

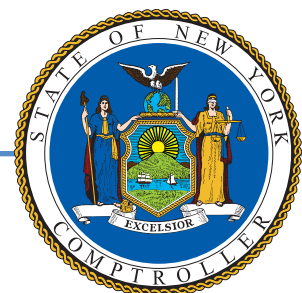
Department of Motor Vehicles

Assessable Expenses of Administering the Motor Vehicle Financial Security Act and Motor Vehicle Safety Responsibility Act for the Four State Fiscal Years Ended March 31, 2018

Report 2019-M-1 | September 2019

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



Contents

Independent Accountant’s Report on Applying Agreed-Upon Procedures..... **2**

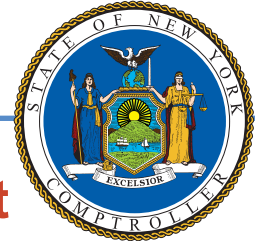
Exhibit A..... **6**

Exhibit B..... **7**

Exhibit C..... **8**

Exhibit D..... **9**

Contributors to Report..... **10**



Independent Accountant's Report on Applying Agreed-Upon Procedures

September 11, 2019

Mr. Mark J.F. Schroeder
Commissioner
Department of Motor Vehicles
6 Empire Plaza
Albany, NY 12228

Dear Mr. Schroeder:

We have performed the procedures enumerated below, which were agreed to by the Department of Motor Vehicles (Department), to ascertain the total expenses that the Department incurs in administering the Motor Vehicle Financial Security Act and the Motor Vehicle Safety Responsibility Act (collectively, Acts) for the four State Fiscal Years (SFY) ended March 31, 2018. This report is not suitable for any other purpose. These Acts help ensure that the operators of motor vehicles driven in New York State possess adequate insurance coverage, or are financially secure, to compensate those persons they might injure or whose property they might damage as a result of an accident. According to Article VI, Section 317 and Article VII, Section 363 of the Vehicle and Traffic Law, the Department is responsible for tracking its expenses of administering the Acts, and assessing these expenses on insurance carriers that issue policies or contracts of automotive bodily injury insurance. The sufficiency of these procedures is solely the responsibility of the Department. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We inspected the list of Assessable Expenses prepared by the Department for each of the four SFYs ended March 31, 2018 (collectively, Lists). We determined if any categories of expenses were inappropriately included in or excluded from the Lists.

We did not identify any exceptions as a result of applying this procedure.

2. We inquired about any expenses that could not be confirmed, or that may have been inappropriately included in or excluded from the Lists.

We identified a total of \$1,783 of travel expenses that were inappropriately included in the Lists, as presented in Table 1.

Table 1 – Adjustments to Travel Expenses Included in Lists of Assessable Expenses

State Fiscal Year Ended	Travel Expenses Included in Assessable Expenses	Adjusted Travel Expenses Included in Assessable Expenses	Difference
March 31, 2018	\$1,248	-	(\$1,248)
March 31, 2017	-	-	-
March 31, 2016	\$372	-	(\$372)
March 31, 2015	\$163	-	(\$163)
Totals	\$1,783	-	(\$1,783)

3. We confirmed the appropriateness of the fringe benefit and indirect cost rates used by the Department.

We did not identify any exceptions as a result of applying this procedure.

4. We inspected the comparative analyses prepared by the Department for each of the four SFYs ended March 31, 2018, and determined whether the calculations were mathematically correct and whether the explanations for the variances were sufficient.

We did not identify any exceptions as a result of applying this procedure.

5. We notified the Department of any issues we identified with respect to its calculation of expenses, explanation for variances, justification for the cost rate, or any other related matters. We describe the issues we identified below and in the related tables.

The Department's calculation of Net Assessable Expenses included inaccurate amounts for fees paid by self-insurers for three of the four SFYs in our scope, as presented in Table 2.

Table 2 – Adjustments to Fees Paid by Self-Insurers

State Fiscal Year Ended	Fees Paid by Self-Insurers	Adjusted Fees Paid by Self-Insurers	Difference
March 31, 2018	\$117,081	\$117,081	-
March 31, 2017	\$117,081	\$98,562	(\$18,519)
March 31, 2016	\$98,562	\$132,563	\$34,001
March 31, 2015	\$115,675	\$114,702	(\$973)
Totals	\$448,399	\$462,908	\$14,509

The Department's calculation of Net Assessable Expenses included inaccuracies in the deductions for fees paid for bonded vehicles for two of the four SFYs in our scope, as presented in Table 3.

Table 3 – Adjustments to Fees Paid for Bonded Vehicles

State Fiscal Year Ended	Fees Paid by Self-Insurers	Adjusted Fees Paid by Self-Insurers	Difference
March 31, 2018	\$1,108	\$1,118	\$10
March 31, 2017	\$1,533	\$1,533	-
March 31, 2016	\$1,700	\$1,700	-
March 31, 2015	\$2,527	\$2,540	\$13
Totals	\$6,868	\$6,891	\$23

As a result of the above adjustments, we adjusted Net Assessable Expenses for each of the four SFYs ended March 31, 2018, as presented in Table 4.

Table 4 – Original and Adjusted Net Assessable Expenses

State Fiscal Year Ended	Original Net Assessable Expenses	Adjusted Net Assessable Expenses	Amount Over/(Under) Charged by Department
March 31, 2018	\$21,179,011	\$21,179,001	\$10
March 31, 2017	\$20,490,386	\$20,508,905	(\$18,519)
March 31, 2016	\$20,531,362	\$20,497,361	\$34,001
March 31, 2015	\$19,593,751	\$19,594,711	(\$960)
Totals	\$81,794,510	\$81,779,978	\$14,532

- After we reconciled these issues with the Department, we obtained a written Statement of Assessable Expenses (collectively, Statements) for each of the four SFYs ended March 31, 2018. We present those Statements as Exhibits A-D of this report.

We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion (respectively) on our ascertaining expenses relating to the administration of the Acts. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported.

*Office of the New York State Comptroller
Albany, New York
September 11, 2019*

Exhibit A

**Motor Vehicle Financial Security Act
and Motor Vehicle Safety Responsibility Act
Statement of Assessable Expenses for SFY Ended March 31, 2018**

	Amount
Direct Expenses:	
Internet Point and Insurance Reduction Program	\$14,068
Compulsory Insurance Services	6,435,193
Dedicated Bridge and Highway Program	8,102,549
Total Direct Expenses	\$14,551,810
Fringe Benefits and Indirect Costs	6,745,390
Gross Assessable Expenses	\$21,297,200
Less: Fees Paid by Self-Insurers	(117,081)
Fees Paid for Bonded Vehicles	(1,118)
Net Assessable Expenses	\$21,179,001

Exhibit B

**Motor Vehicle Financial Security Act
and Motor Vehicle Safety Responsibility Act
Statement of Assessable Expenses for SFY Ended March 31, 2017**

	Amount
Direct Expenses:	
Internet Point and Insurance Reduction Program	\$14,557
Compulsory Insurance Services	6,176,000
Dedicated Bridge and Highway Program	8,159,302
Total Direct Expenses	\$14,349,859
Fringe Benefits and Indirect Costs	6,259,141
Gross Assessable Expenses	\$20,609,000
Less: Fees Paid by Self-Insurers	(98,562)
Fees Paid for Bonded Vehicles	(1,533)
Net Assessable Expenses	\$20,508,905

Exhibit C

**Motor Vehicle Financial Security Act
and Motor Vehicle Safety Responsibility Act
Statement of Assessable Expenses for SFY Ended March 31, 2016**

	Amount
Direct Expenses:	
Internet Point and Insurance Reduction Program	\$14,772
Compulsory Insurance Services	6,056,735
Dedicated Bridge and Highway Program	8,441,793
Total Direct Expenses	\$14,513,300
Fringe Benefits and Indirect Costs	6,118,324
Gross Assessable Expenses	\$20,631,624
Less: Fees Paid by Self-Insurers	(132,563)
Fees Paid for Bonded Vehicles	(1,700)
Net Assessable Expenses	\$20,497,361

Exhibit D

**Motor Vehicle Financial Security Act
and Motor Vehicle Safety Responsibility Act
Statement of Assessable Expenses for SFY Ended March 31, 2015**

	Amount
Direct Expenses:	
Internet Point and Insurance Reduction Program	\$13,996
Compulsory Insurance Services	5,901,267
Dedicated Bridge and Highway Program	7,727,581
Total Direct Expenses	\$13,642,844
Fringe Benefits and Indirect Costs	6,069,109
Gross Assessable Expenses	\$19,711,953
Less: Fees Paid by Self-Insurers	(114,702)
Fees Paid for Bonded Vehicles	(2,540)
Net Assessable Expenses	\$19,594,711

Contributors to Report

Executive Team

Tina Kim - *Deputy Comptroller*

Ken Shulman - *Assistant Comptroller*

Audit Team

Stephen Goss, CIA, CGFM - *Audit Director*

Sharon L. Salembier, CPA, CFE - *Audit Manager*

Brandon Ogden - *Audit Supervisor*

Charles Lansburgh - *Examiner-in-Charge*

Brian O'Connor - *Senior Examiner*

Contact Information

(518) 474-3271

StateGovernmentAccountability@osc.ny.gov

Office of the New York State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236



Like us on Facebook at facebook.com/nyscomptroller

Follow us on Twitter @nyscomptroller

For more audits or information, please visit: www.osc.state.ny.us/audits/index.htm