to
7 allow flexibility for change over time and because detailed disclosure of the means and methods that the
8 department's system could be used to evade the monitoring.

9 **Comment:**

10 A commenter recommends that the addition of the following language to §223.101(1):
11 "including procedures to notify county tax assessor-collectors concerning routine and periodic review
12 and disclosure procedures concerning possible fraudulent activity."

13 **Agency Response:**

14 The department agrees with the proposed change. In addition, the department has added as a
15 separate paragraph "notifying a tax assessor-collector of possible fraudulent activity in the tax assessor-
16 collector's office as authorized by law enforcement;" and renumbered the paragraphs accordingly. The
17 department seeks to work in partnership with county tax assessor-collectors to prevent fraudulent activity
18 and stop such activity should it occur. In addition, the Compliance Investigation Division (CID) is working
19 to improve transparency between the CID and our county partners. This includes updating and improving
20 current procedures of engaging in routine periodic compliance reviews with county tax assessor-collectors
21 through CID field service representatives. The department shall meet with tax assessor-collectors to
22 develop disclosure procedures in coordination with them. The procedures will ensure tax assessor-
23 collectors are aware of possible fraudulent activity in their offices, as appropriate, to help monitor and

1 actively prevent fraud. For example, the department would disclose possible fraudulent activity in a tax
2 assessor-collector's office as authorized by law enforcement. The changes do not affect any person not
3 on notice of this proposal or add additional costs.

4 **STATUTORY AUTHORITY.** The department adopts new §223.101 under Transportation Code §§520.003,
5 520.004, and 1002.001.

6 Transportation Code §520.003 authorizes the department to adopt rules to administer
7 Transportation Code Chapter 520.

8 Transportation Code §520.004 requires the department to establish by rule a risk-based system
9 of monitoring and preventing fraudulent activity related to vehicle registration and titling in order to
10 efficiently allocate resources and personnel.

11 Transportation Code §1002.001, authorizes the board to adopt rules that are necessary and
12 appropriate to implement the powers and the duties of the department.

13 **CROSS REFERENCE TO STATUTE.** Transportation Code §520.004.

14 **TEXT.**

15 **SUBCHAPTER B. RISK-BASED MONITORING AND PREVENTING FRAUDULENT ACTIVITY**

16 **43 TAC §223.101**

17 **§223.101. External Risk-Based Monitoring System.**

18 The department's Compliance and Investigations Division shall establish a risk-based system of
19 monitoring and preventing fraudulent activity related to vehicle registration and titling in order to
20 efficiently allocate resources and personnel, including:

21 (1) establishing a risk-based system of monitoring counties and their contractors,
22 including procedures to notify county tax assessor-collectors concerning routine and periodic review and
23 disclosure procedures concerning possible fraudulent activity;

