

Department of Motor Vehicles

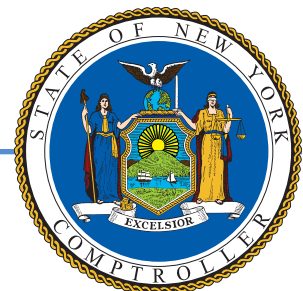
Assessable Expenses of Administering the Motor Vehicle Financial Security Act and the Motor Vehicle Safety Responsibility Act for the State Fiscal Year Ended March 31, 2022

Report 2022-M-1 | November 2022

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



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Independent Practitioner's Report on Applying Agreed-Upon Procedures

November 16, 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 State Fiscal Year (SFY) ended March 31, 2022. 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 SFY ended March 31, 2022. 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 the SFY ended March 31, 2022 (List). We determined if any categories of expenses were inappropriately included in or excluded from the List.
Finding: We did not identify any exceptions as a result of applying this procedure.
2. Procedure: We inquired about any expenses that could not be confirmed, or that may have been inappropriately included in or excluded from the List.
Finding: As a result of applying this procedure, we identified:
 - \$30,061 in personal service expenses (salary) that were inappropriately excluded from the List (\$12,336 for Compulsory Insurance Services and \$17,725 for the Dedicated Bridge and Highway Program).
 - \$5,587 in non-personal service expenses (overtime meals) that were inappropriately included in the List (\$4,183 for Compulsory Insurance Services and \$1,404 for the Dedicated Bridge and Highway Program).
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 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:
 - An excess of \$920,350 that was included in the Department's calculations for partially assessable expenses related to administering the Acts.
 - An excess of \$286,462 in fringe benefit and indirect costs that was included in the Department's calculation of expenses.

As a result of applying the procedures enumerated above, we identified a net decrease of \$1,182,338 as an adjustment to the Department's Statement of Assessable Expenses for the SFY ended March 31, 2022.

Table 1 presents the original and adjusted net assessable expenses. Table 2 presents a summary of the above adjustments.

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, 2022	\$23,436,451	\$22,254,113	\$(1,182,338)

Table 2 – SFY Ended March 31, 2022 Summary of Adjustments

Adjustment Description	Amount
Adjustment to Compulsory Insurance Services for personal service expenses (salary) inappropriately excluded	\$12,336
Adjustment to the Dedicated Bridge and Highway Program for personal service expenses (salary) inappropriately excluded	17,725
Adjustment to Compulsory Insurance Services for non-personal service expenses (overtime meals) inappropriately included	(4,183)
Adjustment to the Dedicated Bridge and Highway Program for non-personal service expenses (overtime meals) inappropriately included	(1,404)
Adjustment to the Internet Point and Insurance Reduction Program for Partially Assessable Expenses (0.42% decrease)*	(855)
Adjustment to Compulsory Insurance Services for Partially Assessable Expenses (0.42% decrease)*	(11,976)
Adjustment to the Dedicated Bridge and Highway Program Adjustment for Partially Assessable Expenses (0.42% decrease)*	(907,519)
Adjustment to Fringe Benefit and Indirect Costs**	(286,462)
Net Total Adjustment	\$(1,182,338)

* The 0.42% rate decrease resulted from an incorrect computation of Department costs and from the personal services cost adjustments.

** Includes the 0.42% Partially Assessable Expense Adjustment to applicable expenses.

6. Procedure: We confirmed that the written Statement of Assessable Expenses provided by the Department for SFY ending March 31, 2022 correctly reflects resolution of any identified issues. We present this Statement as Exhibit A 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. We judgmentally selected \$419,743 of \$8,865,897 for personal service expenses and \$408,018 of \$648,659 for non-personal service expenses to determine whether the expenses were

appropriately included in the List. 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 SFY ended March 31, 2022. 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, 2022**

	Amount
Direct Expenses:	
Internet Point and Insurance Reduction Program	\$9,367
Compulsory Insurance Services	6,800,067
Dedicated Bridge and Highway Program	8,242,268
Total Direct Expenses	\$15,051,702
Fringe Benefits and Indirect Costs	7,316,666
Gross Assessable Expenses	\$22,368,368
Less: Fees Paid by Self-Insurers	(114,249)
Fees Paid for Bonded Vehicles	(6)
Net Assessable Expenses	\$22,254,113

Contributors to Report

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