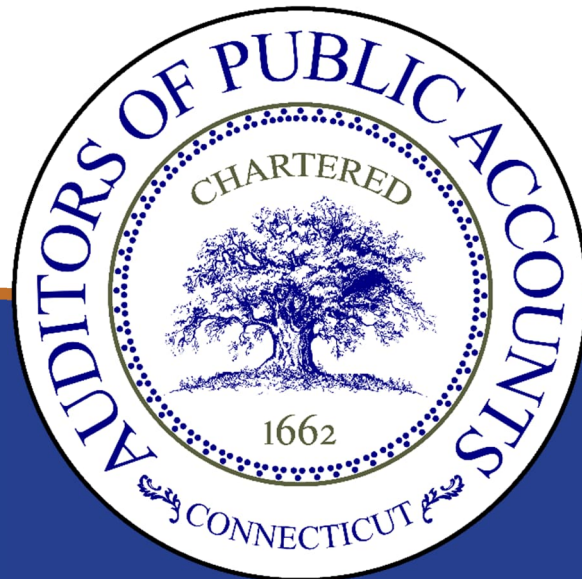


# AUDITORS' REPORT

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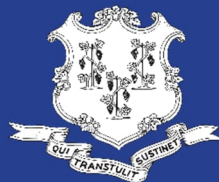
## Department of Motor Vehicles

FISCAL YEARS ENDED JUNE 30, 2021 AND 2022



STATE OF CONNECTICUT  
Auditors of Public Accounts

JOHN C. GERAGOSIAN  
State Auditor



Craig A. Miner  
State Auditor

# CONTENTS

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INTRODUCTION.....	3
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	4
Failure to Capitalize Software .....	4
Performance Assessment and Recognition System .....	5
Revenues and Receipts - Check Processing.....	6
Deficiencies in the Procurement Process.....	8
Information and Technology Disaster Recovery Plan Deficiencies.....	9
Connecticut Integrated Vehicle and Licensing System - Access.....	10
Dealer Online Registration System Deficiencies .....	11
State Vehicle Usage Internal Control Weakness.....	13
Administrative Per Se Hearings .....	15
Asset Management - Reporting Deficiencies.....	17
Property Control Deficiencies .....	18
Overtime and Compensatory Time .....	20
Lack of Medical Certificates for Sick Leave .....	22
Extended Paid Administrative Leave .....	23
Emissions Late Fee Administration and Reporting.....	24
STATUS OF PRIOR AUDIT RECOMMENDATIONS .....	26
OBJECTIVES, SCOPE, AND METHODOLOGY.....	29
ABOUT THE AGENCY .....	31

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March 31, 2026

INTRODUCTION

We are pleased to submit this audit of the Department of Motor Vehicles (DMV) for the fiscal years ended June 30, 2021 and 2022 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies and instances of noncompliance with laws, regulations, or policies.

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:

Frederick Armour  
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John C. Geragosian  
State Auditor

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# STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Motor Vehicles disclosed the following 15 recommendations, of which eight were repeated from the previous audit.

## Finding 1

### Failure to Capitalize Software

Criteria	Section 4-36 of the General Statutes requires each state agency to establish and maintain inventory records in the form prescribed by the State Comptroller. State agencies should establish policies and procedures to ensure all owned capital assets including internally developed software are properly reported on the CO-59 annual property control report.
Condition	DMV did not establish a formal policy for capitalizing and reporting internally developed software on its CO-59. DMV did not list 11 of the 12 identified internally developed capital software programs on its CO-59 covering fiscal years 2021 and 2022.
Context	DMV provided us a list of internally developed software. We were unable to quantify the value of the internally developed software because DMV did not track its development costs.
Effect	DMV underreported its capital assets on the 2021 and 2022 fiscal year CO-59 reports.
Cause	DMV was not aware it was required to capitalize internally developed software.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Motor Vehicles should establish policies to ensure compliance with the capitalization requirements for intangible assets in the State Property Control Manual in accordance with Section 4-36 of the General Statutes.

## Agency Response

"We agree with the findings. We identified the 11 internally developed software programs that were listed as potentially needing to be capitalized. Of the 11 identified, two are part of the CIVLS project which has been capitalized, and two are actually one system and will be recorded as such. All systems meeting the capitalization standard have been added into CORE and capitalized. We met with IT and determined that CATER, Midrange, License Restoration, and the Judicial Portal are all extremely old and require minimum support. These systems have reached their maximum depreciation as they are extremely old and have had no upgrades. The MVS 360, CDL Self-Certification and Emissions Late Fee systems have been added, and the QSC Learner Permit and Road Test have been added as one system as they operate together. The Vanity Plate Lookup and the Registration Renewal Portal were both part of the 2015 CIVLS implementation and would fall under the CIVLS capitalization. We have developed a procedure with IT to be sure internally developed software is captured and recorded appropriately for reporting purposes."

## Finding 2

# 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

DMV could not locate the signed PARS evaluation forms for four managers in fiscal year 2021 and five managers in fiscal year 2022.

### Context

The department had 28 and 23 full-time managers and confidential employees during fiscal years 2021 and 2022 respectively. We judgmentally selected ten managers for review.

### Effect

When performance evaluations are not prepared, there is less formal feedback to management 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 been previously reported in the last four audit reports covering the fiscal years ended June 30, 2011 through 2020.
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	"We agree with this finding. The agency Human Resources and Labor Relations teams developed a comprehensive process and training program for PARS that is aligned with Personnel Regulations 5-243 and requires the agency to provide each state employee with an annual service rating. The implementation of this training and monitoring process led to a significant improvement of the compliance requirements to approximately 48% in 2022; over 70% in 2023. The agency will continue to train, manage, and monitor the Annual Service Rating/PARS process. The agency will continue to provide clear deadlines and expectations on the accountability requirements and will follow up to ensure completion of PARS."

## Finding 3

# Revenues and Receipts – Check Processing

Background	<p>Licensed dealers can process Private registrations for private sales. These registrations require two checks, one for the registration and one for sales tax. Checks are required because dealerships do not collect sales tax through their automated system.</p> <p>The mailroom staff opens and sorts mail by unit. Properly completed checks are delivered to the central cashiering unit, and blank checks to the Vehicle Business Registration unit (VBR) unit. DMV utilizes various escrow accounts for applying payments. Payments not properly completed can remain in escrow accounts for extended periods.</p>
Criteria	<p>Proper internal controls dictate the establishment of formal written policies and procedures to provide guidance to employees in the performance of their assigned duties.</p> <p>The State Accounting Manual requires each agency to establish internal controls over cash receipts to minimize the risk of loss. An individual responsible for receiving cash should record the receipt</p>

date, remitter name, receipt amount, receipt type, and the purpose of the remittance in a journal. Agencies must log all receipts into a receipts journal or equivalent tracking record. A pre-numbered receipt should be issued to the remitter when cash is received in the mail. The person authorized to receive receipts should verify the amounts entered on the forms or the journal and sign an acknowledgment of receipt.

An accountability report or cash proof is necessary to compare monies recorded to amounts received.

Section 4-32 of the General Statutes generally requires state agencies to account for and deposit receipts within 24 hours.

## Condition

Our review of revenue and receipt processing disclosed the following control weaknesses:

1. DMV did not have formal procedure for the receipt and processing of blank checks. Furthermore, DMV normalized the practice of accepting incomplete checks.
2. DMV did not record receipt dates, did not maintain a receipt journal, or issue prenumbered receipts for mailed payments. DMV did not maintain complete records for changes in cash custody and did not reconcile recorded revenues and cash receipts.
3. DMV did not deposit sales tax remittances from dealer private sale processing into an escrow account. The Vehicle Business Registration unit (VBR) did not review these remittances for accuracy prior to submission to the Department of Revenue Services.
4. A configuration error in the Connecticut Integrated Vehicle and Licensing System (CIVLS) allocated receipts to the incorrect escrow fund which caused delays in processing transactions.
5. DMV did not provide responsible units with exclusive access to escrow accounts.

## Context

Each day, the DMV mailroom receives and sorts hundreds of checks. Mail is sorted and delivered to various units throughout the agency for processing. Revenue exceeded \$516 million during fiscal year 2022.

## Effect

Weak internal controls over cash receipts increase the risk of loss or theft.

Cause	Controls and processes were loosened to provide expediency and efficiency during the Covid-19 pandemic. Mailroom personnel did not receive adequate training to sort and deliver mail to the appropriate location.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Motor Vehicles should strengthen internal controls over revenue and receipts to ensure compliance with the State Accounting Manual.
Agency Response	"The Department agrees with the finding in that the controls over cash receipts are critical in to meet State Accounting Manual requirements. Blank checks are no longer accepted or processed through Central Cashiering by the DMV. The internal processes for the handling of both Casual Sales and Escrow Management are being evaluated to determine what changes will ensure accountability over amounts received are properly handled within the requirements of CGS 4-32."

## Finding 4

### Deficiencies in the Procurement Process

Criteria	Section 4-98 of the General Statutes states that no budgeted agency may incur any obligation except by the issuance of a purchase order transmitted to the Office of the State Comptroller to commit the agency's appropriations to ensure funds are available for the purchase.
Condition	Our review of 25 expenditure transactions identified seven instances, totaling \$738,274, in which purchase order balances were insufficient to cover expenditures as of the invoice date.
Context	We judgmentally selected 30 transactions totaling \$4,570,550. The department spent \$30,299,245, and \$28,166,532 for non-payroll service in fiscal years 2021 and 2022 respectively.
Effect	Failure to ensure funds are committed prior to the purchase of goods or services increases the risk funds may not be available when the department receives goods or services.
Cause	The agency did not comply with established purchasing policies and procedures due to inadequate training.

Prior Audit Finding	This finding has been previously reported in the last audit report covering the fiscal years 2019 through 2020.
Recommendation	The Department of Motor Vehicles should strengthen internal controls to ensure it issues purchase orders in accordance with Section 4-98 of the General Statutes.
Agency Response	“We agree with the finding. In our ongoing efforts to modernize our systems we were faced with some unplanned purchases that required that Purchase Orders be issued before the necessary allotments were received by the Agency. We understand the risk this poses and have taken steps to assure that all renewals and new expenditures are planned for and funding available to fully commit the POs at the time they are issued.”

## Finding 5

# Information and Technology Disaster Recovery Plan Deficiencies

Criteria	The National Institute of Standards and Technology (NIST) Special Publication 800-53 recommends establishing a contingency plan that includes critical processes and functions, alternate resources to resume processing, identification of responsible personnel, and restoration priorities.
Condition	DMV drafted the disaster recovery plan in August 2020 but did not test nor distribute the plan to relevant staff during the audited period.
Context	The DMV draft disaster recovery plan identified recovery steps for all nine of its technology areas.
Effect	In the absence of a finalized and tested disaster recovery plan, there is an increased threat to information technology operations in the event of a disaster.
Cause	The lack of a disaster recovery plan appears due to the loss of key information technology personnel.
Prior Audit Finding	This finding has not been previously reported.

**Recommendation** The Department of Motor Vehicles should finalize and implement a disaster recovery plan to ensure prompt response and minimal interruptions to its information technology systems following a disaster.

**Agency Response** "We agree with this finding. The agency will test, finalize, and implement a disaster recovery plan based on the available draft plan submitted at the time of the audit review."

## Finding 6

# Connecticut Integrated Vehicle and Licensing System - Access

**Background** Connecticut Integrated Vehicle and Licensing System (CIVLS) is the department's information technology system and administrative module. CIVLS is currently used by DMV employees, dealers, and state residents to process various transactions.

**Criteria** Standard information security protocol requires prompt termination of user access when they separate or are suspended from agency activity.

**Condition** Our review of eighteen suspended dealers' CIVLS accounts for incomplete vehicle registration documentation revealed thirteen remained active between 417 and 958 days after termination, as of July 17, 2023.

**Context** There were 1,143 dealers with active CIVLS accounts as of July 17, 2023, and 18 suspended dealers. We reviewed all 18 dealers suspended during the audited period.

**Effect** Failure to terminate suspended dealers' CIVLS access increases risk of unauthorized access and manipulation of data.

**Cause** DMV did not have appropriate controls to ensure immediate termination of CIVLS accounts for suspended dealers.

**Prior Audit Finding** This finding has not been previously reported.

Recommendation	The Department of Motor Vehicles should strengthen internal controls to ensure it promptly deactivates suspended dealer Connecticut Integrated Vehicle and Licensing System accounts.
Agency Response	“We agree with this finding. After a thorough review of our departmental process regarding the Online Registration Program, the VBR Compliance team submits a track-it ticket to grant specific permissions to gain access to the DealerTrack system. The dealers’ access to the system is driven by their dealer license status and/or their online registration privileges are suspended. Once the dealer receives the suspension notice regarding their online registration privileges, the Compliance unit submits a track-it ticket to our IT department to disable their access to the DealerTrack system. On 3/24/24, we compiled a list of dealers with a license status that was either cancelled or expired along with the dealers that we have suspended from the program and sent it to our IT department to remove their permissions. The list consisted of 242 licensed dealers. Going forward the VBR Compliance unit will follow-up with our IT department after submitting the track it to make sure the proper permissions have been removed to ensure immediate termination from the Online Registration Program.”

## Finding 7 Dealer Online Registration System Deficiencies

Criteria	<p>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.</p> <p>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.</p> <p>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</p>
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issues or will be removed from the OLR. In addition, the manual requires dealerships to annually submit their plate reconciliation report to DMV by the 15th day of January.

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

DMV 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.

DMV did not enforce dealer submission of annual plate reconciliation reports. We noted ten dealers that did not submit required annual plate reconciliations to DMV.

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 did not promptly process suspended cases. We noted 4,238 cases on DMV's suspended list for the period of August 14, 2015, to May 18, 2023, of which 1,602 were from calendar years 2015 to 2021.

## Context

DMV has 761 dealers who currently had access to its online registration system as of May 19, 2023. We judgmentally selected ten dealers for review of plate reconciliations.

## Effect

When regulations are not properly 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 believes that even if the system had a field, dealers would enter the transaction processing date and not the actual document submission date.

A lack of management oversight contributed to the delay in the department seeking changes to its regulations.

The department stopped auditing dealers' registration documents submitted during the Covid-19 pandemic which caused a significant increase to the suspense list.

Prior Audit Finding

This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2019 and 2020.

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, enforces plate reconciliations, and promptly addresses and closes suspended cases.

Agency Response

"We agree with this finding. The VBR Division has submitted the language changes to our Legal department for review and update regarding Regulation 14-63-32 on January 11, 2024. The language changes are consistent with C.G.S. section 14-15(b) regarding the submission of the original documents. Since 7/1/24, the pending title suspense cases have decreased from 4,238 to 3,137 and all pending cases from 2015 have been resolved. Between the timeframe of 2016-2021 have also decreased from 1,602 to 896. The Department will continue to make substantial effort to address the outstanding suspense cases and ensure the cases are closed in a timely manner to ensure the agency remains in compliance with Connecticut statutes and regulations. The VBR Division is currently exploring options to develop and implement a new tracking mechanism to have the ability to track the date the original documents were submitted by the dealer to be in accordance with statutory requirements."

## Finding 8

# State Vehicle Usage Internal Control Weakness

Criteria

The Department of Administrative Services General Letter No. 115, Policy for Use of Motor Vehicles to Conduct State Business, states the Agency Transportation Administrator (ATA) is responsible for promptly investigating complaints concerning state vehicles, drivers and passengers. The ATA must notify the Director of DAS Fleet Operations of the outcome of the investigation within 30 days of receiving the complaint.

State-owned vehicles may not be driven by volunteer workers or individuals contractually employed by the state unless and until the Director of DAS Fleet Operations grants permission.

All state-owned 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 by 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

Our review of 10 randomly selected DAS fleet vehicle complaints identified the following:

- DMV did not maintain a log to track complaints, investigation outcomes, and reporting to the Director of DAS Fleet Operations.
- DAS closed two investigations because DMV failed to investigate and respond to DAS Fleet Operations within the 30-day requirement in General Letter No. 115. The cases were open for 89 and 101 days. The complaints involved speeding and reckless driving, in which one contractor did not have DAS Fleet Operations authorization to operate the vehicle.

Our review of five home garaged state vehicle assignments revealed all five employees did not have approval documentation from the Director of DAS Fleet Operations and ATA. Further review identified an additional 22 employees without approval documentation.

Context

DMV was assigned 86 state vehicles as of December 2023. There were 49 home-garaged and 37 parked at state facilities. We randomly selected five of each type and an additional 22 home-garaged vehicles. DAS provided a log of all ten fleet vehicle complaints during the audited period.

Effect

Without effective tracking and prompt investigation of complaints, DMV could not always take appropriate corrective action which could result in increased liability for the state.

Cause

DMV 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.

DMV 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.

Prior Audit Finding	This finding has been previously reported in the last audit report covering the fiscal years 2019 through 2020.
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 state vehicle assignments are preapproved by the Director of DAS Fleet Operations and Agency Transportation Administrator.
Agency Response	“We agree with this finding. 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 9

# Administrative Per Se Hearings

Background	<p>DMV conducts administrative hearings for drivers operating under the influence, dealer and repairer violations, medical qualifications, dealer franchise labor rate disputes, relocation or establishment of new franchises, tow rates, and licensing and registration issues.</p> <p>The Department of Motor Vehicles used Midrange Case Management software (Midrange) as its case management and reporting system during the audited period. Hearings officers typically handwrote or typed their final decisions and office employees generally entered them into the Midrange system.</p>
Criteria	<p>Section 4-180(a) of the General Statutes requires DMV to render a final decision within 90 days following the close of evidence or the due date for the filing briefs, whichever is later, in such proceedings.</p> <p>The department should periodically review administrative per se hearings within its case management and reporting system to ensure that cases are processed on time. A current database is a critical management tool to determine the efficient disposition of cases.</p>

Condition	<p>DMV did not routinely update current case status information in the Midrange system. As of September 27, 2023, DMV identified 45 cases on the Decision Pending report. However, after supervisory review and manual updates, the report was reduced to 13 decision pending cases.</p> <p>DMV did not review the Decision Pending report in the Midrange system for aging cases. Seven of 13 cases identified on the September 29, 2023, report exceeded the 90-day statutory requirement for rendering a decision by 46 to 780 days.</p>
Context	DMV reported 5,662 administrative per se cases in the Midrange system during fiscal year 2022.
Effect	Without having accurate and current information, DMV management could not adequately monitor the efficient resolution of active cases and statutory compliance.
Cause	Key personnel changes, low staffing levels, and a lack of administrative oversight contributed to the delays in updating outstanding cases pending.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Motor Vehicles should monitor the duration of administrative per se hearing cases by periodically reviewing reports generated from its administrative case management system. The department should promptly enter final decisions into the system.
Agency Response	<p>"We agree with this finding. The Department of Motor Vehicles (department) understands the importance of managing the effective and efficient resolution of its Administrative Per Se Hearings. While there were key personnel changes, low staffing levels, and challenges associated with the 2020 COVID-19 pandemic that resulted in Finding 9, the department recognized its need for a better management tool prior to this current audit. In that regard, the department began its Modernization Project in 2020, which included an org migration of its Administrative Per Se and Adjudications case management systems (CMS) and the reporting of data from the Midrange Case Management software to Salesforce-CRM. In addition to the org migration, the department began developing new reporting methods within Salesforce that will allow Hearing Officers to enter their final decisions directly into the database themselves. The department also began developing programs within Salesforce that will generate regular reports to include a regular status report of active Per Se cases.</p> <p>The full modernization of the CMS in Salesforce is expected to be completed and functioning by the end of 2024. In the meantime, the</p>

agency has hired additional full-time and temporary staff to bring the "Decision Pending" report up to date in Midrange. With the additional staff, such report has been kept current. Furthermore, procedures to enhance administrative oversight have been implemented, and, as of the date of this response, there are no pending cases that exceed the statutory 90 days required in C.G.S. §4-180(a) for final decisions in Per Se matters.

The department is in the process of securing additional staff to further ensure that "Decision Pending" reports remain current, that timely periodic reviews of Administrative Per Se cases occur, and that final decisions are entered into the database timely."

## Finding 10

# Asset Management – Reporting Deficiencies

### Criteria

Section 4-36 of the General Statutes requires each state agency to establish and maintain inventory records as prescribed by the State Comptroller. The Asset Management Report (CO-59) instructions require report balances to agree with balances in Core-CT, the state's official accounting system.

The State Property Control Manual requires state agencies to reconcile inventory to the State Comptroller using a Form CO-59 by October 1st each year and perform an annual physical inventory by June 30th.

Effective July 1, 2015, the capitalization threshold for personal property is \$5,000.

### Condition

Our review of DMV's Form CO-59 for the fiscal years 2021 and 2022 identified the following:

- The department misclassified one \$20,633 asset as controllable equipment instead of capital equipment.
- The department did not complete an annual physical inventory for over two years. As of July 6, 2023, there were 161 assets, totaling \$770,220, which were last inventoried between fiscal years 2018 and 2021.

### Context

DMV reported \$38,765,131 and \$44,748,082 in personal property on its CO-59 form as of June 30, 2021 and 2022 respectively.

Effect	Poor controls over inventory leave state property more susceptible to loss or theft.
Cause	Weaknesses in managerial oversight related to annual inventory may have contributed to condition.
Prior Audit Finding	This finding has previously been reported in the last two audit reports covering the fiscal years 2016 through 2020.
Recommendation	The Department of Motor Vehicles should strengthen internal controls to ensure it accurately accounts for and reports its inventory in accordance with the State Property Control Manual.
Agency Response	“We agree with this finding in part. We recognize the misclassified asset and have made corrections in CORE. We have done a physical inventory every year as required by the State Property Control Manual. We have faced challenges tracking all the equipment that was deployed during the pandemic and implemented controls to better document who receives equipment and where it is deployed to. There may be instances where we were not able to locate certain pieces of equipment in certain years, but we continue to diligently work with our IT department to identify and appropriately locate all agency assets.”

## Finding 11

### Property Control Deficiencies

Criteria	<p>Chapter 9 of the State Property Control Manual states that state agencies should not stockpile property. Furthermore, it is essential for the proper control and use of state inventory that each agency's surplus property be redistributed to other agencies that need it. In addition, the holding agency is responsible to provide proper care and storage of its inventory until final disposition has been implemented through transfer, sale, scrap, or other methods approved by the Department of Administrative Services State and Federal Property Distribution Center.</p> <p>Proper internal controls provide reasonable assurance for the safeguarding of assets.</p>
Condition	<p>Our review of physical inventory identified the following:</p> <ul style="list-style-type: none"> <li>In four out of 55 instances, assets were in different locations than listed in Core-CT.</li> </ul>

- During our walkthrough of the Winsted DMV branch, we noted a large amount of stockpiled surplus equipment which was not disposed of for over two years. The equipment was kept in an unsecured area and was susceptible to theft.

Context	As of May 9, 2023, DMV's assets included 2,991 capitalized and controllable items, totaling \$44,225,097. We judgmentally selected 40 items totaling \$1,219,449 from the inventory listing. We randomly selected an additional 15 items onsite totaling \$135,313 at various branches. The total selection amounted to \$1,354,762.
Effect	The stockpiling of surplus equipment violates the department's responsibilities in the State Property Control Manual. The state cannot properly utilize and distribute equipment.
Cause	It appears that a lack of strict adherence to the State Property Control Manual and lack of administrative oversight contributed to these conditions.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Motor Vehicles should ensure that property records are accurate, and that it promptly reports surplus equipment to the Department of Administrative Services State and Federal Property Distribution Center.
Agency Response	"We agree with this finding. We continue to work with our IT department to find a seamless process to track the movement of assets. We have a process in place which requires that a form be filled out by the releasing unit when an asset is moved to a new location which identifies the asset, where it is located and where it is being moved to. This form should then be returned to Fiscal where the CORE updates will be made. We are also looking into ways to utilize the Track-It! system to track assets with the hope of finding a more seamless method to track equipment. We also are developing a plan to do a quarterly e-waste pick up to eliminate the stockpiling of surplus equipment. The new e-waste contract has made the removal of surplus equipment easier and more efficient, and we anticipate being able to keep up with the surplus in a more organized and expedient manner."

## Finding 12

# Overtime and Compensatory Time

### Criteria

Core-CT designates specific compensatory time plans based on bargaining unit contracts and state statutes that govern compensatory time eligibility. It also sets the expiration for the use of compensatory time. Enrolling employees in the correct compensatory time plan helps to ensure compliance with bargaining unit contracts and state statutes.

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 a division head's approval.

Collective bargaining agreements and agency policies permit employees to earn compensatory time with prior supervisory approval, for time worked more than their normal work schedule. Employees must submit a compensatory time request form which documents the dates, approximate hours, and reason for the request.

In accordance with Management Personnel Policy # 17-01, DMV must retain evidence of the advance authorization in the employee's personnel file for audit purposes.

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 all 1,833 compensatory plan enrollments identified 319 instances in which the department enrolled employees in the wrong compensatory leave plan.

DMV could not provide justification to verify the reason it allowed 17 employees, who earned both overtime and compensatory time, totaling 2,738 hours, within the same fiscal year.

DMV could not provide support for one out of 19 employees who received overtime and exceeded the maximum eligible salary grade for their position. The employee earned \$250 for 5.5 hours of overtime. In addition, three out of the 18 employees earned 280 hours extra overtime than approved on their requests, totaling \$16,289.

Context	<p>We analyzed all 1,833 compensatory plan enrollments during the audited period. We reviewed all 17 employees who earned both overtime and compensatory time during the audited period. We reviewed all 19 employees who earned overtime above the maximum eligible pay grade.</p> <p>There were 71 employees who earned a total of 3,672 hours of compensatory time in fiscal year 2021 and 69 employees who earned a total of 2,365 hours of compensatory time in fiscal year 2022. There were 586 employees who earned a total of \$2,518,435 in overtime in fiscal year 2021 and 122 employees who earned a total of \$1,969,466 in overtime in fiscal year 2022.</p>
Effect	<p>Employees could earn compensatory time which is not permitted by bargaining unit contracts. 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.</p>
Cause	<p>There was a lack of administrative oversight over overtime and compensatory time.</p>
Prior Audit Finding	<p>This finding has been previously reported, in part, in the last two audit reports covering the fiscal years 2016 through 2020.</p>
Recommendation	<p>The Department of Motor Vehicles should implement internal controls to ensure employees are enrolled in the correct compensatory time plan. The department should properly approve and sufficiently document overtime and compensatory time.</p>
Agency Response	<p>“The Department agrees with the finding in that both Overtime and Compensatory Time accruals need to be managed critically to ensure that bargaining union requirements are met. Seven of the seventeen instances of both Comp Time and Overtime earned by the same employee were previously approved by OPM and are documented. The Payroll office will utilize Core-CT reporting to identify reports that can be used to flag future occurrences for the appropriate corrective action. Additionally, DMV is in the process of drafting a revised Overtime and Comp Time approval policy that will require prior sign off from the Commissioner in support of the costs and include notations within Core-CT timesheets to link back to Commissioner approval memos.”</p>

## Finding 13

# 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.
Condition	Our review of ten employees identified two instances in which DMV did not have the required medical certificates on file. The two employees charged 262 sick hours, totaling \$9,286, which were not supported by medical certificates.
Context	The department had 38 employees who charged a total of 3,968 sick leave hours during the audited period. We judgmentally selected eight from fiscal year 2021 and two from fiscal 2022 based on the larger number of consecutive sick days taken.
Effect	There is an increased risk of sick leave abuse when the department 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 previously been reported in the last two audit reports covering the fiscal years 2016 through 2020.
Recommendation	The Department of Motor Vehicles should coordinate with the Department of Administrative Services to ensure that employees provide medical certificates when required by state regulations and policy.
DMV Response	"We agree with this finding. DAS under the Benefits and Leaves Pod manages the statewide process for family and medical leave to ensure consistent application and implementation of the state and federal family and medical leave laws. We recognize the importance of obtaining appropriate approvals and supporting documentation for employee absences and will continue to work closely with the Benefits and Leave Pod on management, monitoring and reporting on leaves for the agency.

The applicable process is provided via this link and General Letter 39. <https://portal.ct.gov/das/-/media/das/statewide-hr/a---z-listing-task-pdfs/family-medical-leave-das-general-letter-39.pdf>

Family and Medical Leave entitlement manual and process is provided via this link

<https://portal.ct.gov/das/-/media/das/statewide-hr/a---z-listing-task-pdfs/family-and-medical-leave-entitlements-manual.pdf>."

#### DAS Response

"The DAS respectfully disagrees with the audit recommendation. It is the responsibility of agency leaders to ensure that medical certificates are obtained and shared with human resources for tracking and documentation purposes, as is stated within the Condition of the finding. The DAS Benefits and Leave Pod are happy to assist if the employee requires services beyond five days of continuous absence, such as FMLA."

#### Auditors' Concluding Comments

"Medical certificates contain confidential information and should be collected only by those with appropriate authority. DMV and DAS should work together to clearly define the responsibilities for collecting medical certificates."

## Finding 14

# Extended Paid Administrative Leave

#### Background

The Office of Policy and Management - Office of Labor Relations (OPM-OLR) is tasked with performing investigations. The Department of Administrative Services - Human Resources (DAS-HR) notifies employees and management of administrative leave and return to work dates. There is one OPM-OLR Labor Relations Specialist, and one DAS-HR Business Partner assigned to the Department of Motor Vehicles.

#### Criteria

Section 5-240-5a of the Regulations of Connecticut State Agencies allows an appointing authority to place an employee on a leave of absence with pay for up to 15 days to permit an investigation of alleged serious misconduct which could constitute just cause for dismissal.

#### Condition

Our review identified six employees on paid administrative leave exceeding the 15-day limit by five to 132 days. The employees received \$131,943 in paid administrative leave. Of this amount, \$107,240 should not have been allowed because it exceeded 15 days.

Context	We reviewed all nine employees who received paid administrative leave during fiscal years 2023 and 2024. Paid administrative leave ranged between one and 147 days.
Effect	DMV unnecessarily paid \$107,240 in paid leave to employees who could have been placed on unpaid leave, terminated, or returned to work.
Cause	The Office of Policy and Management's Office of Labor Relations noted the 15-day limit did not allow for a thorough investigation involving individuals' schedules for conducting interviews, and collecting supporting documentation.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Department of Motor Vehicles, the Office of Policy and Management, and the Department of Administrative Services should comply with requirements concerning employees placed on paid leave as provided in Section 5-240-5a of the State Regulations. If the 15-day limit is not practically achievable, the departments should seek changes to the regulation to reflect actual conditions.
DMV Response	"The Department agrees with the finding regarding the duration of some paid administrative leave of absence but believes that the quality of investigations is essential both for the integrity of due process and for the security/safety of agency operations; in many cases, fifteen days does not allow for thorough investigations to be completed."
OPM Response	"The Office of Policy and Management has no additional response beyond that offered by the Department of Motor Vehicles."

## Finding 15

# Emissions Late Fee Administration and Reporting

Criteria	<p>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.</p> <p>Section 14-164c(N) states that the commissioner may suspend or revoke any registration that has been issued, if such motor vehicle is</p>
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not in compliance with the inspection requirements or such owner has failed to pay any fee required.

Section 4.1 of the State Accounting Manual describes state agency responsibilities concerning the collection of past due accounts and basic collection procedures. All accounts past due for more than 30 days must be subjected to collections procedures. This includes a requirement for agencies to make at least one documented collection attempt when the amount is less than \$25.









The department's agreement with the emission testing contractor during the audit period states, that CVIS software shall have a feature to offer motorists an opportunity to pay any emissions late fees at any of the test stations in Connecticut.


Condition	<ul style="list-style-type: none"><li>• DMV did not have an effective collection process for emissions late fees which were more than 30 days past due.</li><li>• DMV did not enforce the emissions contract agreement terms requiring the CVIS software to have a feature to accept emissions late fee payments at test centers.</li></ul>
Context	The current DMV emissions contract was applicable for the period between November 27, 2021, through November 26, 2027. As of June 30, 2022, DMV reported an emissions late fee receivable balance of \$14.4 million of which the department estimated that 40% was uncollectable.
Effect	DMV did not utilize all its resources to collect emission late fees.
Cause	During the audited period, DMV was still evaluating its options to adopt a sound and effective collection approach.
Prior Audit Finding	This finding has been previously reported in the last audit report covering the fiscal years 2019 through 2020.
Recommendation	The Department of Motor Vehicles should strengthen internal controls to improve its collection rate of emission late fees.
Agency Response	<p>"The Department agrees with this finding. 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.</p> <p>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."</p>

# STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on the Department of Motor Vehicles contained 14 recommendations. Six have been implemented or otherwise resolved and eight have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
<p>The Department of Motor Vehicles should improve internal controls over the processing, collection, write-off, and reporting of emission fees.</p>	<p><b>REPEATED</b> <b>Modified Form</b></p> <p>Recommendation 15</p>
<p>The Department of Motor Vehicles should strengthen internal controls to ensure that it properly records and maintains assets in accordance with the State Property Control Manual.</p>	<p><b>REPEATED</b></p> <p>Recommendation 10</p>
<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>	<p><b>RESOLVED</b></p>
<p>The Department of Motor Vehicles should coordinate with the Department of Administrative Services Human Resource Division to ensure that all managers are evaluated each year using the Performance Assessment and Recognition System.</p>	<p><b>REPEATED</b></p> <p>Recommendation 2</p>
<p>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.</p>	<p><b>REPEATED</b> <b>Modified Form</b></p> <p>Recommendation 4</p>

Prior Recommendation	Current Status
<p>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.</p>	
<p>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.</p>	 <p>Recommendation 8</p>
<p>The Department of Motor Vehicles should strengthen internal controls to ensure that it properly monitors access and use of its Towing Inquiry System.</p>	
<p>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.</p>	 <p>Recommendation 7</p>
<p>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.</p>	 <p>Recommendation 12</p>
<p>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.</p>	 <p>Recommendation 13</p>
<p>The Department of Motor Vehicles should improve controls over the review and approval of timesheets to ensure compliance with bargaining unit contracts.</p>	
<p>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.</p> <p>In addition, the department should comply with the annual reporting requirements in Section 14-11e of the General Statutes.</p>	

Prior Recommendation	Current Status
<p>The Department of Motor Vehicles should establish procedures to ensure the proper issuance and management of placards and special license plates.</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, 2021 and 2022. 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.

In planning and conducting our audit, we focused on areas of operations based on assessments of risk and significance. We considered the significant internal controls, compliance requirements, or management practices that in our professional judgment would be important to report users. The areas addressed by the audit included payroll and personnel, revenue and cash receipts, accounts receivable, purchasing and expenditures, asset management, reporting systems, insurance compliance, per se administrative hearings, and information technology. We also determined the status of the findings and recommendations in our prior audit report.

The Department of Administrative Services administers human resources for the Department of Motor Vehicles. Our audit reviewed these functions, based on assessments of risk and significance, as they relate to the Department of Motor Vehicles. Our review did not include reviewing other aspects of the Department of Administrative Services' operations.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the department and certain external parties. We also tested selected transactions. This 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. We obtained this information from various available sources including the department's management and state information systems. It was not subject to our audit procedures. For the areas audited, we:

1. Identified deficiencies in internal controls;
2. Identified apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or procedures; and
3. Did not identify 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.

# 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.

## Organizational Structure

The structure of the department consists of the following functional areas: Office of the Commissioner, Agency Training, Branch Operations, Commercial Vehicle Safety Division, Communications, Customer Contact Center, Division of Equity, Inclusion and Compliance, Driver Regulation Division, Fiscal, Facilities and Audit Services, Information Technology, Legal Service Division, Legislative and Community Affairs, Project Management Office, and Vehicle and Business Regulations.

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 2020.

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.

## Significant Legislative Changes

There were no notable legislative changes that took effect during the audited period.

## Financial Information

### General Fund Revenue

General Fund revenues consisted primarily of receipts from titling of motor vehicles and boats. Receipts totaling \$7,707,257, \$13,374,658 and \$12,034,680 were deposited into the General Fund during the 2020, 2021, and 2022 fiscal years, respectively. The growth in receipts during fiscal year 2021 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 Ended June 30,		
	2020	2021	2022
Sales Tax	\$ 73,126,233	\$ 116,736,982	\$ 122,552,325
Registrations	199,563,265	259,675,965	224,994,014
Temporary Registrations	6,346,929	6,579,598	6,123,046
Operator Licenses	31,496,206	50,198,892	45,304,073
Inspection of Motor Vehicles	6,084,916	7,511,543	6,544,614
Certificates of Title	17,370,930	21,084,376	18,616,855
License Examinations	6,559,882	9,506,057	9,361,304
Late Fees, Fines and Costs	10,542,795	10,985,834	10,851,850
Interstate Carrier Permits	2,879,381	3,540,598	3,190,995
Safety Plate Fees	2,841,590	3,619,154	3,235,617
Emissions Late Fees	2,225,660	309,380	3,902,920
Emissions Exemptions - 4 years	8,494,080	9,379,280	7,031,000
Sale of Commercial Information	25,618,892	21,553,078	19,531,493
Federal Clean Air Act	9,924,922	13,244,630	11,052,485
All Others	1,165,246	949,031	334,108
<b>Total</b>	<b>\$ 404,240,927</b>	<b>\$ 534,874,398</b>	<b>\$ 492,596,699</b>

There was a large increase from fiscal year 2020 to 2021 in Sales Tax, Registrations, and Operator Licenses revenues. This was primarily due to additional extensions for registrations and waivers on fees for expired eligible DMV credentials due to the COVID-19 pandemic.

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 and is payable to DMV. 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 Special transportation Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2020	2021	2022
Personal Services	\$ 46,101,414	\$ 49,084,940	\$ 47,590,921
Other Expenses	15,400,743	15,405,333	16,520,502
Equipment	468,755	467,669	468,756
Reflective License Plates	1,390,021	2,470,078	2,454,617
CVISN Project	316,800	316,800	316,800
<b>Total</b>	<b>\$ 63,677,733</b>	<b>\$ 67,744,820</b>	<b>\$ 67,351,596</b>

The expenditures were relatively steady during the audited period.

## Federal and other Restricted Accounts

Federal grants and other restricted account activities are recorded in the Federal and Other Restricted Accounts Fund. A summary of fund revenues during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2020	2021	2022
<b>Revenue:</b>			
Coronavirus Relief Fund	\$ 0	\$ 9,101,280	\$ 6,112,886
MCSAP Grant	2,127,012	2,325,052	2,002,832
Commercial Vehicle Information Systems & Network	166,174	10,442	0
CDL Improvement Grant	1,584,379	1,277,881	696,827
Innovative Technology Deployment Grant	123,107	378,482	164,104
School Bus Seat Belt Account	1,599,150	1,309,766	1,165,255
Ignition Interlock Admin Account	567,400	470,800	481,350
All other	637,188	1,156,953	924,023
<b>Total</b>	<b>\$ 6,804,410</b>	<b>\$ 16,030,656</b>	<b>\$ 11,547,277</b>

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 materials incidents involving commercial motor vehicles. There was a COVID-19 pandemic assistance grant which was the primary contributor to the increase during the period.

A summary of fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2020	2021	2022
<b>Expenditures:</b>			
Coronavirus Relief Fund	\$ 598,726	\$ 8,503,554	\$ 6,112,886
MCSAP Basic Grant	2,165,981	2,410,159	2,181,158
CDL Improvement Grant	1,570,064	1,107,150	703,453
Ignition Interlock Admin Account	608,222	396,265	455,639
Admin per Se Improvement	0	0	340,639
High Crash Corridor Operations	1,205	479,026	204,823
High Priority ITD Grant FY 2017	209,501	325,501	144,388
Admin Hearing Improvement	447,560	486,704	133,084
Other Expenses	310,247	274,240	180,316
<b>Total</b>	<b>\$ 5,910,505</b>	<b>\$ 13,982,599</b>	<b>\$ 10,456,375</b>

DMV primarily charged expenditures to federal grant receipts for the MCSAP, Commercial Vehicle Information Systems, and the Coronavirus Relief Fund. The high increase in fiscal year 2021 was due to the COVID 19 Pandemic funding which subsided in fiscal year 2022.

## 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 Emissions Fund activity during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2020	2021	2022
<b>Revenue:</b>			
Inspection Fees	\$ 1,622,735	\$ 1,633,625	\$ 2,255,121
Total Revenue	1,622,735	1,633,625	2,255,121
<b>Expenditures:</b>			
Personal Services and Fringe Benefits	6,136,733	6,826,486	6,253,310
All Other Expenditures	208,244	295,561	281,556
Total Expenditures	6,344,977	7,122,047	6,534,866
Excess of Revenue over Expenditures	(4,722,242)	(5,488,422)	(4,279,745)
Appropriation Transfer	5,534,567	5,509,176	5,501,080
Fund Balance at Beginning of Year	5,371,555	6,183,880	6,204,635
Fund balance at End of Year	\$ 6,183,880	\$ 6,204,635	\$ 7,425,970

Fees are collected directly by 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

A summary of the expenditures for capital improvement projects during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2020	2021	2022
<b>Expenditures:</b>			
Upgrade of Motor Vehicle Systems	\$ 0	\$ 1,105,757	\$ 497,367
Upgrade of DMV IT Systems	0	0	305,946
IT Capital Investment Program	636,693	212,950	90,600
Infra Repair & Improvements	192,658	0	49,870
Capital Equipment Purchase Fund	0	323,170	0
All other	125,264	13,127	53,909
Total	\$ 954,615	\$ 1,655,004	\$ 997,692

The increase in 2021 was primarily due to DMV's modernization of its online services. DMV spent most of the funds on technology enhancements.