Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

TxDMV Board
Finance & Audit
Committee Meeting

2:00 p.m.
Wednesday, August 16, 2023

AGENDA
FINANCE AND AUDIT COMMITTEE
TEXAS DEPARTMENT OF MOTOR VEHICLES
4000 JACKSON AVE., BUILDING 1, LONE STAR CONFERENCE ROOM
AUSTIN, TEXAS 78731
WEDNESDAY, AUGUST 16, 2023
2:00 P.M.

The presiding officer of the Committee will be physically present in the Lone Star Conference Room of Building 1, 4000 Jackson Avenue, Austin, Texas 78731. Some committee members may attend via videoconferencing.

Link to August 16, 2023, TxDMV Finance and Audit Committee Documents:
https://www.txdmv.gov/about-us/txdmv-board-meetings

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

PAGE

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

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

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

BRIEFING AND ACTION ITEMS
4. **Consideration and Possible Recommendation for Action to the Full Board and Briefings:**

i.   Hiring Process Audit
74   E.   FY 2024 Internal Audit Plan - Salem Chuah (ACTION ITEM)

CLOSED SESSION

5.   The Committee may enter into closed session under one or more of the provisions of the Texas Open Meetings Act, Government Code Chapter 551, including but not limited to:

Section 551.071 - Consultation with and advice from legal counsel regarding:
- pending or contemplated litigation, or a settlement offer;
- a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code Chapter 551; or
- any item on this agenda.

Section 551.076 - 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; Closed Meeting.
- security assessments or deployments relating to information resources technology;
- network security information as described by Section 2059.055(b); or
- the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

6.   Action Items from Closed Session

7.   Public Comment

8.   Adjournment

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

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 Committee or send an email to *GCO_General@txdmv.gov* to register by providing the required information

prior to the agenda item being taken up by the Committee:

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 Carrie Fortner by telephone at (512) 465-3044.

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

CERTIFYING OFFICIAL: Laura Moriaty, General Counsel, (512) 465-5665.

Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Committee Meeting Date: 8/16/2023
ACTION ITEM

To:	Finance & Audit Committee, Texas Department of Motor Vehicles Board
From:	Glenna Bowman, Chief Financial Officer
Agenda Item:	4.A
Subject:	FY 2024 Recommended Operating Budget

RECOMMENDATION

1. Approve the Recommended Fiscal Year (FY) 2024 Operating Budget.
2. Approve one contract, as follows:
   a. American Association of Motor Vehicle Administrators (AAMVA) National Motor Vehicle Title Information System (NMVTIS) ($695,008). This contract allows TxDMV to maintain required access to AAMVA NMVTIS.

PURPOSE AND EXECUTIVE SUMMARY

The recommended FY 2024 operating budget totals $428.9 million, with 860 FTEs, and is structurally balanced to support the operational needs of the department. The recommended budget includes amounts appropriated in the General Appropriations Act (GAA) and unexpended balances carried forward from FY 2023 to FY 2024, including SB 30 amounts (supplemental appropriations bill).

FINANCIAL IMPACT

The recommended FY 2024 operating budget of $428.9 million will be funded by General Revenue Fund 0001 ($48.9 million), TxDMV Fund 0010 ($236.6 million), federal reimbursements ($430,950), and bond proceeds ($143.0 million).

BACKGROUND AND DISCUSSION

Operating Budget by Goal and Strategy

The operating budget is appropriated (funded) by the Legislature according to goals and strategies. The department's goals and related budget amounts for FY 2024 are as follows:

Goal A: Optimize Services and Systems	$122,274,544
Goal B: Protect the Public	$31,908,462
Goal C: Indirect Administration	$205,741,069
Salary Adjustments	$2,594,940
U.B., Capital Appropriations	$3,388,000
U.B., HB 2 Supplemental Appropriations	$3,158,000
Contingency Appropriations • HB 718 • SB 224 • SB 505	 $35,000,000 $24,667,202 $214,440
Total	**$428,945,717**

Goal A is supported by five strategies, including Titles, Registrations and Plates; Vehicle Dealer Licensing; Motor Carrier Permits & Credentials; Technology Enhancement & Automation; and the Customer Contact Center. Goal B is supported

by two strategies, Enforcement and Motor Vehicle Crime Prevention Authority (MVCPA). Goal C includes Central Administration, Information Resources and Other Support Services. Unexpended Balances (UB) will be carried forward from FY 2023 to FY 2024, including supplemental appropriations in SB 30; for TxDMV Automation Systems, Headquarters Maintenance, RSC Maintenance, and the Accounts Receivable System.

Revenues

TxDMV collects revenue from a variety of sources and deposits those revenues into three funds: the General Revenue Fund (Fund 0001), the State Highway Fund (Fund 0006), and the TxDMV Fund 0010.

TxDMV Fund 0010 revenues are estimated to total $184.8 million in FY 2024. The majority of revenues will come from title and registration fees totaling $93.0 million, processing and handling fees of $57.8 million, and oversize/overweight permit fees of $14.0 million. TxDMV staff estimate the department will collect approximately $2.1 billion for the State in all funds during FY 2024. The department also receives revenue pursuant to Section 1006.153, Transportation Code, to support the activities of the Motor Vehicle Crime Prevention Authority (MVCPA). These revenues are deposited to the General Revenue Fund 0001 and are estimated to total $24.2 million in FY 2024. In addition, MVCPA is appropriated approximately $24.7 million in FY 2024 through the enactment of SB 224 for the coordinated regulatory and law enforcement activities intended to detect and prevent catalytic converter crime in Texas.

Contracts Requiring Board Approval

The department's Contract Approval Procedures specify that the Executive Director (or designee) must obtain board approval for contracts $200,000 or more prior to award or renewal unless specifically excluded. Included in the FY 2024 Recommended Operating Budget is one contract that require Board approval:

> ***American Association of Motor Vehicle Administrators*** (***AAMVA***) *($695,008)* – This contract provides online access to meet the TxDMV's obligation to receive and report information to the National Motor Vehicle Title Information System (NMVTIS) as required by federal statute. NMVTIS serves as a repository of information related to vehicles that have been in the possession of auto recyclers, junk yards and salvage yards. States and consumers use the information to ensure that junk or salvage vehicles are not later resold and ensures that vehicle identification numbers from destroyed vehicles are never used for stolen vehicles.

Texas Department of Motor Vehicles

FY 2024 Recommended Operating Budget

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Part I: Executive Summary

Executive Summary

The FY 2024 Recommended Operating Budget totals $428.9 million, with 860 full-time equivalents (FTEs), and is structurally balanced to support the operational needs of the department. The recommended budget includes:

- FY 2024 amounts appropriated to the TxDMV in the General Appropriations Act (GAA); and
- Unexpended balances, including SB 30 (the supplemental appropriations bill) carried forward from FY 2023 to FY 2024.

The FY 2024 Recommended Operating Budget includes several new projects and initiatives that will have an ongoing impact. Major items funded in the budget include:

- Camp Hubbard Renewal Project
- RTS Replacement Phase One
- Additional Regional Service Center locations in Dallas and Houston. This includes eight (8) new full-time equivalents (FTEs).
- Implementation of HB 718 which replaces temporary paper tags with metal plates. This includes two (2) new FTEs.
- Implementation of SB 224 to coordinate with other state agencies to develop a plan to detect and prevent catalytic converter theft. This includes four (4) new FTEs.
- Thirty-eight (38) additional FTEs to address workload and initiatives in multiple TxDMV programs.

The recommended budget focuses on continuous, secure, and uninterrupted delivery of services to our stakeholders and customers through maximizing technology and adapting to new service needs.

Part II: FY 2024 Recommended Operating Budget

FY 2024 Recommended Operating Budget by Goal and Strategy

The following table reflects the amounts approved in the GAA (HB 1, 88th Legislature, Regular Session), plus other appropriations, including carry-forward funds from previous years that are available for the department to spend in FY 2024, supplemental appropriations, and contingency appropriations.

A. Goal: Optimize Services and Systems		FY 2024 Recommended Operating Budget
Strategy: A.1.1. Titles, Registrations, and Plates	$	91,284,460
A.1.2. Vehicle Dealer Licensing	$	4,814,842
A.1.3. Motor Carrier Permits & Credentials	$	9,563,874
A.1.4. Technology Enhancement & Automation	$	13,204,575
A.1.5. Customer Contact Center	$	3,406,793
Total, Goal A: Optimize Services and Systems	**$**	**122,274,544**
B. Goal: Protect the Public		
Strategy: B.1.1.: Enforcement	$	7,717,962
B.2.1. Motor Vehicle Crime Prevention Authority	$	24,190,500
Total, Goal B: Protect the Public	**$**	**31,908,462**
C. Goal: Indirect Administration		
Strategy: C.1.1. Central Administration	$	9,671,450
C.1.2. Information Resources	$	34,275,004
C.1.3. Other Support Services	$	161,794,615
Total, Goal C: Indirect Administration	**$**	**205,741,069**
D. Goal: Salary Adjustments		
Strategy: D.1.1. Salary Adjustments	**$**	**2,593,940**
Total, Goal D: Salary Adjustments	**$**	**2,593,940**
Grand Total TxDMV (GAA, Article VII Line-Item Appropriations)	**$**	**362,518,015**
Other Appropriations		
Capital Appropriations - Automation Unexpended Balance (U.B.)	$	763,000
- HQ Maintenance (U.B.)	$	2,000,000
- RSC Maintenance (U.B.)	$	625,000
- Vehicle Replacement (new funding in SB 30 Supplemental Bill)	$	158,000
Other Appropriations - Accounts Receivables (U.B. in SB 30 Supplemental Bill)	$	3,000,000
Contingency Appropriations - HB 718	$	35,000,000
- SB 224	$	24,667,202
- SB 505	$	214,440
Total, Other Appropriations	**$**	**66,427,642**
Total TxDMV Operating Budget	**$**	**428,945,717**

FY 2024 Recommended Operating Budget by Method of Finance

The following table reflects the amounts approved in the GAA (H.B. 1, 88th Legislature, Regular Session), plus other appropriations, including carry-forward funds from previous years, supplemental appropriations, and contingency appropriations, by the method of finance.

Method of Finance		
General Revenue Fund 0001	$	48,882,423
TxDMV Fund 0010	$	236,632,284
Federal Reimbursements	$	430,950
Bond Proceeds – Revenue Bonds	$	143,000,000
Total, Method of Finance	**$**	**428,945,717**
Total Authorized FTEs		**860.0**

Part III: FY 2024 Revenues

FY 2022-2024 Revenue Summary

TxDMV collects revenue from registrations, dealer licenses, titles, permits, and credentials and some miscellaneous revenue, and deposits those revenues into three funds, as follows:

- General Revenue Fund (Fund 0001)
- State Highway Fund (Fund 0006)
- TxDMV Fund (Fund 0010)

TxDMV Fund 0010 Revenue

TxDMV Fund revenue collections are projected to total $184.8 million in FY 2024.

All Funds Revenue

Actual revenue collections for FY 2022, as well as estimated revenues for FY 2023 and 2024 are shown in the table below.

FYs 2022-2024 Revenue Summary			
Revenue Fund and Fee Categories	FY 2022 Actual	FY 2023 Estimated	FY 2024 Estimated
General Revenue Fund 0001			
Motor Vehicle Certificates of Title	$ 37,352,790	$ 37,152,000	$ 37,384,000
Motor Vehicle Registration	$ 26,837,876	$ 27,560,000	$ 28,378,000
Motor Carrier - Oversize/Overweight	$ 46,748,185	$ 47,216,000	$ 50,111,000
Motor Carrier Credentialing	$ 6,114,203	$ 6,114,000	$ 6,402,000
Miscellaneous Revenue	$ 4,057,411	$ 3,836,000	$ 4,199,000
Total Fund 0001 Revenue	**$ 121,110,466**	**$ 121,878,000**	**$ 126,474,000**
State Highway Fund 0006			
Motor Vehicle Certificates of Title	$ 9,587,700	$ 10,067,000	$ 10,173,000
Motor Vehicle Registration	$ 1,615,861,653	$ 1,610,976,000	$ 1,695,119,000
Motor Carrier - Oversize/Overweight	$ 101,903,124	$ 103,410,000	$ 112,980,000
Total Fund 0006 Revenue	**$ 1,727,352,476**	**$ 1,724,453,000**	**$ 1,818,272,000**
Texas Department of Motor Vehicles Fund 0010			
Motor Vehicle Certificates of Title	$ 50,220,125	$ 51,355,000	$ 51,800,000
Motor Vehicle Registration	$ 42,145,216	$ 41,508,000	$ 41,182,000
Motor Carrier - Oversize/Overweight	$ 13,764,477	$ 13,471,000	$ 14,047,000
Motor Vehicle Business Licenses	$ 7,451,703	$ 7,079,000	$ 7,230,000
Miscellaneous Revenue	$ 9,475,890	$ 14,490,000	$ 12,724,000
Processing and Handling Fee	$ 57,000,512	$ 57,001,000	$ 57,837,000
Total Fund 0010 Revenue	**$ 180,057,922**	**$ 184,904,000**	**$ 184,820,000**
TOTAL REVENUE DEPOSITS TO FUNDS 0001, 0006, AND 0010	**$ 2,028,520,864**	**$ 2,031,235,000**	**$ 2,129,566,000**

Note - FY 2024 State Highway Fund 0006 registration revenue includes an estimated amount for the electric vehicle additional fee established by SB 505, 88th Legislature, Regular Session. Estimates for future years will be updated for other legislative initiatives as more information becomes available.

Motor Vehicle Crime Prevention Authority Revenues

The Motor Vehicle Crime Prevention Authority (MVCPA) is a division of TxDMV, governed by a five-member, gubernatorial-appointed board. MVCPA is funded by statutorily directed fees deposited to the General Revenue Fund (Section. 1006.153, Transportation Code).

MVCPA is required to collect a $4 fee on all motor vehicles covered by any form of motor vehicle insurance sold in Texas. The Comptroller of Public Accounts (CPA) has estimated that FY 2024 MVCPA revenues will total approximately $24.2 million.

Senate Bill 224

The 88th Legislature, Regular Session, enacted SB 224, relating to catalytic converters. The bill increased the motor vehicle insurance fee by $1 to a total of $5 collected on each motor vehicle insurance policy.

The additional $1 is to be used only for the coordinated regulatory and law enforcement activities intended to detect and prevent catalytic converter crime in Texas and is estimated to total $24,667,202 in FY 2024 for use by MVCPA for those purposes.

Part IV: Contracts

FY 2024 Contract Summary

The Board's approval is required for one contract listed in the operating budget (see attachment).

The FY 2024 budget currently includes 26 contracts that have a value of more than $200,000 that do not require Board approval are listed on the following pages.

The Board's Contract Approval Procedures are included in this document.

Note: The listed contracts are subject to change based on the final terms and conditions negotiated.

Contracts Greater Than $200,000 Requiring Board Approval

The contracts listed below require Board approval for the initial award or renewal, as of September 1, 2023.

Division	Vendor	Purpose	Contract Award Date	Contract End Date	FY 2024 Amount	Total Lifetime Contract Amount Through FY 2024
VTR	AMERICAN ASSOCIATION OF MOTOR VEHICLE ADMINISTRATORS	Information systems title check through AAMVA	10/1/2018	8/31/2024	$ 695,008	$ 3,277,917

Contracts Greater than $200,000 Excluded from Board Approval Requirement

The following contracts have a cumulative cost value of more than $200,000. They are provided for informational purposes, but they are excluded from the Board approval requirement in accordance with the Board's Contract Approval Procedures.

Division	Vendor	Purpose	Contract Award Date	Contract End Date	FY 2024 Amount	Total Lifetime Contract Amount Through FY 2024
IT	TEXAS DEPARTMENT OF INFORMATION RESOURCES	Data Center Services	9/1/2020	8/31/2024	$ 17,318,944	$ 17,318,644
FAO	TEXAS DEPARTMENT OF CRIMINAL JUSTICE	License Plates Manufacturing	9/1/2019	8/31/2024	$ 17,015,000	$ 51,475,482
VTR	PITNEY BOWES	Postage	9/1/2016	8/31/2024	$ 15,600,000	$ 94,878,631
IT	TBD	RTS Replacement Phase One	TBD	8/31/2024	$ 6,750,000	$ 6,750,000
VTR	TAYLOR COMMUNICATIONS	Vehicle Registration Decals	8/26/2014	8/31/2024	$4,271,925	$36,265,715
IT	TBD	Okta Multi-Factor Authentication	TBD	8/31/2024	$3,000,000	$3,000,000
FAO	OPEN TEXT	Digital Imaging	9/1/2020	8/31/2024	$2,800,000	$23,557,457
IT	CARAHSOFT	eLICENSING	8/31/2022	8/31/2024	$ 1,295,231	$ 1,295,231
VTR	WORKQUEST	Specialty Plates Mailing	8/26/2014	8/31/2024	$ 1,124,740	$ 3,145,307
VTR	WORKQUEST	Huntsville Freight	8/31/2022	8/31/2024	$920,000	$920,000
FAO	WALDEN SECURITY	Security Guard Services - Austin	9/1/2020	8/31/2024	$ 808,192	$ 2,287,236
VTR	TAYLOR COMMUNICATIONS	VTR-500 Form	9/1/2023	8/31/2024	$720,510	$720,510

Contracts Greater than $200,000 Excluded from Board Approval Requirement (cont.)

Division	Vendor	Purpose	Contract Award Date	Contract End Date	FY 2024 Amount	Total Lifetime Contract Amount
ITD	TBD	Remedy Force Replacement	TBD	TBD	$700,000	$700,000
MCD	PROMILES	Annual Support and Hosting Fees	9/1/2016	8/31/2024	$ 603,180	$ 3,619,080
MCD	SOUTHWEST RESEARCH INSTITUTE	CVIEW – Maintenance Support	2/1/2020	8/31/2024	$ 600,000	$ 6,600,000
VTR	RR DONNELLY	Title & Registration Forms	3/6/2015	8/31/2024	$ 567,425	$ 4,504,675
IT	CDW GOVERNMENT	Cisco Smartnet	11/1/2020	8/31/2024	$ 473,303	$ 1,419,909
FAO	WORKQUEST	Freight/Small Package Shipping	9/1/2020	8/31/2024	$388,632	$1,034,631
FAO	WORKQUEST	Janitorial Services – Camp Hubbard	9/1/2020	8/31/2024	$ 327,730	$ 2,290,672
FAO	JOHNSON CONTROLS	JCI Controls	9/1/2021	8/31/2024	$ 313,223	$ 626,466
FAO	RAGSDALE-BROOKWOOD VENTURE	Lease 20399 Houston	11/1/2016	8/31/2024	$ 297,062	$ 3,030,072
FAO	JOHNSON CONTROLS	Chiller/cooling tower	9/1/2021	8/31/2024	$285,000	$753,000
FAO	SIGMA SURVEILLANCE	Security System Enhancements	9/1/2021	8/31/2024	$262,430	$724,429
FAO	PRESTIGE ELEVATOR SERVICES	Elevator Maintenance	9/1/2022	8/31/2024	$238,000	$476,000
FAO	WILLBANKS	Boiler Maintenance	9/1/2022	8/31/2024	$200,000	$400,000
FAO	ENVIRO-MASTER SERVICES	Preventive Disinfectant fogging (HQ-RSC)	9/1/2020	8/31/2024	$ 200,000	$ 1,394,559

BOARD OF THE TEXAS DEPARTMENT OF MOTOR VEHICLES
CONTRACT APPROVAL PROCEDURES
Revised October 13, 2022

The Board of the Texas Department of Motor Vehicles (Board) finds it necessary to adopt procedures relating to contracts executed on behalf of the Texas Department of Motor Vehicles (department). The Executive Director (or designee) has the authority to sign and/or approve contracts on behalf of the department without Board approval, to the extent the contract approval procedures do not require prior Board approval and Board approval is not required by law. The Board authorizes the Executive Director to adopt separate internal procedures to assist with the implementation of these contract approval procedures.

Procurement Process:

The department may enter into the procurement process to acquire goods and/or services without consultation or prior Board approval provided that the department complies with the General Contract Approval procedures below.

General Contract Approval:

Department contracts must be submitted to the Board by the Executive Director (or designee) for review and approval prior to execution and/or award if:

- the contract or contract renewal exceeds $200,000.
- a change order, individually or in combination with other change orders (other than the exercise of available renewal options), increases the original contract by twenty-five percent or more, as long as the dollar amount of the change order is $50,000 or more.
- any change order, individually or in combination with any other change orders (other than the exercise of available renewal options), increases the original contract by $100,000 or more.

At the discretion of the Executive Director (or designee), the department may request the Board consider any contract of any amount.

Exclusion:

The department is not required to obtain approval for any grants awarded to the department or awarded by the department or any contracts which do not obligate the department to pay, such as the contract for the TexasSure program.

The following department contracts are for routine operations and are excluded from the contract approval procedures listed above:

Copier Maintenance	Real Estate Leases for Same Location[1]
Council on Competitive Government (CCG) Contracts	Registration Stickers
Department of Information Resources (DIR) Contracts	Security Services
Elevator Services and Needs	Set-Aside Contracts[2]
Equipment Maintenance	Software – Off-the-Shelf
Fire and Safety Services and Needs	Statewide Procurement Division (SPD) Contracts
General Facilities Maintenance	Temporary Staff Services
Hardware/Software Maintenance	Trash Disposal and Recycling
Heating and Cooling System Services and Needs	TxMAS Contracts[3]
Interagency/Interlocal Agreements	Utility-Related Services and Needs
Janitorial Services	Vehicle Registration Renewal Notices
Lawn Services	Vehicle Titles
Leased Copiers	Vehicles
Postage	

Emergency Procurements:

In the event a contract is needed on an emergency basis, the Executive Director (or designee) will contact the Board Chairman or the Finance and Audit Committee Chairman for approval to execute such a contract and will brief the full Board at the next regularly scheduled Board meeting.

An emergency procurement is an unforeseeable situation requiring a procurement and the possible execution and/or award of a contract to:

- prevent a hazard to life, health, safety, welfare or property;
- avoid undue additional costs to the state; or
- avoid undue delay to any department operations.

Budgeting and Reporting:

Even though the routine contracts listed above are excluded from Board review, the Executive Director (or designee) must still ensure that all contracts are within budget guidelines and adhere to all established procurement and contract laws, rules, regulations, and policies of oversight agencies.

No later than August 31st of each fiscal year, the Chief Financial Officer (or designee) shall submit to the Board an annual report which identifies all agency contracts which are expected to exceed

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[1] This exclusion only applies to renewals and amendments to existing leases, as well as new leases for the same real estate that the department occupied under a prior lease.

[2] Set-aside contracts are a specific set of contracts for which a competitive procurement is not required, such as contracts for commodities or services that are available from Texas Correctional Industries and the Central Nonprofit Agency under contract with the Texas Workforce Commission (TWC). Currently, WorkQuest is the Central Nonprofit Agency under contract with TWC.

[3] Texas Multiple Award Schedule (TXMAS) contracts are contracts that have been developed from contracts awarded by the federal government or any other governmental entity of any state.

$200,000 in the next fiscal year. This report shall include, but not be limited to, vendor name, contract purpose, contract amount, and contract duration. Additionally, the Chief Financial Officer (or designee) shall state whether sufficient funds are available in the agency's proposed operating budget for such contracts.

Contract Approval Procedures:
Funds for the department's contracts are first considered when the Board reviews and approves the department's operating budget. The Board's approval of the operating budget constitutes approval of any contracts listed in the operating budget. After the Board approves the operating budget, the department's Executive Director (or designee) is authorized to execute such contracts according to established procurement and contract laws, rules, regulations and policies of oversight agencies.

IT IS THEREFORE ORDERED by the Board that these contract approval procedures are adopted. The contract approval procedures dated February 10, 2022, and titled *Board of the Texas Department of Motor Vehicles, Contract Approval Procedures* are rescinded, effective October 13, 2022.

The department is directed to take the necessary steps to implement the actions authorized in these contract approval procedures.

October 13, 2022

Charles Bacarisse, Chair
Board of the Texas Department of Motor Vehicles

Part V: Appendices

Appendix I: Budget Category Details

FY 2024 Recommended Operating Budget by Budget Category

The table below outlines the total FY 2024 recommended operating budget by budget category.

Expenditure Area	FY 2024 Recommended Operating Budget
Salaries and Wages	$ 53,181,716
Other Personnel Costs	$ 1,430,433
Professional Fees and Services	$ 59,051,149
Fuels & Lubricants	$ 73,550
Consumable Supplies	$ 1,440,848
Utilities	$ 4,214,474
Travel In-State	$ 333,349
Travel Out-of-State	$ 81,000
Rent - Building	$ 1,234,131
Rent - Machine and Other	$ 356,118
Purchased Contract Services	$ 38,857,473
Advertising & Promotion	$ 203,242
Computer Equipment Software	$ 2,196,376
Fees & Other Charges	$ 5,251,809
Freight	$ 988,653
Maintenance & Repair	$ 6,297,602
Memberships & Training	$ 316,962
Other Expenses	$ 36,726,667
Postage	$ 17,790,250
Reproduction & Printing	$ 5,892,641
Services	$ 2,451,968
Grants	$ 47,232,251
Other Capital	$143,343,055
Total	**$ 428,945,717**

Budget Category Definitions

Salary – Includes staff compensation and interns; does not include contract workers who are not a part of the organization's normal payroll.

Other Personnel – includes longevity pay, additional retirement contribution expenses, and payments to exiting employees for accumulated leave.

Professional Fees – Work, requiring specific expertise, provided by third party professionals holding specific certifications and qualifications.

Fuels and Lubricants – Fleet maintenance and operation costs related to oil changes and refueling fleet vehicles.

Consumables – Standard consumable costs required to run the day-to-day operations of the department such as paper, pens, pencils, media discs and USB drives, paper clips and staples.

Utilities – Costs associated with providing services at facility locations and/or HQ such as electricity, telephone, water, and natural gas.

Travel (In-State/Out-of-State) – that which has official state business purpose, attending approved job-related training, working on behalf of or officially representing the department.   Includes transportation, meals and accommodations and travel per-diems.

Rent – Building/Rent – Machine, Other – Costs associated with procurement of project facilities such as office rental, off-site training rooms; and costs associated with the rental of office equipment such as postage meters and copy machines.

Purchased Contract Services – Services outsourced to third party entities for the benefit of the department such as MyPlates and Standard Register.

Advertising and Promotion – Includes radio/media ads, posters, signage, brochures, flyer production and other promotional items.

Computer Equipment – The purchase and replacement of personal information technology equipment and peripherals such as workstations, monitors, keyboards, and laptops.

Fees and Other Charges – Credit card processing fees, employee health insurance fees, State Office of Risk Management insurance charges and court filing fees.

Freight – Goods transported in bulk by truck, train, ship, or aircraft. For example, the costs to transport license plates to county tax offices.

Maintenance and Repair – Expenditures related to the upkeep of TxDMV facilities, equipment and software used on the department's systems for annual application support such as e-Tags and International Registration Plan (IRP).

Memberships and Training – Fees for training courses and conference registrations for TxDMV staff. Also included are expenditures for memberships for the department's personnel such as Texas Association of Public Purchasers, American Association of Motor Vehicle Administrators (AAMVA) and the National Board of Motor Vehicle Boards and Commissions.

Other Expenses – Includes office furniture and equipment and miscellaneous non-categorized costs such as employee awards, publication purchases, parts, promotional items, and non-capitalized tools.

Postage – Includes costs of metered mailing for license plates, registration renewal notices and titles; and includes the cost of the rental of TxDMV post office boxes.

Reproduction and Printing – Includes all TxDMV printed materials primarily used in registration renewal notices and titles such as notification inserts, envelopes, and title paper.

Services – Includes costs associated with services provided to TxDMV through subscription such as National Motor Vehicle Title Information System (NMVTIS) and LexisNexis.

Grants – Pass-through funds designated for use by city, county, and other state agencies for a specific, contractual requirement.

Capital – Expenditures related to the acquisitions, lease-purchase, or ancillary cost (including contracts) associated with a capital items/projects over $100,000.

Appendix II – Capital Project Details

Capital Project Details

TxDMV FY 2024 Capital Budget

TxDMV Capital Project Appropriations		FY 2024
Fiscal Year 2024 Appropriation	$	182,799,039
Estimated Unexpended Balance Carry-Forward	$	3,546,000
Total Capital Appropriations	**$**	**186,345,039**
Facilities		
Regional Service Center Expansion	$	931,606
Camp Hubbard Renewal Project	$	143,000,000
Regional Service Center Maintenance [1] (U.B.)	$	1,325,000
HQ Maintenance [1] (U.B.)	$	2,000,000
Acquisition of Information Resource Technologies		
TxDMV Automation System [1]		
TxDMV Automation System	$	10,500,000
Unallocated (U.B.)	$	763,000
Other Technology Projects		
PC Replacement	$	527,000
Technology Replacement & Upgrades - County Support	$	5,000,000
RTS Replacement	$	4,421,489
Transportation – Replacement Vehicles		
Vehicle Replacement [2] (SB 30 supplemental)	$	158,000
Data Center Consolidation		
Data Center Consolidation	$	17,318,944
Cybersecurity		
Cybersecurity	$	400,000
TxDMV Total Capital Budget	**$**	**186,345,039**

[1]*Includes projects that will be funded from balances remaining at the end of FY 2023.*
[2]*Project funded through Unexpended Balance (UB) carry-forward from FY 2023, included in SB 30, 88th Session the supplemental appropriations bill.*

Texas Department *of* **Motor Vehicles**

HELPING TEXANS GO. HELPING TEXAS GROW.

Committee Meeting Date: 8/16/2023
BRIEFING ITEM

To:	Finance & Audit Committee, Texas Department of Motor Vehicles Board
From:	Glenna Bowman, Chief Financial Officer
Agenda Item:	4.B
Subject:	Delegation of Contract Approval and Signature Authority to the Executive Director or the Executive Director's Designee under Government Code, §2261.254

RECOMMENDATION
Delegate contract approval and signature authority to the Executive Director or a deputy director of the department under Government Code, §2261.254.

PURPOSE AND EXECUTIVE SUMMARY
This agenda item is to obtain the delegation of approval of contracts and signature authority from the Texas Department of Motor Vehicles Board to Executive Director Daniel Avitia or a deputy director of the department for any contracts listed in the FY 24 operating budget that exceed $1,000,000, in accordance with Government Code, §2261.254. The approval includes all such listed contracts, including renewals, regardless of whether the contract term is for September 1, 2023, through August 31, 2024, or includes additional months or years outside of FY 24. The approval and delegation of signature authority is for all contracts, including purchase orders, that exceed $1,000,000. The estimated dollar amounts include all executed and proposed amendments, extensions, and renewals of the contract.

FINANCIAL IMPACT
None.

BACKGROUND AND DISCUSSION
Texas Government Code, §2261.254 requires that a state agency may enter into a contract for the purchase of goods or services that has a value exceeding $1,000,000 only if the governing body of the state agency approves the contract and the approved contract is signed by the presiding officer of the governing body. However, it then allows the governing body to delegate this authority for approval and signature to the executive director or a deputy executive director of the agency.

Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Committee Meeting Date: 8/16/2023
BRIEFING ITEM

To: Finance & Audit Committee, Texas Department of Motor Vehicles Board
From: Glenna Bowman, Chief Financial Officer
Agenda Item: 4.C
Subject: Update on Camp Hubbard Renewal Project

PURPOSE AND EXECUTIVE SUMMARY

The 88th Legislature appropriated $143,000,000 in capital budget authority to TxDMV for the Camp Hubbard Renewal Project in FY 2024 and authorized the Texas Public Finance Authority (TPFA) to issue revenue bonds or other obligations on behalf of the TxDMV to secure funding for the Project. The Legislature also appropriated money for lease payments of approximately $12.5 million for each year of the FY 2024-25 biennium.

This is an update on the most recent activities related to this project, with an emphasis on financial issues.

BRIEFING

In July 2023, TxDMV's contracted vendor, Marmon Mok, presented 65% Construction Documents to TxDMV for review. These documents lay out the design plans for the Camp Hubbard Renewal project, including drawings of the plans to renovate Building 6, demolish existing buildings, and construct a new 3-story building. The plans include specifications for site work, lighting, electrical, plumbing, HVAC, technology, space allocation, flooring, signage, landscaping, interior finishes, and a wide range of other items, and are deemed to be 65% complete. Additional work will be completed to develop 95% Construction Documents by the beginning of September, followed by 100% documents around mid-October.

The 65% Construction Documents include renderings of the new building and renovated Building 6, including exteriors and landscaping. They also include a proposal for using solar energy that is energy efficient and cost-effective. The total cost of the solar option is $1.3 million, but after identified federal and local rebates, the net cost is only $450,000, with a return on investment of approximately 8.5 years.

With the funding appropriated and the 65% Construction Documents complete, TxDMV staff are working with TPFA to fully develop financing plans for the project. On July 6, 2023, Executive Director Daniel Avitia presented TxDMV's application for financing to the Texas Public Finance Authority (TPFA), and the application was approved. On July 11, 2023, Chief Financial Officer, Glenna Bowman, and Deputy Chief Financial Officer, Chris Hayden, represented the department at a planning meeting of the Bond Review Board. On July 20, 2023, the Bond Review Board voted to approve interim financing for the TxDMV Camp Hubbard Renewal Project as part of the TPFA Commercial Paper Revenue Notes Series 2019A and Series 2019B (Taxable) for the issuance of commercial paper during fiscal year 2024.

TxDMV staff, in coordination with TPFA and the Texas Facilities Commission (TFC), are now in the process of determining how funds will be issued and distributed to coincide with expected payments over the life of the project. More information will be provided to the board as it becomes available.

Update on Camp Hubbard Renewal

- ❑ Legislatively Approved Funding

- ❑ Construction Documents

- ❑ Camp Hubbard Renderings

- ❑ Solar Option

- ❑ Financing Update

Legislatively Approved Funding

- ❑ $143,000,000 in Capital Budget Authority

- ❑ Partnership with Texas Public Finance Authority (TPFA) to issue revenue bonds or other obligations on behalf of TxDMV

- ❑ $12.5 million per year appropriated for debt service

Construction Documents

❑ **MarmonMok provided 65% Construction Documents in July 2023**

   ■ include specifications for site work, lighting, electrical, plumbing, HVAC, technology, space allocation, flooring, signage, landscaping, interior finishes, etc., and are deemed to be 65% complete

   ■ 95% documents expected in September

   ■ 100% documents expected in October

Camp Hubbard Renderings
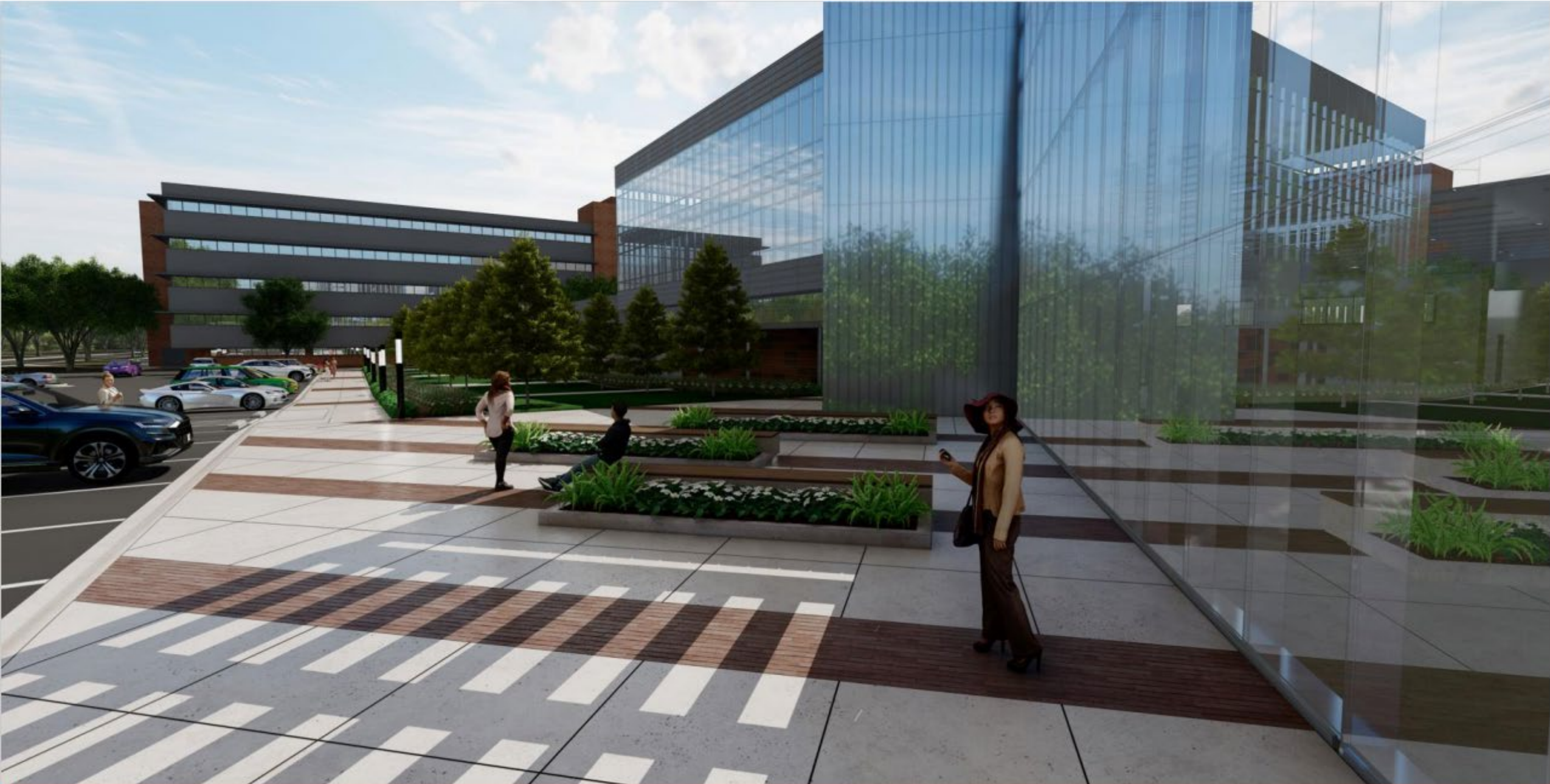
MarmonMok
ARCHITECTURE

View of Shade Structure

MarmonMok
ARCHITECTURE

View Toward Shade Structure

MarmonMok
ARCHITECTURE

MarmonMok
ARCHITECTURE
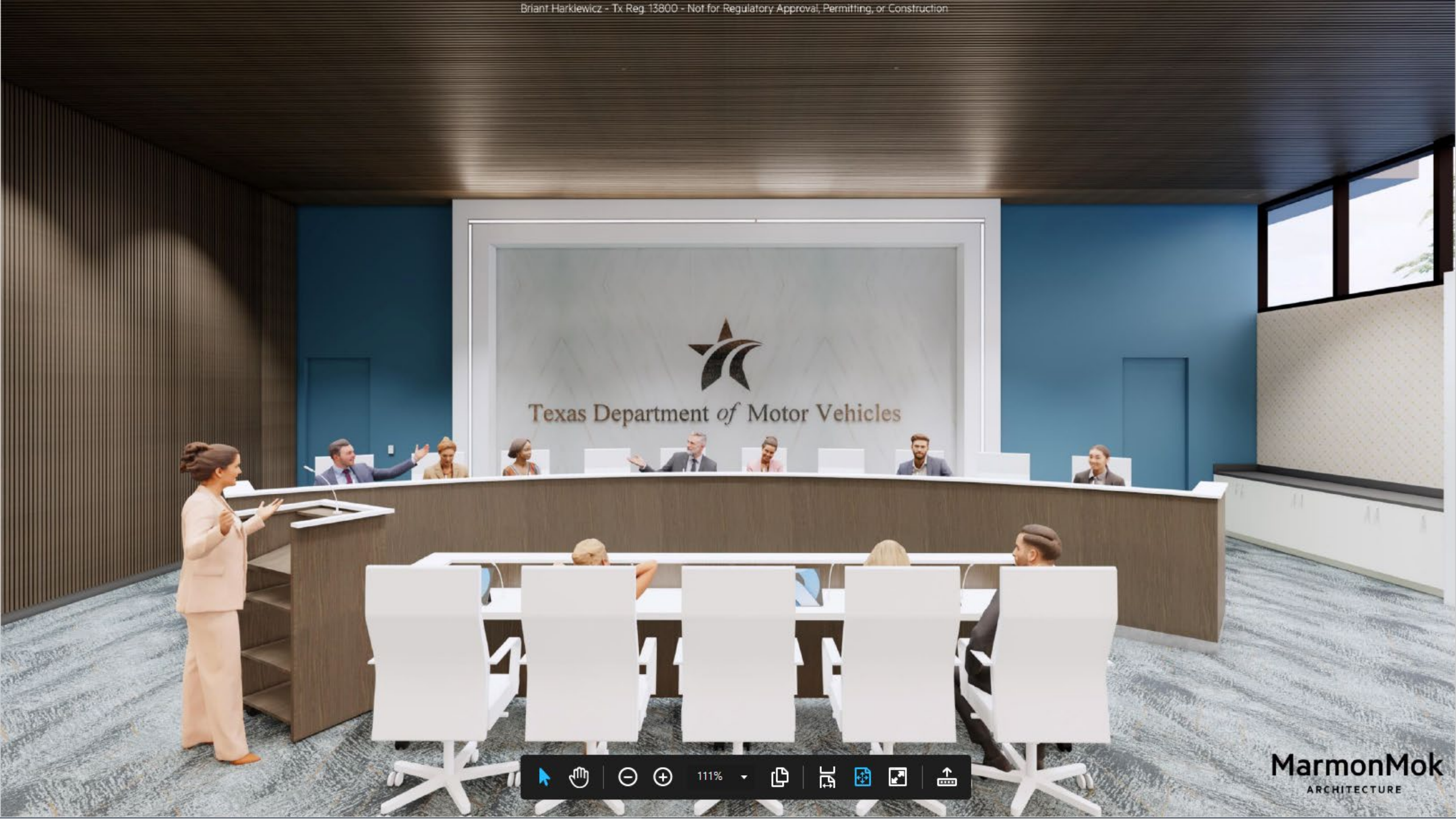
Solar Option - Overview

◻ MarmonMok presented information related to using solar energy to provide a portion of the electricity on campus

411 kW PV System = **622,340 kW** energy produced per year

PV System : PV System Energy Production

MarmonMok ARCHITECTURE

622,340 kW per year produced from solar

3,450,000 kW* per year in total consumption for building

*Average annual consumption of a commercial building in 23kW per square foot a year. New building square footage is approximately 144,000. [622,340 kW / 3,450,000 kW = .180388]

18%

Total electricity consumption per year

PV System : Energy Production to Building Need

MarmonMok ARCHITECTURE

Solar Option – Costs and Savings

□ Total cost of solar option is $1,300,000; local and federal incentives total $799,000; net cost is $450,000

411kW
SYSTEM SIZE
- Customized super structure with structural steel and imbedded anchors in building's main structure

=

$1.3M
INSTALL COST
- Solar now cost and assumes 10% general contractor fee for PV supplier as sub as well as supplier's associated fees

PV System : PV System Cost

MarmonMok
ARCHITECTURE

Local Incentives
Rebate check after install...
- **$411K**

All solar energy produced goes back onto your energy bill at a rate of....
- **$.09 / kWh**
  *Austin energy measures solar energy production with and on-site meter and pays $0.0991 per kilowatt-hour for the energy produced. This amount will go back onto your energy bill as a credit.

+

Federal Incentives
Direct-pay benefit for tax exempt state entities...
- **$388K**

As an organization that doesn't pay federal taxes, you can still take advantage of the tax credits through direct pay. This would be your payout assuming the $1.3M install upfront and would happen in the first year.

PV System : Rebates + Incentives

MarmonMok
ARCHITECTURE

13

Financing Update

- ☐ TxDMV has begun detailed discussions regarding financing

  - July 6, 2023 – TPFA Board approves financing application

  - July 11, 2023 – TPFA presents request to Bond Review Board

  - July 20, 2023 – Bond Review Board approves TPFA request

  TxDMV is currently coordinating with TPFA and the Texas Facilities Commission (TFC) to determine how funds will be issued and distributed to correspond with expected payments over life of the project.

Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Committee Meeting Date: 8/16/2023
BRIEFING ITEM

To: Finance & Audit Committee, Texas Department of Motor Vehicles Board
From: Salem Chuah, Internal Audit Division Director and Jason Gonzalez, Principal Internal Auditor
Agenda Item: 4.D
Subject: Internal Audit Division Status Update

RECOMMENDATION
Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY
This status update provides information on current Internal Audit Division (IAD) activities including internal and external engagements.

FINANCIAL IMPACT
None.

BACKGROUND AND DISCUSSION

Internal Engagements
The annual Internal Audit Quality Assurance Review is in the planning phase. This review is an internal assessment of IAD which is required by auditing standards to be conducted every year. The assessment includes a review of IAD's charter, operating procedures, and key performance indicators. This assessment will be completed in October/November 2023.

The audit of selected Regional Service Centers (RSCs) is in the fieldwork phase. IAD created a flowchart of the bonded title process, obtained information on training modules completed by Customer Service Representatives (CSRs), and determined access levels provided to the CSRs. The audit is expected to be completed in late Fall 2023, dependent on staffing.

IAD completed the hiring process audit. The objective was to determine the effectiveness and efficiency of the hiring process and whether policies and procedures were followed consistently. There were three results and ten recommendations:

- **Result #1:** The Department verified employment eligibility and conducted background checks; however, it should ensure that employment eligibility forms are completed in their entirety and perform driving record checks.
- **Result #2:** The Department established hiring steps for hiring managers; however, it should revisit the sequencing of the hiring process and ensure that job requisition files contain all documentation.
- **Result #3:** The Department reports Key Performance Indicators (KPIs) on the hiring process; however, it should ensure reported data is accurate and consider reporting KPIs that provide insight on the wholistic hiring process.

The nine recommendations are related to reverifying employment authorization and ensuring completion, completing driving record checks, reviewing applicants to be interviewed, ensuring job requisition files include all documents, and evaluating the Human Resources' KPIs.

IAD completed the FY 2024 risk assessment and created the FY 2024 Internal Audit Plan for Board approval.

External Engagements

There are no external engagements being tracked by IAD at this time.

Internal Audit Division Status

Internal Engagements

Planning
- Quality Assurance Improvement Program

Fieldwork
- Regional Service Centers Audit

Reporting
N/A

Completed
- FY 2024 Risk Assessment & Internal Audit Plan
- Hiring Process Audit

External Engagements

In-Progress
- N/A

Completed
- N/A

Hiring Process Audit Report
23-04

Internal Audit Division
August 2023

Texas Department *of* Motor Vehicles

Hiring Process Audit Report, 23-04

Executive Summary

The Human Resources Division (HRD) at the Texas Department of Motor Vehicles (Department) is a critical partner in developing strategies to recruit, develop, and retain talent so that the Department can meet its objectives. In the hiring process, HRD plays an integral role with hiring managers in reviewing job requisitions, posting Department positions, and approving final candidates for hire. The objective of the audit was to determine the effectiveness and efficiency of the hiring process and whether policies and procedures are followed consistently.

WHAT WE FOUND
The audit found that the hiring process is at a <u>Level 3 – Established</u>: 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 verified employment eligibility and conducted background checks; however, it should ensure that employment eligibility forms are completed in its entirety and perform driving record checks.
- **Result #2:** The Department established hiring steps for hiring managers; however, it should revisit the sequencing of the hiring process and ensure that job requisition files contain all documentation.
- **Result #3:** The Department reports Key Performance Indicators (KPIs) on the hiring process; however, it should ensure reported data is accurate and consider reporting KPIs that provide insight on the wholistic hiring process.

WHAT WE RECOMMEND
IAD made nine recommendations in this audit related to the following areas:

Reverifying employment authorization as needed and ensuring completion of forms

Ensuring job requisition files include all documents

Completing driving record checks

Evaluating Key Performance Indicators

Reviewing applicants to be interviewed

Of the nine recommendations, eight were rated as **HIGH** priority and one was rated as **LOW** priority.

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Background

The Human Resources Division (HRD) provides programs, policies, and procedures for the Texas Department of Motor Vehicles (Department) to recruit, develop, and retain talent to meet the business needs of the Department. HRD's responsibilities include providing services such as benefit information, employee relations, classification reviews, compensation analysis, organizational development, and maintenance of human resources policies.

Regarding the hiring and talent acquisition process, team members in HRD assist hiring managers with the job requisition and selection process. With 20.2% turnover in fiscal year 2022, HRD is an important partner in the hiring process to ensure the Department can continue to meet its objectives.

The hiring process starts with the hiring manager preparing the job description, screening documents, and interview questions for the job vacancy with HRD reviewing the documents and posting the job. Once applications are received, hiring managers screen applicants against minimum qualifications and then groups or ranks applicants for interviews. After applicants are interviewed, the hiring manager conducts a reference check on the best qualified applicant and submits the job requisition file to the HRD for review. HRD communicates to the hiring manager if a conditional offer can be made to the candidate. If the candidate accepts the conditional offer, HRD obtains information from the candidate to facilitate the criminal history background check process through its vendor. Once the background check process clears, HRD lets the hiring manager know that the final offer can be extended to the candidate. The hiring process steps are outlined in Appendix 3.

As of July 2023, HRD has ten positions with two vacancies as shown in Figure 1 below.

Figure 1: Human Resources Division Positions

Strengths

- HRD has been under new senior management since August 2022. HRD effectively hired team members for onboarding & benefits, recruiting & employee relations, recruiting & retention, and general administration. The new team members collectively bring their experiences to help self-identify improvements to the hiring process.
- HRD developed standard operating procedures on recruitment processes, candidate selection review, and issuance of conditional offers.
- The Department communicated its hiring process in the Department's Human Resources Manual.

Audit Engagement Team

The audit was performed by Jason E. Gonzalez (Principal Internal Auditor), Hugo Quiñones (Intern), and Salem Chuah (Internal Audit Director).

Audit Results

Audit Results #1: The Department verified employment eligibility and conducted background checks; however, it should ensure that employment eligibility forms are completed in its entirety and perform driving record checks.

The Department verified the identity and employment authorization of new hires but should review employment eligibility forms to ensure those forms are completed entirely and establish a process to verify employees whose documents require reverification.

As part of the employment authorization process, the Department is required to submit an electronic eligibility verification through E-Verify, validate identify using the U.S. Citizenship and Immigration Services Form I-9 (Form I-9), and monitor verification document expiration dates.

The Department verified the identity and employment authorization of individuals hired for employment and ensured that those individuals were reported to E-Verify within three days of hire as required.

However, there were two instances where the Form I-9 was not completed in its entirety.
- In one (3 percent) of 35 Form I-9s, Section 1 (Employee Information and Attestation) was not signed by the hired individual.
- In one (3 percent) of 35 Form I-9s, Section 2 (Employer Review and Verification) was not signed by HRD.

Both employees and employers must complete Form I-9s. Employees must complete and sign Section 1 no later than their first day of employment and employers must complete and sign Section 2 within 3 business days of the employee's date of hire. See Figure 2 for a snapshot of the form. Employers are required to validate identity by examining, in-person, eligibility supporting documentation such as, U.S. passport or a combination of the employee's driver license and U.S. Social Security account number card.

Figure 2: Snapshot of Form I-9, Sections 1 and 2

The Department's Human Resources Manual (HR Manual) states that the Department will not employ persons who are ineligible to work in the United States. The department uses the U.S. Citizenship and Immigration Services (USCIS) E-Verify Internet-based system to verify the eligibility of newly hired employees to work in the U.S.

The HR Manual also states that when an employee's work authorization expires, employment eligibility must be reverified and employees must present either an extension granted by the USCIS or a new work authorization. The Department tracks these individuals through a manual spreadsheet. However, one individual selected for testing had eligibility documents due to expire but was not documented on the tracking sheet.

The Human Resources Division identified the need to develop a monitoring process for employees that requires reverification.   HRD informed IAD of a new process that started in which reports will be generated directly from E-Verify to capture expiring eligibility documents so that those documents can be reverified prior to expiration. Non-compliance increases the risk of incurring federal civil monetary penalties.

The Department completed criminal history background checks for selected new hires.

The Department completed criminal history background checks for all 35 new hires reviewed prior to the employee's hire date. The average workdays to receive background check results for the 35 new hires was 1.34 workdays.

The Department's HR Manual states that a criminal background check will be performed on all final applicants. Also, the Department's background check vendor contract requires the vendor to perform 95% of criminal history searches within and outside Texas within 5 workdays.

When a final candidate has been selected for hire, a conditional offer is made to the candidate and HRD initiates a vendor background check. Upon receiving the candidates "clear" background check results, HRD provides the hiring manager approval to make a final offer to the selected candidate.

The Department should develop processes to ensure that driving record checks are completed and that the results of those checks are maintained.

The Department initiates a driving record check through the Texas Department of Public Safety (DPS). The results are obtained through the Texas DPS portal and are reviewed by HRD to ensure the candidate has a clear driving record.

The Department did not consistently perform or document driving record checks. 28 (80 percent) of 35 new hires did not have a driving check on file.

Of the 28 new hires that did not have a driving check on file, 3 (11 percent) accessed a fleet vehicle. Allowing unqualified or high-risk drivers to access fleet vehicles impacts the Department's risk liability, as unqualified or high-risk drivers could increase the chances of at fault accidents.

The HR Manual requires the completion of a driving record check for all final candidates. According to HRD, driving records may have been performed and validated for candidates but not saved in hiring files due to staff turnover that may have caused process inconsistencies.

Recommendations

1.   The Human Resources Division should implement a review process to ensure that employment eligibility forms are completed in their entirety **(HIGH)**.

2.   The Human Resources Division should implement a process to track employees whose employment eligibility is scheduled to expire **(HIGH)**.

3.   The Human Resources Division (HRD) should conduct checks on driving records for all new hires and ensure that results of those records are saved. If driving record checks will not be conducted for all new hires, HRD should work with hiring managers to determine job classifications to determine if driving is a reasonable expectation for the job, and if so, implement procedures to conduct and record driving record checks for those identified job classifications **(HIGH)**.

Audit Results #2: The Department established hiring steps for hiring managers; however, it should revisit the sequencing of the hiring process and ensure that job requisition files contain all documentation.

Human Resources hiring processes are defined. However, HRD should review applicants prior to final candidate selection to ensure applicants that meet minimum qualifications are interviewed and veterans preference requirements are met.

Applicants were generally selected correctly to interview based on their group placement with the right number of veterans based on requirements.

In 27 (77 percent) of 35 job requisition files, qualified applicants that were best ranked or placed in highest group(s) were interviewed. However, in 8 (23 percent) job requisition files, interviews excluded some Group 1 applicants while other interviews excluded Group 2 and/or Group 3 applicants even though other applicants from those same groups were interviewed. In these instances, there was no documentation on why those applicants were excluded from the interviews even though were in the same grouping as other interviewed applicants. See Figure 3 below for an example of this scenario.

Figure 3: An Example Applicants Screened but Not Interviewed with No Documentation or Justification

| Applicants Screened into Group 1	Applicants Interviewed	Applicant Selected
•Applicant 3 •Applicant 7 •Applicant 10 •Applicant 14	•Applicant 3 •Applicant 10	•Applicant 10

The HR Manual states the hiring manager will evaluate applications against the minimum requirements as advertised in the job requisition. Applicants who meet the minimum requirements will either be interviewed, or the application will be further evaluated against job related screening criteria to group or rank applicants based on experience for interviews.

In 31 (89 percent) of 35 job requisition files, the correct number of veterans were interviewed based on the total number of applicants interviewed.

Texas Government Code Chapter 657 Veterans Employment Preference establishes a 20 percent goal for hiring veterans and interviewing veterans. A state agency must interview at least one veteran if the number of candidates interviewed is six or fewer. If the total number of individuals interviewed for the position is more than six, agencies must interview at least 20 percent of the total number interviewed.

The issues identified above are a result of the current hiring process. HRD reviews the job requisition files *after* the hiring manager has identified a final candidate instead of *before* all applicants are interviewed (see steps 4 and 6 of the hiring process flowchart in Figure 4 below).

Figure 4: Flowchart of the Hiring Process
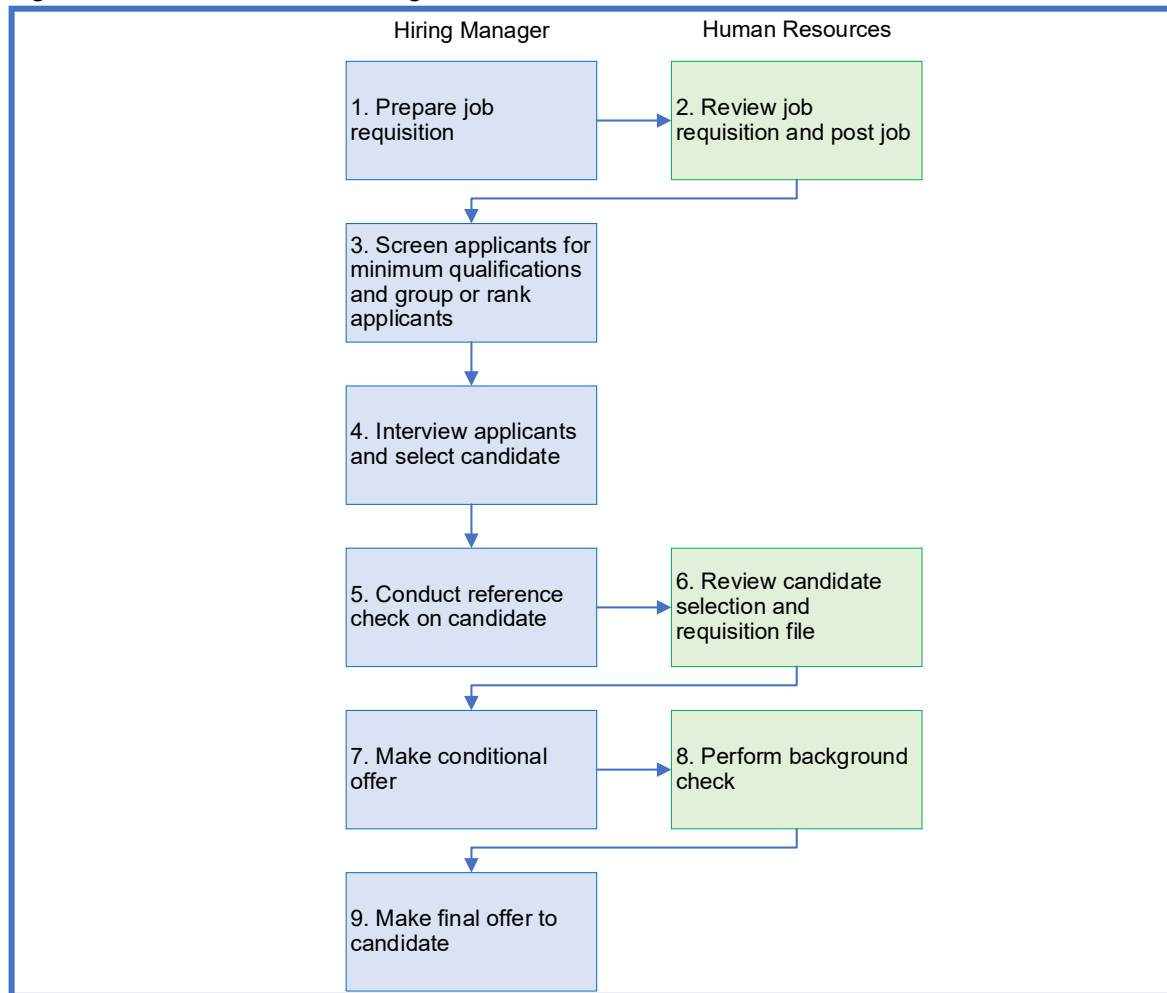
When HRD reviews job requisition files after a final candidate has been selected, there is a risk that not all the highest qualified applicants were interviewed, leading to additional work for hiring managers.

There are federal and state agencies that have processes in which potential applicants to interview are approved *prior* to being interviewed by hiring managers. The agencies include: the U.S. Office of Personnel Management (OPM), U.S. Department of Agriculture (USDA) Lamar University, University of Houston, and The University of Texas Rio Grande Valley (UTRG).

Also, the Department requires hiring managers to evaluate applications against the minimum requirements defined in the job requisition and group or rank applicants for interviews, as mentioned above. Through review of Texas state agency human resources job descriptions, some Texas state agencies' Human Resource departments perform minimum qualification screening to gain efficiency and standardize the screening process.

As shown in Figure 5 below, in four of six human resource job descriptions, screening for minimum qualification is listed as a component for human resources employees to perform.

Figure 5: Job Descriptions that Show Human Resources Screening for Minimum Qualifications

State Agency	Performs Minimum Qualification Screening in Job Description
State Office of Administrative Hearing (SOAH)	Yes
Office of the Attorney General (OAG)	Yes
Texas Department of Agriculture (TDA)	Yes
General Land Office (GLO)	Yes
Texas Commission on Law Enforcement (TCOLE)	No
Texas Juvenile Justice Department (TJJD)	No

Current processes impact the hiring process effectiveness in interviewing qualified candidates and identifying veterans.

Most job requisition files included required documentation, but review processes should be implemented to ensure all files include screening documents, interview scoring sheets, and reference checks.

The majority of job requisition files contained screening documents (Form 1989), scoring sheets for all interviewed applicants, and reference checks for the selected candidate. However, 15 (43 percent) of 35 job requisition files did not contain all required documentation as shown in Figure 6 below.

Figure 6: Missing Documents in Job Requisition Files

# of Job Requisition Files	Missing Form 1989	Missing Interview Scoring Sheet	Missing Reference Check
9 Files		X	
2 Files	X		
1 File	X	X	
1 File		X	X
2 Files			X

While IAD located some missing interview scoring sheets and reference checks by following up with the division's hiring managers, those documents were not included in the job requisition files obtained from HRD. Also, some missing Form 1989s were saved within the CAPPS Recruit system. Official job requisition files are currently saved in three locations: the hiring manager's files, the job requisition file maintained by HRD, and in CAPPS Recruit.

According to standard operating procedures, completed job requisition files should include various documentation such as candidate screening documents (Form 1989), scoring sheets for all interviewed candidates, and reference checks for the selected candidate. Specifically:

- The Department's hiring managers use Form 1989 to document criteria such as education, experience, and competencies to rank or group applicants for interviewing. If applicants are not ranked, hiring managers are required to group candidates based on extensive experience, some experience, or little to no experience. Ranking and grouping applicants allows hiring managers to identify the most qualified candidates to interview.

- The hiring manager and panel members (if applicable) must take notes to thoroughly document the applicants' responses. Hiring managers should evaluate the relevance of responses to each interview question and may assign a numerical value for scoring purposes.
- References must be documented on the Reference Check Form (Form 1943) by the hiring supervisor (or designee). At least one reference check must be conducted before a conditional job offer is made. Reference checks are used to verify a candidate's work and performance history to select the best qualified individual for the job.

While standard operating procedures exist to assist hiring managers through the requisition process, there is not a checklist for hiring managers to identify all documents that are needed in the final requisition file once an applicant has been selected. Also, HRD does not have a consistent review process to ensure the completeness of requisition files. Finally, the Department's use of various methods to document job requisition information does not allow data to be found within a single reference point, which could lead to duplicate files and data redundancy.

Inconsistent performance of job screening could create a perception that the hiring process was not competitive. Also, not performing reference checks could result in hiring candidates who have a history of employment performance issues.

Recommendations

4.   The Human Resources Division should review applicants that will be interviewed to ensure those applicants are appropriate in meeting grouping and veteran requirements **(HIGH)**.

5.   The Human Resources Division should perform applicant minimum qualification screening before providing applicants to hiring managers for grouping or ranking **(HIGH)**.

6.   The Human Resources Division (HRD) should develop a standardized hiring packet completion checklist for hiring managers to ensure job requisition files are complete. Also, HRD should implement a review process to check that job requisition files contain all necessary documentation **(HIGH)**.

7.   The Human Resources Division should evaluate and identify an official repository ("single source of truth") to document job requisition information instead of having multiple repositories in which information is saved **(LOW)**.

Audit Results #3: The Department reports Key Performance Indicators (KPIs) on the hiring process; however, it should ensure reported data is accurate and consider reporting KPIs that provide insight on the wholistic hiring process.

The Department reported KPIs on hiring processes. However, KPIs could not be fully validated and the data source contained inaccuracies.

HRD reports seven (7) Key Performance Indicators (KPIs) to Executive Management. The reported metrics include information on the hiring process, employee satisfaction, training courses performed, job classification, and FMLA eligibility and determination. In FY2023, HRD reported the two KPIs related to the hiring process as shown in Figure 7 below.

Figure 7: Key Performance Indicators Related to the Hiring Process

Key Performance Indicators (KPI)	FY2023 Q1 Reported	FY2023 Q2 Reported
Average # of business days to make job offers, measured from the point of receiving complete selection packet to releasing conditional offer.	1.68 days	0.97 days
Average # business days to post jobs from the time hiring supervisor provides complete information and job posting is approved by division.	0.2 days	0.23 days
Note: Target metric = 0-1.9 days		

IAD was unable to validate the accuracy of reporting for FY2022 because data for the KPIs is contained in employee emails and those records are no longer available due to HRD staff turnover.

HRD uses a job requisition tracking spreadsheet to record hiring process documentation as submitted by divisional hiring managers. The source information includes email communications between the hiring manager and HRD. Upon receipt of hiring process communications and documents, HRD records the data in the tracking spreadsheet.

The FY2023 HRD Recruiting Log had job requisition completed, job posted, selection packet received, and conditional release dates that did not match to the data source (e.g., hiring manager and human resource emails and CAPPS Recruit job posting date).

- Ten (17 percent) of 60 job requisition dates from the recruiting log did not match the data source date. These inaccuracies relate to six (40 percent) of 15 job requisitions.

The State Auditor's Office Guide to Performance Measure Management states that an effective performance measurement system should provide accurate and consistent information over time.

HRD staff turnover impacted the IAD's ability to validate KPI information as the employee email transactions were unavailable for FY2022. Also, the HRD Recruiting Log is a manual log that requires HRD to manually input dates obtained from email communications between HRD and divisional hiring managers.

Unreliable information could impact the Department's ability to make accurate strategic decisions that impact the Department and its stakeholders.

The Department identified hiring process KPIs. However, KPIs do not include data that could provide valuable insight for the Department. The Department reports metrics from HRD owned processes but does not include metrics that include the overall hiring process.
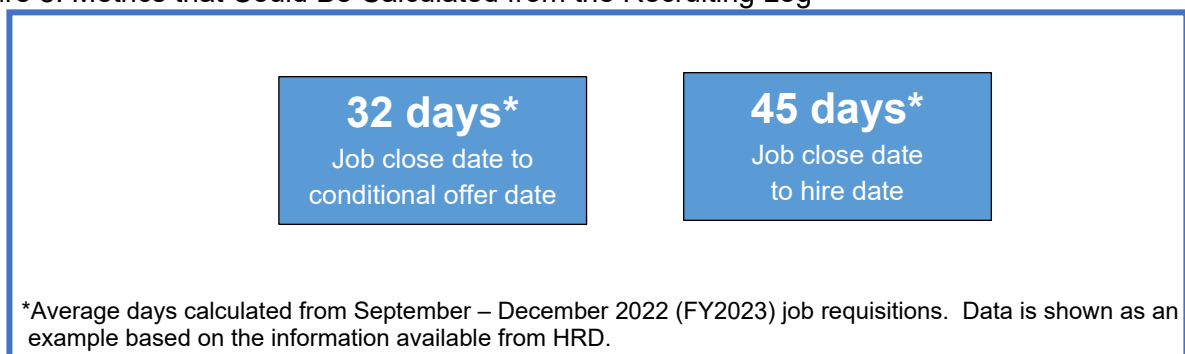
The Department's overall hiring process, as described previously, includes processes owned by division hiring managers and HRD. The reported metrics do not include information on the overall hiring process and focus on processes owned by HRD. As a result, the KPIs do not include metrics that provide insight on the efficiency of the overall hiring process.

For example, the reported "Average days to post jobs *from the time hiring supervisor provides complete information*" focus on HRD's hiring process components and do not provide insight on the entire process from identifying hiring needs through offer acceptance. HRD industry suggested reporting metrics capture include overall processes, such as:

- Average time to fill a position (e.g., job closed date to offer acceptance date or to hire date).
- Ratio of applicants to job vacancies.
- Ratio of offers to applicants.
- Ratio of acceptances to offers.

The existing HRD Recruiting Log already includes information that could provide insight on the wholistic hiring process. For example, the "number of days from job close date to conditional offer date" can be calculated. Also, the "job close date to hire date" can be calculated. These are examples of metrics that could provide more meaningful information for the Department. See Figure 8 below for data calculated from the HRD Recruiting Log. Within these metrics, there are ways to identify bottlenecks and areas for improvement, such as specific divisions taking longer in a certain process. Identifying trends from specific divisions could provide opportunities for focused training to improve the hiring process.

Figure 8: Metrics that Could Be Calculated from the Recruiting Log

32 days*
Job close date to
conditional offer date

45 days*
Job close date
to hire date

*Average days calculated from September – December 2022 (FY2023) job requisitions. Data is shown as an example based on the information available from HRD.

Human Resources industry leadership defines Human Resource related KPIs as quantifiable or qualitive specific measures of an organization's performance in critical areas of its business. Human resource industry publications state that evaluating turnover rates can help management identify whether turnover rates can be decreased. Decreasing turnover can decrease costs by lowering training costs and cost-per-hire.

The Department defined its philosophy as customer-focused and performance driven. While stating the Department is dedicated to providing services in an efficient, effective, and progressive manner as good stewards of state resources. With feedback from customers, stakeholders and employees, the Department continuously strives to improve operations and increase customer satisfaction.

Evaluation of Human Resources KPIs could improve the reported metrics to ensure they align with the Department's operational philosophy and include metrics that assist executive management with overall decisions.

Recommendations

8.   The Human Resources Division (HRD) should ensure that information in the HRD Recruiting Log is correct so that Key Performance Indicators are presented accurately. HRD should evaluate if CAPPS Recruit can be used to generate reports so that there is less reliance on manual inputs **(HIGH).**

9.   The Human Resources Division should consider updating Key Performance Indicators (KPIs) to include information that provides insight on the entire hiring process (e.g., total time to hire, acceptance rates, etc.) **(HIGH).**

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

Objectives

To determine the effectiveness and efficiency of the hiring process and whether policies and procedures are followed consistently.

Scope and Methodology

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

Information and documents reviewed in the audit included the following:

- Interviewed Human Resources and divisional employees.
- Selected 35 new hire employees hiring packets, including screening, interview, and selection documentation.
- Reviewed eligibility documentation to ensure required documents were completed.
- Developed a hiring process flowchart.
- Reviewed the Texas Department of Motor Vehicles Human Resources Manual.
- Reviewed Texas Government Code, Chapters: 411.0891 Department Access to Criminal History Record Information, 657 Veteran's Employment Preference, and 673 Verification of Employee Information.
- Reviewed Texas Department of Motor Vehicles FY2022 and FY2023 Key Performance Indicators (KPIs).

This audit was included in the FY2023 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
1	Minimal	The function may have policies and procedures established for some activities but relies on intuition and handles issues on an ad-hoc basis.
2	Informal and Reactive	The function achieves its purpose with basic processes and activities that are not very organized or followed.
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.
4	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.
5	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	• Requires only a written policy or procedure update • Is within an acceptable range of risk tolerance for the Department • A non-reoccurring or regulatory external audit issue
High	• Executive Management or Board Request • Not within an acceptable range of the risk tolerance of the division • New process had to be developed to address recommendations • Regulatory impact or reoccurring issue

Appendix 2: Management Response and Action Plan

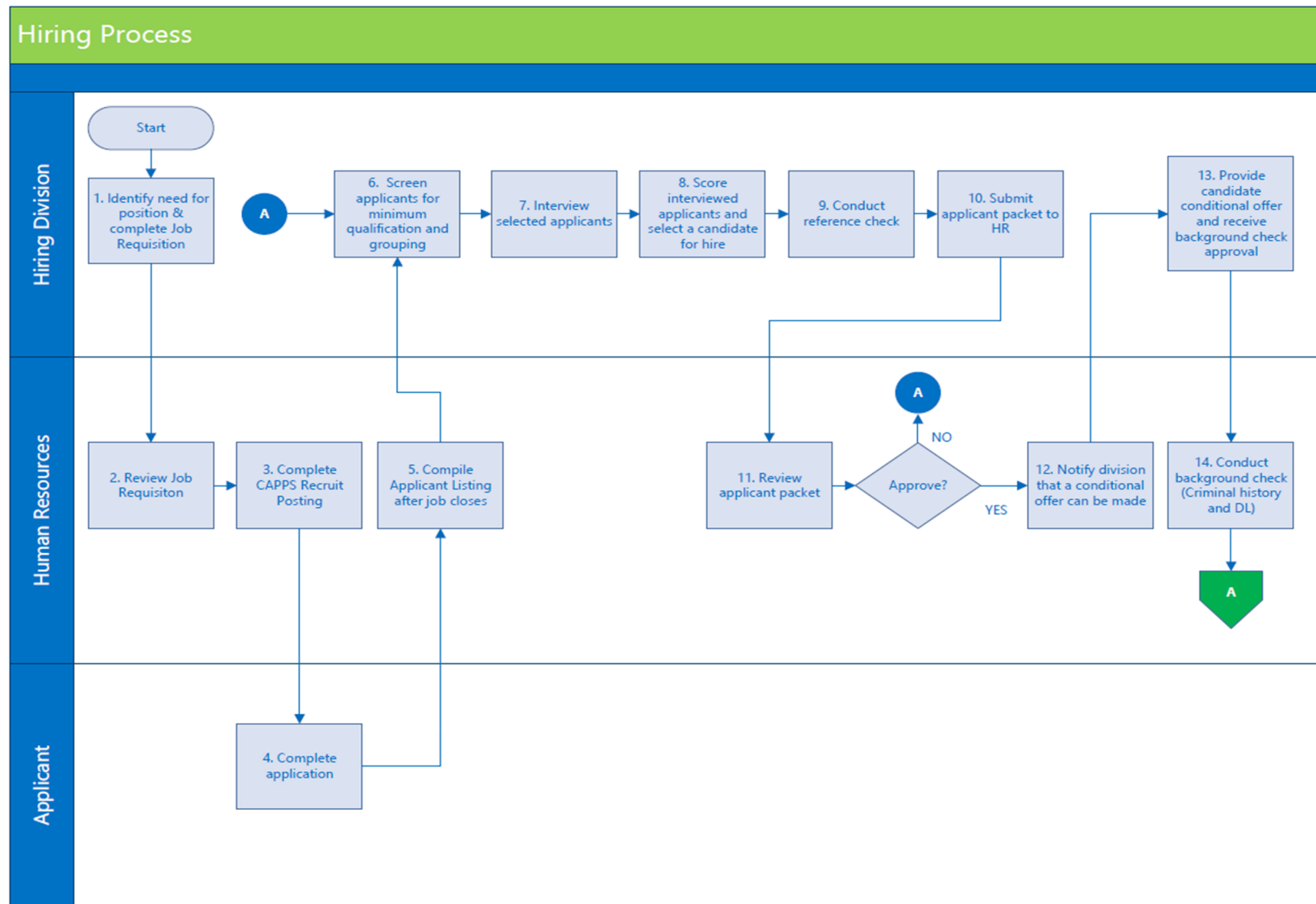Human Resources Division provided the following response:

Recommendation	Responsible Department and Section/Unit	Department Response	Completion Date
1. The Human Resources Division should implement a review process to ensure that employment eligibility forms are completed in their entirety **(HIGH)**.	Human Resources Division	Human Resources has executed a new two-person verification process for accuracy and completeness. In addition, as a best practice, Human Resources has implemented a semi-annual internal review of I-9s to mitigate errors.	6/12/23
2. The Human Resources Division should implement a process to track employees whose employment eligibility is scheduled to expire **(HIGH)**.	Human Resources Division	New reports have been generated directly from E-Verify to capture future expiring eligibility documents for employees (i.e., Employment Authorization Document card). Information is being tracked, and employees will be notified sixty (60) days prior to the expiration date. Employees must submit renewed documentation by the expiration date to continue employment.	4/18/23
3. The Human Resources Division (HRD) should conduct checks on driving records for all new hires and ensure that results of those records are saved. If driving record checks will not be conducted for all new hires, HRD should work with hiring managers to determine job classifications to determine if driving is a reasonable expectation for the job, and if so, implement procedures to conduct and record driving record checks for those identified job classifications **(HIGH)**.	Human Resources Division	Human Resources continuously reviews and updates departmental processes and guidelines to ensure they accurately reflect best practices. Currently, these practices regarding driving record checks for new hires are consistent and maintained. However, many of the driving checks were not previously saved in the Human Resources T:Drive. As of May 2023, driving checks are performed on all selected applicants, both internal and external, and each driving check is saved in that folder.

Human Resources will own/manage the Department of Public Safety driving record check system and will coordinate with Finance and Operations for additional driving checks as needed. | First part is May 2023

Second piece, 3/1/24 |
| 4. The Human Resources Division should review applicants that will be interviewed to ensure those applicants are appropriate in meeting grouping and veteran requirements **(HIGH)**. | Human Resources Division | Human Resources emphasizes, in hiring managers, the importance of compliance with established department policies, procedures, guidelines, and Texas statutes.

Human Resources works closely with hiring managers to avoid applicants being excluded improperly. Once the hiring selection packet is submitted, Human Resources | 11/1/23 |
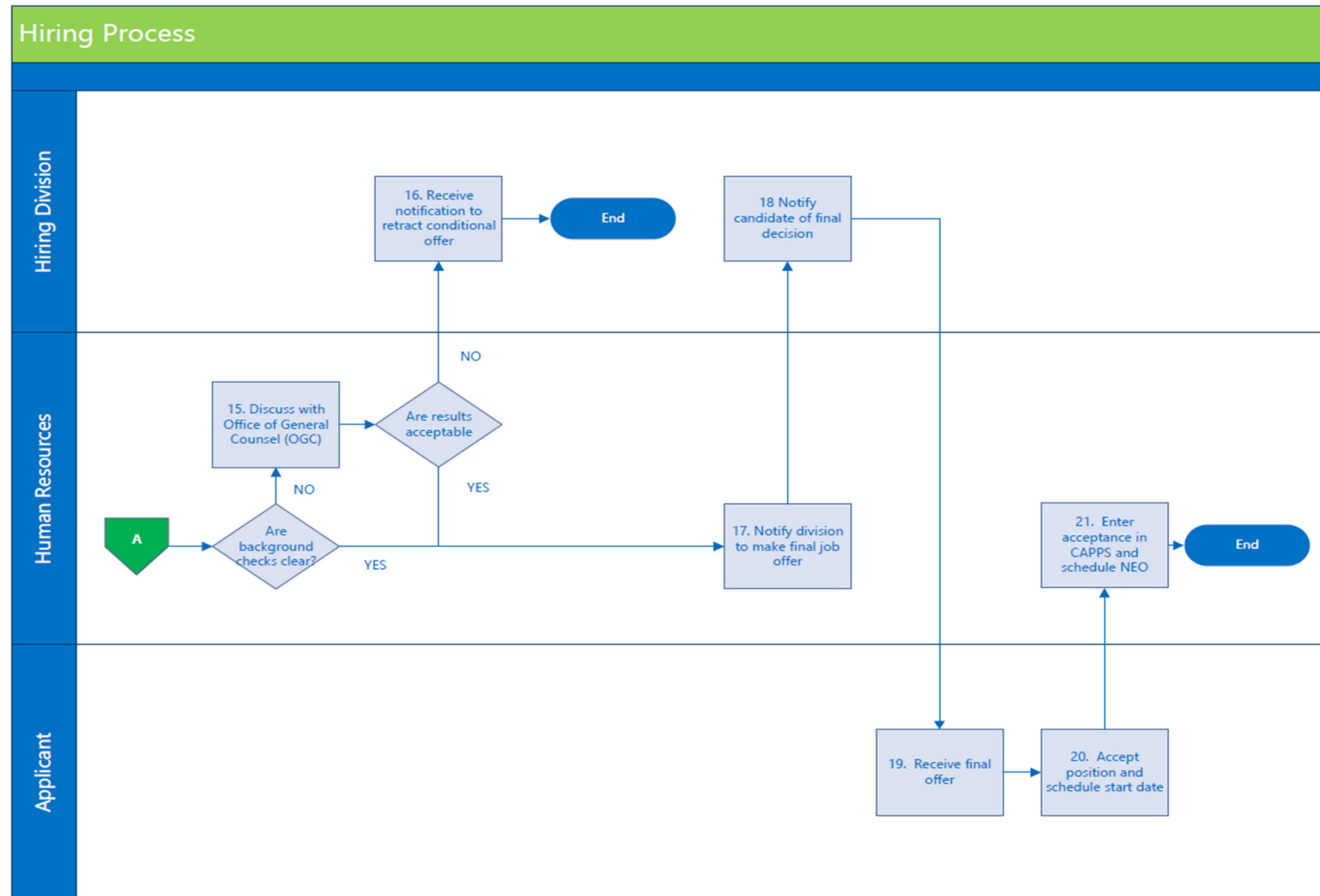
Recommendation	Responsible Department and Section/Unit	Department Response	Completion Date
		works with the hiring manager to ensure applicants who should also be interviewed are included. Only applicants who meet the stated minimum requirements reflected in a job posting should be permitted to proceed to the next phase of the hiring process. However, in some instances applying higher selection criteria is appropriate and, in the agency's best interest, so long as Human Resources is consulted initially to ensure no disparate impact occurs. In addition, Human Resources will ensure proper documentation is reflected to substantiate why an applicant may possibly be excluded. Human Resources is enhancing the current screening and interviewing process and associated desk aids for managers to ensure objectivity and consistency across all divisions and to ensure that managers understand how to fairly and consistently screen and offer interviews. Additionally, training will be provided to all hiring managers.	
5. The Human Resources Division should perform applicant minimum qualification screening before providing applicants to hiring managers for grouping or ranking **(HIGH)**.	Human Resources Division	Currently, the screening process of applications is completed by the hiring managers. However, we will be transitioning the screening process to be conducted by our Human Resources Specialists. We will be conducting the initial screening for minimum requirements for job requisitions. This will have multiple benefits: • Reduce the overall time to fill a vacant position. o Currently, delays occur for some hiring managers to screen all applicants,	2/1/24

A-5   Hiring Process, 23-04

Recommendation	Responsible Department and Section/Unit	Department Response	Completion Date
		interview, select, and submit the selection packet. • Inform the hiring manager of how many veterans will need to be interviewed. • Reduce the number of applications the manager needs to secondary screen. • Ensure that applicants who meet secondary screening criteria do not cause a disparate impact on the rest of the minimally qualified applicants.	
6. The Human Resources Division (HRD) should develop a standardized hiring packet completion checklist for hiring managers to ensure job requisition files are complete. Also, HRD should implement a review process to check that job requisition files contain all necessary documentation **(HIGH)**.	Human Resources Division	Human Resources has created an internal Standard Operating Procedure/Checklist to ensure a comprehensive and complete process is followed and proper documentation is obtained. With both parties utilizing the checklist, we will eliminate the possibility of any missing files for a job requisition. The completed checklist will also be saved as part of the documentation to ensure nothing was overlooked.	8/1/23
7. The Human Resources Division should evaluate and identify an official repository ("single source of truth") to document job requisition information instead of having multiple repositories in which information is saved **(LOW)**.	Human Resources Division	Human Resources already has an official repository on the T:Drive that contains all files related to the job posting. Additionally, the checklist we created will ensure that no files are missing from the T:Drive for record purposes.	Repository 10/2022 Checklist 7/20/23

Recommendation	Responsible Department and Section/Unit	Department Response	Completion Date
8. The Human Resources Division (HRD) should ensure that information in the HRD Recruiting Log is correct so that Key Performance Indicators are presented accurately. HRD should evaluate if CAPPS Recruit can be used to generate reports so that there is less reliance on manual inputs **(HIGH)**.	Human Resources Division	Upon KPI implementation, Human Resources created a manual spreadsheet to track and report recruiting metrics, resulting in human error. Human Resources is currently exploring system reporting through Oracle Business Intelligence/CAPPS Recruit that will eventually eliminate the manual process for KPI reporting.	12/1/23
9. The Human Resources Division should consider updating Key Performance Indicators (KPIs) to include information that provides insight on the entire hiring process (e.g., total time to hire, acceptance rates, etc.) **(HIGH)**.	Human Resources Division	The current hiring KPI metrics measure Human Resources' involvement with the hiring process, which is how long it takes to post a position and how long it takes to review a selection packet and release a conditional offer. Potential new KPIs could be total time to fill a position from job posting date to final offer acceptance or the length of time it takes the hiring manager to complete the secondary screening, interview, and selection process. After Human Resources takes over the initial minimum requirement screening for job postings, having a 'big picture' metric for filling vacancies will be more meaningful as Human Resources will have a direct impact on that process.	9/1/23

Appendix 3: Flowchart of the Hiring Process

Hiring Process

Hiring Division

- 16. Receive notification to retract conditional offer
- End
- 18 Notify candidate of final decision

Human Resources

- A
- Are background checks clear?
- NO → 15. Discuss with Office of General Counsel (OGC)
- Are results acceptable
- NO → 16. Receive notification to retract conditional offer
- YES → 17. Notify division to make final job offer
- YES
- 21. Enter acceptance in CAPPS and schedule NEO
- End

Applicant

- 19. Receive final offer
- 20. Accept position and schedule start date

A-9   Hiring Process, 23-04

Texas Department *of* **Motor Vehicles**

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Committee Meeting Date: 8/16/2023
BRIEFING ITEM

To: Finance & Audit Committee, Texas Department of Motor Vehicles Board
From: Salem Chuah, Internal Audit Division Director
Agenda Item: 4.E
Subject: FY 2024 Internal Audit Plan

RECOMMENDATION
Recommendation to approve the FY 2024 Internal Audit Plan.

PURPOSE AND EXECUTIVE SUMMARY
The Texas Department of Motor Vehicles Board approves an internal audit plan each year in compliance with the Texas Internal Auditing Act (Texas Government Code 2102.008). The Fiscal Year (FY) 2024 Internal Audit Plan provides information on risk-based audits, advisory services, required activities, value-added services, and division initiatives. The Internal Audit Plan was developed based on risk assessment results.

FINANCIAL IMPACT
None.

BACKGROUND AND DISCUSSION
The Texas Internal Auditing Act (Texas Government Code 2102.008) states that the annual audit plan developed by the internal auditor must be approved by the state agency's governing board or by the administrator of a state agency if the state agency does not have a governing board.

The FY 2024 Internal Audit Plan covering the period of September 1, 2023 to August 31, 2024 provides information on risk-based audits, advisory services, required activities, value-added services, and division initiatives for approval.

Audits, Advisory Services, and Required Activities
IAD identified 12 engagements to be conducted in the next fiscal year. Out of the 12 engagements, six engagements are risk-based audits, two engagements are advisory services, and four engagements are required activities. The Internal Audit Plan also includes three contingency audits and two contingency advisory services.

Risk-based Audits:
1. Regional Service Center
2. Investigation Processes
3. Inventory Management
4. Information Security
5. Public Information Request
6. Fleet Management

Advisory Services:
1. Motor Carrier Licensing Processes
2. Contract Monitoring

Required Activities:
1. FY 2023 Internal Audit Report
2. FY 2023 Quality Assurance and Improvement Program – Internal Assessment
3. Audit Recommendation Implementation Status
4. FY 2025 Risk Assessment and Internal Audit Plan

Contingencies:
1. Key Performance Metrics Audit
2. Closed Data Portal Audit
3. Network Infrastructure and Monitoring Audit
4. Information Technology Governance Advisory
5. Leave and Overtime Advisory

Value-Added Services and Divisional Initiatives
IAD also conducts value-added services and works on division initiatives to further enhance organizational value and improve IAD's effectiveness and efficiency. Items in these categories include investigations on fraud, waste, and abuse, external audit/review coordination, workgroup participation, and staff development.

Texas Department of Motor Vehicles

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Fiscal Year 2024 Internal Audit Plan

Internal Audit Division

August 2023

Tables of Contents

Executive Summary

The Internal Audit Division's (IAD) Internal Audit Plan (Plan) for fiscal year (FY) 2024 covers the period of September 2023 through August 2024. This Plan includes risk-based audits, advisory services, required activities, value-added services, and division initiatives as illustrated in Figure 1 below.

Figure 1. Summary of the FY 2024 Internal Audit Plan:

Audits
- Regional Service Center
- Investigation Processes
- Inventory/Asset Management
- Information Security
- Public Information Request
- Fleet Management

Advisory Services
- Motor Carrier Licensing
- Contract Monitoring

Required Activities
- FY 2023 Internal Audit Annual Report
- Quality Assurance and Improvement Program – Internal Assessment
- Audit Recommendation Implementation Status
- FY 2025 Risk Assessment and Internal Audit Plan

Value-Added Services
- Investigations on Fraud, Waste, and Abuse
- External Audit/Review Coordination
- Workgroup Participation / Ad-hoc Advisory
- Department Training

Division Initiatives
- TeamMate+ Process Optimization
- Staff Development and Hiring

Detailed Information

Engagements

Tables 1 provides information on the planned risk-based audits, advisory services, and required activities for FY 2024 while Table 2 provides information on alternative engagements in place of those presented in Table 1.

Table 1. Planned Engagements

Topic	Potential Objective
Regional Service Center Audit (carryover from FY 2023)	The objective is to assess the culture at selected RSCs, determine opportunities for RSCs to better serve their customers, and determine whether RSCs process transactions uniformly.
Investigation Processes Audit	This audit could evaluate the intake process for complaints, the method for how investigations are prioritized, and the actions taken on investigation results.
Inventory/Asset Management Audit	This audit could evaluate Department processes on accounting for, safeguarding, and reporting inventory and assets throughout the State.
Information Security Audit	This audit could evaluate how the Department assesses and tracks vulnerabilities, the defenses in place to prevent malware, and the methods used to establish and maintain a security awareness program.
Public Information Request Audit	This audit could evaluate the internal controls on the Department's processes used to receive, track, and fulfill public information requests.
Fleet Management Audit	This audit could determine the effectiveness of the vehicle maintenance practices, compliance with the State Fleet Plan, and fleet monitoring.
Motor Carrier Licensing Processes Advisory	This advisory could look at the licensing/renewal process for credentialing.
Contract Monitoring Advisory	This advisory could determine how contracts are being managed.
FY 2023 Internal Audit Annual Report	A report produced in FY 2024 that summarizes IAD's activities conducted in FY 2023. This report will be submitted to the State Auditor's Office.

Topic	Potential Objective
Quality Assurance and Improvement Program - Internal Assessment	A report produced in FY 2024. This is an internal assessment to determine IAD's compliance with audit standards and performance.
Audit Recommendation Implementation Status	An engagement to verify if outstanding audit recommendations have been fully implemented.
FY 2025 Risk Assessment and Internal Audit Plan	An enterprise-wide risk assessment to identify risk areas for the upcoming year. The Internal Audit Plan will be submitted to the State Auditor's Office.

Table 2: Alternative Engagements

Topic	Potential Objective
Key Performance Metrics Audit	This audit could determine the accuracy of the reported performance metrics and the adequacy of related controls over the collection and reporting of selected performance metrics.
Closed Data Portal Audit	This audit could evaluate the controls in place prior to granting access to the Closed Data Portal and for ensuring appropriate use.
Network Infrastructure and Monitoring Audit	This audit could evaluate how the Department establishes, implements, and actively manages network devices as well as the processes in monitoring the network
Leave and Overtime Advisory	This advisory could provide analysis on leave balances (e.g., vacation/comp time) in various divisions and approval processes.
Information Technology Governance Advisory	This advisory could assess the effectiveness of the governance structure in providing oversight over key information technology projects.

Value-Added Services and Division Initiatives

Value-Added Services
- **Investigations on Fraud, Waste, and Abuse:** Detecting, tracking, and reviewing any internal fraud, waste, and abuse allegations, complaints from external parties, and those from the State Auditor's Office. IAD investigates internal fraud, waste, and abuse allegations.

- **External Audit/Review Coordination:** Coordinating external audits or reviews by providing audit status updates and facilitating management responses to recommendations.

3

- **Workgroup Participation / Ad-hoc Advisory:** Participating in TxDMV workgroups, such as the Executive Steering Committee and the Governance Team, to help identify unforeseen risks in enterprise projects or activities. IAD also sets aside hours to address any short-term assessment or information requests by TxDMV staff.

- **Department Training:** Providing training to help TxDMV staff understand the role of IAD and staff's responsibilities in recommendation implementation and prevention of fraud, waste, and abuse.

Division Initiatives

- **TeamMate+ Process Optimization**: Enhancing the software's functionality by continuing to update the risks stored within the software, creating and automating reports, and staying current on best practices for optimized software functionality.

- **Staff Development & Hiring**: Taking the minimum required hours of training each year (40 hours) in accordance with auditing standards. This includes creating development plans to obtain required knowledge, skills, and abilities for audit and advisory services. Hiring internal audit staff to fill IAD vacancies and providing training to integrate new hires into the office.

Scope and Methodology

Scope

The Internal Audit Plan covers engagements and activities for the period of September 1, 2023 to August 31, 2024 (fiscal year 2024).

Risk Assessment

Risk Methodology

The audit plan was developed using a risk-based methodology, which incorporated input from TxDMV Board members, Executive management, Division management, and risks identified by audit staff through previous engagements and observations. IAD also analyzed TxDMV information, reviewed internal audit and industry publications, and considered audit topics by the State Auditor's Office and other State agencies to identify and rank audit topics. In addition, IAD collected information on the potential controls that were in place to mitigate the identified risks.

Each risk was reviewed using approved Department risk guidance that included the following factors:
- Operational effectiveness and efficiency impact;

- Reputational impact;

- Financial impact;

- Legal or regulatory impact;

- Degree of change in the program, function, or process;

- Degree of complexity; and

- Control design strength.

The risk scores ranged from zero, which is the lowest risk score, to five, which is the highest risk score. Table 3 provides information on the risk scores and definitions for each category.

Table 3. Risk Scores

Risk Category	Score	Definition
High	> 3.99	The risk may substantially hinder the Department, division, and/or function in achieving its objectives or goals.
Medium-High	3.00 – 3.99	The risk may significantly hinder the Department, division, and/or function in achieving its objectives or goals.

Risk Category	Score	Definition
Medium	2.00 – 2.99	The risk should be monitored on a regular basis to ensure it does not become an issue; however, it is not currently hindering the Department, division, or function from achieving its objectives or goals.
Low	< 2.00	The risk is mostly mitigated and may not hinder the Department, division, or function from achieving its objectives or goals.

6

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 Legitimating

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

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

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

3.2.5. Self-reflection and Assessment

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

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

3.3.   Board Governance Investment

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

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

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

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

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

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

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

3.4.   Practice Discipline and Assess Performance

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

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

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

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

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

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

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

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  3.4.2.2. Are values shared?

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

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

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

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

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

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

6. TxDMV GOALS

6.1. GOAL 1 – Performance Driven

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

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.