



Texas Department
of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Fiscal Year 2017 Annual Audit Report

18-01

Internal Audit Division

October 2017

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Fiscal Year 2017 Annual Internal Audit Report, 18-10

Executive Summary

BACKGROUND

On an annual basis, the Internal Audit Division (IAD) submits its internal audit report to statutorily required parties. The parties that receive a copy of this report include the Sunset Commission, State Auditor's Office, Legislative Budget Board, and the Governor's Office. In addition, the report is posted on the Texas Department of Motor Vehicles (TxDMV) website.

The report provides information on the assurance (audit) services, consulting services, and other activities that were conducted in fiscal year 2017 by the IAD.

The report is developed using the guidelines set forth by the State Auditor's Office.

RESULTS

In fiscal year (FY) 2017, the IAD finalized five audits and two advisory services. These audits and advisory services were either carry forward engagements from the IAD's FY 2016 audit plan or were identified as high-risk areas in the FY 2017 audit plan. The FY 2017 audit plan was revised toward the end of the fiscal year when an audit was removed from the plan and another audit was added. Specifically, the Texas Department of Motor Vehicles (TxDMV) Fund Tables audit was removed and the Payment Card Industry (PCI) Compliance was added to the plan. All audits on the FY 2017 revised plan were finished and no audits or advisory services were carried forward to the FY 2018 audit plan.

The FY 2018 audit plan, which was approved by the TxDMV Board on August 17, 2017, consists of several items including 12 engagements, other internal audit duties, and two contingency audits. These items listed in the audit plan were identified using a risk-based methodology and cover risk related to expenditure transfers, capital budget controls, other limitations or restrictions in the General Appropriation Act, contract management, and information technology risks.

As required in the guidelines set forth by the State Auditor's Office, this report includes information on the external reviews coordinated by the IAD as well as a brief description of actions taken by TxDMV to comply with the fraud reporting and investigation coordination requirements.

Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Web site

The Internal Auditing Act, Texas Government Code §2102.015 requires that within 30 days of approval, an entity should post its audit plan and internal audit annual report on its internet web site. The Texas Department of Motor Vehicles (TxDMV) Board approved the *Fiscal Year 2018 Internal Audit Plan* on August 17, 2017, and the TxDMV web master posted the plan to the web site on August 17, 2017. Similarly, the TxDMV Board approved the *Fiscal Year 2017 Annual Internal Audit Report* on October 19, 2017 and the TxDMV web master will post the report on the TxDMV website in October 2017. These reports may be found at <http://www.txdmv.gov/reports-and-data>.

Internal Audit Recommendation and Implementation Status

Government Code §2102.015 also requires an entity to post a summary of any concerns resulting from the audit plan or annual report and actions taken to address those issues. To address these requirements, the Internal Audit Division (IAD) summarized fiscal year 2017 audits results and the agency's progress in implementing any corrective action needed in the table below.

Audit Report Number and Name	Audit Summary	Implementation Status
16-03 An Audit on the Efficiency of the Texas International Registration Plan Compliance Audit Process	The IAD reviewed the International Registration Plan (IRP) Audit Compliance Section within the Motor Carrier Division (MCD). The IRP allows licensed commercial vehicles that engage in interstate operations to obtain registration credentials in one jurisdiction. The IRP Audit Compliance Section conducts audits to ensure proper payment is given to all states for commercial vehicles that are registered in Texas. The IAD identified areas of improvement related to reviewing audits, developing an annual audit plan, and creating an electronic process for conducting and storing audit documentation. The IAD issued six audit recommendations to address the identified issues.	The TxDMV is actively working on audit recommendations issued in the report. The TxDMV anticipates implementing all recommendations by December 2017.
16-04 An Audit of Texas Department of Motor Vehicles' Internal Controls Related to the Driver's Privacy Protection Act	The IAD found that TxDMV is compliant with the state Motor Vehicle Records Act (Act) and the Driver's Privacy Protection Act (DPPA). Although no findings were issued related to compliance with the Act or DPPA, the IAD identified opportunities for the TxDMV to strengthen processes that protect customers' personal information from inappropriate use. The IAD issued five audit recommendations to address the identified issues.	The TxDMV is actively working on audit recommendations issued in the report. The TxDMV anticipates implementing all recommendations by July 2018.

Audit Report Number and Name	Audit Summary	Implementation Status
16-05 An Audit of Oversize/Overweight Permitting	<p>The IAD found that MCD had processes for issuing Oversize/Overweight permits that were working as intended to provide timely and accurate route restriction updates to the motor carriers and the traveling public. Route restrictions were entered within hours of the restriction request being submitted. MCD successfully implemented multiple controls in its Permit Restriction Application process to ensure public safety. The IAD did not issue any recommendations in this report.</p>	Not Applicable.
17-02 Registration of Titling System (RTS) Refactoring and Single Sticker Post-Implementation Review	<p>The IAD found that the Cognos enterprise reporting application, which replaced the Registration and Titling System (RTS) legacy report tool, is pulling data accurately according to its design.</p> <p>However, users were skeptical of Cognos data reliability and completeness, leading them to spend additional time and effort verifying Cognos report output to RTS source data to ensure reports' accuracy. In addition, user training did not cover the differences in data processing between the RTS reporting tool and the Cognos reporting application. The training provided consisted of tutorials on the mechanics of the user interface for application navigation and generating reports. The IAD issued two audit recommendations to address the identified issues.</p>	<p>The TxDMV is addressing the audit recommendations issued in the report. The TxDMV anticipates implementing all recommendations by August 2018.</p>
17-05 Fiscal Year 2017 Internal Audit Follow-Up	<p>IAD verified the implementation status of 125 internal audit recommendations that had a completion date before January 1, 2017 or had no assigned completion date.</p> <p>IAD found that the TxDMV had fully implemented 106 (85%) recommendations and had partially implemented 15 (12%) recommendations. For the partially implemented recommendations, divisions provided updated responses (if needed) and new completion dates. In addition, the IAD determined that four (3%) recommendations were deemed no longer applicable because of changes to the program, division, or function.</p>	<p>The TxDMV is actively working on addressing the recommendations found to be partially implemented. The TxDMV anticipates implementing all recommendations by December 2018.</p>

Audit Report Number and Name	Audit Summary	Implementation Status
17-07 Payment Card Industry (PCI) Compliance with Credit Card Information Storage	<p>The TxDMV accepts customers' credit cards for some transactions. To be able to accept credit cards, the TxDMV attests to the Payment Card Industry (PCI) Security Standards Council that credit card information obtained is being safeguarded.</p> <p>The IAD issued seven audit recommendations to address issues identified in the audit.</p>	<p>The TxDMV is actively working on addressing the recommendations issued in this audit. The TxDMV anticipates that all audit recommendations will be implemented by January 2018.</p>

Internal Audit Plan for Fiscal Year 2017

The status of the fiscal year (FY) 2017 audit plan engagements are outlined below.

Report Title	Report Number	Release Date
An Audit of Oversize/Overweight Permitting	16-05	November 2016
Fiscal Year 2016 Annual Internal Audit Report	17-01	November 2016
Registration of Titling System (RTS) Refactoring and Single Sticker Post-Implementation Review	17-02	May 2017
Information Technology Services (ITS) Division - Application Services Section Organizational Review Advisory Service	17-03	May 2017
Fiscal Year 2017 Internal Audit Follow-Up	17-05	August 2017
Continuous Monitoring of Vehicle Registration and Title Transactions Advisory Service	17-06	August 2017 ¹
Payment Card Industry (PCI) Compliance with Credit Card Information Storage	17-07	August 2017 ²
Fiscal Year 2018 Internal Audit Plan	17-08	August 2017

Internal Audit Plan Deviation

The TxDMV Board approved changes to the *TxDMV Internal Audit Plan for Fiscal Year 2017* (audit plan). Specifically, the Board approved the removal of the TxDMV Fund Tables and Process & Handling Fees audit and the addition of the Payment Card Industry (PCI) Compliance with Credit Card Information Storage audit to the audit plan on June 1, 2017.

¹ The report was released to TxDMV Management in August 2017; however, it was not presented to the TxDMV Board until October 2017.

² The report was released to TxDMV Management in August 2017; however, it was not presented to the TxDMV Board until October 2017.

Consulting Services and Nonaudit Services Completed

Consulting Services

The Internal Audit Division conducted two advisory services, or consulting services, during FY 2017. The advisory services related to assessing the organization of the Information Technology Services (ITS) Division – Application Services Section and facilitating the development of the Fraud Data Dashboard. Information on each advisory service are documented below.

Information Technology Services (ITS) Division – Application Services Section Organizational Review

In May 2017, the IAD issued its advisory service for the ITS Division named “Information Technology Services (ITS) Division – Application Services Section Organizational Review Advisory Service”. The objectives of the advisory service were the following:

- To determine whether planned IT resource time allocation aligned with actual time expended.
- To determine whether employee responsibilities align with employee skills.
- To determine whether time allocation within the system is sufficient.

The Internal Audit Division determined that an over allocation of ITS Division resources had occurred due to project capacity planning and limited cross-training. ITS Division resources, however, had sufficient skill set and knowledge for their assigned duties. The IAD made three recommendations to address the issues identified in the advisory service:

- Schedule cross-training and adjust resource allocation according to expanded resource skill sets.
- Develop a process for communicating when a project resource will be unavailable to finish project assignments or may be significantly delayed.
- Communicate resource allocation adjustment or reassignment to all parties timely, including hours and task progress.

The TxDMV is actively working on implementing the audit recommendations.

Continuous Monitoring of Vehicle Registration and Title Transactions Advisory Service

In August 2017, the IAD finalized its advisory service for the Vehicle Titles and Registration Division. The advisory service was named “Continuous Monitoring Capabilities – Confidential Advisory Service”. The objectives of the advisory service were the following:

- To identify high-risk fraudulent activities that may warrant monitoring.
- To identify reports that could be developed and used to detect potential fraudulent transactions.
- To identify the frequency of monitoring the reports.
- To identify potential thresholds for transactions that could indicate fraud risk.
- To identify data analytical tools.

The IAD identified several reports that could be used for monitoring high-risk fraudulent activities of title and registration transactions and identified baseline transaction thresholds for certain suspicious transaction activities. The IAD also researched data analytics tools and platforms that could conduct the necessary analysis for fraud detection and, potentially, fraud prevention. The IAD identified seven data analytics tools that met management requirements related to usability, cost, and supportability. No recommendations were made in the report as all information presented was for informational purposes.

Nonaudit Services

In addition to the consulting engagement conducted in FY 2017, the IAD is an advisor on the TxDMV Executive Steering Committees and Governance Committee for technology and capital projects. In the committees, IAD provides risk perspective and does not design, implement, or make code modifications to hardware and software systems.

External Quality Assurance Review (Peer Review)

IAD underwent an external quality assurance review (peer review) in March 2015 and plans to undergo another peer review in fiscal year 2018. Representatives of the State Agency Internal Audit Forum performed the peer review in accordance with its peer review policies and procedures effective February 2013. On April 1, 2015, the Internal Audit Division received a rating of “pass” out of three possible ratings: pass, pass with deficiencies, or fail. The report noted one opportunity for improvement; the opportunity and the Audit Director’s response is as follows:

Opportunity for Improvement:

In evaluating the impact of technology on the Agency’s future resource needs, consideration should be given to additional audit resources whose primary expertise and responsibility is auditing technology, including the complexities of contracts required for technology projects.

Director’s Response:

The Director agrees with the above opportunity for improvement. Current staff will take steps to increase their technology skills and knowledge through professional development. If an audit requires technical skills the audit team does not possess, the Division will request approval to hire a temporary contract IT auditor. Also, the Internal Audit Division will seek an auditor with information technology experience when it has a vacancy or if additional resources are assigned to the Division.

See the following page for the peer review opinion and certificate, excerpted from the *TxDMV Internal Audit Division External Quality Assurance Review – April 2015*.

OVERALL OPINION

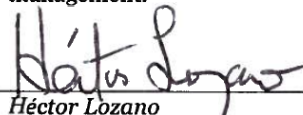
Based on the information received and evaluated during this external quality assurance review, it is our opinion that the Texas Department of Motor Vehicles (TxDMV) Internal Audit Division receives a rating of “pass” and is in compliance with the Institute of Internal Auditors (IIA) *International Professional Practices Framework (effective January 1, 2013)* and Code of Ethics, the United States Government Accountability Office (GAO) *Government Auditing Standards (December 2011 Revision)*, and the Texas Internal Auditing Act (*Texas Government Code*, Chapter 2102). This opinion, which is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

We found that the Internal Audit Division is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. The staff members are qualified, proficient, and knowledgeable in the areas they audit. Individual audit projects are planned using risk assessment techniques; audit conclusions are supported in the working papers; and findings and recommendations are communicated clearly and concisely.

The Internal Audit Division is well managed internally. In addition, the Division has effective relationships with the Board and is well respected and supported by management. Surveys and interviews conducted during the quality assurance review indicate that management considers Internal Audit a useful part of the overall agency operations and finds that the audit process and report recommendations add value and help improve the Agency's operations.

ACKNOWLEDGEMENTS

We appreciate the courtesy and cooperation extended to us by the Internal Audit Director, Internal Audit staff, the Chairman of the Board and Finance and Audit Committee Chairman, the Executive Director, and the senior managers who participated in the interview process. We would also like to thank each person who completed surveys for the quality assurance review. The feedback from the surveys and the interviews provided valuable information regarding the operations of the Internal Audit Division and its relationship with management.



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Senior Internal Auditor
Texas Department of Family and
Protective Services
SAIAF Peer Review Team Leader

4/1/15
Date



Luis Solís
Audit Manager
Texas Workforce Commission
SAIAF Peer Review Team Member

4/1/15
Date



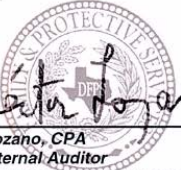

The Internal Audit Division of the Texas Department of Motor Vehicles

Receives a rating of

Pass

In compliance with the Institute of Internal Auditors' International Professional Practices Framework, Government Auditing Standards, and the Texas Internal Auditing Act

This opinion is based on a quality assessment review conducted by members of the Texas State Agency Internal Audit Forum during the period of February 2015 through March 2015. The review was based on the methodology developed by the Texas State Agency Internal Audit Forum



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Internal Audit Plan for Fiscal Year 2018

The TxDMV Board approved the *Fiscal Year 2018 Internal Audit Plan* on August 17, 2017 and the engagements are listed below with information on the hours allocated to each engagement, the engagement background information, and the preliminary objectives (if necessary).

Engagement Topic	Background and Preliminary Objective(s)
<p>1. TxDMV Fund Tables and Process & Handling Fees 800 hours</p>	<p><u>Background:</u> In FY 2017, the TxDMV changed its method of finance from the General Revenue Fund (Fund 1) to the TxDMV Fund (Fund 10) for most of its operations. With the change, most of the TxDMV expenditures and revenues, including revenues produced from the Process & Handling Fees, are recorded in Fund 10. As of April 2017, \$93.2 million of revenue had been deposited to the TxDMV Fund since the beginning of FY2017.</p> <p><u>Preliminary Objective(s):</u></p> <ul style="list-style-type: none"> • To determine whether appropriate revenues, including motor vehicle registration fees, are deposited to the TxDMV fund appropriately • To determine whether appropriate amounts of revenue are transferred to counties per agency rule
<p>2. Inventory 1000 hours</p>	<p><u>Background:</u> Capitalized and controlled assets (e.g., printers, computers, cameras, vehicles) are located throughout the state, including at Tax Assessor-Collectors' offices, Full Service Deputies' locations, and TxDMV's Regional Service Centers. In FY2017, the TxDMV had over 8,300 capitalized and control assets that had an initial cost of \$11.9 million. In addition, the TxDMV upgraded assets located at Tax Assessor-Collectors' offices in FY2017.</p> <p><u>Preliminary Objective(s):</u></p> <ul style="list-style-type: none"> • To determine if an adequate process exists to accurately and completely track assets • To determine if an adequate process exists to safeguard assets • To determine whether appropriate access controls exist to safeguard assets • To determine if the department is in compliance with statutory requirements
<p>3. eLicensing 1000 hours</p>	<p><u>Background:</u> eLicensing has changed how the TxDMV processes and handles motor vehicle licenses and complaints. eLicensing allows motor vehicle dealers, salvage dealers, and industry licensees to apply, renew, or amend their license online. In addition, it allows customers to submit complaints about motor vehicle issues online.</p>

Engagement Topic	Background and Preliminary Objective(s)
	<p><u>Preliminary Objective(s):</u></p> <ul style="list-style-type: none"> • To determine if eLicensing is achieving desired outcomes related to faster services to customers • To review the adequacy of access controls within eLicensing • To determine eLicensing's impact on the licensing process
<p>4. Open Records 500 hours</p>	<p><u>Background:</u> An estimated 20,000 open records requests, or Public Information Requests (PIRs), were received in FY2017. Although the PIRs are routed through the Office of General Counsel, each division is responsible for coordinating and providing the information for the PIRs. In addition, a new application, FOIAXpress, is used for handling PIRs.</p> <p><u>Preliminary Objective(s):</u></p> <ul style="list-style-type: none"> • To determine if PIRs are handled consistently throughout the department • To determine whether costs for PIRs are appropriate • To determine if PIRs are handled in accordance with state laws
<p>5. Fraud, Waste, and Abuse Risk Assessment 300 hours <i>Advisory Service</i></p>	<p><u>Background:</u> The TxDMV has focused on identifying and managing fraud, waste, and abuse risks; however, a risk assessment has not been fully developed to determine which fraud, waste, and abuse risks are the highest risks for the department and how those risks should be mitigated. This advisory service will be a yearlong project to identify fraud, waste, and abuse risks for the department, to rank those risks, and to help the department develop mitigation responses to those risks.</p>
<p>6. Payment Card Industry (PCI) Compliance 350 hours</p>	<p><u>Background:</u> Customers' credit cards are accepted for some of the department's transactions. To be able to accept credit cards, the TxDMV has to attest to the Payment Card Industry (PCI) Security Standards Council that the credit card information obtained from transactions are being safeguarded and the department is meeting the twelve PCI requirements. The requirements range from installing and maintaining a firewall to maintaining an information security policy.</p> <p>In addition, the IAD conducted a preliminary PCI Compliance audit in FY2017.</p> <p><u>Preliminary Objective(s):</u></p> <ul style="list-style-type: none"> • To determine whether TxDMV is compliant with certain aspects of PCI • To determine the implementation status of previously issued PCI audit recommendations

Engagement Topic	Background and Preliminary Objective(s)
<p>7. Travel and Training 500 hours</p>	<p><u>Background:</u> In FY2017, the TxDMV budgeted \$375,000 for in-state and out-of-state travel and \$290,000 in training. In addition, the 85th Legislature showed concern on the appropriateness of travel and training done by state agencies.</p> <p><u>Preliminary Objective(s):</u></p> <ul style="list-style-type: none"> • To determine if training requests have the appropriate approvals and justifications • To determine if travel requests have the appropriate approvals and justifications • To determine if a process exists to ensure travel and training requests are appropriate and meet the needs of the department • To evaluate how TxDMV's handling of board member travel compares with other state agencies • To determine if travel and training are in compliance with state law and guidance
<p>8. Social Media 350 hours</p>	<p><u>Background:</u> Social media (e.g., Twitter, Facebook, Instagram) is used by both public and private sector entities to connect with customers and provide more on-demand help/services. However, on-demand communication with customers carries risk to the department's brand if the messages do not align with the department's strategic goals and vision. The TxDMV uses Twitter and Facebook to communicate with customers. The TxDMV receives about sixty-four and posts six to twelve social media messages/comments a month on its primary accounts.</p> <p><u>Preliminary Objective(s):</u></p> <ul style="list-style-type: none"> • To determine if the department's social media policies and processes have been sufficiently developed to protect the department's brand
<p>9. Management or Board Request 300 hours</p>	<p><u>Background:</u> Time has been allotted for a special request or a review of a new or emerging risk for the department. If no request is received, one of the audits from the contingent audit list will be conducted (see page 7).</p>
<p>10. FY2018 Internal Audit Follow-Up 50 hours</p>	<p><u>Background:</u> This project would verify if outstanding internal and external audit recommendations have been fully implemented. Quarterly reporting will be provided as well as an annual report.</p> <p><u>Preliminary Objective(s):</u></p> <ul style="list-style-type: none"> • To determine if internal and external recommendations have been fully implemented

Engagement Topic	Background and Preliminary Objective(s)
11. Fiscal Year 2019 Internal Audit Plan 100 hours	<u>Background:</u> The annual audit plan is prepared using risk assessment techniques to identify individual audits to be conducted during the year. The TxDMV Board must review and approve the annual audit plan as required by Government Code.
12. Fiscal Year 2017 Annual Internal Audit Report 30 hours	<u>Background:</u> A summary of internal audit activities, including the status of the FY2017 audit plan, non-audit services provided, and external audit services procured; and the FY2018 audit plan. Government Code requires this annual report be submitted before November 1 to the TxDMV Board, the Governor, the Legislative Budget Board, the State Auditor's Office, and the Sunset Advisory Commission.

In addition to conducting engagements, the IAD has other duties that it performs each fiscal year. The other duties include conducting quality control on issued audit and advisory service reports, preparing and facilitating the required Peer Review, working on Anti-Fraud, Waste, and Abuse Items, and providing ad hoc advisory services to the department. The table below summarizes the other Internal Audit Duties and the hours allocated to each item. In addition, the table provides information on the total budgeted hours for the IAD activities, including hours allocated to engagements and hours to other duties.

Other Internal Audit Duties	
1. Coordinating with external auditors and reviewers (30 hours)	
2. Working on Anti-Fraud, Waste, and Abuse Items (450 hours)	
3. Conducting an annual Quality Assurance and Improvement Program as required by auditing standards (50 hours)	
4. Coordinating the required Peer Review (180 hours)	
5. Advising the agency's Governance Team and Executive Steering Committees (200 hours)	
6. Providing ad hoc advisory services or consultations (250 hours)	
Total Budgeted Hours on Required Reports, Audits ,and Advisory Service:	5,280
Total Budgeted Hours on Other Internal Audit Division Duties:	1,160
Total Budgeted Hours for Reports and Division Duties in FY 2018:	6,440

Contingency Audits

The TxDMV Board approved the following contingency audits that may be done during FY 2018. Hours and objectives have not been developed for these audits.

Topic	Background
1. Regional Service Centers	<u>Background:</u> The Regional Service Centers (RSCs) play an integral role in serving the TxDMV customers located throughout the state of Texas. Each RSC has a regional manager that manages the RSC and an assistant chief that oversees the RSC. This audit would review the monitoring done to ensure the RSCs are meeting the department's objectives and the customer needs.
2. Lemon Law Investigation and Resolution Process	<u>Background:</u> The lemon law resolution process was transferred from the State Office of Administrative Hearings (SOAH) to the department when HB 1692 (83 rd Texas Legislature, Reg. Session) passed. As of January 2014, the Office of Administrative Hearings, with help from the Enforcement Division, has been in charge of handling lemon law investigations and resolutions. This audit would review if expected outcomes have been achieved and if there are any improvements to the process to help customers receive resolution faster.

Methodology

The audit plan was developed using a risk-based methodology including input from several sources, including the TxDMV Board and management. The IAD also analyzed department information and reviewed internal audit and industry publications to identify and rank potential audit topics by risk. Projects' risk rankings were developed using the following factors:

- Revenue or expense impact
- Asset or liability impact
- Operation effectiveness and efficiency impact
- Law or regulation impact
- Brand or reputation impact
- Degree of change in the program, function, or process
- Degree of complexity
- Degree of centralization

The State Auditor's Office (SAO) guidelines for the *Internal Audit Plan for Fiscal Year 2018*, request that the IAD indicate which projects in the audit plan address expenditure transfers, capital budget controls, or any other limitation or restrictions in the General Appropriation Act, contract management, and information technology risks. The proposed audits that address these topics are the following:

- TxDMV Fund Tables and Process & Handling Fees, eLicensing, and PCI Compliance will address information technology risks.
- TxDMV Fund tables and Process & Handling Fees, Open Records, Inventory, and eLicensing will address expenditure transfers and capital budget controls.
- Inventory, eLicensing, and Open Records will address contract management.

External Audit Services Procured in Fiscal Year 2017

The IAD assisted in the following external audit reviews during fiscal year 2017.

Report Title	Provider's Name	Report Number and Released Date
A Report on State Agency Administration of Emergency and Administrative Leave	State Auditor's Office	17-702 November 2016
A Report on State Agency Reporting Requirements for Local Governments	State Auditor's Office	17-026 February 2017
An Audit Report on Complaint Processing at the Department of Motor Vehicles	State Auditor's Office	17-036 May 2017

Reporting Suspected Fraud and Abuse

Fraud Reporting Requirements

To comply with fraud reporting requirements in the General Appropriations Act (85th Legislature, Article IX, Section 7.09), the TxDMV has taken the following actions:

- Provides information on the home page of the TxDMV website (www.txdmv.gov) on how to report suspected fraud, waste, and abuse directly to the State Auditor's Office (SAO)
- Includes in the agency's Human Resources Manual information on how to report suspected fraud involving state funds to the SAO. Employees are directed by agency policy to report any suspected incidents of fraud to their manager, the Internal Audit Director, and the SAO.
- Provides a link on the Internal Audit Division's Intranet page to the SAO fraud hotline website

The Internal Audit Division also participates in the TxDMV Anti-Fraud, Waste, and Abuse Working Group. The working group is composed of several divisions that are involved in preventing or identifying fraud and is chaired by the Executive Director.

Investigation Coordination Requirements

The IAD coordinates compliance with Texas Government Code, Section 321.022 (Coordination of Investigations) by submitting a quarterly report to the State Auditor's Office on the disposition of allegations received.

The IAD also evaluates all instances of fraud, waste, or abuse reported to the IAD to determine appropriate action. If the Internal Audit Director has reasonable cause to believe that fraudulent or unlawful conduct has occurred in relation to the operation of the TxDMV, the Director will work with appropriate parties and notify the SAO.