Department of Transportation Motor Vehicle Administration

Report dated October 13, 2010

Audit Overview

➢ MVA has jurisdiction over a variety of activities related to the ownership and operation of motor vehicles such as:

- Issuing driver's licenses
- Titling of vehicles
- Verifying that vehicles are insured

➢ MVA maintains a headquarters location in Anne Arundel County and 24 branch offices, with a total authorized workforce of 1,600 employees. MVA also manages the *eMVA Store*, used for online processing of MVA transactions (e.g., vehicle registration renewals).

➢ MVA collected $1.2 billion during FY 2009, primarily motor vehicle excise taxes and registration fees.

➢ The audit report included 13 findings, 2 of which were repeat findings. MVA corrected 23 of the 25 findings in the prior audit report, and its accountability and compliance level is no longer unsatisfactory

Key Audit Issues

➢ MVA did not verify the completeness of reports used to identify driving records requiring review to determine whether administrative actions should be taken due to traffic-related convictions. As a result, MVA did not always take appropriate administrative actions against the drivers, such as license suspension or revocation.

➢ MVA lacked adequate controls over critical transactions affecting drivers' records.

➢ Certain sensitive personal and financial information of *eMVA Store* customers was not fully protected.

➢ MVA did not adequately monitor ignition interlock program cases resulting in individuals being improperly allowed to resume normal driving privileges.

➢ Sufficient internal controls were not established in certain areas.

License Suspensions & Revocations

Background:

➢ MVA receives information daily, consisting primarily of traffic citations and case convictions, which is electronically transmitted from the State's district and circuit courts and from other State and local entities, that impact driver's licenses. This information is converted to "points" and is accumulated in MVA's drivers' license records file.

➢ Generally, an accumulation of 8 points results in a suspension and 12 points in a revocation of a driver's license.

➢ MVA manually analyzes this information to determine appropriate administrative actions, such as license suspensions and revocations due to an accumulation of an excessive number of points.

➢ During CY 2009, according to MVA records, it processed 232,039 suspensions and 8,531 revocations of drivers' licenses.

License Suspensions & Revocations (Cont'd)

Reports MVA generated from its drivers' license data file used to identify cases requiring the manual analysis of driving records were incomplete. Due to MVA's lack of accountability over these files, MVA was unaware that some cases were omitted from review. (**Finding 1**)

- Our limited review of MVA's court conviction records for the period of December 2008 to May 2009 identified 139 cases with 12-point violations that were not listed on the related reports and were not subject to the manual review process.

- We selected 20 of the aforementioned 139 cases and reviewed the driving records. Our test disclosed that 16 of the 20 drivers should have had their licenses revoked.

- MVA believes a programming error in 2008 was the likely reason for the omission of these cases from the data files used to generate the reports.

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License Suspensions & Revocations (cont'd)

Controls over critical transactions impacting individuals' driving records were inadequate.

➤ Supervisors are supposed to review the results of the manual review noted in Finding 1, and record the penalties in the driving license data file. However, no system documentation was generated to identify the supervisor who performed each review and recorded the penalty. Also, independent verifications were not performed to ensure that the proper penalties were recorded in the records. (Finding 2)

➤ Although MVA conducted independent daily reviews, on a test basis, of the entries made to driving records (including removal of suspensions and revocations), formal guidelines were not established to specify the types of transactions to be included in the reviews and documentation of the reviews was not always retained. Also, the employees who reviewed these transactions could also make changes to the driving records database thereby allowing them to review the transactions they initiated. (Finding 3)

Information Systems Security & Control

MVA operates and maintains various applications, servers and local networks and interacts with contractors to provide some IT-related services to MVA. An example is the *eMVA* Store, which enables individuals to perform various transactions via the Internet, such as vehicle registration renewals. Online payments via the *eMVA* Store website totaled $90 million In FY 2009.

➢ MVA customers' sensitive personal and financial information was not adequately protected. While security has improved since the last audit, further actions need to be taken to secure certain *eMVA Store* customers' names, bank account information and credit card numbers on MVA's files. (**Finding 4**)

➢ Proper security controls were not established over the vehicle registration system files, mainframe production files, and the virtual server environment. (**Findings 5 & 6**)

Ignition Interlock Program

The Ignition Interlock Program (IIP) is intended to prevent individuals convicted of alcohol–related driving violations from driving while intoxicated. Individuals are enrolled for several reasons, including a court order or in conjunction with a reduced driver's license suspension or revocation. An ignition interlock device is fitted to the driver's vehicle that monitors the driver's blood alcohol level and violations are reported to the MVA for monitoring purposes. As of June 2009 there were 7,124 enrolled individuals.

There were inadequate controls over MVA overrides of reported IIP violations (**Finding 9**). For example,

➤ MVA caseworker overrides of IIP violations were generally not reviewed by supervisory personnel.

➤ For 2 of 20 IIP cases tested, IIP violations were over-ridden by MVA without sufficient justification, permitting these two individuals to complete the IIP despite lack of compliance with applicable State laws and IIP program requirements.

Other Issues

➤ MVA had not established adequate accountability or controls over its license plate and registration sticker inventories. **(Findings 7 and 8)**

➤ MVA had not properly secured checks received in one location. **(Finding 10)**

➤ MVA insurance compliance staff employees had the authority to close certain cases (for example, if the lapse was less than five days) without conducting an investigation and without obtaining supervisory approval. **(Finding 11)**

➤ MVA had not established adequate controls to prevent unauthorized disbursement transactions and to ensure that payments were only made for actual goods received. **(Finding 12)**

➤ MVA did not always expand testing for additional transactions during its internal investigations of potentially fraudulent activities when evidence of possible criminal or unethical conduct by MVA employees was identified. **(Finding 13)**

Conclusion

MVA needs to ensure that:

➤ All traffic conviction cases affected by the programming error are investigated and appropriate corrective action is taken; and procedures are established to verify the completeness of MVA's computer-generated reports.

➤ Penalty determinations are properly approved and accurately recorded on driving records.

➤ Critical adjustments to driving records, IIP overrides, and insurance lapses are subject to appropriate supervisory review and approval.

➤ *eMVA Store* applications and customer data are properly secured.

➤ Adequate accountability is established over license plate and registration sticker inventories, and sufficient controls are implemented over cash receipts and disbursements.

➤ Testing is expanded if fraud is suspected.