OFFICE OF THE STATE INSPECTOR GENERAL

Report to Commissioner Holcomb

PERFORMANCE REVIEW OF THE VIRGINIA DEPARTMENT OF MOTOR VEHICLES

March 2016

June W. Jennings, CPA
State Inspector General

Report No. 2014-PR-005

COMMONWEALTH OF VIRGINIA

Office of the State Inspector General

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March 17, 2016

Richard D. Holcomb, Commissioner
Virginia Department of Motor Vehicles
2300 West Broad Street
Richmond, VA 23269

Dear Commissioner Holcomb:

The Office of the State Inspector General (OSIG), under § 2.2-309 [A](9) of the *Code of Virginia* (*Code*), is empowered to conduct performance reviews of state agencies to ensure that state funds are spent as intended and to evaluate the efficiency and effectiveness of programs in accomplishing their purposes. OSIG recently completed a performance review of the Department of Motor Vehicles (DMV) that covered the period of June 1, 2014 through April 30, 2015 and focused on the following eight risk areas:

- Citizen Satisfaction
- Performance Measurement and Reporting
- Cash Control
- Strategic Planning
- Inventory/Assets
- Procurement
- Employee Training/Competency
- Budgeting and Forecasting

DMV was selected for review based on a 2013 statewide risk assessment completed by Deloitte, LLP. This agency was ranked as one of the higher risk executive branch agencies. The planning phase of the review consisted of conducting interviews with selected members of executive and divisional management, assessing the risks identified during those interviews, and creating a detailed review plan to accomplish the review objectives.

The steps in the review plan were executed, and the results were discussed with DMV management throughout the review process as the conditions were identified. Additionally, an exit conference was held on Wednesday, March 2, 2016 to discuss the draft report.

Overall, OSIG staff found that the reviewed areas were operating efficiently and effectively except for those observations noted in the report. By copy of this letter OSIG is requesting that agency management provide an agency plan of action within 30 days to address this report's recommendations.

On behalf of OSIG, I would like to express our appreciation for the assistance and cooperation the DMV leadership team and staff provided during this review.

If you have any questions or require further information, please contact me at (804) 625-3255 or june.jennings@osig.virginia.gov.

Respectfully,

June W. Jennings
State Inspector General

CC: Paul J. Reagan, Chief of Staff to Governor McAuliffe
Suzette P. Denslow, Deputy Chief of Staff to Governor McAuliffe
Aubrey L. Layne, Secretary of Transportation
Senator Charles W. Carrico, Chairman of the Senate Transportation Committee
Delegate Ronald A. Villanueva, Chairman of the House Transportation Committee

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Executive Summary

Overall, the Office of the State Inspector General (OSIG) staff found that the Department of Motor Vehicles' (DMV) citizen satisfaction, performance measurement and reporting, cash control, strategic planning, inventory/assets, procurement, employee training/competency, and budget and forecasting functions were operating effectively and efficiently. OSIG staff reached this conclusion after:

- Gaining an understanding of the aforementioned review areas' processes by reviewing policies and procedures, conducting interviews with agency personnel, and researching public/private sources to gather and analyze data.
- Conducting observations and walk-throughs of the various processes and assessing them for effectiveness and efficiency.
- Benchmarking the agency's business processes and performance metrics to other states' DMV agencies and to industry best practices.

During the review, OSIG made a number of observations where current processes could be improved, the most significant of which are listed below:

Program Observations
1. Further Promote Online Renewals of Certain Transactions and Analyze Commercial Driver License Testing Costs
2. Improve the Percentage of Trucks Screened and Weighed Electronically
3. Evaluate Weigh Station Locations
4. Determine the Cost Benefit of Producing Digital License Plates
5. Increase Truck Minimum-Weight Requirement

Purpose and Scope of the Review

The Office of the State Inspector General (OSIG) conducted a performance review of the Department of Motor Vehicles (DMV) pursuant to *Code of Virginia* (*Code*) § 2.2-309 whereby the State Inspector General shall have power and duty to:

> *Conduct performance reviews of state agencies to assess the efficiency, effectiveness, or economy of programs and to ascertain, among other things, that sums appropriated have been or are being expended for the purposes for which the appropriation was made and prepare a report for each performance review detailing any findings or recommendations for improving the efficiency, effectiveness, or economy of state agencies, including recommending changes in the law to the Governor and the General Assembly that are necessary to address such findings.*

This review was not designed to be a comprehensive review of DMV. Instead, the focus was on certain risk areas identified through a statewide risk assessment of state agencies. The scope and objectives of the review were established through interviews with management concerning DMV's risks in these areas:

- Citizen Satisfaction
- Performance Measurement and Reporting
- Cash Control
- Strategic Planning
- Inventory/Assets
- Procurement
- Employee Training/Competency
- Budgeting and Forecasting

The review period was from June 1, 2014 through April 30, 2015.

Background

Introduction

DMV administers vehicle titling, registration, driver licensing, weighing and taxing of commercial trucks, and the maintenance of driver and vehicle records for the citizens of the Commonwealth of Virginia. The DMV website states the agency's "mission … is to promote security, safety, and service through the administration of motor vehicle and tax-related laws."

DMV serves a customer base of approximately 6.2 million licensed drivers and identification (ID) card holders and more than 7.8 million registered vehicles. DMV has more daily face-to-face contact with Virginia's citizens than any other state agency. DMV also serves a wide array of businesses, including dealers, fuels tax customers, rental companies, driving schools, other state agencies, local governments, and non-profit organizations.

DMV operates 75 customer service centers (CSCs), five mobile CSCs, 57 DMV Selects, 13 permanent motor carrier service centers (weigh stations), 12 mobile weigh crews, three telephone call centers, one automated telephone service, two DMV Connect teams, two mobile apps, and a website that offers more than 40 types of customer transactions. Recently, DMV began offering additional government services such as processing requests for vital records (birth, death, marriage, and divorce records), hunting and fishing licenses, and E-ZPass.[1]

DMV's resources come from special funds and federal funds. The major operating fund is the Motor Vehicle Special Fund, which derives its revenues from fees and taxes as specified in the Motor Vehicle section of the *Code*. These funds are dedicated to DMV's operational and capital costs. Several other special funding sources are available to DMV through the Appropriation Act and are for specific purposes. These special funds include the Motor Carrier Fund, Highway Maintenance and Operating Fund, Uninsured Motorist Fund, Motorcycle Safety Fund, and the Federal Trust Funds.

Biennial Budget	2015 General Fund	2015 Nongeneral Fund	2016 General Fund	2016 Nongeneral Fund
Initial Appropriation for the Biennium	0	$234,411,474	0	$236,822,802
Changes to Initial Appropriation	0	0	0	0
(Changes to Initial Appropriation will be 0 when the plan is created. They will change when the plan is updated mid-biennium.)				
Source 2014-16 Strategic Plan				

DMV also provides financial aid to localities, other state agencies, and non-profit organizations through Federal Trust Funds, which support the state's Highway Safety Program.

[1] VDOT. E-ZPass. Website URL: https://www.ezpassva.com/. Accessed April 8, 2015

Review Methodology

OSIG staff conducted this review by:

- Examining the detailed results of Deloitte's 2013 statewide risk assessment
- Conducting interviews with the following management and staff to gain insight into specific concerns of the risk areas to be reviewed at DMV:
    - Executive Management Team
    - Key Units' Personnel
    - Director of Internal Audit
    - Auditor of Public Accounts' (APA) auditors

As a result of the interviews, OSIG's staff identified associated risks for each of the risk areas, established performance review objectives (see specific objectives under **Review Results** by risk area), and developed detailed review steps to test for these objectives.

The performance review procedures included:

1. Conducting interviews, observations/walk-throughs, and examining policies and procedures to gain an understanding of review area processes, assessing them for effectiveness and efficiency, and determining whether they were implemented in the most economical method.
2. Collecting and analyzing relevant data.
3. Benchmarking business processes, activities, and performance metrics to other states' DMV agencies and best practices.

Review Results

Overall, OSIG found that the DMV's citizen satisfaction, performance measurement and reporting, cash control, strategic planning, inventory/assets, procurement, employee training/competency, and budgeting and forecasting functions were operating effectively and efficiently except for the observations noted below. Specifics regarding the review performed in each of these areas are reported by risk area below.

Risk Area 1 - Citizen Satisfaction

Citizen Satisfaction refers to the on-going processes and procedures that an agency undertakes to manage its constituent and customer relationships and interactions. This process includes collection and analysis of customer information to continuously improve products and delivery of services. Citizens often form their perception of agencies through how easy they are to do business with, how they handle complaints, and how easy their products and services are to use.[2]

REVIEW OBJECTIVES AND STEPS

The review objectives included evaluating whether DMV's efforts promote citizen satisfaction efficiently, effectively, economically and process controls adequately deter and/or detect fraud, waste, and abuse.

OSIG staff reviewed, analyzed, and assessed DMV's efforts to:

- Utilize the most current retail operations technology;
- Survey customers, track and evaluate customer complaints, and use the resulting information to improve customer service;
- Utilize technology to determine staffing schedules and hours of retail operations;
- Encourage customers to utilize preferred offsite methods;
- Identify the cost/benefit of producing license plates using the stamped (embossed method) versus a possible change to the digital method;
- Improve customer wait time experiences at CSCs;
- Identify the cost/benefit of handling transactions onsite versus offsite;
- Handle motor carrier transactions in an efficient and effective manner;
- Receive notification in an efficient manner that licensed vehicles are insured/not insured;
- Utilize weigh-in-motion scales;
- Incorporate electronic filings of International Registration Plan renewals and International Fuel Tax Agreements;
- Utilize eye exams for driver's license renewals;
- Handle transactions at call centers;

[2] Deloitte Risk Assessment of the Commonwealth of Virginia and Multi-Year Work Plan for the Office of the State Inspector General (OSIG), July 2013.

- Follow up on non-renewal of drivers' licenses and vehicle registrations;
- Provide timely assistance to call center and CSC staff; and
- Minimize the information technology risk of downtime, major delays, and backlogs in service for customers.

OBSERVATION NO. 1 — FURTHER PROMOTE ONLINE RENEWALS OF CERTAIN TRANSACTIONS AND ANALYZE COMMERCIAL DRIVER LICENSE (CDL) TESTING COSTS

The 2003 Acts of Assembly, Chapter 1042 (Appropriation Act), directed the APA to "develop a cost accounting system which would accurately and completely document the true total costs, both direct and indirect, of the activities and services provided by the Department of Motor Vehicles."

In November 2003, the APA issued a Special Report that described DMV's financial structure and provided a cost allocation model based on Activity Based Costing (ABC). The intent of this model was to provide DMV with a tool to calculate the cost of its various products and activities. OSIG staff conducted a Cost/Benefit assessment using FYs 2011-2012 and FYs 2013-2014 unit costs and total number of transactions. After reviewing the information from these ABC reports, OSIG staff found that in FYs 2011-2012:

- CDL testing by DMV was much more expensive than if third party vendors performed this process and DMV just issued the licenses. In response to a draft report, DMV management indicated that the cost difference between the two methods was due to third parties only testing their own employees and covering that cost, and only paying DMV for issuing the license. No third party tests non-employees.

FY 2012 Actual Costs

Cost Activity	DMV Unit Cost	Total Transactions	Total Cost
CDL Test by DMV	$614.80	4,037	$2,481,948

FY 2012 Potential Costs

Cost Activity	Third Party Unit Cost	Actual Total Transactions	Potential Cost
CDL Test by Third Party	$42.56	4,037	$171,815

Figure 1: Unit Costs & Transaction Totals from DMV's Activity-Based Costing Documents

DMV's Deputy Commissioner indicated that finding locations to perform CDL testing is becoming harder due to the new regulations that increased the space requirement for performing testing from 50-feet-by-125-feet to 270-feet-by-50-feet. This new space is required to accommodate the three new backing maneuvers that truck drivers must perform during the CDL test. Currently, DMV has 10 locations where these tests can be conducted, and agrees that it would be more economical if CDL tests were performed by third parties instead of by DMV. However, per a DMV response to a draft of this report, *Code* § 46.2-341.14:1 requires evidence of a driver's employment with the third-party tester at the time the test is taken.

- License renewals, duplicates, re-issues, etc. are less expensive when handled through the Internet. DMV could have potentially saved approximately $12,926,285 had the 912,229 transactions from FYs 2011-2012 been processed through the Internet.

FY 2012 Actual Costs

Cost Activity	Unit Cost	Total Transactions	Total Cost
Renewal, Duplicate, Reissue of DLs, CDLs and duplicate & reissue of LPs	$22.61	912,229	$20,625,498

FY 2012 Potential Costs

Cost Activity	Unit Cost	Total Transactions	Potential Cost
Driver License-Internet	$8.44	912,229	$7,699,213

Cost of the actual 912,229 transactions performed by DMV	$20,625,498
Cost of transaction performed by internet	$7,699,213
SAVINGS	**$12,926,285**

Figure 2: Unit Costs & Transaction Totals from DMV's Activity-Based Costing Documents

In FYs 2013-2014:

- As the FYs 2011-2012 data showed, DMV costs for CDL testing was greater than CDL testing by a third party for the reason noted above.

FY 2013 and 2014 Actual Costs

Cost Activity	DMV Unit Cost	Total Transactions	Total Cost
CDL Road Skills Test (Pass, Fail, No Show)	$182.53	14,548	$2,655,446
CDL PreTrip Exam (Pass and Fail)	$182.53	15,594	$2,846,373
Total		30,142	$5,501,819

FY 2013 and 2014 Potential Costs

Cost Activity	Third Party Unit Cost	Total Transactions	Total Cost
CDL Tested by Third Party	$33.20	30,142	$1,000,714

Figure 3: Unit Costs & Transaction Totals from DMV's Activity-Based Costing Documents

- License renewals, duplicates, re-issues, etc. are still more economically handled through the Internet. DMV could have potentially saved approximately $11,529,861 had the 1,336,021 transactions from FYs 2013-2014 been processed through the Internet.

FY 2013 and 2014 Actual Costs

Cost Activity	Unit Cost	Total Transactions	Total Cost
Renewal, Duplicate, Reissue of DLs, CDLs and duplicate & reissue of LPs	$18.00	1,336,021	$24,048,378

FY 2013 and FY 2014 Potential Costs

Cost Activity	Unit Cost	Total Transactions	Potential Cost
Driver License-Internet	$9.37	1,336,021	$12,518,517

Cost of the actual 1,336,021 transactions performed by DMV	$24,048,378
Cost of transaction performed by Internet	$12,518,517
SAVINGS	**$11,529,861**

Figure 4: Unit Costs & Transaction Totals from DMV's Activity-Based Costing Documents

Had all renewal transactions been performed by Internet during the FYs 2011-2014 (four fiscal years) period, DMV could have potentially saved more than $24 million.

Recommendation

DMV should continue to seek ways to encourage customers to conduct their business with the agency over the Internet. The agency should also consider evaluating the processes used at the third-party CDL sites to see if they use methods that DMV could incorporate to reduce its costs for administering the CDL testing process.

Management Response

CDL Testing

Per § 46.2.341.14:1 of the *Code*, requirements for third-party testers require "Evidence of the driver's employment with the third-party tester at the time the test was taken." In other words, third-party CDL testers may only test their own employees. Consequently, there are no publicly available third-party CDL testers today.

To our knowledge, Virginia is the only state where the use of certified third-party testers is restricted to governmental entities and companies testing their own drivers. We believe this restriction minimizes the possibility of fraud as these entities such as local school boards, US military, and private companies have a vested interest in ensuring that their drivers can safely operate their vehicles. Although solid statistics are not available, in conversation with Federal Motor Carrier Safety Administration (FMCSA) officials, they have consistently expressed concern about third-party testing programs.

FMCSA officials have indicated that while they understand the need that some jurisdictions have for third-party testers, their preference would be that all commercial-skills testing be administered by DMV examiners. This preference is based on their

opinion that DMV employees have a much greater oversight than can be reasonably offered by third-party testers and their examiners.

DMV would like to point out that, as previously stated, that it is harder to find third parties with adequate testing facilities due to the new backing regulations. Substantially increasing the number of third-party testers as would be necessary to accommodate the skills test currently administered by DMV examiners would cause the need for additional DMV staff, vehicles, and travel compensation.

Under FMCSA regulations, DMV is required to evaluate sites, train examiners, and monitor not only the physical skills tests but also the extensive documentation regarding the examiners and drivers. Further, DMV would be responsible for managing substandard audit results and any related sanctions. Considering the oversight of our third-party-tester program remains a legislated mandate, we would not anticipate a cost-saving outcome. Also, it is DMV's opinion that the ABC report does not support this recommendation because the unit cost is the same regardless of outlet.

Finally, DMV has received strong feedback from the legislature regarding the reduced number of testing sites available as a result of the new federal requirements. Further reducing the number of sites available would likely be met with significant opposition.

The costs included in the DMV FY12 ABC report for third-party testers only includes those costs that are attributable to the issuance of a CDL. However, the costs included in the DMV FY12 ABC report for DMV includes all cost attributable to CDL testing as well as CDL issuance. This is an apple/orange comparison by OSIG. Current third party testers have determined that for their employees, it is more cost effective for them to bear the burden of the cost of CDL testing. In order to implement OSIG's recommendation, DMV would have to shift the cost of CDL testing to customers via a yet to be established vendor network. That vendor will almost assuredly be more expensive to the customer than the current DMV costs because we believe no vendor will do it at cost for the general public as current third-party testers do for their employees. It should also be noted that DMV costs would not go away completely since many of the staff would have to be maintained in order to monitor and provide oversight to the vendor network.

It is also noteworthy that while the Deputy Commissioner agreed that the ABC report indicated that third-party testing appears to be less expensive in the report that is not the same as agreeing that CDL testing should be outsourced as OSIG has written.

Ultimately, DMV is a government agency tasked with providing services to the people of Virginia, and while the agency is sensitive to transaction costs, it is not a for-profit enterprise and is not in a position to summarily discontinue its core-service offerings.

As of mid-February, legislation is progressing through the General Assembly that expands CDL third-party testing. DMV has worked with the bill patron on HB 938 which provides community colleges the authority to test students that are enrolled in a commercial driver training course offered through the college. DMV supports this legislation as a means of expanding the current third-party testing framework.

Internet Processing

DMV does not currently allow customers to purchase duplicates or process renewals of their CDL's online. Based on the complexity of the transaction, and the fact that commercial drivers have so many different related expiration dates such as the hazardous materials endorsement and medical certification, DMV does not believe that allowing for the renewal of CDL's online is prudent at this time. It is faulty to assume that 100 percent of customers would use online services, so the savings OSIG cites are greatly overstated. The overall driver population is only eligible to renew online at a rate of roughly 40 percent, and only about half of those eligible utilize that service option. The CDL population should be similar in nature. However, DMV will explore the concept of allowing the purchase of duplicates online.

It should be noted, however, that prior to the documentation of this report, DMV began pursuing legislation to offer discounts for other transactions where Internet processing is more viable. DMV prepared legislation expanding Internet discounts. As of mid-February, HB 417 is progressing through the General Assembly that allows DMV to offer a $1 discount for the following transactions if conducted using the Internet: a driver's license renewal, a replacement driver's license, an ID card renewal, an ID card replacement, and a replacement title.

OBSERVATION NO. 2 — IMPROVE THE PERCENTAGE OF TRUCKS SCREENED AND WEIGHED ELECTRONICALLY

Weigh stations primarily function as enforcers of tax and safety regulations. Enforcement responsibilities include: checking freight-carrier compliance with fuel tax laws, checking weight restrictions, and checking equipment-safety and trucker compliance with hours of service regulations. In the Commonwealth, the stations are operated by the DMV in conjunction with the Virginia State Police (VSP), thus enabling enforcement of applicable laws.

Of the 13 DMV weigh stations located on interstate highways, eight utilize weigh in motion (WIM) technology, three weigh stations use ramp WIMs, and five use highway WIM scales. The WIM scales permit the trucks to continue moving while being weighed and provide DMV with an estimated

truck weight in order to determine if a potentially overweight truck needs to be weighed at the static scales. The static scales officially confirm the actual weight of trucks. If the estimated truck weight is reasonable in relation to what is allowed based on truck size and license and DMV has no other reason for the truck to access the static scales (such as past compliance violations or debts owed to DMV), the driver is allowed to bypass the static scales.

One of DMV's performance measures is to increase the percentage of trucks screened and weighed with WIM technology, thus allowing those trucks to potentially bypass the static weight scales. The target for this performance measure was set at 30 percent for 2016 and 40 percent for 2018.

Historical data for the last few years indicate that while 32.9 percent of trucks were screened electronically in 2009, the percentage declined to 28.3 percent in 2012, 25.0 percent in 2013, and 23.0 percent in 2014.

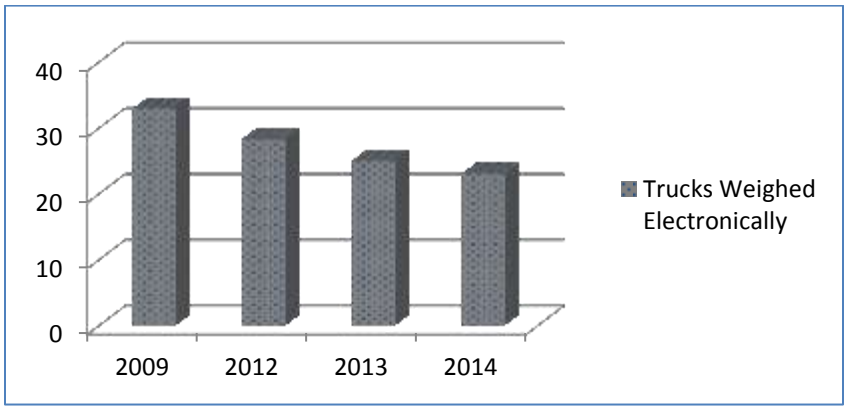

Figure 5: Source Data from DMV Weigh Station Unit

DMV management stated that the agency cannot control the success of this performance measure because truck carriers must decide whether to participate in systems that electronically weigh trucks, such as through the vendors that operate Drivewyze and PrePass systems. These two systems are the only ones that currently interface with DMV's weighing system.

OSIG staff contacted the National Director for Help Incorporated which operates PrePass and was told that Help promotes the system through trucking association events and conferences, pointing out the improved freight mobility, efficiency, and trucking industry safety records of those that use the system. The Director indicated that if DMV management was interested, he could contact the agency to see what partnering activities could take place to help promote the use of PrePass. Additionally, OSIG staff contacted the Vice President of Technology for Drivewyze Incorporated who indicated that Drivewyze would be glad to perform direct-market targeting to increase trucker awareness of Drivewyze.

Recommendation

DMV should consider working with the vendors of PrePass, Drivewyze, and any other relevant motor carrier-bypass systems to promote this process. Increasing motor carrier usage of WIM technology would also improve the efficiency of truck-weighing activities.

Management Response

DMV provides informational pamphlets for both PrePass and Drivewyze at the weigh stations. Sales representatives from both companies routinely talk to members of the Virginia Trucking Association and other large fleet carriers throughout the state. DMV maintains a cooperative relationship with both private sector companies and DMV's Motor Carrier Size and Weight Services Director sits on the HELP, Inc. Board of Directors. HELP, Inc. is a not-for-profit, public-private partnership dedicated to advancing the safety and efficiency of the transportation industry. HELP, Inc.'s mission is to deploy intelligent transportation technologies that benefit the public, government and motor carrier industry. The organization offers a comprehensive suite of services to the commercial trucking industry, including the PrePass weigh station bypass service. It is unclear as to any other opportunities that DMV could act on that could potentially increase bypass system participation.

To ensure that bypass systems do not compromise highway safety or jeopardize a state or province's ability to uphold its laws, jurisdictions that partner with bypass system companies and the companies themselves have strict requirements for the participation in their programs. Many trucking fleets cannot meet these requirements. Although electronic screening benefits a variety of stakeholders, including DMV and the Commonwealth, in light of the considerations which limit DMV's control over the expansion of electronic screening, it is agreed that the weighing of trucks electronically should not be used as an agency performance measure.

OBSERVATION NO. 3 — EVALUATE WEIGH STATION LOCATIONS

DMV oversees permanent (static) weigh stations (to weigh trucks) located primarily on interstate highways, including Interstates 64, 77, 81, 85, and 95. OSIG staff noted that no weigh stations are located on Interstate 66 (about 75 miles long), or any of the localized connector interstates (such as Interstates 295, 395, and 495). In addition, the distance from the weigh station on interstate 64 in Sandston to the next one on that interstate is located 292 miles away, west of Charleston, West Virginia. Although Interstate 81 has two weigh station locations, one at mile marker 304 in Stephens City and one at mile marker 148 in Troutville, the next one travelling south is located 203 miles away in Morristown, Tennessee.

The Federal Highway Administration's 2013 Certification report revealed that Virginia weighed 17,961,609 trucks and issued 37,851 overweight citations which resulted in an overweight violation

rate of just over 0.21 percent. Virginia ranks second in the nation in number of trucks weighed, second in the nation in number of citations issued, and 30th in the nation in overweight violation percentage. The following table documents data for Virginia and nearby states:

State	Trucks Weighed (Fixed platform)	Trucks Weighed (WIM)	Trucks Weighed (Portable & Semi-Portable)	Total Trucks Weighed	Total Violations	Violation %	Min Weight Req GVWR (Lbs)	Inter-state Miles	# of Interstate Weigh Stations	Miles per Weigh Station
AL	87,480	907,339	70,224	1,065,043	5,533	0.52%	NA	998.77	5	199.75
LA	7,327,332	15,678,274	36,337	23,041,943	34,518	0.15%	10,000	1,497.58	11	136.14
GA	1,209,708	14,048,482	19,276	15,277,466	48,534	0.32%	10,000	1,243.98	11	113.09
KY	98,573	3,465,192	12,150	3,575,915	2,106	0.06%	10,000	800.4	8	100.5
MD	1,221,327	1,361,442	3,308	2,586,077	12,987	0.50%	>10,000	480.45	9 (6 WS monitor only one direction)	53.38
NC	6,127,568	2,698,921	39,133	8,865,622	21,362	0.24%	NA	1241.98	8	155.25
SC	521,801	1,589,793	6,712	2,118,306	9,145	0.43%	NA	850.8	10 (5 WS monitor only one direction)	85.08
TN	2,547,902	12,118,395	274	14,666,571	4,676	0.03%	NA	1,103.54	6	183.92
VA	5,569,388	12,372,513	19,708	17,961,609	37,851	0.21%	>7,500	1,117.23	7	159.60
WV	383,613	242,955	732	627,300	688	0.11%	NA	549.05	6 (1 WS is not a physical building; portables and paperwork checks only)	91.51

Source: Federal Highway Administration 2013 Certification

Figure 6: Truck Overweight Violations for Virginia and Nearby States

DMV management told OSIG in response to a draft of this report that new construction for a static weigh station would cost approximately $5 million, seven employees would need to be hired at the average salary of $35,000 each, and annual operating costs would be about $400,000 (excluding staff salaries). The average liquidated damage (revenue) collected by weigh station was $287,047 during FY 2014.

In addition to the static weigh stations, DMV has mobile crews that operate throughout Virginia, but not on interstates. From June 30, 2013, through July 5, 2014, DMV staff provided data indicating that the mobile crews weighed 19,933 trucks and issued 5,764 citations (29 percent violation rate) and 2,981 summons (15 percent violation rate), or cumulatively 8,745 citations and summons (44 percent violation rate). The violation rate of overweight trucks detected by the mobile crews is significantly higher than the rate of overweight trucks at the permanent weigh stations.

DMV coordinates with VSP to determine where the mobile units will weigh trucks on specific dates so that a state trooper is available to assist the operation. However, no data is maintained by DMV to track the dates or specific locations for the mobile unit set-ups, or the types of violations detected at each location. DMV management told OSIG staff that the agency recently increased the use of the agency's Law Enforcement staff to augment the mobile operations when a state trooper is unavailable, which has increased the amount of time these units can be in operation when in the field. Keeping the mobile units operation at appropriate locations is essential as DMV seeks to keep overweight trucks, which can damage highways and create public safety issues, from operating in Virginia.

From research performed, OSIG staff found that Pennsylvania sets up mobile operations at rest stops on interstate highways. In addition, OSIG staff obtained information from the Virginia Tech Transportation Institute (VTTI) that the entity could assist DMV with designing and performing a research study for determining if additional permanent weigh stations and/or mobile units would increase the effectiveness of monitoring trucks and the number of violations detected.

Recommendation

DMV should consider collecting and maintaining data from operations performed by the mobile units. In addition, the agency should consider conducting research or acquire services from an outside source, such as VTTI, to analyze the data to assess whether there are gaps where static weigh stations are located and where mobile operations are performed. Using the results of this analysis, DMV could utilize its current mobile units to fill in identified gaps, and/or plan to expand its mobile units when funding is available.

Management Response

A truck that has received an overweight citation at one weigh station will not receive another citation for the same violation within a 24-hour period. Weigh stations are strategically placed on the major ingress/egress truck corridors in the Commonwealth.

DMV believes that its current MCSC footprint, which consists of 13 fixed stations and is supplemented by 12 mobile weigh units, allows it to satisfactorily carry out its highway safety mission. As noted by the statistics provided by OSIG, Virginia has the second-highest number of trucks weighed.

DMV could work with VTTI to perform a study on the possibility of increasing the number of permanent weigh stations along an interstate. However, DMV lacks the financial resources to purchase land, build facilities, and staff for additional weigh stations.

Even if a new station generated entirely new revenues (unlikely), and did not simply shift the point of collection of current revenues from existing stations, it would take DMV approximately 17 years simply to cover the costs of new construction. Moreover, additional weigh stations along a given route will require more stops for the truck/hauler. This increases emissions and fuel cost for the trucking community, and could negatively impact Virginia's economy.

DMV does collect and analyze data for the mobile operations statewide. We agree that additional mobile units would be useful, but lack the financial resources to add units at this time. Additional units are not likely to generate significant additional revenue, but are rather more likely to shift the point of revenue collection from other fixed and mobile weight facilities.

OBSERVATION NO. 4 — DETERMINE THE COST BENEFIT OF PRODUCING DIGITAL LICENSE PLATES

OSIG staff reviewed the DMV 2012 License Plate Study[3]: An Assessment of the Current State of License Plates and Their Potential to Promote Public and Highway Safety and to Contribute to Transportation Funding in Virginia. The study states, "Every registered vehicle must display license plates as license plates have become the key to vehicle identification by law enforcement, toll operators, and even local Commissioners of Revenue. Using license plates as vehicle identifiers is a key component to both improving public and highway safety and ensuring proper collection of toll revenue, itself a key component of the Commonwealth's long-term transportation plans."

Based on the license plate study, OSIG staff reviewed and assessed the cost/benefit of producing license plates using the stamped method (current method) vs. a possible change to a digital method. In this analysis, OSIG considered the cost for the Department of Corrections (DOC) — which uses offenders to manufacture the plates — to replace equipment and to train staff and offenders on the use of the new equipment. The following information was gathered during this review:

- Per the 2012 study, the research and cost to move from stamped license plates to digital plates was to be continually reviewed and updated, but had not been reviewed by DMV since the 2012 study.
- The Virginia Correctional Enterprise (VCE) division (a division within DOC that manufactures the plates) provided a breakdown of license plate costs between embossed (or stamped) and digital. These figures are estimates as the start-up costs would be significant to re-tool, and the ongoing costs for digital printing are unknown.

[3] Virginia Department of Motor Vehicles. License Plate Study: An Assessment of the Current State of License Plates and Their Potential to Promote Public and Highway Safety and to Contribute to Transportation Funding in Virginia. Website URL: http://leg2.state.va.us/dls/h&sdocs.nsf/fc86c2b17a1cf388852570f9006f1299/db715763b38b14da85257ad200653d0d/$FILE/RD383.pdf. Accessed June 22, 2015.

Description	Quantity Issued	Embossed Cost per Plate	Total Cost	Digital Cost per Plate	Total Cost	Difference in Cost
Standard Passenger	996,581	$1.33	$1,325,452.73	$1.51	$1,504,837.31	($179,384.58)
Don't Tread on Me	32,400	$1.94	$62,856.00	$1.61	$52,164.00	$10,692.00
Scenic Mountain to Sea	24,300	$2.11	$51,273.00	$1.71	$41,553.00	$9,720.00
Heritage	18,800	$2.11	$39,668.00	$1.71	$32,148.00	$7,520.00
In God We Trust	14,400	$1.94	$27,936.00	$1.61	$23,184.00	$4,752.00
		Total Cost:	$1,507,185.73		$1,653,886.31	($146,700.58)

Figure 7: Source from DMV Activity-Based Costing (ABC)

- DMV has a contract with VCE for the production of license plates:
  - Passenger car registration plate $3.90 (pair)
  - Motorcycle registration plates $2.66 (single)
  - Personalized registration plates $6.77 (pair)
  - Personalized organization plate $6.77 (pair)

OSIG staff conducted a review of other states that had converted from embossed plates to digital plates to determine if there was a cost benefit for this conversion. The following was determined from this review:

- A majority of the plates were produced through prison systems.
- No true cost savings were achieved by converting to digital/flat plates.
- Plates were produced faster.
- Less manpower was required.
- Digital plates were safer for the environment.
- Black-and-white digital plates improved readability by law enforcement personnel.
- Rental of vendor equipment was not assessed as the one state identified with such an arrangement did not respond to a request for information.

An updated review of the costs associated with converting to digital plates has not been conducted at this time. Any changes related to the vehicle license plates would need to be done in conjunction with VCE as well as the VSP. Per DMV management, VSP has expressed concerns that the information on digital plates would be destroyed in an event of a fire (although no data was provided as to the number of such incidents), while embossed plates would still be legible.

While the effect of switching to digital plates on the total cost of plate production is unknown, digitally printing license plates can be more environmentally friendly than embossing. The process used to produce embossed plates involves solvent-based inks that are harmful to the environment and require the use of hazardous waste-disposal techniques.

VCE is concerned with converting to digital plates because the new process would need fewer operators, reducing the number of workers from the current 55 or more to approximately 10. VCE is not in favor of reducing staff in this offender program.

The current process for producing the embossed license plates causes a slower production time, requires more manpower, and is not safe for the environment. According to a recent article in the Richmond Times-Dispatch (June 23, 2015), specialty plates (which are more economically produced digitally and for which DMV has more than 200 varieties) make up 19 percent of total plates in Virginia. The digital plates use solvent-free technology to print and eliminate the oven-curing step needed for drying the inked embossed numbers on traditional plates, which potentially could save energy.

Recommendation

DMV, in collaboration with VCE and VSP, should conduct a more in-depth study regarding the cost to convert to digital license plates which could potentially decrease production time and eliminate environmental issues. During this study, consideration should be given to the cost to rent versus buying new equipment.

Management Response

Digital versus embossed plates – this technology cannot be utilized unless it is adopted by VCE. Additionally, VSP has expressed concern that the information on digital plates would be destroyed in the event of a fire, while embossed plates are still legible.

OSIG Response

As noted in our narrative above, we recommend that a more in-depth study be conducted, which would include VCE. Our review indicates that the production of license plates would be more efficient using a digital process, given the different types of specialty plates.

OBSERVATION NO. 5 — INCREASE TRUCK MINIMUM WEIGHT REQUIREMENT

The *Code* § 46.2-100 – Definitions states: "Truck means every motor vehicle designed to transport property on its own structure independent of any other vehicle and having a registered gross weight in excess of 7,500 pounds." This means that each truck that weighs over this amount is required by law to be weighed at a Commonwealth's static-weigh station before passing it. The Automobile Association of America (AAA) website lists the minimum truck weight requirements for 29 states where Virginia is listed as the state with the second lowest weight requirement.

Virginia Department of Transportation engineers told OSIG staff that the Federal Bridge Gross Weight Formula requires that truck single-axle loads of 20,000 pounds, per tandem loads of 34,000

pounds, 80,000 pounds gross weight, and individual-axle spacing are used to calculate bridge weight-bearing loads. The engineers stated that trucks with 20,000 pounds gross weight would have minimal impact on road deterioration.

OSIG staff contacted Oregon's Motor Carrier Transportation Division Safety Program Manager who said that Oregon has established 20,000 pounds as the minimum truck weight that needs to access a weigh station for weighing. In addition, he stated that Oregon wants to preserve the infrastructure (highway system), and trucks with a weight of 20,000 pounds and less than three axles are not considered a high potential threat to the roadways.

Commonwealth weigh stations temporarily close when truck traffic accessing the entry ramp extends beyond a certain pre-defined point. When lighter-weight trucks are on the ramp, and the scale has to close because of truck back-ups, heavier-weight trucks could potentially bypass the closed scales. Those heavier-weight trucks pose greater risks to damaging state roads and having safety violations that could lead to serious accidents than do the lighter trucks. In addition, requiring lighter-weight trucks to access weigh stations by exiting from and entering highways creates a greater risk for accidents than being able to bypass the weigh stations. Having to make additional stops for weighing also reduces the efficiency of the truck drivers who conduct business in Virginia.

DMV staff told OSIG staff that DMV does not maintain data of how many trucks of various weight classes cross the weigh scales. In addition, DMV does not capture data regarding the number or severity of weight or safety violations by truck weight.

OSIG staff contacted the VTTI staff and found that VTTI could assist DMV with analyzing the impact of different weight requirements if data were available for weight and safety violations by truck size/weight.

Recommendation

DMV should consider developing and implementing a method to capture the number of trucks weighing less than 20,000 pounds that access the weigh scales, and the number of such trucks with safety violations. Then, an analysis should be performed by an entity such as VTTI to determine the impact of raising the minimum weight requirement for trucks to be weighed at the state weigh stations. If the analysis supports that the safety risk for light-weight trucks and the damage to the highways is not significant, then this information should be shared with the General Assembly so that it can consider making appropriate changes to *Code* § 46.2-100.

Alternatively, since most states' minimum weight requirements for trucks to be weighed is higher than Virginia's, a research project could be performed of some of the other states to determine why the other states utilize a higher minimum weight requirement and whether these states have adequately assessed potential safety problems and increased damage to their highways. If this analysis supports that safety risks for light-weight trucks is not significant

and that highway damage is not significant, then this information should be shared with the General Assembly so that it can consider making appropriate changes to *Code* § 46.2-100.

Management Response

It is the belief of DMV that the number of vehicles under 26,000 pounds that enter a weigh station is minimal. This is based on the daily observation of operations by staff. For DMV to capture the data necessary to support a study such as that contemplated by OSIG, we would need to install technology on the main travel lanes in both directions of the 13 weigh stations to attempt to capture vehicle classification and weight data. The weight data would only be an estimate because of the use of WIM's designated for that purpose. This data collection effort or some form of it would involve considerable expense as would outsourcing the analysis of the data.

Conversations with other states that have a higher minimum weight have not produced usable data for consideration. A number of them require that all vehicles meeting the Federal definition of a commercial vehicle enter their weigh station. However, any monies spent to perform a weight survey and complete the data analysis may in the end be lost if legislation fails to make changes to Code of VA § 46.2-100.

While we appreciate that there may be a perceived issue with the current statutory requirement, based on our experience with operating the weight enforcement program we feel confident that smaller vehicles are not creating the supposed concerns.

OBSERVATION NO. 6 — INCREASE FEE FOR LATE VEHICLE REGISTRATION RENEWALS

The *Code* § 46.2-646 — Expiration and renewal of registration, states, "Every registration under this title, unless otherwise provided, shall expire on the last day of the twelfth month next succeeding the date of registration. Every registration, unless otherwise provided, shall be renewed annually on application by the owner and by payment of the fees required by law, the renewal to take effect on the first day of the month succeeding the date of expiration."

OSIG staff reviewed and assessed DMV's efforts to follow up on drivers' licenses and vehicle registrations not renewed. During this review the following information was learned:

- Late fees have been added on the vehicle registration to encourage prompt renewals and multiple reminders are sent out.
- Late vehicle registration renewal transactions increased by 29,652 from FY13 to FY14:
  - FY13: 765,270
  - FY14: 794,922 (four percent greater)
- When the late fee was established, it reasonably reflected the difference in cost between in-person and other transactions. Overall, DMV feels the fee is adequate, which was established

in the Appropriation Act, Item 433, and authorized annually in each year's Appropriation Act.

- Email communications with customers regarding upcoming renewals promote renewing online to prevent customers from having to come into a CSC.
  - Online transactions increased between FY13 and FY14 by 63,877, while in-person renewal transactions have decreased. DMV has implemented a $5 fee for all in-person transactions.

OSIG staff researched other states' late fee charges and found that most states had implemented a late fee structure that was similar to Virginia's $10 late fee. However, two states (California and South Carolina) had tiered fee charts that increased as the number of late days increased which would encourage customers to pay the amount owed more timely.

California	
If payment is late:	**Registration Late Fee**
1-10 days	$10
11-30 days	$15
31 days to 1 year	$30
More than one year to 2	$50
More than 2 years	$100

Figure 8: California Late Fee Registration Charges

South Carolina	
If payment is late:	**Registration Late Fee**
1-14 days	$10
15-30 days	$25
31-90	$50
More than 90 days	$75

Figure 9: South Carolina Late Fee Registration Charges

In response to a draft report, DMV management indicated that late-payment fees were set at the present rate to raise additional revenue for the agency. All late-fee revenue goes to the agency for its use. If a higher rate was charged, management believed that revenue would drop substantially as more customers would be encouraged to pay on time.

Recommendation

Due to the increase of late payments for vehicle registration renewals, DMV should consider increasing registration late fees or creating a tiered system that increases fees as the number of days late compounds for specific vehicle registration renewals. Such a change could help reduce the number of late registrations by creating an incentive to pay the registration fee on time.

Management Response

DMV believes that the current late fee structure meets its needs. Late payment fees were set at the present rate to both encourage timely renewal and raise additional revenue for the agency. DMV believes that the current structure of the late fee strikes the right balance between the two objectives. Raising the late fees would likely result in an increase in the number of challenges to paying the fee. Since most expired registrations are renewed at a CSC, dealing with these challenges would increase customer wait time.

A vehicle owner does not gain anything by delaying vehicle registration and renewing late. When registration is renewed subsequent to expiration, the fee is assessed starting from the month of expiration and continuing to the existing expiration date – thus the renewal fee is for the original full 12-month period. No consideration is given for the period of time the registration was expired.

For example, if a registration expired in April and is renewed in July, the fee is paid back to April and the expiration remains April. Thus, DMV is made whole as it relates to the registration. Therefore, the vehicle owner renewing late pays the $10 late fee, fees for months that were expired and, in most cases, the $5 in-person fee.

Virginia considers a plate that has expired for a period of longer than nine months to be "dead" thus requiring the issuance of a new plate. Because vehicle owners often take their vehicle "off the road" for a period of time for legitimate reasons, imposing late fees in these instances would be an unreasonable financial burden. It would also be unreasonable to mandate the surrender of the expired plate to avoid having to pay a late fee.

Since the late fee is governed by statute, it would be necessary to initiate a legislative change. DMV would anticipate that the legislature would not look favorably upon increasing this fee.

OSIG Response

Based on the negative trend in timely registration renewals, alternatives to improve the situation should be considered, whether it is the one OSIG proposes or some alternative.

OBSERVATION NO. 7 — EVALUATE CSC STAFFING

DMV has 75 CSCs throughout the state that assist the Commonwealth in meeting the needs of its customers (drivers). Some of the transactions conducted in the CSCs for their customers are very complex.

At times, staffing levels have been a challenge for the agency. Currently, DMV uses a manual process to determine CSCs staffing needs. The existing queuing system provides reports and business-performance data that assist the management team in determining customer volume and peak times, as well as the most frequently used transaction types. This method requires continuous adjustment to staffing, often requiring the movement of staff from one CSC to another to address high-demand areas.

DMV is moving towards e-time[4] tracking and a new queuing system that would provide employee hours and service volume, which would be used to better schedule staffing at CSCs. The goal is to keep CSC wait time below 20 minutes. OSIG performed an analytical review to identify and compare CSC districts' number of customers and wait times in relation to staffing. The following conditions were identified:

FY14 District Review						
District	Staffing	Average Monthly Customers	Average Monthly Wait Time	Revenue	Expenditures	Difference
Bristol	71	2142	0:07:20	$31,669,245	$4,725,842	$26,943,403
Fairfax North	135	9396	0:31:47	$36,465,748	$8,532,963	$27,932,784
Fairfax South	152	9461	0:28:36	$45,487,459	$9,573,127	$35,914,332
Hampton	77	4078	0:15:20	$20,412,375	$4,440,413	15,971,963
Portsmouth	114	6117	0:18:23	$43,645,404	$7,358,392	$36,287,011
Richmond	174	5856	0:13:29	$54,156,313	$8,527,650	$45,628,663
Roanoke	115	4692	0:13:23	$41,497,767	$7,401,299	$34,096,468
Staunton	100	4085	0:16:05	$36,385,664	$6,191,730	$30,193,935

Figure 10: Source Data from DMV Wait Time Reports

On average, wait times were below the 20-minute level that DMV tries to maintain with the exception of the Fairfax area, where DMV is in the process of opening an additional facility to help reduce the customer wait times.

Information regarding customer volumes by hours of the day/days of the week per CSC was not available. Per DMV management, this information is not easily obtained through the Q-Flow system. Alternatively, OSIG reviewed wait-time data of all CSC's to identify any that were more than the 20-minute timeframe. OSIG found that 25 of 75 (33%) CSCs were over the 20-minute average wait time.

[4] Georgia Perimeter College. etime FAQs. Website URL: http://www.gpc.edu/adp/etime. Accessed June 22, 2015.

Over 20 minute average wait time							
District Name	CSC Name	Staffing	Average Wait Time	Average Customers Transactions	Trans by Staff Member	# Trans by day by employee	Trans per employee by hour.
Fairfax North District	Arlington	32	0:44:52	12656	395.50	18.83	2.35
	Fair Oaks Mall	25	0:26:23	8948	357.91	17.04	2.13
	Fairfax Westfields	19	0:25:45	8304	437.03	20.81	2.60
	Leesburg	14	0:27:01	6644	474.57	22.60	2.82
	Sterling	19	0:35:55	6704	352.84	16.80	2.10
	Tyson's Corner	29	0:40:50	10299	355.15	16.91	2.11
Fairfax South District	Alexandria	24	0:25:07	10257	427.36	20.35	2.54
	Franconia	23	0:25:07	10257	445.96	21.24	2.65
	Lorton	15	0:32:10	7478	498.53	23.74	2.97
	Manassas	19	0:39:17	9747	513.00	24.43	3.05
	Woodbridge	24	0:28:55	11445	476.88	22.71	2.84
Hampton District	Hampton	25	0:24:20	8610	344.40	16.40	2.05
	Newport News	19	0:28:27	6205	326.58	15.55	1.94
Portsmouth District	Norfolk Military Circle	16	0:22:36	7681	480.06	22.86	2.86
	Norfolk Widgeon Rd	12	0:22:00	8214	684.50	32.60	4.07
	Suffolk	10	0:21:02	4051	405.10	19.29	2.41
	Virginia Beach Buckner	19	0:21:40	7159	376.76	17.94	2.24
	Virginia Beach Hilltop	15	0:21:40	7159	477.27	22.73	2.84
Richmond District	Chesterfield	35	0:25:28	9625	275.00	13.10	1.64
	Richmond	32	0:24:57	9416	294.25	14.01	1.75
Roanoke District	Christiansburg	13	0:20:45	5152	396.31	18.87	2.36
	Roanoke	28	0:26:10	12440	444.29	21.16	2.64
Staunton District	Harrisonburg	23	0:22:51	6171	268.30	12.78	1.60
	Warrenton	9	0:23:16	3926	436.22	20.77	2.60
	Winchester	10	0:24:35	4713	471.30	22.44	2.81

Figure 11: Source Data from DMV FY14 Wait Time Reports

According to DMV, the data-per-CSC related to staffing may be misleading because some CSCs may have more experienced workers who can process more transactions at a faster pace, while other CSCs may have new employees who are slower at processing transactions. Other factors that come into consideration are vacations, training, new hires, and short-term disability that affect the customer volume flow. Central and district managers try to continuously monitor staffing and shift staff to cover the gaps.

Within each district, with the exception of Bristol, there are some CSC locations that are averaging more than a 20-minute wait time for the customers and have a higher number of staff members than other CSC's within the district that are averaging below the 20-minute wait time for its customers.

Although the level of experience of staffing within CSC's may be different — which could account for some of the differences in wait times — other possible reasons for the differences include whether:

- Staff are adequately assigned;
- Management utilizes staff appropriately; and
- Hours of operations are in line with customer service needs.

Recommendation

DMV should consider conducting a review to determine what specifically is causing the differences in wait times at the CSCs shown in Figure 11 the "Over 20 Minute Wait Time" table and make necessary adjustments in staffing to ensure that average wait times remain under the 20-minute timeframe benchmark.

DMV needs to conduct regular studies based on customer volumes by hours of the day and days of the week to ensure hours of operations at the individual CSCs are in line with customer needs.

DMV needs to ensure that the new Queuing contract includes an easy-reporting module based on customer volumes to continually monitor hours of operations and staffing. DMV should ensure that CSCs are properly managed such that hours of operations are addressing customer needs. When comparing CSC wait times, DMV must ensure that transaction types and volume of transactions are comparable in order to enable DMV to conduct fair comparisons.

Management Response

DMV does not agree with the findings because the agency already manages the CSCs as noted in the Recommendation sections.

In response to reviewing specifics regarding the differences between CSCs per district and making adjustments to accommodate the 20-minute wait time, DMV produces weekly reports to allow for management review of wait time and serve time averages, customer volumes and staffing. While staffing fluctuates due to vacations, sickness and disability, Customer Service Management Administration makes every effort to adjust staffing accordingly. During busier times of the year, the CSCs shift staff to ensure adequate coverage to meet customer demands, especially during the peak months, such as March.

Additionally, DMV conducts studies of customer volume by hours of the day and days of the week to ensure hours of operations at individual CSCs are in line with customer needs. For FY 2014, DMV reviewed the wait times and customer volumes of all CSCs to identify the CSCs with the greatest potential to reduce the overall

statewide wait time. Since Arlington CSC had one of the largest customer volumes and wait times, DMV reviewed arrival rates of customers, customers served, work stations opened, and serve times for each operating hour of this CSC for Fiscal Year 2014. Examining the information indicated an opportunity to reduce wait time by strategically staffing two additional service windows in the morning. DMV implemented this approach in December 2014 and found that the additional service windows decreased the number of customers who abandoned their tickets and wait time of customers.

The current DMV queue management contract will expire June 2015. Although DMV has some renewal options available, a new request for proposal (RFP) must be issued to secure a vendor for providing these services. The scope of the DMV queue management modernization project is based on utilizing a variety of innovative solutions and proven state-of-the-art technology to enhance the effectiveness and efficiency of serving and managing the relationship with our customers. The overall objective is to modernize the DMV queue management solution within our CSCs to enhance overall customer flow and service. The new modernized solution will provide additional features such as:

- Advanced self-service queuing options prior to arriving at a CSC such as text messaging, calling ahead, through the web, via electronic forms processing, etc.
- On-demand, self-service status updates including approximate wait time left.
- Automated-customer notifications regarding "place in line" such as through text messaging, phone calls, etc.
- Automated instructions to the customer on where and when to go. Also, automated offers to re-route the customer to an alternate CSC that offers a shorter wait time.
- Ability to monitor transaction volumes and types in order to automatically alert management to re-adjust transaction assignments and/or have a solution to re-adjust assignments automatically.

The new queuing system requirements will incorporate reporting modules, and DMV will ensure that our business needs are met.

Finally, while wait times are an important metric when evaluating CSCs, DMV's philosophy is geared more towards completing a customer's transaction during the first visit, a process that can take more time than if the individual were simply turned away and told to return at another time. As a result, 85 percent of DMV's customers report that they are able to complete their transaction during their first visit, and 81 percent reported their most recent DMV experience as favorable.

Risk Area 2 — Performance Measurement and Reporting

The performance monitoring function provides the means to systematically and appropriately record, analyze, present, and communicate how agency operations are progressing compared to established goals in order to permit effective management and provide information required by regulatory/governing bodies. Performance Reporting concerns the aggregation, compilation, presentation, and distribution of performance information. Reports may be used internally by management to keep track of progress towards goals, externally to comply with laws and regulations, or to establish transparency of operations with constituents. [5]

REVIEW OBJECTIVES AND STEPS

The review objectives included determining whether DMV is monitoring and reporting measures that support the achievement of the strategic plan(s), overall goals, and efficient and effective operations; and examining whether process controls are adequately designed to deter fraud, waste, and abuse.

OSIG staff assessed performance measures as to the reasonableness of the measurement time period, relationship to budget requests, and response to expectations for accountability. Staff also considered whether the measures triggered an in-depth examination of performance problems and possible corrections, motivated staff, and supported strategic planning.

OBSERVATION NO. 8 — IMPROVE CALCULATION OF WAIT TIME AT CSCS

Customer service for DMV is its main priority and wait time in the CSCs has a direct effect on customers' requirements, expectations and satisfaction. OSIG staff examined DMV's Stored Procedure for Wait Time Calculation for the Regional Services Level Analysis Report. The current formula that DMV utilizes to estimate CSC wait time is:

Avg. Waiting Time= Total Waiting Time/ Served*

**Served-represents customers served*

OSIG staff then performed research to identify the standard, best practices, and methodologies used in estimating wait time. DMV's CSC set-up closely resembles the Multiple Channel Queuing System[6], a service system with one waiting line but with several servers.

[5] Deloitte Risk Assessment of the Commonwealth of Virginia and Multi-Year Work Plan for the Office of the State Inspector General (OSIG), July 2013.
[6] Prentice Hall. Waiting-Line Models. Website URL: http://wps.prenhall.com/wps/media/objects/2234/2288589/ModD.pdf. Accessed on May 8, 2015.

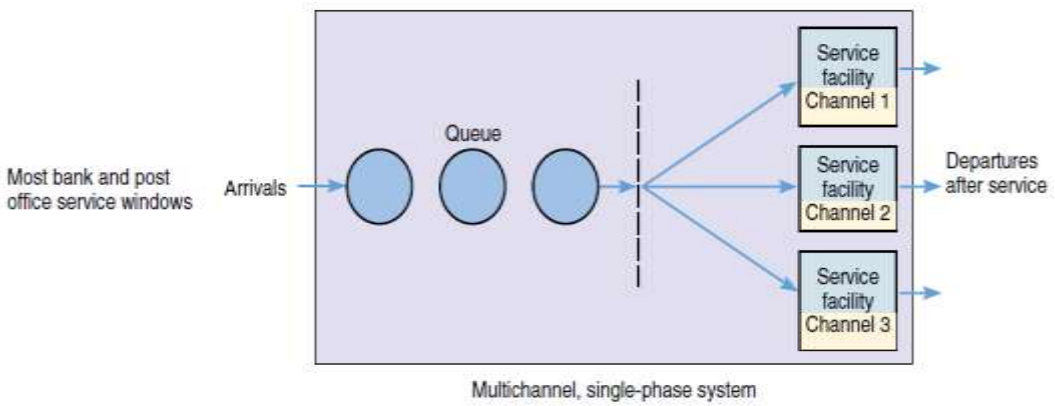

Figure 12: Source: Multiple Channel Single Phase System

Wait time formulas reviewed considered variables such as number of channels open, average arrival rate, and average service rate at each channel. DMV's current calculation does not incorporate variables such as the number of windows open or the average customer arrival rate.

OSIG staff discussed with DMV's Assistant Commissioner of Financial/Administration Services about the possibilities of stratifying DMV's business transactions (i.e. registrations, renewals, birth certificates, marriage licenses, etc.) so that wait time could be identified for a particular service. The Assistant Commissioner explained that the agency's current queuing system does not provide this level of detail. As an example, when a customer goes to DMV and conducts various transactions at one time, the system only allows staff to classify that transaction once. DMV practice is to classify multiple customers' transactions by using the most complex transaction. Therefore, there would not be enough data available to give an accurate accounting of transaction types.

Additionally, the Assistant Commissioner stated that the current DMV contract with ACF Technologies, the manufacturer of the Q-Flow system, will be ending soon. The goal is to put out an RFP in order to solicit new techniques and/or software that could enhance DMV wait-time measures.

Recommendation

To improve wait-time estimates, DMV should consider incorporating the following variables into their existing and future wait-time formula: the number of available tellers at a particular time, average customer arrival rate, and average service wait at each window.

When soliciting bids for an improved queuing system, DMV should consider requiring deliverables that will include the wait-time measurements by types of services performed in CSCs that will enable DMV to conduct fair comparisons based on transaction types. This should give the public a clearer understanding of wait-time estimates.

Management Response

Virginia's DMV was the first in the nation to begin posting average wait times online, and maintains that this is a useful tool for customers to determine which CSC may be best to visit. Wait times are provided only as a courtesy guide of average wait to be served and may not represent each individual customer's experience. The wait times are an estimate based on available data, and not a guarantee. DMV's website clearly states: "Actual wait times may vary depending on services requested and do not include time prior to receipt of queuing ticket. For optimal service, the best times to visit DMV are in the middle of the month, middle of the week."

However, DMV is constantly seeking ways to improve the information we are able to provide to our customers. Accordingly, for the past several months we have been exploring feasible options for alternative online wait time calculations with our current vendor, and have incorporated the need for a more appropriate online wait time calculation in the RFP for our new queuing system. It is important to note that no system will be completely accurate; because DMV's customers frequently elect to process additional, optional transactions once they reach the Customer Service Representative that they did not indicate during the check-in process.

Risk Area 3 —Cash Control

Cash Control refers to the process used to verify the completeness and accuracy of cash, check, credit card, debit, and wire transfer transactions. [7]

REVIEW OBJECTIVES AND STEPS

The review objectives included determining whether DMV's control process over payments made by cash, checks, credit cards, debit cards, etc. is efficient and effective; and determining whether process controls are adequately designed to deter fraud, waste, and abuse.

OSIG staff reviewed and analyzed:

- The CSC project-planning process to upgrade the credit card system to determine if it is efficient (on time and on budget) and effective (allows for accurate processing of transactions and multiple payment types for the same transaction).
- The CSC's payment system to determine if check verification, electronic-check processing, and debit-card processing are adequately integrated into the system.
- The CSC's reconciliation and accountability process to determine if the process is adequately automated.

[7] Deloitte Risk Assessment of the Commonwealth of Virginia and Multi-Year Work Plan for the Office of the State Inspector General (OSIG), July 2013.

- The data necessary to identify the costs to process cash and checks at the CSCs to determine if cost savings could be obtained by requiring debit/credit cards or other electronic payments to be used for all transactions.

OBSERVATION NO. 9 — IMPROVE THE CASHIERS' OFFICE CHECK RETENTION AND DESTRUCTION PROCESS

The Cashiers' Office utilizes a "remote access" option for selected work units to deposit checks and money orders. This pilot project was implemented about two years ago to participate in the "Check 21 Act"[8], a law allowing the recipient of a paper check to create a digital version, eliminating the need for handling the physical document. The DMV utilizes the Desktop Deposit through Wells Fargo[9] system to scan checks for the electronic conversion.

Currently, the Cashiers' Office uses this process for only three units within headquarters (HQ):

- Billing- Agency #960
- Return Checks- Agency#995
- Revalidation- Agency#201

The Cashiers' Office states that there are 10 to 20 other units where the unit processes deposits manually. However, the goal is to perform all deposits in the Cashiers' Office using the remote access method.

Once the checks are scanned for the Billing and Return Checks unit, the checks and all supporting documents are stapled and/or bound with rubber bands and placed in a folder and secured in the Cashiers' Office locked vault. Scanned checks and supporting documents for the Revalidation unit are returned to that unit for filing. According to DMV policies and procedures, all HQ work units retain financial information for a period of three years.

Although DMV Cashiers' staff indicated that the following has not occurred, weak controls may lead to the intentional or unintentional alteration of deposit item information, resubmission of an electronic file, or re-deposit of physical items. According to Wells Fargo Desktop Deposit Controls[10] and Desktop Deposit through Wells Fargo user guide, "check safekeeping, retention, and destruction section," it is recommended that tamper evident bags, in addition to the deposit log, be used to manage the checks' safekeeping and destruction process. Using the bags will help secure the storage and retention of checks prior to destruction. Additionally, Desktop Deposit users are required to retain the original paper items (i.e., items used to make deposits through the Desktop Deposit service), for a minimum of five calendar days, but no longer than 14 calendar days, after they have been transmitted to the Bank. This provides sufficient time for research in case there is an

[8] Check 21 Act. Website URL: http://www.check21.com/what-is-check-21.html. Accessed May 20, 2015.
[9] Desktop Deposit through Wells Fargo. Website URL: https://www08.wellsfargomedia.com/downloads/pdf/biz/online_banking/deposit/installation_guide.pdf. Accessed May 20, 2015.
[10] Wells Fargo Desktop Deposit Controls. Website URL: https://www.wellsfargo.com/biz/online_banking/deposit/controls. Accessed May 20, 2015.

issue with the image quality or if the original item is required for any other reason. After 14 calendar days, the original paper items should be destroyed to ensure they are not accidentally deposited again.

OSIG reviewed the Federal Financial Institutions Examination Council's[11] Risk Management of Remote Deposit Capture report which states:

> "In the typical Remote Deposit Capture[12] process, original deposit items are not submitted to the financial institution but are retained by the customer or the customer's service provider. Therefore, it is important for the financial institution to require customers to implement appropriate document management procedures to ensure the safety and integrity of deposited items from the time of receipt until the time of destruction or other voiding."

Recommendation

DMV should discuss this issue with the Virginia Department of Treasury. If Treasury is in agreement, DMV should consider implementing Wells Fargo's Desktop Deposit Controls as it relates to placing scanned checks in secured bags prior to locking them in the vault. The Cashiers' Office should discontinue the return of scanned checks to the Revalidation Unit. The Cashier's Office should implement another method to indicate checks have been processed such as providing a printed deposit confirmation. Additionally, DMV should adopt Wells Fargo's retention period for maintaining the scanned checks. The checks should be retained a minimum of five calendar days, but no longer than 14 calendar days, or after they have been transmitted to Wells Fargo successfully, in order to reduce the risk of checks being re-deposited or information on deposited checks being altered.

DMV should consider converting the other HQ work units' manual deposits to "remote deposits" soon to enhance efficiency in the deposit process.

Management Response

DMV agrees that this is an idea that should be explored further to determine if or how it could be expanded, and has tasked its WEG unit with conducting this exploration. However, our current priorities are PCI Compliance, Oracle Billing System, Remittance Processing System (RPS) Conversion, and State Cardinal System. These are higher priorities either because there is a requirement from an outside entity (PCI and Cardinal), or there are current systems in need of upgrade (Billing and RPS).

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[11] The Council is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Consumer Financial Protection Bureau (CFPB), and to make recommendations to promote uniformity in the supervision of financial institutions.

[12] A deposit transaction delivery system that allows a financial institution to receive digital information from deposit documents captured at remote locations.

OSIG has not identified a risk to the agency's efficient operations, nor do they make a case for implementing their recommended alternative procedures. DMV's record retention procedures are established based on the agency's needs and the requirements of state and federal laws and procedures. DMV disagrees with OSIG's recommendations that the agency abandon these in favor of vendor recommendations.

Risk Area 4 — Strategic Planning

Strategic Planning involves the long-term planning of actions for an agency to achieve its agency/program objectives. Management needs to be able to accurately consider the risk environment while formulating a strategy. Additionally, agencies have strategic relationships with other agencies to achieve inter-agency objectives in an efficient and effective manner. [13]

REVIEW OBJECTIVES AND STEPS

The review objectives included:

- Confirming whether the strategic planning process effectively creates timelines, research, and strategic operating plans containing future strategic areas to be addressed, as well as action plans for those areas, and to determine whether management adequately reviews and monitors the plans and ensures that actions are taken and timelines are met.
- Determining whether DMV management adequately considers the risk environment during the formulation of long-term strategy and planning activities.
- Determining whether strategic partnerships DMV management has entered into with other agencies increase the operating economy, efficiency, and effectiveness of DMV.

OSIG staff reviewed and assessed DMV's:

- Strategic partnerships with other state agencies;
- Planning activities utilized to formulate long term strategy and assess whether the risk environment is adequately considered; and
- Strategic planning documentation for evidence of timelines, strategic operating plans addressing future strategic areas, and action plans.

NO REPORTABLE OBSERVATIONS WERE IDENTIFIED.

[13] Deloitte Risk Assessment of the Commonwealth of Virginia and Multi-Year Work Plan for the Office of the State Inspector General (OSIG), July 2013.

Risk Area 5 — Inventory/Assets

Assets refer to tangible assets (building, automobile, equipment, facilities, etc.) as well as intangible assets (intellectual property) of an agency. Inventory refers to the complete listing of goods on hand.[14]

REVIEW OBJECTIVES AND STEPS

The review objectives included determining whether the inventory/asset control process is efficient and effective and is adequately designed to deter fraud, waste, and abuse.

OSIG staff reviewed and assessed:

- The efficiency and effectiveness of the process utilized to control assets and inventory through a walkthrough of the warehouse and by determining the reasonableness of the cost to control the assets and inventory;
- The process utilized to record purchases in the inventory/asset control system, and whether the purchasing process adequately interfaced with inventory/asset records to ensure limited administrative duties;
- A sample of purchases to determine that the goods purchased were properly recorded in inventory;
- The cost/benefit of DMV's efforts to upgrade the inventory/asset control process; and
- The methodology utilized to determine inventory levels maintained and the reasonableness of those levels in light of DMV's needs.

OBSERVATION NO.8 — IMPLEMENT SYSTEM INTEGRATION AND/OR CONSOLIDATION

During the review of DMV's inventory and asset processes, six internal database systems and/or software and four internal spreadsheets were identified that are utilized to manage inventory/assets. Below are the inventory/asset tracking tools identified:

- **Inventory**
  - **Systems**
    1. DMV Oracle Inventory System
    2. PLADOS-Plates and Decal Ordering System
    3. DMV Electronic Ordering System (DMV MySelect Module)
  - **Spreadsheets**
    1. Stockroom Spreadsheet
    2. Title Usage Spreadsheet
    3. Security Paper Spreadsheet
    4. CETR (Contract Data Requirement List External Tracking Report)
- **Assets (Fixed, Controlled, Leased)**

[14] Deloitte Risk Assessment of the Commonwealth of Virginia and Multi-Year Work Plan for the Office of the State Inspector General (OSIG), July 2013.

- **Systems**
  1. DMVAMS-DMV Asset Management System
  2. Clarity-DMV Information Technology & Software Asset System
  3. Fleet (Vehicle) Database

Except for Oracle, the systems and spreadsheets listed above do not have the capabilities to interface, upload, download, etc. with external or other internal systems, which creates a duplication of efforts when re-keying the same data in multiple systems or spreadsheets.

Additionally, OSIG staff examined DMV's CETR (Contract Data Requirement List External Tracking Report), a tracking spreadsheet used to monitor the development of software. Staff analysis determined that DMV purchased the Oracle Financial System in 1998 and the annual cost to support the system ranges from $100,000 to $1 million. Eight years after the implementation of DMV's Oracle, the Asset Management System was acquired, and 15 years later MySelect was acquired. The agency's records identified that the Asset Management System costs less than $10,000 annually to support and MySelect costs $10,000 to $100,000. These newer systems (Asset Management and MySelect) do not have the data sharing/interface capabilities like the Oracle Financial System does.

OSIG's staff research determined that the Oracle E-Business Suite Product has wide-ranging capabilities and includes financial, human capital, advanced procurement, supply-chain management, asset management modules, and others. Prior research and cost-benefit analysis of Oracles' capabilities before developing newer systems could have possibly resulted in consolidating the functions of several of the systems and/or spreadsheets at a cost savings.

Application Name	Description/Purpose	Year Placed in Service	Status	Annual Cost to Support	Data Sharing/ Interface Capabilities
Oracle Financial System	Oracle Financials is an industrial-strength accounting software package from Oracle Corporation. Modules include General Ledger, Accounts Receivable, Accounts Payable etc.	1998	In production - with little or no changes	$100,000-$1,000,000	Yes
Asset Management	Statewide system that stores and maintains all of DMV's fixed, leased and controlled asset information by location, user-id and asset description.	2006	In production - with little or no changes	Less than $10,000	No
MySelect	MySelect is the new user interface and inventory system used in the CSCs for transaction processing. MySelect replaces CSCNet.	2013	In production - with frequent business changes	$10,000-$100,000	No
Source: Excerpt from DMV's CETR					

Figure 14: DMV Systems that Record Inventory and Assets

In response to a draft report, DMV management indicated that employees utilize spreadsheets to help them with their daily work. However, our interviews with staff indicated that the Oracle software could possibly be modified to meet the employees' needs. Our interviews indicated that this Oracle software modification could also be true with activities performed by the Asset Management and MySelect systems.

Recommendation

OSIG recommends that DMV research and perform a cost/benefit analysis of the Oracle E-Business Suite product to determine if it could add efficiency and effectiveness to current processes before procuring future systems that lack data sharing/interface capabilities. In addition, research and a cost/benefit analysis should also be performed where current processes are using systems, such as the ones described above, other than the Oracle E-Business Suite.

Management Response

DMV has previously evaluated the abilities of its current products, and has determined that their use would not result in increased efficiencies.

Systems

DMVAMS (DMV Asset Management System) – DMV has consulted with DOA about the possibility of interfacing with FAACS and/or LAS. DOA is currently looking at replacing FAACS within the next couple years. They plan on evaluating the product DGS selects to replace IREMS and determine if it will work in replacing FAACS and possibly LAS. Their goal is to have FAACS replaced by Fiscal Year 2017 when Cardinal is fully implemented. With the implementation of Cardinal and the replacement of FAACS (and possibly LAS), it is **not** cost effective to use valuable and limited resources to research and develop interfaces with aging systems. When DOA replaces FAACS, the possibility of using appropriate Oracle modules will be assessed.

Clarity – This issue is already being addressed. Clarity is currently in the process of being replaced with Oracle Project Suite (a part of Oracle e-Business).

This Suite includes Project Management, Project Collaboration, Project Resource Management, and Project Costing modules.

Fleet (Vehicle) Database — If the fleet database is uploaded into FAACS, and/or LAS, it eliminates the monitoring control of reconciliation because if there is an error on fleet data, those errors upload. DMV uses a manual reconciliation of fleet records

for agency owned vehicles as a safeguard over the integrity of data entered into these systems. DGS-owned vehicles (*leased* to us) are not recorded in LAS or FAACS by DMV.

OSIG Response

OSIG's recommendation was not intended to suggest that DMV focus extensive efforts on interfacing aging systems, but instead focus on researching how to more-effectively utilize the Oracle E-Business Suite product.

OBSERVATION NO. 11 — MONITOR SERIAL NUMBERS FOR SECURED DOCUMENTS

DMV provides Virginia residents with vehicle titling and vital records documents. These documents are printed on security paper which is required to be safeguarded and adequately monitored.

When security paper is delivered to DMV HQ Warehouse's secured vault, the Warehouse Program Technician uses spreadsheets to record the security paper sequence and/or serial numbers. When security paper is issued to the CSC, DMV Selects, or DMV 2 Go offices, the Program Technician documents in the spreadsheets the range of sequence/serial numbers issued.

SER TITLE DISBURSEMENT-DECEMBER 2014

DATE	ASSIGNED TO	CONTROL #	LTR SUFFIX	TOTAL TITLES	FIRST # ASSIGNED	LAST # ASSIGNED	Ending Box #
						12445999	844
12/18/14	Abingdon DMV Select	382-0-352	A	2000	12508000	12509999	908
	Alexandria CSC	600-0-352	A	2000	12510000	12511999	910
	Blackstone DMV Select	308-0-352	A	1000	12512000	12512999	911
	Chatham DMV Select	338-0-352	A	1000	12513000	12513999	912
	Covington CSC	648-0-352	A	1000	12514000	12514999	913
	Culpeper CSC	620-0-352	A	1000	12515000	12515999	914
	DMV2GO "Monique" Richmond	679-0-352	A	1000	12516000	12516999	915

Figure 15- Example of Title & Security Paper Spreadsheet- Source: DMV Warehouse

A consignment report (ASA 50) is completed to record the sequence/serial number range and the quantity issued. This report is then sent to the receiving location for verification of receipt of the items and is returned to the warehouse for confirmation of the delivery. Additionally, the technician records the location and the quantity of security paper issued in DMV's Oracle Inventory Database. Currently, the Oracle Inventory Database does not have the capability to record sequence/serial numbers, only the quantity amount.

The DMV CSCs, DMV Selects, and DMV 2 Go offices are able to track security paper sequence and/or serial numbers issued to them using a module in DMV's Inventory Ordering System

MySelect. OSIG staff confirmed with DMV's Oracle Administrator that the MySelect ordering system updates, but does not reconcile, information sent to the Oracle Inventory System each night. This update occurs for the following secured items: license plates, decals, title paper, and birth certificate paper. The Administrator describes this as a batch type process. Oracle data is one day behind the MySelect data because of this process. Oracle does not capture the counts of those items at the warehouse level, it only tracks them once received by the CSCs. Oracle is used for tracking counts (balances and usages); it does not track value or other unique identifiers such as assigned numbers on titles, decals, and certificates.

Print Date: 12/18/2014 09:57 AM

Commonwealth of Virginia, Department of Motor Vehicles
Customer Service Center (CSC)
Location 642 - RICHMOND CENTRAL/HQ CSC
INVENTORY ACTIVITY
SUMMARY
From 12/17/2014

Item	Description	Begin Inventory	Received	Transferred	Issued	Deleted	End Inventory
Decal	M - January	3863	0	0	1	0	3862
	M - February	3609	0	0	2	0	3607
	M - March	4225	0	0	1	0	4224
	M - April	3124	0	0	0	0	3124
	M - May	2881	0	0	0	0	2881
	M - June	4029	0	0	0	0	4029
	M - July	2844	0	0	0	0	2844
	M - August	3001	0	0	1	0	3000
	M - September	2569	0	0	0	0	2569
	M - October	2140	0	0	0	0	2140
	M - November	2900	0	0	1	0	2899
	M - December	3781	0	0	22	0	3759
	R - 2014	86	0	0	0	0	86
	R - 2015	380	0	0	0	0	380
	R - 2016	294	0	0	0	0	294
	R - 2017	200	0	0	0	0	200
	Y - 2014	2390	0	0	0	0	2390
	Y - 2015	2482	0	0	54	0	2428
	Y - 2016	3369	0	0	17	0	3352
	Y - 2018	2000	0	0	0	0	2000
	Y - 2017	2550	0	0	0	0	2550
Document	TTL - Title	3632	0	0	49	0	3583
External Agencies	VDH - Vital Record Paper	1244	0	0	7	0	1237

Figure 16- Example of Oracle Inventory Report- Source: DMV's Oracle Administrator

OSIG staff asked the program technician(s) whether the CSCs, DMV Selects, and DMV 2 Go offices reconciled their serial/sequence numbers with the warehouse records periodically. The technician explains that these entities are not required to do so.

On a daily basis, the HQ Program Technician can determine the quantity of stock the field locations have, but cannot identify which serial/sequence numbers each entity has on hand. For example, if the field locations had to void a document, the program technician could tell that the quantity changed, but would not know which serial/sequence numbers were voided/destroyed. This would make it difficult for HQ to identify sequence/serial numbers that had been voided, stolen, etc.

Recommendation

To enhance the effectiveness of the security documents' dual controls at the field and HQ levels, management should investigate options within the Oracle Inventory System to track serial numbers, quantities, and voided sequence/serial numbers to facilitate a reconciliation process. Another option would be to have field units provide voided serial/sequence numbers to HQ so that the data could be recorded in the spreadsheets and reconciled on a regular basis.

Management Response

As noted by OSIG, DMV tracks serial numbers at the CSC level through MySelect, as the agency has determined that Oracle is not a viable solution for tracking document numbers on the "retail" side of the agency. These serial numbers are reconciled through an interface between MySelect and Oracle, once a document is issued. The interface run between MySelect and Oracle meets the agency's needs. The spreadsheet is used as an internal reference and provides closer accountability for a few select items that need closer monitoring and control.

Risk Area 6 — Procurement

Procurement refers to the process of procuring goods and services to meet planned or actual demand. It encompasses activities such as scheduling deliveries; receiving, verifying, and transferring products; supplier management; assessment of supplier performance; and authorizing supplier payments. It also entails developing sourcing strategy; developing policies and procedures; identifying sourcing opportunities; and acquiring goods of right quality and quantity at the right time, place, and cost.[15]

[15] Deloitte Risk Assessment of the Commonwealth of Virginia and Multi-Year Work Plan for the Office of the State Inspector General (OSIG), July 2013.

REVIEW OBJECTIVES AND STEPS

The review objectives included evaluating whether DMV's:

- Procurement process is efficiently and effectively performed.
- Procurement policies are effectively meeting the agency's demand for goods and services in a timely manner.
- The agency is effectively identifying sourcing opportunities and acquisition of goods of right quality and quantity at the right time and place, and at a reasonable cost.
- Process controls are adequately designed to deter conflict of interest between DMV employees and vendors and to prevent/deter fraud, waste, and abuse.

OSIG staff reviewed and assessed:

- DMV's process for receiving timely feedback from employees regarding the quality/price of goods received.
- DMV's process for purchases under $5,000 and whether the process is efficient and ensures that items are purchased at the best economical price.
- DMV's procurement process for its ability to deter conflicts of interest between procurement staff and vendors.
- A sample of vendors utilized and the number of invoices received from these vendors for the reasonableness of the purchases, the efficiency of the process, and the economy of the price.

NO REPORTABLE OBSERVATIONS WERE IDENTIFIED.

Risk Area 7 — Employee Training/Competency

Employee Training/Competency pertains to an agency's ability to effectively hire or provide their employees with the knowledge and skills needed to appropriately perform their duties. An agency may be facing various pressures, such as budget, time constraints, inadequate or ineffective employee training, loss of institutional knowledge, and expertise due to retirement or attrition. [16]

REVIEW OBJECTIVES AND STEPS

The review objectives included determining whether DMV's employee training/competency processes are efficiently and effectively performed, and whether process controls are adequately designed to deter fraud, waste, and abuse.

OSIG staff reviewed and assessed:

- Whether DMV has a comprehensive and effective program in place to train new and existing motor carrier staff.

[16] Deloitte Risk Assessment of the Commonwealth of Virginia and Multi-Year Work Plan for the Office of the State Inspector General (OSIG), July 2013.

- Whether DMV has an appropriate cross training, backup, and succession planning process in place for each of its divisions.
- The DMV process utilized to advertise for staff positions.

NO REPORTABLE OBSERVATIONS WERE IDENTIFIED.

Risk Area 8 — Budgeting and Forecasting

An agency's effective budgeting and forecasting process ensures that its resources are appropriately expended to achieve the agency's strategic objectives efficiently and economically.[17]

REVIEW OBJECTIVES AND STEPS

The review objectives included identifying whether DMV uses an efficient and effective model for forecasting future budgetary needs/revenue, and determining whether DMV's budgeting and forecasting processes are effectively designed to deter fraud, waste, and abuse.

OSIG staff compared the methodology that DMV uses with that of other agencies to forecast future budgetary needs/revenue for the agency, but did not note any major differences. Staff obtained data (budget and actual) for the last three fiscal years and assessed and compared for reasonableness and accuracy and determined that no methodology changes needed to be made.

NO REPORTABLE OBSERVATIONS WERE IDENTIFIED.

[17] Deloitte Risk Assessment of the Commonwealth of Virginia and Multi-Year Work Plan for the Office of the State Inspector General (OSIG), July 2013.