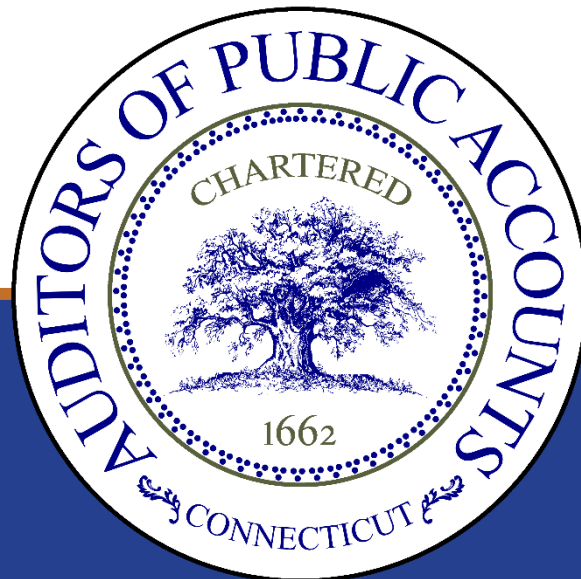


AUDITORS' REPORT

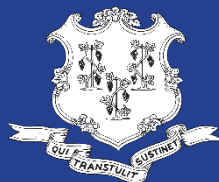
Department of Motor Vehicles

FISCAL YEARS ENDED JUNE 30, 2019 AND 2020



STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor



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June 5, 2024

INTRODUCTION

We are pleased to submit this audit of the Department of Motor Vehicles (DMV) for the fiscal years ended June 30, 2019 and 2020 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, or policies; and a need for improvement in practices and procedures that warrant management's attention.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Motor Vehicles during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

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STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Motor Vehicles disclosed the following 14 recommendations, of which eight were repeated from the previous audit.

Finding 1

Emissions Late Fee Administration and Reporting

Background

The Department of Energy and Environmental Protection (DEEP) operates the Emissions Program, and the Department of Motor Vehicles (DMV) provides program oversight.

DMV contracts with a vendor to provide a software Emissions Database Management System (EDBMS), manage data, and provide training to emissions testing center vendors. The state owns all the data within EDBMS.

In August 2015, DMV implemented the Connecticut Integrated Vehicle and Licensing System (CIVLS). CIVLS interfaces with EDBMS to verify emissions compliance, including payments for emissions late fees prior to vehicle registrations and renewals.

Criteria

Section 14-164c(K)(1) of the General Statutes requires the commissioner to assess a \$20 late fee against the owner of a motor vehicle that has not obtained an emissions inspection within 30 days following the expiration date of the assigned inspection period, or a reinspection within 60-days following a test failure, or both.

Section 3-7(a) of the General Statutes empowers the commissioner to authorize the cancellation of all uncollectable claims on the books of the Department of Motor Vehicles of less than one thousand dollars without seeking authorization from the Secretary of the Office of Policy and Management (OPM).

Section 4.1 of the State Accounting Manual describes state agency responsibilities concerning the collection of past due accounts and basic collection procedures.

Condition

Our review of emissions late fees identified the following:

- DMV suspended emissions late fee processing in CIVLS due to integration issues in 2015, and it remained suspended

during the audited period. The department manually processed late emissions fees outside of CIVLS.

- In November 2021, the department removed 379,882 late fee accounts from its records. The department believed these accounts were invalid because their disposal dates were before the assessed late fee dates or had no address on file. However, the department did not maintain documentation to support its justification for the write-offs.
- The department did not report any estimated uncollectible receivables on GAAP Form 2 for the fiscal years 2019 through 2021, even though approximately 45% of receivables were uncollectible.

Context

The Department of Motor Vehicles reported \$8,811,680, \$10,897,760 and \$10,897,760 in emissions fees receivables on GAAP Form 2 for fiscal years 2019, 2020, and 2021, respectively.

Effect

The department risks losing significant revenue when it does not pursue or document its efforts to collect receivables prior to write-off.

DMV may not be accurately reporting emissions late fee receivables to the State Comptroller.

Cause

The Department of Motor Vehicles did not have internal controls to comply with the statutory emissions requirements that hold motorists accountable for emissions late fees. There was a lack of oversight in the completion of GAAP Form 2.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Motor Vehicles should improve internal controls over the processing, collection, write-off, and reporting of emissions fees.

Agency Response

"The Department of Motor Vehicles recognizes the importance of managing receivables within the Emission's late fee program. Accuracy of GAAP Form 2 is critical for reporting receivables to the Comptroller for state financial reporting.

Emission's late fee billing has commenced since the COVID waiver period. Late fee historical data is under review with fiscal services and internal audit.

DMV Fiscal services is reviewing the receivable reconciliation process with internal audit and emission's staff to update billing, reconciliation, determination of uncollectible items and reporting to ensure compliance with SAM and GAAP.

Finding 2

Property Control Deficiencies

Criteria

Section 4-36 of the General Statutes requires each state agency to establish and maintain an inventory record as prescribed by the State Comptroller. The State Property Control Manual establishes the standards and sets the reporting requirements for maintaining an inventory system to provide for complete accountability and safeguarding of assets, including the following:

- Written internal procedures must be established regarding firearms and their destruction that include the agency's property control unit.
- Firearms must be reported on the agency's inventory regardless of value or cost and are considered controllable, at a minimum, or can be reported as a capitalized item. Core-CT is the official record of controllable items.

Condition

Equipment Inventory

Our review of 20 disposed items during the audited period identified the following:

- Nine authorizing disposal forms (F-112), for assets totaling \$281,462, lacked many of the authorizing signoffs by the division head/supervisor, business manager, and/or Information Systems Technology Director.
- Two items had incorrect disposal dates. DMV traded in one \$217,797 item during fiscal year 2017, but it was listed as disposed in fiscal year 2019. The department traded in another item during fiscal year 2018, but it was listed as disposed in fiscal year 2019. The latter item was part of a group of 65 items totaling \$278,000 that were incorrectly classified as disposals in fiscal years 2019 and 2020 instead of fiscal years 2018 and 2019.
- DMV could not provide supporting documentation for two disposals totaling \$9,312.

Firearms Inventory

DMV maintained a separate firearms inventory but did not include most of the items as controllable property in Core-CT.

Context	<p>DMV reported total disposals of \$729,742 and \$893,301 for fiscal years 2019 and 2020, respectively. Out of 263 disposals during the audited period, we randomly selected 20 items, totaling \$790,507, for testing.</p> <p>As of September 2021, DMV only listed approximately 15% of its firearms in Core-CT.</p>
Effect	The property inventory records were inaccurate and incomplete. The department has less assurance that its assets are properly maintained and reported.
Cause	Staff may not have been adequately trained and fully aware of the specific property control requirements.
Prior Audit Finding	This finding has been previously reported, in part, in the last audit report covering the fiscal years 2016 through 2018.
Recommendation	The Department of Motor Vehicles should strengthen internal controls to ensure it properly records and maintains assets in accordance with the State Property Control Manual.
Agency Response	"The Agency acknowledges that authorizing signatures on disposal forms are critical to the accuracy of inventory. Staff has been retrained on the procedures for disposals which includes ensuring all signatures are received before any items are disposed as well as obtaining supporting documentation. Trade in equipment removed from inventory will be addressed for proper signatures during the purchasing phase of the replacement item. We have reviewed the State Property Control Manual and will update any procedures needed to ensure compliance. All firearms have been uploaded into Core-CT and a complete inventory of all weapons is tracked."

Finding 3

Connecticut Integrated Vehicle and Licensing System – Modernization of Licensing

Background	<p>In 2009, the Department of Motor Vehicles contracted with Science Applications International Corporation (SAIC) to develop the Connecticut Integrated Vehicle and Licensing System (CIVLS). SAIC later assigned the contract to 3M, who completed the work on the project. The funding for the contract was part of the larger project to modernize the department's information technology systems and administrative processes.</p>
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Criteria

Good business practices suggest that project management should define business requirements adequately and plan projects accordingly before entering a contract.

Management and business owners are responsible for properly reviewing a contract to ensure that all project requirements are clearly stated, thereby avoiding unnecessary additional costs and delays.

The project implementation schedule included in the original contract identified scheduled release dates of June 2010 for Release One and January 2011 for Release Two. For Release Three, the scheduled start of work was June 2010, and the scheduled completion date was October 2011.

Condition

As reported in our prior two audits, the initial CIVLS contract included three major deliverable releases. DMV did not meet the planned implementation dates. DMV implemented the first release of the project for dealers and repairers in 2012 and the second release for registration in 2015. DMV has not completely implemented the third and final release for licensing. The department terminated its contract with 3M Corporation in early 2016.

During August 2020, DMV personnel advised us that COVID-19 created some funding challenges, but the department would continue exploring its options and expected to decide on a way forward in fiscal year 2021. As of the end of fiscal year 2022, the department was still working on the viability of Release Three.

Context

Currently, CIVLS is DMV's primary information system for its business and administrative processes.

Effect

The department did not achieve its goal of completely modernizing the licensing system, and the state continues to rely on the older mainframe system. As a result of delays in modernizing the licensing system, DMV spent approximately \$2,645,000 in federal grant resources on the older system to comply with the federal REAL ID program mandates rather than funding the modernized CIVLS licensing system. If DMV had implemented CIVLS on time, the state would have avoided the additional cost of REAL ID compliance.

It is not clear how much additional funding DMV will need for the completion of the licensing system modernization. DMV expects that the costs to replace the aging mainframe system and REAL ID compliance are unavoidable.

Cause

The department did not utilize professional project management services during the initial stages of the CIVLS project. There were also numerous disagreements between 3M and the department related to changes in the project's scope. In addition, the

implementation of Release Two was not successful. As a result, the department terminated its contract with 3M. It appears that DMV may not have had sufficient resources to fully determine and plan for the necessary implementation requirements.

Prior Audit Finding

This finding has previously been reported in the last two audit reports covering the fiscal years 2013 through 2018.

Recommendation

The Department of Motor Vehicles should identify the weaknesses in its process that resulted in the delays in implementing the Connecticut Integrated Vehicle and Licensing System (CIVLS) modernization project and correct those deficiencies. The department should develop a solution for modernizing the licensing system that meets the long-term needs of the state but stays within the project's established budget despite the expansion in scope due to the REAL ID program.

Agency Response

"Previous federal mandate of Real ID delayed the modernization of our licensing system. DMV is planning for the mandatory State-to-State (S2S) project which requires DMV to interface with other jurisdictions on licensing-related matters. In order to complete that project, the replacement and modernization of DMV's licensing system will be a prerequisite. DMV has assigned an experienced project manager that has successful experience in managing large business and IT projects that require data cleansing. The project manager will manage, coordinate and plan for the requirements needed for a successful deployment, post deployment support, and the necessary knowledge transfer needed to continue successfully post deployment for both the mainframe licensing system replacement, as well as the S2S project."

Finding 4**Performance Assessment and Recognition System****Criteria**

The Department of Administrative Services (DAS) developed the Performance Assessment and Recognition System (PARS) to support additional incentive compensation for managerial and confidential employees in agencies that use a prescribed PARS plan. Basic features of the program serve as a basis for annual salary increases and include developing results-oriented, measurable performance objectives and goals for each manager and confidential employee; regular communication between employees and their supervisors on meeting goals and performance assessments; and providing a basis for differentiating among performance levels.

Condition	The department could not provide supporting documentation to verify that any of the ten managerial employees we reviewed had a signed PARS evaluation form on file for the fiscal years ended June 30, 2019 and 2020.
Context	The department had 37 and 39 managerial and confidential employees during fiscal years 2019 and 2020, respectively. We judgmentally selected 10 managers for review.
Effect	When performance evaluations are not prepared, there was less formal feedback to managers about performance goals, the attainment of such goals, and productivity expectations.
Cause	The department had inadequate administrative controls to ensure the completion of PARS managerial performance evaluations.
Prior Audit Finding	This finding has previously been reported in the last three audit reports covering the fiscal years 2011 through 2018.
Recommendation	The Department of Motor Vehicles should coordinate with the Department of Administrative Services Human Resources Division to ensure that all managers are evaluated each year using the Performance Assessment and Recognition System.
Agency Response	"The Performance Assessment and Recognition System is not used as part of a merit system for many years; that is a reintroduced proposal pending with DAS. In 2022, Human Resources Business Partners reintroduced the PARS concept for manager and confidential employees to DMV. This included training to the executive and senior managers on the concept, forms and guidance on using PARS. We will continue to implement the PARS and evaluation guidance for 2023 review period. A copy of the revised evaluation process and guidance is available if requested."
Auditors' Concluding Comments	The department could not provide a formal DAS directive to stop using the PARS system. PARS has been the only formal method of evaluation for DMV managers for many years. Additionally, DMV provided completed PARS assessments for certain managers covering fiscal years 2021 and 2022.

Finding 5

Deficiencies in the Procurement Process

Criteria

Best practice dictates that the department monitors its usage of prepaid information technology (IT) service hours to determine the appropriate annual service plan for the agency's needs.

Proper purchasing procedures require that agencies maintain and consult contracted price lists, prompt discounts, and discount percentages during the purchasing process and approval of invoices.

As per DAS General Letter 71, purchases over \$50,000 and less than \$200,000 (annually, per item) must be based upon, when possible, at least three written quotations, from responsible and qualified sources of supply. Department of Administrative Services (DAS) multi-vendor awarded contracts require state agencies to obtain at least three quotations.

Condition

During our review of 30 expenditures, we noted the following:

- DMV prepaid a \$327,560 invoice for variable IT support services and hours. The department did not independently track the contractor's actual hours for verification of deliverables. After our inquiry, the department had to contact the vendor for its summary of the actual hours.
- We noted two instances, totaling \$504,200, in which the invoiced amounts did not equal the amounts listed on the contract's product schedule. The department hired a new vendor that assumed the old vendor's contract, which caused a \$212,626 price increase. The department could not locate an updated contract or other support for the increase.
- DMV paid a DAS-approved contractor \$125,613 for the purchase of lightning cloud services without obtaining the required three quotations from a list of seven qualified vendors.
- DMV did not utilize certain Core-CT functions, which include the ability to upload pertinent supporting documents such as invoices and price quotations.

Context

The department spent \$43,020,998 for non-payroll services during the audited period. We judgmentally selected 30 transactions, totaling \$3,000,491, for review.

Effect

Without adequate tracking of actual consumed information technology service hours, the department could not accurately plan for future needs.

The failure to promptly update contract terms increases the risk of overpayment.

The failure to obtain multiple quotes decreases the department's assurance that it is obtaining goods and services at the best prices.

The department was less efficient in its administration of purchasing documents when it did not fully utilize Core-CT functions.

Cause

There was a lack of management oversight.

The department used the same vendor for its modernization platform and wanted to keep the vendor consistent to avoid any service/production issues.

DMV staff was not aware of the full benefits of certain Core-CT functions.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Motor Vehicles should strengthen its internal controls over purchasing to ensure that invoices are supported and in compliance with contractual terms. The department should obtain multiple quotes from contractors on the Department of Administrative Services approved vendor list when required and should utilize the documentation functions of Core-CT to gain efficiencies.

Agency Response

"The department understands the importance of procurement policies and procedures which comply with CGS relating to obtaining services and commodities for agency business. When the pandemic hit it was necessary to find a solution which would allow us to continue operations without having the public in the building in the same manner as was done in the past. It was very time sensitive as our operations are critical to state government and the citizens of the State, and many vendors were dealing with their own staffing issues. We found a qualified vendor on state contract that could offer us a solution quickly and effectively by providing us a means of setting up an appointment system and numerous on-line transactions which allowed us to continue operations while keeping the public and our staff safe. To ensure compliance, we are now uploading pertinent information into Core-CT."

Finding 6

Deficiencies in Internal Audit Service Operation

Background

The Audit Services Unit is responsible for reporting to Department of Motor Vehicles management on the results of examinations performed in accordance with the Connecticut General Statutes, State Accounting Manual, DMV regulations and policies, commercial contract guidelines, federal mandates, and recommendations by the Auditors of Public Accounts.

The unit performs internal audits to provide assurance to management that the department is performing operations and functions efficiently, effectively, in accordance with applicable statutes, regulations, and department policies and procedures.

Criteria

According to the DMV Audit Manual Operating Standards, Policies and Procedures, internal auditors should prepare written audit reports communicating the results of each audit. Written reports are necessary to (1) communicate the results of audits to management at all levels of the department, (2) make the results less susceptible to misunderstanding and (3) facilitate follow-up to determine whether appropriate corrective actions have been taken.

The operating standards further state that when an audit is terminated prior to completion, internal auditors should communicate the termination to the auditee and other appropriate department management personnel. Internal auditors should also write a memorandum for the record, summarizing the results of the work and explaining why the audit was terminated.

The operating standards also state that internal auditors should issue the reports to make the information available for timely use by the auditee (manager) and other department management.

Condition

The department maintained a spreadsheet for tracking the status of internal audits until August 2019 but did not have a current record of the status of unfinished audits identified on its 2019 spreadsheet.

Context

The department performed various audits of its operations. Based on communication with the department, we are not sure how many draft audit reports exist.

Effect

The unit did not promptly make information available to management. The department may not have implemented corrective action.

Cause	The department did not have controls to monitor and track the status of draft or unissued internal audits. Changes in personnel and low staffing levels may have contributed to this condition. The Internal Audit Unit is currently without a supervisor and has three open examiner positions.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Motor Vehicles should implement internal controls to monitor the status of internal audits and promptly issue final reports. The department should comply with its policies and procedures by documenting explanations for audits terminated prior to completion.
Agency Response	"The Audit Services Division has reviewed the findings by the State Auditors. In order to rectify the finding an audit tracking spreadsheet is being completed for all audits currently in process. The spreadsheet monitors the audit from the audit notification date, opening conference through the closing conference and audit issuance. Once the audit is closed and issued the completed audit is moved to the Master file tracking spreadsheet. Currently mandated external IRP and UCR audits are being conducted along with other required administrative tasks. The audit dept is currently without a supervisor and there are now 4 open examiner positions, we are waiting on DAS human resources to fill the open positions."

Finding 7

State Vehicle Usage Internal Control Weakness

Criteria	<p>The Department of Administrative Services (DAS) General Letter No. 115, Policy for Use of Motor Vehicles to Conduct State Business, governs the use of state-owned motor vehicles and motor vehicles used for official state business by state employees, including a state employee's personally owned, leased, and/or rented vehicles as follows.</p> <p>The Agency Transportation Administrator (ATA) is responsible for maintaining records regarding the agency's usage of state-owned and rental vehicles, including but not limited to, daily mileage logs and submitting any required reports to the Director of DAS Fleet Operations.</p> <p>The ATA is responsible for promptly investigating complaints concerning state vehicles, drivers, and passengers and notifying the Director of DAS Fleet Operations of the outcome of the investigation; cooperating with any investigation conducted by DAS</p>
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Fleet Operations; and, absent extenuating circumstances, the ATA shall notify the Director of DAS Fleet Operations of the outcome of the investigation within 30 days of receiving the complaint.

All state-owned and rental vehicles must be parked overnight at state-owned or leased facilities. Vehicles must be parked at the official duty station of the principal drivers. However, field personnel whose assigned geographic area is regional may park their assigned vehicles at a state-owned or leased facility that is central to that region if approved. This exception is only available if the agency's ATA has requested and received approval from the Director of DAS Fleet Operations.

Proper internal control dictates that for purposes of complaint management, agencies should maintain a chronological log of significant actions for each complaint received and investigated.

Condition

During our review of state vehicle usage, we noted the following conditions:

- DMV did not maintain a log to track complaints and investigation outcomes.
- The department did not have a policy to ensure that the Director of DAS Fleet Operations was notified of the outcome of complaint investigations within 30 days of receiving a complaint in compliance with General Letter 115.
- In our review of 15 monthly vehicle usage reports, 13 did not contain a supervisor's signature as evidence of approval. The department could not find one of the requested reports.
- One of five vehicles reviewed did not have the Director of DAS Fleet Operations' approval to park overnight at a non-official duty station.

Context

The Department of Motor Vehicles was assigned 94 state vehicles as of December 2021. There were 54 home-garaged and 40 parked at state facilities. We randomly selected five of each type. We selected three months of logs for each vehicle for a total of 15 mileage reports. The department has pool vehicles and vehicles assigned to sworn and civilian staff.

Effect

Lack of supervisory review and effective tracking of investigations of state vehicle misuse increased the likelihood of noncompliance.

Cause

The department did not believe it was required to maintain a log because DAS Fleet Operations maintained a complaint log and checked the outcome at 30 days.

The department referred complaints regarding employee misuse of state vehicles to Labor Relations for investigation. Outcomes were not promptly reported to the Agency Transportation Administrator.

The department lacked policies and procedures to ensure that the Director of DAS Fleet Operations was notified of the outcome of a complaint investigation within 30 days of receipt.

There was a lack of management oversight over monthly vehicle usage reports.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Motor Vehicles should develop procedures to track complaints and investigations and promptly report the results to the Director of Department of Administrative Services Fleet Operations. The department should ensure that monthly vehicle usage reports are properly approved.

Agency Response

"We agree that all complaints should be investigated and appropriate action taken and that tracking logs should be kept and maintained. ATA will notify Fleet Ops of the complaints and outcomes when the investigation is completed. ATA has directed supervisors to sign usage reports as indicated. DMV has written permission from DAS for field employees to park vehicles at locations central to their work area. This is their official duty station and complies with their CBA. Since the audit, usage reports are available. Fiscal and internal audit will review the current procedures and recommend any changes needed for agency compliance."

Finding 8

Towing Inquiry System Weakness

Criteria

DMV maintains a Towing Inquiry System to assist towing companies with the necessary information to notify affected parties. To gain access to the system, the towing company must have an active dealer or repairer license with one or more wrecker registrations and must complete and sign the following forms:

- Dealer Towing Inquiry System Access Request
- Privacy Warning and Dealer Authorized User Agreement for Tower Inquiry System

- Privacy Warning and Authorized User Agreement for Towing Inquiry System

The privacy warning on the Dealer Authorized User Agreement form states that the use of the system is being monitored and:

- Use of the online system without express authority is a computer crime under Section 53a-251(e) of the General Statutes, a violation of Section 14-10 of the General Statutes, and a violation of the Driver's Privacy Protection Act, 18 U.S.C 2721, et seq.
- Misuse of information obtained from the system is a computer crime under Section 53a-251(e) of the General Statutes, a violation of Section 14-10 of the General Statutes, and a violation of the Driver's Privacy Protection Act, 18 U.S.C 2721, et seq.

The Towing Inquiry System policy requires a licensed business to immediately request DMV to remove access to the system when the user is no longer employed or authorized to act on behalf of the business.

Condition

Our review of the Towing Inquiry System for the fiscal years ended June 30, 2019 and 2020 revealed:

- Weaknesses in Towing Inquiry System user administration
- Weaknesses in monitoring licensee eligibility for access to the Towing Inquiry System
- A lack of formal monitoring procedures to periodically verify information required from licensees

In addition, DMV could not provide supporting documentation for authorized user access for 14 of 20 towing company users reviewed.

Context

We randomly selected 20 out of 535 active system users to evaluate proper access to the system.

Effect

There is increased risk that personal motor vehicle information may be accessed by unauthorized users outside the system's intended purpose.

Cause

The Towing Inquiry System use was not adequately monitored by DMV due to low staffing levels. In addition, the department has not prioritized resources to explore the benefits of automating the process.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Motor Vehicles should strengthen internal controls to ensure that it properly monitors access and use of its Towing Inquiry System.

Agency Response

"We require Licensees to sign the user agreement, which states that they must use the portal for its intended purposes only. We will continue to explore monitoring solutions that will expedite the process.

The Licensee is required to notify DMV when any authorized users are no longer employed with the business. We have towers acknowledge this by signing the user agreement forms, which requires them to notify us within 2 business days of this change. These documents can be used to investigate misuse of the system. Staff have been directed to keep all supporting documentation for user's access to the towing portal. Internal audit will include in their audit plan a review of this issue."

Finding 9**Dealer Online Registration System Deficiencies****Criteria**

Connecticut State Regulations, Section 14-63-32, requires each dealer issuing a registration to submit an application together with all necessary documents and fees required for the registration and title of such motor vehicle to the commissioner within five days of issuance.

Section 14-15d of the General Statutes requires each firm or corporation qualified to electronically register or transfer the registration of a motor vehicle to submit an application together with all necessary documents required to register the vehicle with the Department of Motor Vehicles to the commissioner, within ten days from the electronic issuance of such registration or transfer.

The Department of Motor Vehicles Dealer On-Line Manual (revised 9-7-21) requires all On-Line Registration System (OLRS) transactions to be submitted to the On-Line Processing Unit within ten business days. Any dealership that has not submitted documentation within ten business days is considered in violation of the DMV policies and procedures. Each vehicle online registration must be complete upon submission or the title is placed on a title suspense list until missing documents are uploaded and discrepancies are resolved. Dealers are allowed 15 days to resolve outstanding documentation issues or will be removed from the OLRS.

Sound internal controls dictate that the department perform periodic reviews and updates of aged cases in the dealer online registration system to ensure that relevant dealers are adhering to

established registration policies. A current database is a critical management tool to determine the efficient disposition of cases.

Condition

The department did not implement a mechanism to track the date dealers submitted supporting documentation for electronically processed registrations. DMV could not verify that dealer submissions were timely in accordance with statutory, regulatory, and agency requirements.

Although DMV updated its policy, the department did not update Connecticut State Regulation Section 14-63-32 to reflect the 2018 change in Section 14-15(d) of the General Statutes that extended, from five to ten business days, the time in which dealers must submit required documentation for registrations processed through the online dealer registration system.

DMV suspended cases were not processed in a timely manner. We noted 758 cases on DMV's suspended list, run on February 2, 2022, for the period of August 14, 2015, through July 1, 2020, of which 152 were from calendar years 2015 to 2018.

Context

DMV processed over two million suspended cases between August 14, 2015, and January 31, 2022.

Effect

When regulations are not promptly updated, there is risk of noncompliance.

Title issuance may be delayed due to the late submission of necessary documentation on an active suspense case.

Cause

The online registration system did not contain a field for dealers to enter the document submission date.

The department did not update its regulations or follow up on suspended cases due to lack of oversight.

Prior Audit Finding

This finding has not been previously reported.

Recommendation

The Department of Motor Vehicles should develop a tracking mechanism for the submission and receipt of online registration system transaction supporting documentation to ensure compliance with statutes and regulations. In addition, the department should ensure that it updates its regulations to reflect statutory changes and promptly addresses and closes suspended cases.

Agency Response

"The dealer online manual was revised February 2023 to reflect the 10-day submission policy. The division has met with our legal department regarding the inconsistency with the language on regulation 14-63-32 and has been noted that language would need to be changed in accordance with C.G.S.14-15d. The division

conducts routine audits on online dealers that have 10 or more title suspense cases. Once the department has been notified of their findings, the dealer then has 45 days from the date of receiving the audit (via email) to resolve any pending cases before the department makes a final decision to suspend its online registration privileges. As of March 2, 2023, there are 55 suspense cases remaining that are dated from 2015-2018. Plans are being made to review and remove any old suspense cases from the list. As of February 28, 2023, the department has implemented a new procedure and tracking mechanism to keep track of what documents have been received to improve on our skip list and suspense list procedures. The department will continue to develop a new process to have the ability to track when original documents have been submitted to comply with Connecticut General Statutes and Regulations."

Finding 10

Compensatory Time and Overtime

Criteria

Section 5-245 of the General Statutes provides that employees receive overtime pay for hours exceeding their regular work week, when the appointing authority authorizes the additional work.

No employee may work overtime for the Department of Motor Vehicles without the express approval of a division head. The department allows overtime without prior approval in emergency situations, which must be reported to the Human Resources (HR) department within 24 hours after the event.

Collective bargaining agreements and agency policies permit employees to earn compensatory time, with prior approval, for time worked in excess of their normal work schedule.

Prudent business practices suggest that controls over compensatory time and overtime should ensure that recorded hours are valid, properly authorized, and completely and accurately recorded.

Various collective bargaining contracts exempt employees from receiving overtime when they reach a maximum salary grade. Furthermore, bargaining contracts prohibit employees from simultaneously being eligible for overtime and compensatory time.

Condition

Our review of overtime and compensatory time during the audited period identified the following:

- The department could not provide evidence to substantiate the prior approval of overtime or notification to the HR department within 24 hours of an emergency for 15

employees who earned 168.5 overtime hours totaling \$8,119.

- The department could not provide documentation supporting the preapproval of ten hours of compensatory time, totaling \$1,807, for ten employees.
- The department lacks written compensatory time procedures.
- The department could not provide justification to support the reason 14 employees earned overtime and compensatory time in the same fiscal year.
- The department could not provide justification or approval for all 19 employees reviewed who received overtime despite reaching their maximum eligible salary grade.

Context

There were 148 employees who earned 5,650 hours of compensatory time totaling \$132,417 during the audited period. We judgmentally selected for review ten employees who earned compensatory time totaling \$1,807 during the audited period.

There were approximately 600 employees who earned 42,776 hours of overtime totaling \$2,832,062 during the audited period. We judgmentally selected for review 15 employees who earned overtime totaling \$8,119 during the audited period.

Effect

Accountability over personnel costs is negatively affected when employees are credited with compensatory time and overtime hours without obtaining prior authorization or properly providing the rationale for earning such time.

Cause

Overtime and compensatory time approvals were handled by an employee who transferred out of the department in February 2021. The department did not implement proper administrative oversight to ensure the preapproval of overtime and compensatory time and the retention of sufficient documentation to support those approvals.

DMV adopted an informal policy allowing supervisors to subsequently approve overtime on timesheets.

Prior Audit Finding

This finding has been previously reported, in part, in the last audit report covering the fiscal years 2016 through 2018.

Recommendation

The Department of Motor Vehicles should properly approve and sufficiently document overtime and compensatory time. The department should adopt internal procedures that require prior approval of compensatory time.

Agency Response

"The Agency has initiated an overtime and compensatory time practice that states all overtime must be approved prior to working overtime unless certain emergency operational issues arise. This ensures an ability to appropriately plan and monitor overtime and compensatory time. Formal procedures will be documented and formally distributed."

Finding 11**Lack of Medical Certificates for Sick leave****Criteria**

Section 5-247-11 of the Regulations of Connecticut State Agencies provides that agencies require employees to substantiate a request for sick leave for more than five consecutive working days with an acceptable medical certificate, which must be on the form prescribed by the Department of Administrative Services and signed by a licensed physician or other practitioner whose method of healing is recognized by the state.

The Department of Administrative Services recommends that state employees absent for health reasons use the Employee Medical Certificate (P-33A) Form.

The Department of Motor Vehicles' policy states that supervisors are responsible for ensuring that employees are using sick leave properly. Employees should report an absence due to illness or injury as soon as possible and must submit an acceptable medical certificate to the DMV Human Resources Unit for an absence of more than five consecutive workdays. Various collective bargaining agreements specify the same policy.

Condition

Our review of ten medical leaves identified three instances in which DMV did not have the required medical certificates on file. Three employees charged 216 hours of sick leave, totaling \$7,626, that were not supported by medical certificates.

Context

Nineteen employees charged more than seven sick hours per day for more than five consecutive days for a total of 1,689 hours during the audited period. We judgmentally selected and tested ten employees with leaves totaling 216 hours.

Effect

The department increases the risk of sick leave abuse when it does not obtain required medical certificates.

Cause

The department did not adequately monitor employees for compliance with medical certificate requirements.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years 2016 through 2018.

Recommendation

The Department of Motor Vehicles should coordinate with the Department of Administrative Services Human Resources Division to ensure that employees provide medical certificates when required by state regulations and policy.

Agency Response

"Since 8/2020, DAS centralized the processing of requesting leaves and benefits for medical, caregiver and military. This includes oversight, review, and processing for more than 5 days. Employees and supervisors/managers are required to comply with the time and attendance dependability policy for all other leaves."

Finding 12

Noncompliance with Payroll – Minimum Leave Time Increments

Criteria

Proper internal controls require the review and approval of timesheets to ensure accuracy and compliance with bargaining unit contracts, which require employees to record leave time in predetermined minimum increments.

The following bargaining unit contracts include requirements for the minimum increment of leave time to be charged by employees:

- NP-3 Administrative and Clerical (Section 3 of Article 30) – Employees must use vacation leave in minimum increments of one hour.
- NP-2 Service/Maintenance (Section 4 of Article 28) – Employees must use vacation leave in minimum increments of 30 minutes.

Condition

We noted 353 and 346 employees during fiscal years 2019 and 2020, respectively, who did not charge leave time in the minimum increments set forth in their collective bargaining contracts.

Context

Most of the department's noncompliant employees were under the Administrative and Clerical (NP-3) bargaining contract, which requires a one-hour minimum increment. We also noted limited exceptions for employees under the Service/Maintenance (NP-2) bargaining contract, which requires a minimum increment of a half hour.

Effect	The use of leave time in increments less than the mandated minimum does not comply with bargaining unit contracts.
Cause	Inadequate management oversight.
Prior Audit Finding	This finding has been previously reported in the last audit report covering the fiscal years 2016 through 2018.
Recommendation	The Department of Motor Vehicles should improve controls over the review and approval of timesheets to ensure compliance with bargaining unit contracts.
Agency Response	"The Payroll staff review timesheets in efforts to provide oversight for the minimum increments of vacation time used for NP3 and NP2. The supervisors and staff are reminded of contract language on the time usage which should be monitored prior to approval."

Finding 13

Statutory Reporting Deficiencies

Criteria	<p>Section 1-225 of the General Statutes requires public agencies to: (a) post meeting minutes to the agency's website no later than seven days after such meeting; (b) file with the Secretary of the State a schedule of regular meetings for the ensuing year and post such schedule on the agency's website no later than January 31st annually; and (c) file with the Secretary of the State the agenda of such meeting and post such agenda on the agency's website no less than 24 hours before a meeting.</p> <p>Prior to the passage of Public Act 21-106, Section 14-11e (a) of the General Statutes required DMV to submit an annual report to the General Assembly to: (1) identify specific goals indicating acceptable waiting times, (2) summarize actions undertaken by the department in the previous year to achieve the goals, and (3) include a strategy to achieve or exceed goals in the upcoming year.</p>
Condition	<p>As part of our review of statutory reporting requirements, we noted the following:</p> <p>Motor Carrier Advisory Council (MCAC) Operations</p> <p>The Motor Carrier Advisory Council held three meetings during the audited period but did not post any of the meeting minutes on the Secretary of the State's website.</p>

Medical Advisory Board (MAB) Operations

The Medical Advisory Board held one meeting in 2019 but did not post the minutes to the DMV website. In addition, the agenda and minutes were not posted on the Secretary of the State's website.

Annual Wait Time Reports

The department was unable to provide documentation that it prepared and submitted the 2019 and 2020 Annual Wait Time Reports to the General Assembly.

Context

We reviewed all nine statutorily required reports. We also reviewed agendas and minutes for all three boards. MCAC is required to meet semiannually and the MAB annually. MAB did not meet in 2020 due to the COVID 19 pandemic.

Effect

The Medical Advisory Board and Motor Carrier Advisory Council did not comply with all the statutory meeting requirements, which may preclude the public's knowledge of its proceedings.

The department did not comply with the reporting requirements of Section 14-11e (a) of the General Statutes, limiting the information available to the General Assembly to make informed decisions.

Cause

DMV did not adequately monitor required website postings.

The department lacked administrative oversight over the supporting documentation for certain report filings.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years 2016 through 2018.

Recommendation

The Department of Motor Vehicles should strengthen internal controls to ensure that the Medical Advisory Board and Motor Carrier Advisory Council comply with board agenda and meeting reporting requirements in Section 1-225 of the General Statutes.

In addition, the department should comply with the annual reporting requirements in Section 14-11e of the General Statutes.

Agency Response

"The Driver Services Division has reviewed the findings by the State Auditors and will adhere to statutory obligations laid out in the findings. The unit has implemented the following procedure so that a written schedule of required events will be in place to meet statutory requirements:

MEDICAL ADVISORY BOARD MEETING ADMINISTRATIVE PROCEDURES

By January 31 of present year:

File a schedule of regular meetings for the ensuing year with the Secretary of State and post such schedule on the DMV's website.

Within 24 hours of a meeting:

File the agenda of such meeting with the Secretary of State and post such agenda on the DMV's website.

Within 7 days after a meeting:

Post meeting minutes to the DMV's website.

Wait Time Reports Response:

The department acknowledges the findings regarding the Wait Time Reports and recognizes that there were some administrative inefficiencies in documenting the submission of the reports.

We can, however, provide confirmation that the Wait Time reports through November 2020 were submitted to the CT General Assembly as mandated. PA 21-106 eliminated the requirement of a monthly report on Wait Times and instead only requires an annual report. This change was made due to the implementation of our appointment system which changed our business model and in effect, eliminated wait times. The Wait Time report will now report on the average number of days between the date a person scheduled an appointment and the date of the scheduled appointment. We recognize the importance of meeting all statutory requirements and will implement procedures to be sure the Wait Time report is submitted on time and appropriately documented."

Finding 14

Ineffective Controls over Issuance of Placards and Special License Plates

Background

DMV issued special license plates to blind and disabled persons prior to October 1, 2011. Currently, the department only issues special license plates for motorcycles. Instead, the department now issues temporary and permanent placards based on the motor vehicle operator's license or identification card. The temporary placards are valid for six months or less, and the permanent placards are valid for up to six years or until the operator's license expires. The special license plate information is under the department's registration system while the placard information is under the licensing system. Currently, there are approximately 5,000 special license plates.

Criteria

Section 14-253a (b) of the General Statutes states that on and after October 1, 2011, DMV shall not accept applications for special license plates, but shall accept renewal applications for such plates that were issued prior to October 1, 2011, except for motorcycles. No person shall be issued a placard unless such person is the holder of a valid motor vehicle operator's license or identification card. The commissioner is authorized to adopt regulations for the issuance of placards to persons who, by reason of hardship, do not hold or cannot obtain an operator's license or identification card. DMV shall maintain a record of each placard issued to any such person. Such applications and renewal applications shall be on a form prescribed by DMV. In the case of persons with disabilities, the application and renewal application shall include certification by a licensed physician, a physician assistant, or an advanced practice registered nurse. In the case of persons who are blind, the application or renewal application shall include certification of legal blindness made by the Department of Rehabilitation Services, an ophthalmologist, or an optometrist. Any person who makes a certification required by this subsection shall sign the application or renewal application under penalty of false statement.

Good business practice requires that internal controls be in place for reviewing application information to ensure that applicants provide valid certifications as required by listed licensed medical professionals. Good business practice also requires the department to set an expiration date for special license plate renewals and to cancel a plate when a holder dies.

Condition

Our review of the department's process for issuance of placards and special license plates revealed the following:

- DMV matched the Department of Public Health deceased file with its licensing system but did not perform a match with its registration system. In addition, the department's online renewal registration did not require license information. Therefore, a special license plate would remain valid even after the plate holder's death.
- The department did not have a procedure to verify the validity of the certification provided on the placard application.
- The department did not verify whether an individual renewing a registration was still qualified to obtain a special license plate.
- An applicant could obtain a valid placard and a special license plate because DMV processed applications in different systems. The department did not cross match this information between the systems.

Context	DMV informed us that the conditions will continue until it implements its system modernization project.
Effect	Without proper verification of whether an individual qualified for a placard or special license plate, there is an increased risk that people without disabilities may obtain placards and special license plates.
Cause	The department did not establish sufficient internal controls to ensure the proper issuance and management of placards and special license plates.
Prior Audit Finding	This finding has previously been reported in the last two audit reports covering the fiscal years 2013 through 2018.
Recommendation	The Department of Motor Vehicles should establish procedures to ensure the proper issuance and management of placards and special license plates.
Agency Response	"The agency agrees. DMV established procedure to ensure proper issuance and management of Placard and anticipated implementation by June 2023. Process includes a Physician license lookup tool that pulls information directly from the Department of Public Health (DPH) database. This will ensure applicants provide valid certification as required and indicate the certifier was verified using DPH data. If there's no match a red banner will appear stating Physician information could not be found. All applications will be reviewed in the worker portal console. Disabled plates and placards are currently processed in two different systems. The agency agrees with regards to maintaining special license plates for disabled persons. The DMV is currently working with our IT department and modernization team to implement online registration renewal which will ensure proper management by utilizing deceased file received from Department of Public Health on a periodic basis. This will ascertain what residents are no longer entitled to a special plate. A procedure will be developed regarding the revocation of said registration."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on the Department of Motor Vehicles contained 18 recommendations. Ten have been implemented or otherwise resolved and eight have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
The Department of Motor Vehicles should ensure that it complies with the dual employment requirements of Section 5-208a of the General Statutes and the Department of Administrative Services General Letter No. 204.	RESOLVED
The Department of Motor Vehicles should ensure that it properly records and maintains assets in accordance with the State Property Control Manual.	REPEATED Modified Form Recommendation 2
The Department of Motor Vehicles should ensure that all investigation case files are complete to substantiate its review and resolution of investigations.	RESOLVED
The Department of Motor Vehicles should improve controls to ensure that employees provide medical certificates when required by state regulations and policy.	REPEATED Recommendation 11
The Department of Motor Vehicles should ensure that all managers are evaluated each year using the Performance Assessment and Recognition System.	REPEATED Modified Form Recommendation 4
The Department of Motor Vehicles should ensure that it adequately trains its employees to monitor for leave time that does not conform with bargaining contracts.	REPEATED Recommendation 12
The Department of Motor Vehicles should monitor the duration of administrative hearing cases by periodically updating the hearing officer's notes into the Midrange Case Management system. The department should utilize the system's reporting functions to resolve older cases.	RESOLVED

Prior Recommendation	Current Status
The Department of Motor Vehicles should consult with Department of Administrative Services Bureau of Enterprise Systems and Technology to ensure that its intranet site has adequate security, maintenance of content, and monitoring of least privilege.	RESOLVED
The Department of Motor Vehicles should adhere to its procedures for the authorization of overtime to comply with Section 5-245 of the General Statutes. The department should adopt internal procedures that require prior approval of compensatory time.	REPEATED Recommendation 10
The Department of Motor Vehicles should establish controls to ensure that it immediately deactivates employee access to the Core-CT system upon an employee's termination, retirement, or transfer to another agency.	RESOLVED
The Department of Motor Vehicles should consult with the Department of Administrative Services prior to permitting employees to telecommute.	RESOLVED
The Department of Motor Vehicles should establish procedures to ensure the proper issuance and management of placards and special license plates.	REPEATED Recommendation 14
The Department of Motor Vehicles should develop formal written procedures to provide guidance to employees responsible for processing Driver Education Unit transactions.	RESOLVED
The Department of Motor Vehicles should develop, implement, and test the necessary entity-wide general controls to reduce the risk that application controls could be circumvented or modified. DMV would thereby safeguard against the improper initiation, authorization, recording, processing, or reporting of related transactions.	RESOLVED
The Department of Motor Vehicles should have promptly implemented the verification process required by Section 14-52a (b) of the General Statutes. DMV should coordinate with the Department of Revenue Services to ensure the collection of delinquent sales taxes.	RESOLVED
The Department of Motor Vehicles should create a comprehensive disaster recovery plan that addresses information technology-related activities of the entire agency and should periodically test that plan.	RESOLVED

Prior Recommendation	Current Status
<p>The Department of Motor Vehicles should identify the weaknesses in its process that resulted in the delays in implementing the Connecticut Integrated Vehicle and Licensing System (CIVLS) modernization project and correct those deficiencies. The department should develop a solution for modernizing the licensing system that meets the long-term needs of the state but stays within the project's established budget despite the expansion in scope due to the REAL ID program.</p>	<div data-bbox="1198 363 1393 443">REPEATED</div> <p>Recommendation 3</p>
<p>The Department of Motor Vehicles should ensure compliance with reporting requirements under Section 1-225 of the General Statutes pertaining to board meeting agendas and minutes and should also consider seeking the incorporation of committee membership attendance requirements for the Motor Vehicle Operator's Medical Advisory Board established under Section 14-46b of the General Statutes.</p> <p>Additionally, the Department of Motor Vehicles should ensure compliance with the reporting requirements of Section 14-11e(a) of the General Statutes.</p>	<div data-bbox="1198 688 1393 768">REPEATED Modified Form</div> <p>Recommendation 13</p>

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Department of Motor Vehicles in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2019 and 2020. The objectives of our audit were to evaluate the:

1. Department's internal controls over significant management and financial functions;
2. Department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. Our testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying Financial Information is presented for informational purposes. This information was obtained from various available sources, including but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies, and procedures; and
3. A need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Department of Motor Vehicles. Due to the sensitive nature of the information technology environment, certain confidential portions of the findings have been omitted to prevent unintentional

disclosure of sensitive information. Details of our findings have been provided to agency management for corrective action in a separate communication, which along with its supporting workpapers, are not subject to public disclosure in accordance with Sections 1-210(b)(20) and 2-90(h) of the General Statutes.

ABOUT THE AGENCY

Overview

The role and responsibilities of the [Department of Motor Vehicles](#) are identified primarily under Title 14, Chapters 246 through 255 of the General Statutes. The department's principal function is the licensing and registering of drivers, automobiles, dealers, and repairers. The department also administers the state's auto emissions inspection program through various contractors.

Michael R. Bzdyra was appointed commissioner in March 2016 and served in that capacity until January 2019. Sibongile Magubane was appointed commissioner in February 2019 and served in that capacity until January 2023. Antonio Guerrero was appointed commissioner, effective January 2023 and continues to serve in that capacity.

Governor Ned Lamont's [Executive Order No. 2](#), centralized human resources and labor relations functions by transferring them to the Department of Administrative Services and the Office of Policy Management, respectively. DMV transitioned to the new centralized human resources and labor relations reporting structure in August of 2020.

Significant Legislative Changes

The following notable legislative changes took effect during the audited period:

Public Act 18-164 (Sections 1, 2, 6 and 8), effective July 1, 2018, increased from five to ten days the timeframe certain entities must submit the hardcopy applications and any necessary documents to DMV when filing electronic applications for vehicle registrations and title certificates.

Public Act 18-164 (Section 14), effective upon passage, eliminated a procedure through which municipal tax assessors and the DMV commissioner share information on vehicles subject to property tax in Connecticut but registered in other states.

Public Act 18-164 (Section 22), effective July 1, 2018, increased the maximum fee for the Operator Retraining Program from \$60 to \$85. DMV requires drivers to complete the program if they have certain speeding violations or multiple violations of certain motor vehicle laws (i.e., moving violations or suspension violations). The fee is paid to private vendors who offer the program.

Public Act 18-164 (Section 23), effective July 1, 2018, increased the maximum convenience fee from \$5 to \$8 that any authorized contractor (e.g., AAA) or municipality may charge to process specified transactions such as driver's licenses and registration renewals.

Public Act 19-119 (Section 14), effective upon passage, established a 12-member task force to study compliance with the state's motor vehicle registration laws. The task force must also develop recommendations to prevent Connecticut residents from registering motor vehicles out of state. The act required the task force to submit a report with its findings and recommendations to the Transportation Committee by January 1, 2020.

Public Act 19-119 (Section 16), effective upon passage, required DMV and the Department of Administrative Services (DAS) commissioners to jointly study the current system used to evaluate motor carriers providing, or seeking to provide, the state or a municipality with commercial motor vehicle services and craft recommendations to make the system more efficient. The act required the

commissioners to submit a report with the study results to the Transportation Committee by January 1, 2020.

Public Act 19-117 (Section 361), effective October 1, 2019, increased the motor vehicle trade-in fee from \$35 to \$100. By law, the DMV commissioner must charge this fee to car dealers on each used motor vehicle they accept as a trade-in when selling a new or used vehicle. Proceeds from the fee are deposited into the General Fund.

Financial Information

General Fund Revenue

General Fund revenues consisted primarily of receipts from titling of vessels. Receipts totaling \$2,312,473, \$4,755,649 and \$7,707,257 were deposited into the General Fund during the 2018, 2019, and 2020 fiscal years, respectively. The large year over year growth was primarily attributed to the increase in the registration period from two years to three years and raising the greenhouse gas reduction fee (Public Act 19-117).

Special Transportation Fund

In accordance with Section 13b-61(b) of the General Statutes, the majority of the Department of Motor Vehicles' revenues are deposited into the Special Transportation Fund. A summary of fund receipts is presented below:

Revenues:	Fiscal Year		
	2017 – 2018	2018 – 2019	2019 – 2020
Sales Tax	\$ 85,906,190	\$ 87,263,153	\$ 73,126,233
Registrations	200,960,253	198,505,873	199,568,265
Temporary Registrations	7,535,510	7,615,423	6,346,929
Operator Licenses	39,410,772	39,030,367	31,496,206
Inspection of Motor Vehicles	7,303,869	7,295,268	6,084,916
Certificates of Title	20,383,942	20,325,765	17,370,930
License Examinations	8,279,647	8,326,097	6,559,882
Late Fees, Fines and Costs	13,356,193	13,306,005	10,542,795
Interstate Carrier Permits	3,274,969	5,405,881	2,879,381
Safety Plate Fees	3,362,534	3,312,295	2,841,590
Emissions Late Fees	2,219,120	2,447,390	2,225,660
Emissions Exemptions – 4 years	9,935,410	9,817,730	8,494,080
Sale of Commercial Information	24,321,984	22,091,229	25,618,892
Federal Clean Air Act	9,918,253	9,713,970	9,924,922
All Others	6,797,071	6,700,707	5,671,938
Total	\$ 442,965,717	\$ 441,157,152	\$ 408,752,618

There was a slight decline in Sales Tax and Operator Licenses revenues primarily due to the COVID-19 pandemic that contributed to the 7.3% reduction in total revenue during fiscal year 2020.

Section 14-49b(a) of the General Statutes imposed a federal Clean Air Act fee for each new motor vehicle registration or renewal. DMV collects a \$15 fee for three years, \$10 for two years and \$5 for one year. The department deposits payments into the Special Transportation Fund (57.5%) and General Fund (42.5%).

The sale of commercial information consists primarily of driving history records supplied to insurance companies through a contractor.

In accordance with the provisions of Section 13b-69(b) of the General Statutes, the Department of Motor Vehicles' annual budgeted appropriations and expenditures were funded from the Special Transportation Fund. A summary of fund expenditures is presented below:

Expenditures:	Fiscal Year		
	2017 – 2018	2018 – 2019	2019 – 2020
Personal Services	\$ 44,892,503	\$ 45,137,073	\$ 46,101,414
Other Expenses	15,896,611	15,397,241	15,400,743
Equipment	468,756	468,756	468,755
Reflective License Plates	2,884,653	2,384,338	1,390,021
CVISN Project	5,400	316,800	316,800
Total	\$ 64,147,923	\$ 63,704,208	\$ 63,677,733

Federal and Other Restricted Accounts

Federal grants and other restricted account activities are recorded in the Federal and Other Restricted Accounts Fund. The notable grants are the Motor Carrier Safety Assistance Program (MCSAP) which provides financial assistance to states to reduce the number and severity of crashes and hazardous material incidents involving commercial motor vehicles. A summary of fund revenues is presented below:

Revenues:	Fiscal Year		
	2017 – 2018	2018 – 2019	2019 – 2020
MCSAP Grant	\$ 1,875,408	\$ 2,630,607	\$ 2,450,172
Commercial Vehicle Information Systems & Network	471,815	911,244	170,072
CDL Improvement Grant	847,476	952,030	1,584,379
Innovative Technology Deployment Grant	0	969,000	123,107
School Bus Seatbelt Account	1,875,241	1,824,610	1,599,150
Ignition Interlock Admin Account	605,000	606,700	567,400
All other	1,024,861	770,743	658,756
Total	\$ 6,699,801	\$ 8,664,934	\$ 7,153,036

DMV primarily charged fund expenditures to federal grant receipts for the National Motor Carrier Safety, Commercial Vehicle Information Systems, Coronavirus Relief Funds, and the federal REAL ID programs. The large increase in fiscal year 2019 was due to additional funding in the High Priority Innovative Technology Development Grant. A summary of fund expenditures is presented below:

Expenditures:	Fiscal Year		
	2017 – 2018	2018 – 2019	2019 – 2020
Personal Services	\$ 3,548,835	\$ 4,176,304	\$ 3,681,037
Other Expenses	1,526,248	2,696,417	2,229,468
Total	\$ 5,075,083	\$ 6,872,721	\$ 5,910,505

Emissions Enterprise Fund

A vehicle emissions program under Title 14, Chapter 246a of the General Statutes requires that all motor vehicles registered in the state, except for those specifically exempt by law, be inspected for auto emissions. The statute also authorizes the commissioner to enter into an agreement with an independent contractor to provide construction, equipment, maintenance, and operation of inspection stations for emissions inspections.

The department's emissions administration is responsible for the regulatory functions of the program and for monitoring contractor compliance. The Emissions Enterprise Fund accounts for the operations of the program. A summary of fund activity is presented below:

	Fiscal Year		
	2017 – 2018	2018 – 2019	2019 – 2020
Revenue:			
Inspection Fees	\$ 1,801,751	\$ 1,821,891	\$ 1,622,735
Total Revenue	1,801,751	1,821,891	1,622,735
Expenditures:			
Personal Services and Fringe Benefits	5,987,640	6,285,364	6,136,733
All Other Expenditures	223,039	259,174	208,244
Total Expenditures	6,210,679	6,544,538	6,344,977
Excess of Revenue over Expenditures	(4,408,928)	(4,722,647)	(4,722,242)
Appropriation Transfer	4,017,909	5,525,055	5,534,567
Fund Balance at Beginning of Year	\$ 4,960,166	\$ 4,569,147	\$ 5,371,555
Fund Balance at End of Year	\$ 4,569,147	\$ 5,371,555	\$ 6,183,880

DMV no longer receives testing fees or pays the emissions contractor. Instead, fees go directly to the contractor and repair facilities that participate in the emissions testing program. In accordance with Section 14-164m of the General Statutes, the State Comptroller makes quarterly transfers from the Special Transportation Fund to the Emissions Enterprise Fund.

Capital Improvement and Other Purpose Funds

Expenditures for capital improvement projects totaled \$1,074,612, \$723,648, and \$954,615 during the fiscal years ended June 30, 2018, 2019 and 2020, respectively. DMV spent most of the funds on technology enhancements.