

Department of Motor Vehicles

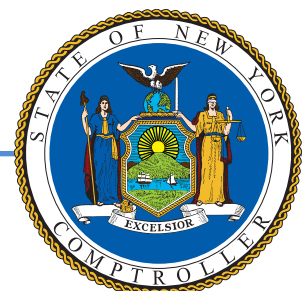
Assessable Expenses of Administering the Motor Vehicle Financial Security Act and the Motor Vehicle Safety Responsibility Act for the Three State Fiscal Years Ended March 31, 2021

Report 2021-M-2 | May 2022

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



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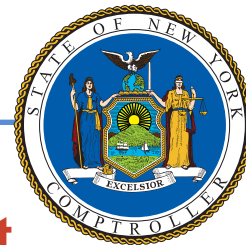
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Independent Practitioner's Report on Applying Agreed-Upon Procedures

May 4, 2022

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

Dear Mr. Schroeder:

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. The Office of the New York State Comptroller is the practitioner, and the Department of Motor Vehicles (Department) is the engaging party. The Department is responsible for the subject matter of this engagement, the purpose of which was to ascertain the costs (expenses) to administer the Motor Vehicle Financial Security Act and the Motor Vehicle Safety Responsibility Act (collectively, Acts).

The 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 the expenses of administering the Acts and assessing these expenses on insurance carriers that issue policies or contracts of automotive bodily injury insurance.

We have performed the procedures enumerated below related to ascertaining the expenses to administer the Acts for the three State Fiscal Years (SFYs) ended March 31, 2021. The Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of ascertaining the total expenses incurred in administering the Acts for the three SFYs ended March 31, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all of the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings, are as follows:

1. Procedure: We inspected the list of Assessable Expenses prepared by the Department for each of the three SFYs ended March 31, 2021 (collectively, Lists). We determined if any categories of expenses were inappropriately included in or excluded from the Lists.

Finding: As a result of applying this procedure, we identified the following:

- For the SFY ended March 31, 2021 – \$26,475 related to expenses for the Governor’s Traffic Safety Committee (GTSC) Department, in the Dedicated Bridge and Highway Program, that were inappropriately included (assessed as “partially assessable” instead of “not assessable”) in the Lists.
 - For the SFY ended March 31, 2020 – no exceptions identified.
 - For the SFY ended March 31, 2019 – \$335,380 in expenses for three Departments (Vehicle Safety Region 1, \$209,568; Division of Field Investigation-Syracuse, \$615; Insurance Services Bureau, \$125,197) related to Compulsory Insurance Services that were inappropriately excluded (assessed as “not assessable” instead of “fully assessable”) from the Lists.
2. Procedure: We inquired about any expenses that could not be confirmed or that may have been inappropriately included in or excluded from the Lists.

Finding: As a result of applying this procedure, we identified:

- For the SFY ended March 31, 2021 – \$17,692 in personal service expenses (salary) related to Compulsory Insurance Services that were inappropriately excluded from the Lists, and \$4,475 in non-personal service expenses (overtime meals) that were inappropriately included in the Lists (\$383 to Compulsory Insurance Services and \$4,092 to the Dedicated Bridge and Highway Program).
 - For the SFY ended March 31, 2020 – \$25,779 in personal service expenses (salary) related to Compulsory Insurance Services that were inappropriately excluded from the Lists.
 - For the SFY ended March 31, 2019 – no exceptions identified.
3. Procedure: We confirmed the appropriateness of the fringe benefit and indirect cost rates used by the Department.

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

4. Procedure: We inspected the comparative analysis prepared by the Department and determined whether the calculations were mathematically correct and whether the explanations for the variances were sufficient.

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

5. Procedure: We notified the Department of any issues identified with the respect to the Department’s calculations of expenses, explanations for variances, justification for the cost rate, or any other related matters.

Finding: As a result of applying this procedure, we identified incorrect amounts, as follows:

For the SFY ended March 31, 2021:

- A computation error that resulted in an omission of \$153 from the Dedicated Bridge and Highway Program related to expenses for the Brooklyn Traffic Violations Bureau (TVB) Call Center Department.
- An excess of \$42,806 that had been included in the Department's calculations of expenses for partially assessable expenses related to administering the Acts.
- An excess of \$18,090 in fringe benefit and indirect costs that had been included in the Department's calculations of expenses.

For the SFY ended March 31, 2020:

- A computation error that resulted in an omission of \$22,131 from the Dedicated Bridge and Highway Program related to expenses for the Call Center Operations Department.
- An omission of \$22,270 in fringe benefit and indirect costs from the Department's calculations of expenses.

For the SFY ended March 31, 2019:

- A computation error that resulted in an omission of \$131,753 from the Dedicated Bridge and Highway Program related to expenses for the Title Department.
- An omission of \$366,468 from the Department's calculation of expenses for partially assessable expenses related to administering the Acts.
- An omission of \$454,392 in fringe benefit and indirect costs from the Department's calculations of expenses.

Summaries for all items identified above are in Tables 1–4.

Table 1 – Original and Adjusted Net Assessable Expenses

State Fiscal Year Ended	Original Net Assessable Expenses	Adjusted Net Assessable Expenses	Net Adjustment Increase (Decrease)
March 31, 2021	\$24,566,640	\$24,492,639	\$(74,001)
March 31, 2020	\$23,802,546	\$23,872,726	\$70,180
March 31, 2019	\$21,352,144	\$22,640,137	\$1,287,993
Totals	\$69,721,330	\$71,005,502	\$1,284,172

Table 2 – SFY Ended March 31, 2021 Table of Adjustments

Adjustment Description	Amount
Adjustment to the Dedicated Bridge and Highway Program (GTSC Department) for expenses assessed as "partially assessable" instead of "not assessable"	\$(26,475)
Adjustment to Compulsory Insurance Services for personal service expenses (salary) inappropriately excluded	17,692
Adjustment to Compulsory Insurance Services for non-personal service expenses (overtime meals) inappropriately included	(383)
Adjustment to the Dedicated Bridge and Highway Program for non-personal service expenses (overtime meals) inappropriately included	(4,092)
Adjustment for a computation error of the Dedicated Bridge and Highway Program related to Brooklyn TVB Call Center Department expenses	153
Adjustment for Partially Assessable Expenses (.02% decrease)	(42,806)
Adjustment to Fringe Benefit and Indirect Costs*	(18,090)
Net Total Adjustment	\$(74,001)

*Includes the .02% Partially Assessable Expense Adjustment to applicable expenses

Table 3 – SFY Ended March 31, 2020 Table of Adjustments

Adjustment Description	Amount
Adjustment to Compulsory Insurance Services for personal service (salary) expenses inappropriately excluded	\$25,779
Adjustment for a computation error of the Dedicated Bridge and Highway Program related to Call Center Operations expenses	22,131
Adjustment to Fringe Benefit and Indirect Costs	22,270
Net Total Adjustment	\$70,180

Table 4 – SFY Ended March 31, 2019 Table of Adjustments

Adjustment Description	Amount
Adjustment to Compulsory Insurance Services for three Departments (i.e., Vehicle Safety Region 1, Division of Field Investigation-Syracuse, and Insurance Services Bureau) assessed as "not assessable" instead of "fully assessable"	\$335,380
Adjustment for a computation error of the Dedicated Bridge and Highway Program related to Title Department expenses	131,753
Adjustment for Partially Assessable Expenses (.28% increase)	366,468
Adjustment to Fringe Benefit and Indirect Costs*	454,392
Net Total Adjustment	\$1,287,993

*Includes the .28% Partially Assessable Expense Adjustment to applicable expenses

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6. Procedure: We confirmed that the written Statements of Assessable Expenses provided by the Department for the three SFYs ending March 31, 2021 correctly reflect resolution of any identified issues. We present those Statements as Exhibits A–C of this report.

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

We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards, which incorporate attestation standards established by the American Institute of Certified Public Accountants. The engagement also included the application of sampling techniques. Cumulatively, for the three SFYs, we judgmentally selected \$1,223,220 of \$17,698,538 for personal service expenses and \$1,742,911 of \$3,175,730 for non-personal service expenses to confirm that the expenses were appropriately included in the Lists. The results from our sample selections cannot be projected to the population. For reporting purposes, we excluded variations between Department calculations and our calculations that were due to rounding. 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 the total expenses incurred in administering the Acts for the three SFYs ended March 31, 2021. 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.

We are required to be independent of the Department of Motor Vehicles and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Office of the New York State Comptroller
Division of State Government Accountability
Albany, New York

Exhibit A

**Department of Motor Vehicles
Motor Vehicle Financial Security Act
and Motor Vehicle Safety Responsibility Act
Statement of Assessable Expenses for SFY Ended March 31, 2021**

	Amount
Direct Expenses:	
Internet Point and Insurance Reduction Program	\$10,995
Compulsory Insurance Services	7,063,357
Dedicated Bridge and Highway Program	9,505,839
Total Direct Expenses	\$16,580,191
Fringe Benefits and Indirect Costs	8,017,087
Gross Assessable Expenses	\$24,597,278
Less: Fees Paid by Self-Insurers	(104,325)
Fees Paid for Bonded Vehicles	(314)
Net Assessable Expenses	\$24,492,639

Exhibit B

**Department of Motor Vehicles
Motor Vehicle Financial Security Act
and Motor Vehicle Safety Responsibility Act
Statement of Assessable Expenses for SFY Ended March 31, 2020**

	Amount
Direct Expenses:	
Internet Point and Insurance Reduction Program	\$9,877
Compulsory Insurance Services	6,996,443
Dedicated Bridge and Highway Program	9,313,517
Total Direct Expenses	\$16,319,837
Fringe Benefits and Indirect Costs	7,663,970
Gross Assessable Expenses	\$23,983,807
Less: Fees Paid by Self-Insurers	(110,385)
Fees Paid for Bonded Vehicles	(696)
Net Assessable Expenses	\$23,872,726

Exhibit C

**Department of Motor Vehicles
Motor Vehicle Financial Security Act
and Motor Vehicle Safety Responsibility Act
Statement of Assessable Expenses for SFY Ended March 31, 2019**

	Amount
Direct Expenses:	
Internet Point and Insurance Reduction Program	\$12,560
Compulsory Insurance Services	7,184,869
Dedicated Bridge and Highway Program	8,164,286
Total Direct Expenses	\$15,361,715
Fringe Benefits and Indirect Costs	7,392,048
Gross Assessable Expenses	\$22,753,763
Less: Fees Paid by Self-Insurers	(112,775)
Fees Paid for Bonded Vehicles	(851)
Net Assessable Expenses	\$22,640,137

Contributors to Report

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