



An Audit Report on

Complaint Processing at the Department of Motor Vehicles

May 2017
Report No. 17-036



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Overall Conclusion

The Department of Motor Vehicles (Department) investigated complaints it received in accordance with applicable requirements (see text box for the types of complaints the Department investigates).

When it identifies violations, the Department imposes administrative and civil monetary penalties, issues written warnings, and can suspend, revoke or deny registrations. However, the Department should develop processes to help ensure that it (1) maintains sufficient documentation to support the reasons it did not take action on certain complaints and (2) consistently notifies the parties to complaints regarding the status of complaints with the frequency that statute requires.

Between September 1, 2015, and November 30, 2016, the Department reported that it completed 17,111 investigations of complaints it had received and collected \$5,120,272 in penalties. However, in addition to reporting complaints it receives from external parties, the Department also records and reports all of its investigations and other enforcement activities—such as performing inspections, providing advisory services, and sending insurance expiration violation notices—as complaints in its complaint tracking systems. That increases the risk **that the Department’s reporting on complaints could be misinterpreted.**

To improve the effectiveness of its complaint investigations, the Department also should address significant weaknesses in access to and the input of data into its complaint tracking systems. Strengthening controls in those areas will help to ensure that the Department appropriately restricts access to its complaint tracking systems, appropriately segregates the duties associated with its reviews of complaints, and has accurate data and internal reports to measure the effectiveness and timeliness of its complaint investigations.

Auditors communicated other, less significant information technology issues to the **Department’s management separately in writing.**

Background Information

House Bill 3097 (81st Legislature) created the Department of Motor Vehicles (Department), which became operational on November 1, 2009. The Department was initially created from four former divisions of the Department of Transportation.

The Department’s Enforcement Division is responsible for regulating and investigating complaints regarding:

- Motor carriers.
- Motor carrier size and weight permitting and enforcement.
- Motor vehicle and salvage dealers.
- The Texas Lemon Law.

For fiscal year 2016 and fiscal year 2017, the Department received \$168,180,219 and \$145,228,701, respectively, in appropriations and was authorized to have 763 full-time equivalent employees.

Sources: The Department and the General Appropriations Act (84th Legislature).

Table 1 presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Table 1

Summary of Chapters/Subchapters and Related Issue Ratings		
Chapter/Subchapter	Title	Issue Rating ^a
Chapter 1-A	The Department Properly Summarized and Documented the Results of Its Complaint Investigations	Low
Chapter 1-B	The Department Should Strengthen Its Reviews of Complaint Investigations and Certain Documentation to Support Its Complaint Investigations	Medium
Chapter 1-C	The Department Should Review the Accuracy of the Information That It Uses to Measure the Timeliness of Complaint Investigations and Evaluate the Information That It Uses to Report Complaints	Medium
Chapter 2	The Department Should Address Significant Weaknesses in Access to and the Input of Data Into Its Complaint Tracking Systems	High

^a A chapter/subchapter is rated Priority if the issues identified present risks or effects that if not addressed could critically affect the **audited entity's ability to effectively administer the program(s)/function(s) audited**. **Immediate action is required to address** the noted concern and reduce risks to the audited entity.

A chapter/subchapter is rated High if the issues identified present risks or effects that if not addressed could substantially affect the **audited entity's ability to effectively administer the program(s)/function(s) audited**. **Prompt action is essential to address** the noted concern and reduce risks to the audited entity.

A chapter/subchapter is rated Medium if the issues identified present risks or effects that if not addressed could moderately affect the **audited entity's ability to effectively administer program(s)/function(s) audited**. Action is needed to address the noted concern and reduce risks to a more desirable level.

A chapter/subchapter is rated Low if the **audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited** or the issues identified do not present significant risks or effects that would negatively affect the **audited entity's ability to effectively administer the program(s)/function(s) audited**.

Summary of Management's Response

At the end of certain chapters in this report, auditors made recommendations to address the issues identified during this audit. The Department agreed with the recommendations in this report.

Audit Objective and Scope

The audit objective was to determine whether the Department has processes and related controls to help ensure that it reviews, investigates, and resolves complaints in a timely manner and in compliance with applicable statutes, rules, policies and procedures, and other requirements.

The audit scope included all complaints **that the Department's enforcement** division received or closed between September 1, 2015, and November 30, 2016.

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Detailed Results

Chapter 1

The Department Had Sufficient Evidence to Show That It Investigated Complaints It Received in Accordance With Applicable Requirements, But It Should Improve Certain Controls Over Its Processes

The Department of Motor Vehicles (Department) had sufficient evidence to show that it investigated complaints it received in accordance with applicable requirements. However, the Department should improve certain controls over its processes for reviewing and reporting complaints and notifying parties to complaints of the status of the complaints.

Chapter 1-A

The Department Properly Summarized and Documented the Results of Its Complaint Investigations

Chapter 1-A
Rating:
Low ¹

Between September 1, 2015, and November 30, 2016, the Department reported that it completed 17,111 investigations of complaints it had received and collected \$5,120,272 in penalties. Of the amount collected, 77 percent resulted from complaint violations related to insurance cancelations, oversize/overweight motor carriers, failure to transfer title, and violations of advertising requirements (see text box for more information and examples of the types of complaints the Department processes).

The Department had evidence to support its investigation of the 30 motor vehicle and Texas Lemon Law complaints tested and the 30 motor carrier complaints tested. For some of the complaints tested, the Department assessed and collected penalties. Those penalties were within statutory limits, and the Department accurately recorded them in its complaint tracking systems.

Type of Complaints the Department Processes

Motor Vehicle Complaints - Motor vehicle complaints are primarily associated with motor vehicle and salvage dealers. Examples include complaints regarding violations of dealer advertising requirements, failure to transfer title, and violations of premises requirements.

Motor Carrier Complaints - The Department generates motor carrier complaints primarily internally from insurance cancelation reports and other special enforcement projects. Examples of external motor carrier complaints include complaints regarding household goods motor carriers and oversized and overweight motor carriers.

Texas Lemon Law Complaints - Complaints seeking relief under the Texas Lemon Law must be submitted in writing to the Department. The Department is primarily responsible for determining whether there is sufficient support to satisfy the minimum requirements of the Texas Lemon Law or a warranty performance complaint. The Department attempts to reach a settlement or resolution of those complaints through mediation.

Source: The Department.

¹ Chapter 1-A is rated Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

Management's Response

The Texas Department of Motor Vehicles is pleased that the State Auditor's Office (SAO) review found that the department properly summarizes and documents the results of complaint investigations as these activities are critical to department operations.

Chapter 1-B

The Department Should Strengthen Its Reviews of Complaint Investigations and Certain Documentation to Support Its Complaint Investigations

Chapter 1-B
Rating:
Medium ²

Auditors identified certain weaknesses in the Department's processes for reviewing complaints and a lack of documentation to support compliance with certain statutory requirements related to voided complaints and required notifications.

The Department should document its complaint investigation review process and address certain access weaknesses in its complaint tracking systems.

The Department had a process for reviewing complaint investigations; however, it had not fully documented that process and did not consistently follow that process. For example, 6 (20 percent) of 30 motor carrier complaints tested were not reviewed by the motor carrier chief investigator or assistant chief investigator, as the Department's process required. In addition, certain access weaknesses in the Department's complaint tracking systems compromise the reliability of those reviews (see Chapter 2 for additional details on that issue).

The Department should maintain required support for its complaint investigations.

The Department did not consistently maintain sufficient documentation to show the reasons it did not take action on complaints or ensure that it notified parties to complaints with the frequency that statute requires (see text box for additional details on statutory requirements). Specifically:

Excerpts from Texas Occupations Code, Section 2301.202

- (b)(6) If the board [of the Department of Motor Vehicles] does not take action on the complaint, an explanation of the reasons that action was not taken must be kept.
- (c) If a written complaint is filed with the board that the board has authority to resolve, the board, at least quarterly and until final disposition of the complaint, shall notify the parties to the complaint of the status of the complaint unless the notice would jeopardize an ongoing board investigation.

² Chapter 1-B is rated Medium because the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

- For 6 (20 percent) of 30 voided motor vehicle complaints tested, the Department did not have sufficient documentation to show that those complaints were duplicate complaints, as required by statute and the Department's internal procedures.
- For 5 (50 percent) of 10 voided motor carrier complaints tested, the Department did not have sufficient documentation to show the reasons it deleted the complaints.
- For 12 (52 percent) of 23 motor vehicle complaints tested, the Department did not have sufficient support to show that it notified the parties to the complaints at least quarterly as statute requires. However, for those 12 complaints, the Department had support to show that it sent the parties an initial acknowledgement of its receipt of the complaints and notified the parties of the final complaint dispositions.

Recommendations

The Department should:

- Document its required process for reviewing complaint investigations, and appropriately restrict access in its complaint tracking systems for its reviews of complaint investigations.
- Maintain sufficient documentation to show the reasons it did not take action on complaints and the reasons it deleted complaints.
- Notify parties to complaints of the status of the complaints with the frequency that statute requires, or maintain sufficient documentation to show the reasons that notification would jeopardize an ongoing investigation.

Management's Response

The Texas Department of Motor Vehicles agrees with the recommendations. The department has already begun updating and documenting Standard Operating Procedures (SOPs) for its complaint processes, including the process for reviewing complaint investigations, the process for notifying parties of the status of their complaint, and the documentation needed for a complaint where no action will be taken. The SOPs will address the quarterly status report to parties that is required by statute. The SOPs will discuss staff responsibility to assure a status report is sent. The Standard Operating Procedures will be completed by May 15, 2017.

In addition, the department has already restricted access in its complaint tracking systems (eLicensing and Complaint Management System (CMS)) to only those that need access. Although not an audit recommendation, the department has also begun working on an automated solution to notify parties of the status of their complaints to ensure statutory requirements are met. Information Technology Service Requests (ITSRs) were submitted to begin programming the automated notification process, and the new functionality will be deployed by June 30, 2017.

Responsible Parties: Chief Information Officer and Enforcement Division Director

Chapter 1-C

The Department Should Review the Accuracy of the Information That It Uses to Measure the Timeliness of Complaint Investigations and Evaluate the Information That It Uses to Report Complaints

Chapter 1-C
Rating:
Medium³

The Department processes motor carrier complaints (including oversized/overweight complaints) in its Complaint Management System (CMS) and processes motor vehicle and Texas Lemon Law complaints in its Licensing, Administration, Consumer Affairs, and Enforcement system (LACE). Inaccurate information in the date fields in both systems prevented auditors from being able to calculate the timeliness of complaint investigations. In addition, because the Department records all enforcement activities as complaints, information that the Department reports regarding complaints could be misinterpreted.

Timeliness of complaint investigations. Weaknesses in key date fields in the Department's complaint tracking systems prevented auditors from accurately calculating the timeliness of the Department's complaint investigations. For example:

- CMS and LACE both contained complaint records with a closed date that was before the received date. In addition, 4 (15 percent) of 27 complaints tested in LACE had inaccurate received dates.
- Certain date fields in CMS were blank. For example, 91 complaint records had investigation completion dates that were blank.

³ Chapter 1-C is rated Medium because the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

Not having accurate information in the date fields affects the usefulness of reports the Department uses to make decisions on caseload assignments, assess investigator performance, and accurately produce internal and external reports.

Complaint reporting. In the Automated Budget Evaluation System of Texas (ABEST), for its key performance measure entitled Number of Non-Lemon Law Complaints Completed, the Department defines non-Lemon Law complaints as complaints concerning the motor vehicle industry, salvage industry, motor carrier credentialing, motor carrier household goods, and motor carrier oversize/overweight cases. However, the Department records and reports all of its investigations and other enforcement activities—such as performing inspections, providing advisory services, and sending insurance expiration violation notices—as complaints in its complaint tracking systems and on its performance reports. Examples of activities the Department recorded as complaints between September 1, 2015, and November 30, 2016, included the following:

- Insurance Violations - The Department generates the majority of motor carrier complaints internally through reports it receives on insurance expirations and other special projects. For example, 79 percent of motor carrier complaints closed between September 1, 2015, and November 30, 2016, were related to insurance cancellation violations. Insurance complaints are generated when a motor carrier’s insurance has expired and the Department has not received information regarding new insurance. In those cases, the Department automatically sends a notice of noncompliance to the motor carrier.
- Inspections – The Department records its onsite inspections of motor carriers and motor vehicle dealers as complaints, regardless of whether those inspections identified any violations.
- Advisory Services – The Department records its courtesy onsite visits to motor carriers as complaints. The Department performs those onsite visits to educate new motor carriers or to visit motor carriers for the first time, and it performs those visits in the area where it is already performing a complaint investigation.
- Other Enforcement Activities. The Department’s enforcement division records various internal enforcement activities as complaints. For example, that division records as complaints the activities that it conducts to follow up on license application requests for which the applicants made assertions related to a prior felony status (the Department refers to those requests as “felony fitness complaints”).

While the above activities represent significant services the Department provides, it is not clear whether those activities meet the Department's ABEST definition of complaints. Recording those activities as complaints could increase the risk that the Department's reports regarding complaints could be misinterpreted.

Recommendations

The Department should:

- Implement a process to review the accuracy of complaint data entered into its complaint tracking systems, including key dates that it uses for internal reporting and to track the timeliness and effectiveness of complaint investigations.
- To reduce the risk of misinterpretation of its reports on complaints, ensure that those reports include (1) its definition of a complaint and (2) only activities that meet that definition.

Management's Response

The Texas Department of Motor Vehicles agrees with the recommendations. During the audit, the department implemented a new case management system for motor vehicle complaints where key dates (e.g., submission date) are automatically entered and cannot be changed. The system for motor carrier complaints has also been upgraded to automatically enter the dates.

The department will include its definition of complaints and only report on activities that meet that definition. Standard Operating Procedures are being revised to distinguish between the different complaint types (e.g., cases) and whether the case is generated as a result of a filed complaint with the department or one that is self-initiated. The Standard Operating Procedures will be completed by May 15, 2017.

Responsible Parties: Chief Information Officer and Enforcement Division Director

The Department Should Address Significant Weaknesses in Access to and the Input of Data Into Its Complaint Tracking Systems

Chapter 2
Rating:
High ⁴

The Department uses two systems to record and track complaint data: (1) the Complaint Management System (CMS) for tracking motor carrier complaints and (2) the Licensing, Administration, Consumer Affairs, and Enforcement (LACE) system for tracking motor vehicle complaints. At the time of the audit, the Department was in the process of replacing LACE; therefore, auditors did not test general controls for that system and were able to perform only limited application control tests.

As discussed below, auditors identified significant weaknesses in access controls, change management, and application controls for CMS.

CMS did not have adequate access controls to ensure adequate protection and accountability for data at the application or server levels.

Auditors identified weaknesses in CMS password controls, disabling of user access, and aligning access privileges with users' job duties. Specifically:

- The Department did not appropriately restrict passwords or enforce password policies in CMS for high-profile accounts. That increased the risk of unauthorized access to CMS and compromised controls designed to ensure complaint investigations undergo proper review. Auditors communicated specific details related to password issues separately to the Department in writing.
- The Department did not adequately restrict access to CMS servers to users who required that access to perform their job responsibilities. Auditors identified six accounts with inappropriate access (see text box for additional details on access considered inappropriate). Four of those accounts belonged to former employees or contractors of the Department. The remaining two accounts belonged to CMS developers. In addition, the Department did not periodically review administrator accounts on its server to ensure that it removed inappropriate, unnecessary, or unauthorized accounts in a timely manner. Unauthorized, inappropriate, or

Inappropriate Access

For the purposes of this audit, auditors considered access to be inappropriate if:

- An active account belonged to an individual whose employment had been terminated or a contractor that was no longer providing services to the Department.
- A system account was no longer required or used.
- An account had excessive access privileges when compared to the user's job duties.

⁴ Chapter 2 is rated High because the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

unnecessary accounts with access to the servers could result in modification or misuse of Department information assets.

CMS did not have controls to prevent developers from moving their own code into the production environment.

All changes to CMS made since the Department implemented a tracking system in September 2016 that auditors tested were appropriately documented, authorized, tested, and implemented by someone other than the developers.

However, the same two CMS developers with server-level access issues discussed above also wrote code for CMS and had inappropriate access to move their own code into the production environment. One additional user account had inappropriate access to the production folder on all three servers. The Department could not provide support showing why that access was necessary. Although auditors did not identify inappropriate code changes for the time period reviewed, those issues represent weaknesses in segregation of duties that increase the risk of unauthorized or unintentional modification or misuse of Department information assets.

CMS did not contain certain application controls, which affected data integrity and impaired segregation of duties related to complaint processing.

CMS did not have certain controls built into the application, which led to inadequate segregation of duties in complaint processing. Specifically:

- CMS did not have controls to prevent an investigator from approving his or her own investigation. CMS provides levels of access by assigning users to specific CMS roles, and each role has a predetermined access level. Auditors identified instances in which investigators were assigned both the investigator role and the supervisor role in CMS. If an investigator had both of those roles in CMS, the investigator could approve his or her own investigation. In addition, any individual with a supervisor role in CMS could sign off on an investigation as the managing attorney. The managing attorney reviews complaints after investigations are complete and determines whether the Department should close complaints as non-violations or warnings, or whether a violation constitutes further action (such as issuing a notice of department decision or assessing penalties).
- Key drop-down lists in CMS that the Department used to assign complaints to investigators and as support for required management reviews contained the names of individuals (such as former employees) who did not have a valid business reason for being included in those lists. Auditors identified three instances in CMS for which a former employee was selected from the drop-down list and added as an investigator on a complaint. In those three cases, the Department identified those errors

and reassigned the complaints to other investigators (it reassigned two complaints the same day it identified the errors, and it reassigned the remaining complaint six days after it identified the error).

Not having adequate application controls increases the risk of human error in the entry and processing of complaint data in CMS and could allow the Department to process and close complaints without adequate checks and balances. A lack of adequate application controls also could result in a complaint being left unresolved or delay the investigation of a complaint.

Recommendations

The Department should:

- Ensure that password controls for its complaint systems comply with Department security policies and industry best practices.
- Disable employees' and contractors' access to its complaint systems promptly upon termination of employment or services.
- Ensure that user access privileges for its complaint systems align with users' job duties, and promptly modify user access privileges when users' job duties change.
- Adequately restrict access to complaint system servers.
- Remove access that allows developers to move their own code into the production environment.
- Ensure that its complaint systems contain the applications controls necessary to ensure data integrity and appropriate segregation of duties related to complaint processing.

Management's Response

The Texas Department of Motor Vehicles agrees with the recommendations. When the department became aware of the issues identified by the SAO, the department immediately began remediation efforts and an investigation into how the issues occurred in order to prevent similar issues in the future. The department has already taken the following actions:

- *Password controls for the complaint system inherited from the Texas Department of Transportation has been updated to comply with the Texas Department of Motor Vehicles' security policies and industry best practices. The other system recently launched in February 2017 already*

complied with department security policies and followed industry best practices.

- *Standard Operating Procedures have been updated to include a review of server and database access when annual system access validation occurs.*
- *Developer's access to move their own code into the production environment is currently being remediated through the addition of a new Active Directory role. Completion Date: May 31, 2017.*
- *The following application controls were implemented in CMS to ensure data integrity and appropriate segregation of duties:*
 - *Drop down lists were updated to ensure only active employees with appropriate job roles could be selected.*
 - *Controls have been put into place to prevent CMS investigators from approving their own cases.*
 - *Submission dates are automatically populated to ensure date integrity.*

The department's Information Security Manual already states that employees' and contractors' access to systems must be promptly removed upon termination of employment and/or services. The manual also states that access to systems must be appropriate for the employee's or contractor's job duties. In addition, the Information Security Office reviews system access annually.

The department is also updating the Standard Operating Procedures (SOPs) for its complaint processes. The SOPs will provide that investigators cannot close cases and that a supervisor will review all cases before closing or forwarding to an attorney. The SOPs will address when a supervisor or chief investigator is involved in an investigation as well. In those cases, the director or managing attorney will review the case.

Responsible Parties: Chief Information Officer and Enforcement Division Director

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The audit objective was to determine whether the Department of Motor Vehicles (Department) has processes and related controls to help ensure that it reviews, investigates, and resolves complaints in a timely manner and in compliance with applicable statutes, rules, policies and procedures, and other requirements.

Scope

The audit scope included all complaints that the Department's enforcement division received or closed between September 1, 2015, and November 30, 2016.

Methodology

The audit methodology included collecting and reviewing complaint information and documentation; conducting interviews with Department staff; reviewing statutes, rules, and Department policies and procedures; and performing selected tests and other procedures.

Data Reliability and Completeness

Auditors used complaint information from the Department's Complaint Management System (CMS) and Licensing, Administration, Consumer Affairs, and Enforcement (LACE) system. Auditors reviewed the data for validity and completeness by (1) reviewing user access, (2) reviewing data query criteria, (3) reconciling data with the Department's reported complaint performance measures, and (4) performing a high-level review of data fields and their content for appropriateness. Auditors determined that the data was sufficiently reliable for selecting samples of complaints and to test the Department's review and investigation of those complaints; however, auditors determined that the data was not sufficiently reliable to answer all audit objectives. Specifically, CMS had no controls for logical entry of the investigation received and complete dates and, because those data issues were significant, auditors were unable to determine the timeliness of the Department's complaint investigations.

Sampling Methodology

To test complaints at the Department, auditors stratified the population by complaint type and used professional judgement to select nonstatistical samples of closed and inactivated complaints from both CMS and LACE. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Information collected and reviewed included the following:

- Department policies and procedures.
- Complaint data from CMS and LACE.
- Complaint and investigation documentation for selected complaints that the Department closed or inactivated from fiscal year 2016 through November 30, 2016.
- Department complaint performance measure data from the Automated Budget Evaluation System of Texas.
- List of Department users and roles assigned in CMS.
- List of complaint investigators and their assigned regions for the audit scope.

Procedures and tests conducted included the following:

- Interviewed Department employees.
- Tested selected closed complaints for appropriate approvals, compliance with statute, and internal procedures, and reviewed support for selected penalty assessments and collections.
- Tested selected inactivated complaints for appropriate documentation and compliance with statute.
- Reviewed and analyzed complaint data related to staffing, investigations, and penalties in CMS and LACE.
- Developed process maps for the different complaint types and obtained Department agreement on the processes.

Criteria used included the following:

- Texas Occupations Code, Chapter 2301.

- Texas Transportation Code, Chapters 503 and 643.
- Title 43, Texas Administrative Code, Chapter 215.
- Title 1, Texas Administrative Code, Chapter 202.
- *Department of Information Services Control Catalog*, version 1.2.

Project Information

Audit fieldwork was conducted from October 2016 through April 2017. 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 following members of the State Auditor's staff performed the audit:

- Stacey Williams, CGAP (Project Manager)
- Link Wilson (Assistant Project Manager)
- Paige Dahl
- Marla Hayes
- Taylor Sams
- Doug Stearns, CISA
- Serra Tamur, MPAff, CISA, CIA
- Dennis Ray Bushnell, CPA (Quality Control Reviewer)
- James Timberlake, CIA, CFE (Audit Manager)

Issue Rating Classifications and Descriptions

Auditors used professional judgement and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Table 2 provides a description of the issue ratings presented in this report.

Table 2

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

Copies of this report have been distributed to the following:

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The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Joe Straus III, Speaker of the House, Joint Chair

The Honorable Jane Nelson, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable John Zerwas, House Appropriations Committee

The Honorable Dennis Bonnen, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Department of Motor Vehicles

Members of the Department of Motor Vehicles Board

Mr. Raymond Palacios Jr., Chair

Mr. Blake Ingram, Vice Chair

Mr. Robert Barnwell III

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Mr. Brett Graham

Ms. Kate Hardy

Mr. Gary Painter

Mr. Guillermo Treviño

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