

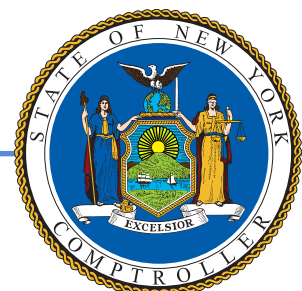
Division of Criminal Justice Services

Motor Vehicle Theft and Insurance Fraud Prevention Program

Report 2022-M-2 | April 2024

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

Division of State Government Accountability



Audit Highlights

Objective

To determine whether the Division of Criminal Justice Services (DCJS) has complied with Article 36-A of the State Executive Law for revenues received by and expenditures made from the Motor Vehicle Theft and Insurance Fraud Prevention Fund and from any other source for purposes of the Motor Vehicle Theft and Insurance Fraud Prevention Demonstration Program. Our audit covered the period from January 2018 through December 2021.

About the Program

Motor Vehicle Theft and Insurance Fraud (MVTIF) has a substantial impact on motor vehicle insurance rates in New York State. The MVTIF Prevention Demonstration Program (Program), as established in State Executive Law under Article 36-A (Law), is intended to provide an integrated means to prevent, deter, and reduce the incidence of these crimes by developing and providing funding for programs that support specialized law enforcement units and prosecutors.

To fund Program operations, insurance companies collect the MVTIF Prevention Fee (Fee), currently \$10, which is reflected in motor vehicle insurance policy premiums for vehicles registered in the State. In accordance with provisions of the State Insurance Law, the MVTIF Prevention Fund (Fund) receives the first \$4.7 million from these Fees. However, in each of the 4 years of the audit period, there were also budget bills that authorized transfers of at least \$1.1 million in Program funds to the State's General Fund, totaling \$7.9 million and representing more than half of the \$13.9 million expended for Program grants.

Provisions of the Law require the Program to be administered by a 12-member Board, with DCJS as administrator and the DCJS Commissioner or their designee serving as Board Chair. Board members are appointed by the Governor, and represent auto insurance consumers, auto insurance companies, law enforcement agencies, and the judicial system. Under the Law, the Board must meet a minimum of four times per year, and a majority of Board members is needed to reach a quorum for the purpose of transacting business at meetings. DCJS must annually, by February 15, submit to the Governor and other State officials a report (Annual Report) on the Board's activities, the activities of grant recipients, the results achieved by grant recipients in improving the detection, prevention, or reduction of MVTIF, and the impact these efforts may have on motor vehicle insurance rates.

Further, the Law requires that the Board develop and recommend to the DCJS Commissioner a Plan of Operation (Plan) that includes a regional analysis of the incidence of MVTIF and related activities. In addition, in allocating Program funds, DCJS – with the Board's recommendation – must, to the greatest extent possible, consider the geographic incidence of MVTIF, so that localities with the greatest incidence are targeted for the purpose of this Program.

Key Findings

We found persisting gaps in Program governance throughout the 4-year audit period that hindered DCJS' ability to conduct Program business. These gaps contributed to DCJS' continued reliance on extending contract award amounts that were decided based on non-current crime statistics. We also found Program costs that lacked adequate support or were incorrectly charged to the Program.

Specifically:

- The Board hasn't complied with the Law's governance provisions, particularly with respect to maintaining the required 12 members and holding meetings that would – if a quorum were present – allow Program business to be done.
 - The Board didn't have the 12 members required by Law for any of the 4 years ended December 31, 2021.
 - The Board didn't hold a minimum of four meetings in 2019, 2020, and 2021. There were three meetings in 2019, with a quorum reached for all three, but none in both 2020 and 2021. As a result, no actions were taken by the Board for part of 2019 and all of 2020 and 2021.
 - Each of the four Annual Reports for the period 2018–2021 was issued late – the most recent one was due in February 2022 and issued in December 2023.
- Lacking a full Board, DCJS also extended Program awards through 2021 (and subsequently through 2023) that were informed by 2014–2016 crime data and based on grant requests from 2017, and that may not have adequately considered county needs.
- DCJS should enhance its monitoring of grantees' personal service costs to better ensure these costs are Program-related, accurate, and supported by a contractually required time and effort tracking system. We reviewed support for \$986,716 in claimed costs, and identified excess and unsupported charges to the Program totaling \$336,803, as follows:
 - \$327,991 in personal service costs that weren't appropriately supported by a time and effort tracking system;
 - 21 of 139 overtime requests that lacked appropriate supervisory approval and totaled \$6,515, including 14 requests, representing three staff, that were authorized by the same person who worked the overtime and seven requests that were not approved; and
 - \$2,297 in overtime (of the \$31,933 charged) that was incorrectly charged to the Program, including \$1,912 that the grantee attributed to a programming error and \$385 in pre-approved overtime that – according to payroll records – was not worked.

Key Recommendations

- Take steps to ensure compliance with governance-related requirements under Article 36-A by:
 - Requesting appointment of Board members to meet the Law's number and composition requirements;
 - Convening at least the four required Board meetings each year; and
 - Issuing the MVTIF Annual Report annually by February 15.
- Issue a Request for Proposals, in accordance with the Plan and with MVTIF Board approval, that results in awarding funding to entities in the counties that – using the most recent available data – have the highest incidence of motor vehicle theft and insurance fraud.
- Enhance assurance that grantee claims for reimbursement are for expenses that are Program-related, accurate, supported by time and effort tracking systems required under the contract, and appropriately approved.



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

April 11, 2024

Rossana Rosado
Commissioner
Division of Criminal Justice Services
Alfred E. Smith State Office Building
80 South Swan Street
Albany, NY 12210

Dear Commissioner Rosado:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *Motor Vehicle Theft and Insurance Fraud Prevention Program*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

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Glossary of Terms

Term	Description	Identifier
DCJS	Division of Criminal Justice Services	<i>Auditee</i>
Board	Motor Vehicle Theft and Insurance Fraud Prevention Board	<i>Key Term</i>
DFS	Department of Financial Services	<i>Agency</i>
Fee	Motor Vehicle Theft and Insurance Fraud Prevention Fee	<i>Key Term</i>
Fund	Motor Vehicle Theft and Insurance Fraud Prevention Fund	<i>Key Term</i>
Law	State Executive Law, Article 36-A	<i>Law</i>
MVTIF	Motor Vehicle Theft and Insurance Fraud	<i>Key Term</i>
Office	DCJS' Office of Program Development and Funding	<i>Office</i>
Pandemic	COVID-19 pandemic	<i>Key Term</i>
Plan	Plan of Operation	<i>Key Term</i>
Program	Motor Vehicle Theft and Insurance Fraud Prevention Demonstration Program	<i>Key Term</i>
RFP	Request for Proposals	<i>Key Term</i>

Background

Motor Vehicle Theft and Insurance Fraud (MVTIF) has a substantial impact on motor vehicle insurance rates in New York State. The MVTIF Prevention Demonstration Program (Program), as established in State Executive Law under Article 36-A (Law), is intended to provide an integrated means to prevent, deter, and reduce the incidence of motor vehicle theft and motor vehicle insurance fraud by developing and providing funding for programs that support specialized law enforcement units and prosecutors.

The Motor Vehicle Theft and Insurance Fraud Prevention Fee (Fee), enacted in 1992, is reflected in the cost of motor vehicle insurance policies and is collected by insurance companies when customers pay insurance premiums for vehicles registered in the State. The Fee was initially set at \$1 per year per registered vehicle and increased twice to the current \$10. Insurance companies remit the Fee monthly to the Department of Financial Services (DFS), which in turn submits it for deposit into a fund designated for disbursement to the Division of Criminal Justice Services (DCJS) and the Division of State Police. In accordance with provisions of the State Insurance Law, the MVTIF Prevention Fund (Fund) receives the first \$4.7 million from these Fees to support Program operations.

Provisions of the Law require the Program to be administered by a 12-member Board, with DCJS as administrator and the DCJS Commissioner or their designee serving as Board Chair. Board members are appointed by the Governor, and represent auto insurance consumers, auto insurance companies, law enforcement agencies, and the judicial system. Under the Law, the Board must meet a minimum of four times per year. A majority of Board members is needed to reach a quorum for the purpose of transacting business at meetings. DCJS must annually, by February 15, submit to the Governor and other State officials a report (Annual Report) on the Board's activities; the activities of grant recipients; the results achieved by grant recipients in improving the detection, prevention, or reduction of MVTIF; and the impact these efforts may have on motor vehicle insurance rates.

Further, the Law requires that the Board develop and recommend to the DCJS Commissioner a Plan of Operation (Plan) that includes a regional analysis of the incidence of MVTIF and related activities. In addition, in allocating Program funds, DCJS – with the Board's recommendation – must, to the greatest extent possible, consider the geographic incidence of MVTIF, so that localities with the greatest incidence are targeted for the purpose of this Program. The Plan must include:

- An assessment of the scope of the problem of MVTIF, including a regional analysis of the incidence of MVTIF and related activities;
- An analysis of various methods of combating the problem; and
- Development of a Request for Proposals (RFP) process, consistent with the Plan, for applications from provider agencies to receive grants from the Fund.

Provider agencies that are eligible to participate are any locality, governmental agency, or not-for-profit organization that provides one or more programs or driver safety activities in accordance with the Board-approved Plan. Of the \$4.7 million

annually allocated to the Fund for the 4 calendar years 2018–2021, DCJS awarded 28 grantees a total of \$3.749 million annually (see Exhibit) in Program grants, totaling about \$14 million. These grants fund training programs and the personal service costs of specialized law enforcement units and district attorney’s offices that work to combat MVTIF. The \$3.749 million comprised:

- \$3,194,487 annually to 22 grantees, such as city and county police departments and county district attorney’s offices in 12 of the 14 counties with the highest average incidence of MVTIF;
- \$448,673 to four New York City fire and law enforcement units for specialized staff dedicated to addressing MVTIF; and
- \$105,840 to two not-for-profit agencies – the New York Anti-Car Theft & Fraud Association, Inc. and the New York Prosecutors Training Institute, Inc. – to provide statewide training.

In each of the 4 years, there were also budget bills that authorized transfers of at least \$1.1 million in Program funds to the State’s General Fund, totaling \$7.9 million and representing more than half of the approximately \$14 million expended for Program grants. In addition to grant expenditures and these transfers to the General Fund, DCJS officials annually charged a portion of their staff salaries to the Program. Table 1 presents Fund activity for the 4 calendar years 2018–2021.

Table 1 – MVTIF Prevention Fund Activity

Calendar Year	2018	2019	2020	2021	Totals
Beginning Balance	\$9,054,400	\$5,637,486	\$5,753,799	\$6,567,805	\$9,054,400*
Budget Allocation	4,700,000	4,700,000	4,700,000	4,700,000	18,800,000
Interest Earned	133,884	144,441	37,922	5,113	321,360
Grant Expenditures	(3,841,814)	(3,517,214)	(2,406,609)	(4,210,528)	(13,976,165)
DCJS Administration	(108,984)	(110,914)	(117,307)	(137,968)	(475,173)
Transfers to General Fund	(4,300,000)	(1,100,000)	(1,400,000)	(1,113,000)	(7,913,000)
Ending Balance	\$5,637,486	\$5,753,799	\$6,567,805	\$5,811,422	\$5,811,422

* 2018 Beginning Balance

Data about motor vehicle theft and suspected incidents of motor vehicle insurance fraud is provided to DCJS by county law enforcement agencies and DFS, respectively, and is used in DCJS’ MVTIF Annual Reports. According to DCJS officials, they considered only entities within the 14 New York counties with the highest average incidence of MVTIF as eligible for Program grants, citing a substantial difference in incidence between the 14th and 15th ranked counties, particularly when compared with the top 13 counties.

Table 2 presents the combined motor vehicle theft and suspected fraud occurrences for the 14 highest-incidence counties for calendar years 2018 through 2020, as reported in DCJS’ 2018–2020 MVTIF Annual Reports. For the 2021 statistics, we used crime data obtained from the State’s [Open Data](#) website and suspected fraud data provided by DFS to DCJS, which are nearly identical to those that appeared in the 2021 Annual Report when it was later released.

Table 2 – MVTIF Incidence and % Change, 2018–2021

County	Annual Grant Award Amount	2018 Combined Incidence of Theft & Fraud	2019 Combined Incidence of Theft & Fraud	% Change 2018–19	2020 Combined Incidence of Theft & Fraud	% Change 2019–20	2021 Combined Incidence of Theft & Fraud	% Change 2020–21
Kings	\$250,873	7,135	7,523	5.4%	9,459	25.7%	10,020	5.9%
Queens	560,625	4,890	5,095	4.2%	7,846	54.0%	8,459	7.8%
Bronx	329,991	3,615	3,959	9.5%	5,594	41.3%	6,060	8.3%
New York	263,445	2,760	2,477	-10.3%	3,427	38.4%	3,193	-6.8%
Nassau	260,169	2,586	2,620	1.3%	2,900	10.7%	3,857	33.0%
Suffolk	406,766	2,147	1,858	-13.5%	2,488	33.9%	2,295	-7.8%
Erie	248,184	1,557	1,414	-9.2%	2,340	65.5%	2,705	15.6%
Monroe	173,020	1,121	1,161	3.6%	1,558	34.2%	1,996	28.1%
Westchester	400,377	995	1,034	3.9%	1,302	25.9%	1,159	-11.0%
Onondaga	0	825	882	6.9%	1,066	20.9%	1,098	3.0%
Richmond	50,144	561	589	5.0%	626	6.3%	994	58.8%
Albany	98,050	429	578	34.7%	738	27.7%	762	3.3%
Niagara	152,843	337	246	-27.0%	444	80.5%	350	-21.2%
Orange	0	296	273	-7.8%	563	106.2%	333	-40.9%
Totals	\$3,194,487	29,254	29,709	1.6%	40,351	35.8%	43,281	7.3%

As shown, the combined total incidences increased each year from 2018 through 2021, with the greatest annual increase – nearly 36% – occurring between 2019 and 2020. DCJS acknowledged the increase in both motor vehicle theft and suspected motor vehicle insurance fraud in its 2020 and 2021 MVTIF Annual Reports, and specifically cited 2021 as having a dramatic increase in the number of vehicles reported as stolen. Reported vehicle thefts have continued to be a problem both in New York State and nationally. According to the National Insurance Crime Bureau, New York was among the 10 states with the most vehicle thefts reported during the first half of 2023 and experienced a 20% increase from the first half of 2022.

According to the terms of the Program grant contracts, each grantee must maintain documentation to support the personal service expenditures it claims for reimbursement. Grantees whose staff are paid in whole or in part from grant funds provided under the contract must maintain a time recording system (e.g., time sheets, computerized workload distribution reports) that show the time devoted to the grant project and that can be verified during a DCJS review. In addition, DCJS’ Office of Program Development and Funding’s (Office) payment approval process includes monitoring procedures for both on-site and virtual reviews of MVTIF grant recipients. Due to the COVID-19 pandemic (pandemic), the Office’s last on-site visit for calendar years 2018–2021 was in November 2019. The Office resumed monitoring grantee contracts through virtual visits beginning in October 2020 and continued throughout 2020 and 2021.

Audit Findings and Recommendations

We found that the Board hasn't complied with the Law's governance provisions, particularly with respect to maintaining the required 12 members and holding meetings that would – if a quorum were present – allow Program business to be done. Each of the four Annual Reports for the period 2018–2021 was issued late – the most recent report was due in February 2022 and issued in December 2023. Lacking a full Board, DCJS could not issue a new RFP for calendar year 2021, and therefore extended existing awards that were informed by non-current crime data. DCJS could also enhance its monitoring of grantees' personal service costs and could better ensure that its internal administrative charges to the Program are accurate.

Program Governance

We found persisting gaps in Program governance throughout the 4-year audit period that hindered DCJS' ability to conduct Program business. These gaps contributed to DCJS' continued reliance on extending contract award amounts through 2021 (and then through 2023) that were decided based on the crime statistics from 2014–2016 that were used in generating its 2017 RFP.

According to DCJS officials, available records of Board minutes, and the MVTIF Annual Reports, the Board didn't have the 12 members required by Law for any of the 4 years ended December 31, 2021, nor did it hold the minimum four meetings in 2019, 2020, and 2021. (Although four Board meetings were held in 2018, a quorum wasn't reached for the first meeting in March 2018.) There were three meetings in 2019, with a quorum reached for all three, and none in either 2020 or 2021. As a result, no actions were taken by the Board for part of 2019 and all of 2020 and 2021. In addition, none of the Board's Annual Reports were issued timely, and the 2021 report, which was due in February 2022, was posted to DCJS' website in December 2023, although it was represented as having been issued in August 2022. DCJS officials attributed the 16-month difference to human error.

The last Program RFP that DCJS issued was in 2017 – for 2018 Program grant funds. The RFP incorporated the counties' average 2014–2016 combined theft and fraud crime data in determining which counties had the highest average incidence of crime and were therefore eligible to apply. According to DCJS officials, they considered only entities within the 14 New York counties with the highest average incidence of MVTIF as eligible for Program grants, citing a substantial difference in incidence between the 14th and 15th ranked counties, particularly when compared with the top 13 counties. This resulted in 14 eligible counties for 2018 grants, with two optional 1-year renewals through the end of 2020. (Prior to the 2017 RFP, a 2015 RFP was issued for contract awards for calendar year 2016, with a 1-year renewal.) Notably, no entities from two counties – Onondaga and Orange – applied for a grant when the 2017 RFP was issued, despite being among the top 14 counties according to the data DCJS used in determining eligibility. This resulted in the available funds being awarded to applicants within the remaining 12 counties.

Applications from high-crime counties were scored using criteria such as prior program performance, demonstration of countywide collaboration, and demonstration

of dedicated prosecutorial or investigative insurance fraud efforts. Award amounts were determined using a tiered approach to distribute most of the funds – about \$3.2 million – among applicants within the 12 high-crime counties that applied for Program grants. Tier 1, for example, included the four highest-incidence counties: Kings, New York, Queens, and the Bronx. Because applicants were able to apply for a grant amount of 105% of their previous award, the resulting award could exceed the maximum amounts below:

- Tier 1 – Kings, New York, Queens, Bronx – Maximum award amount \$500,000
- Tier 2 – Nassau, Suffolk, Erie, Monroe, Westchester – Maximum award amount \$300,000
- Tier 3 – Onondaga, Richmond, Albany, Niagara, Orange – Maximum award amount \$100,000

The remaining funding was awarded to the three New York City-wide applicants and two not-for-profit agencies that provide training.

However, DCJS didn't issue an RFP for calendar year 2021 contracts. Instead, the 2018 contracts, which had already been extended via renewals through calendar year 2020, were again extended through calendar year 2023, using the same 2014–2016 crime data to determine the localities eligible to apply, and based on the grant requests from 2017. Extending these awards may have resulted in DCJS not adequately considering current county needs.

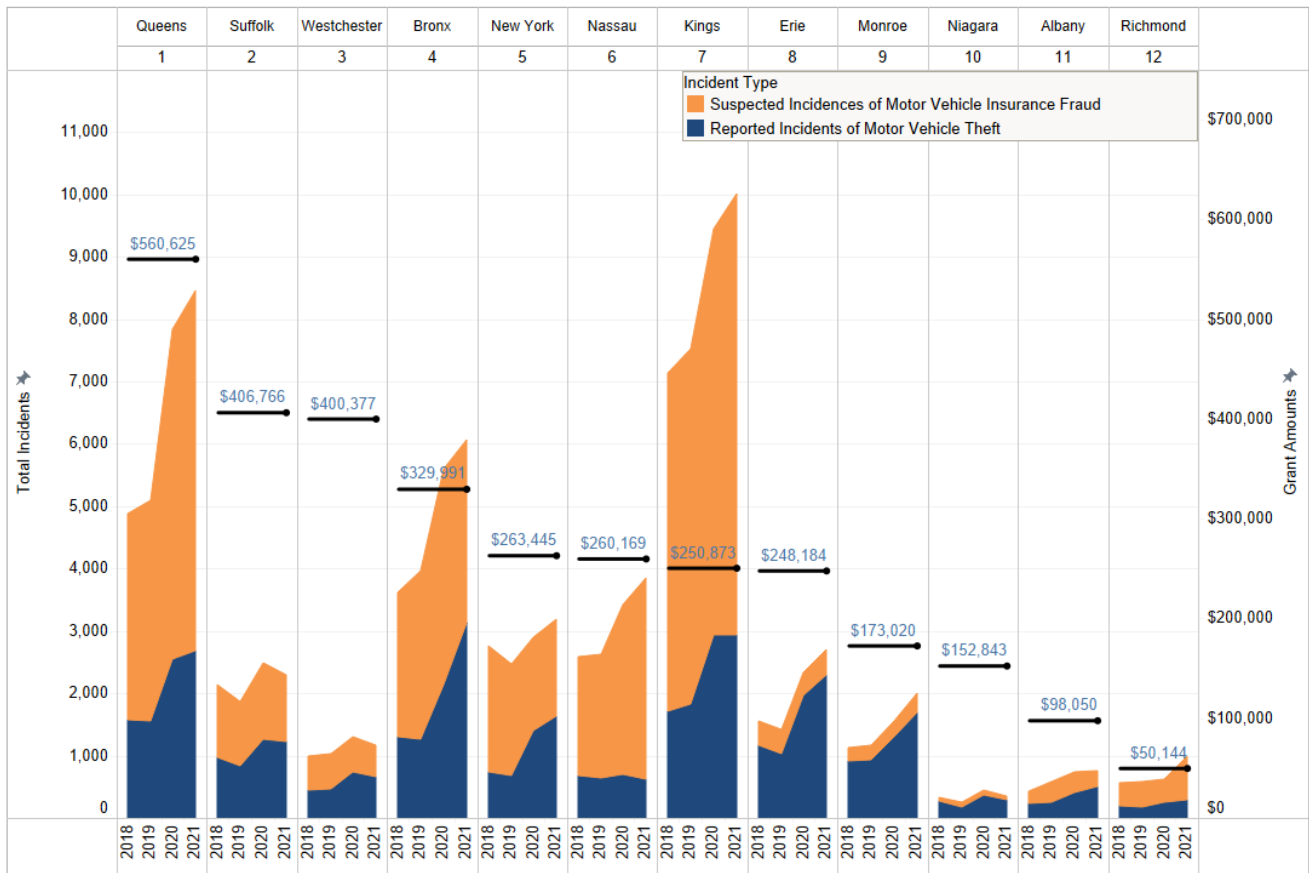
We note that the top 14 counties, based on the crime data available for 2018–2021, generally remained the same throughout the 4 years, as did the funding tiers they were in. (In 2021, Oneida County was among the top 14 counties, although it wasn't in 2020, replacing Orange County.) It's not known whether entities in Onondaga or Orange counties may have later applied if an RFP had been issued subsequent to the one in 2017. Table 3 shows the counties with the greatest percentage change in crime data when comparing the average combined theft and suspected fraud statistics for 2014–2016 to those from 2021. As the table suggests, an RFP that was informed by more recent crime data may have resulted in a different alignment of resources, such as a different number and/or composition of eligible grant recipients than was awarded for the 2021 contracts.

Table 3 – Five Counties With Greatest Percentage of Change in Crime Statistics From 2014–2016 to 2021

County	Average of Combined Crime Stats 2014–2016	Combined Crime Stats for 2021	% Change	2018 Grant Award Amounts	Maximum Grant Amount for Funding Tier
Albany	321	762	137%	\$98,050	\$100,000
Richmond	511	994	95%	\$50,144	\$100,000
Nassau	2,072	3,857	86%	\$260,169	\$300,000
Onondaga	601	1,098	83%	–	\$300,000
Erie	1,616	2,705	67%	\$248,184	\$300,000

Figure 1 below presents annual grant award amounts by county for calendar years 2018–2021, which were based on crime data for 2014–2016, and the available crime data for 2018–2021. Because entities in two of the 14 eligible counties didn't apply (Onondaga and Orange), the figure reflects information for grantees that applied from the remaining 12 counties.

Figure 1 - 2018-2021 Motor Vehicle Theft and Insurance Fraud Statistics for Grantees



*Dollar amounts by county reflect only the total of grant awards that were county-specific.

In response to our findings, DCJS officials said there are obstacles to achieving a quorum of Board members to conduct official business, which include attracting and maintaining Board members who can fulfill the related obligations and commitment. They also said that the constraints that accompanied the pandemic contributed to these obstacles and to not holding Board meetings during 2020 and 2021. When they're able to reach a quorum and Board meetings can resume, DCJS officials said that they'll consider issuing a new RFP using more current crime data. Regarding the late Annual Report for 2021, they cited the timing of when they receive crime statistics from other parties as playing a role. We urge DCJS to make better use of information about MVTIF – especially when incidents are increasing – to award Program funds in a way that best addresses relevant trends.

Grant Expenditures

We found that DCJS could enhance its monitoring of grantees' personal service costs to better ensure these costs are Program-related, accurate, and supported by a contractually required time and effort tracking system. DCJS could also better ensure that its internal administrative charges to the Program are accurate.

Separation of duties, which is the division of key tasks and responsibilities among various employees and subunits, can minimize the risk of inappropriate, unauthorized, or fraudulent activities. With respect to overtime, applying these standards would result in a process in which overtime, when needed, is authorized by a person other than, and in a supervisory position to, the person working the overtime.

Of the 28 grantees, we reviewed 52 vouchers that were submitted by a sample of 10 grantees for reimbursement for Program costs and found that they adequately documented and supported the costs and that the amount and type of costs claimed were consistent with the grantees' contract terms. In total, we reviewed \$1,556,422, or about 11% of the \$13,976,165 expended during the 4-year period ended December 31, 2021.

We also visited four of the 10 sample grantees' offices to review source documentation for Program-related costs that were claimed for calendar years 2020 and 2021. In total, we reviewed support for \$986,716 in claimed costs and identified excess and unsupported charges to the Program totaling \$336,803 (34%) as follows:

- \$327,991 in personal service costs that weren't appropriately supported by a time and effort tracking system;
- 21 of 139 overtime requests that lacked appropriate supervisory approval and totaled \$6,515, including 14 requests, representing three staff, that were authorized by the same person who worked the overtime and seven requests that were not approved; and
- \$2,297 in overtime (of the \$31,933 charged) that was incorrectly charged to the Program, including \$1,912 that the grantee attributed to a programming error and \$385 in pre-approved overtime that – according to payroll records – was not worked.

In response to our findings, DCJS officials affirmed that all grant contracts require grantees to maintain documentation in support of personal service expenditures. They also said that they reiterate these requirements during site visits, that grantees sign a certification with every reimbursement claim stating that an appropriate time recording system is being maintained to document staff time devoted to the grant, and that guidance about what's needed to support claimed costs is available on the DCJS website. They added that DCJS' Office of Audit Services and Compliance conducts audits of 15 to 20 grantees annually and reviews source documentation for reimbursed costs.

DCJS Charges to the Program

We reviewed the 10 largest DCJS travel charges to the Program during the 4 calendar years 2018–2021 to determine if they were Program-related, accurate, and adequately supported. Of the \$3,669 we reviewed, which represented about 45% of the \$8,222 in DCJS Program travel charges for the period, we found overstated Program charges that totaled \$800. Officials agreed with our finding, attributed it to human error, and stated that staff will work to ensure the error doesn't happen again.

Recommendations

1. Take steps to ensure compliance with governance-related requirements under Article 36-A by:
 - Requesting appointment of Board members to meet the Law's number and composition requirements;
 - Convening at least the four required Board meetings each year; and
 - Issuing the MVTIF Annual Report annually by February 15.
2. Issue an RFP, in accordance with the Plan and with MVTIF Board approval, that results in awarding funding to entities within the counties that – using the most recent available data – have the highest incidence of motor vehicle theft and insurance fraud.
3. Enhance assurance that grantee claims for reimbursement are for expenses that are Program-related, accurate, supported by time and effort tracking systems required under the contract, and appropriately approved.
4. Take action to reduce the risk of administrative overcharges to the Program.

Audit Scope, Objective, and Methodology

The objective of our audit was to determine whether DCJS has complied with the Law for revenues received by and expenditures made from the Fund and from any other source for purposes of the Program. Our audit covered the period from January 2018 through December 2021.

To accomplish our objective and assess related internal controls, we reviewed laws, DCJS policies and procedures, grantee contracts, MVTIF Annual Reports, and Program instructions. We also met with and interviewed DCJS officials to gain an understanding of their role in awarding grants, monitoring payments to grantees, and accounting for Program funds. We tabulated the most current crime data available from DCJS to make an annual comparison of the statistics.

We used a non-statistical sampling approach to provide conclusions on our audit objective and to test internal controls and compliance. We selected only judgmental samples. However, because we used a non-statistical sampling approach for our tests, we cannot project the results to the respective populations. Our samples, which are discussed in the body of our report, were as follows:

- Judgmental samples of 10 grantees' reimbursements for claimed grant costs to determine whether they were accurate, supported, and allowed under the contract. In selecting the grantees, we considered location, calendar year, and grant award amounts.
- A judgmental sample of four of the 28 Program grantees to visit, based on grantee type, which resulted in a sample that included one law enforcement agency, one not-for-profit agency, and two district attorney's offices. During our site visits, we interviewed grantees and examined source documentation for their Program-related claims, including reviewing their time and effort tracking systems.

We obtained data from the Statewide Financial System, which is reviewed by KPMG during its annual audit of the State's annual comprehensive financial report. Based on KPMG's work, we have determined that the data from this system is sufficiently reliable for the purposes of this report.

To review and analyze New York MVTIF crime data, we used the statistics as reported in DCJS' MVTIF Annual Reports for 2018, 2019, and 2020. For the 2021 statistics, we used vehicle theft data obtained from the State's Open Data website and suspected fraud data provided by DFS to DCJS, which are nearly identical to those that appeared in the 2021 Annual Report when it was later released.

We also developed a visualization using Tableau software to improve understanding of our report (see Figure 1). We selected colors from <https://colorbrewer2.org/> by Cynthia A. Brewer, Geography, Pennsylvania State University.

Statutory Requirements

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

We conducted our 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. These duties could be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of DCJS' compliance with Article 36-A of the State Executive Law for revenues received by and expenditures made from the Fund and from any other source for purposes of the Program.

Reporting Requirements

We provided a draft copy of this report to DCJS officials for their review and formal written comment. We considered their response in preparing this final report and have included it in its entirety at the end of the report. In their response, DCJS officials generally agreed with the report's findings, conclusions, and recommendations and described planned efforts to address them.

Within 180 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Division of Criminal Justice Services shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Exhibit

MVTIF Program Grantees and Annual Award Amounts, Calendar Years 2018–2021

Count	Grantee County or Type	Grantee	Annual Award Amount	Annual Award Amount by County or Grantee Type
1	Albany	Albany County District Attorney	\$65,050	
2	Albany	Albany City Police Department	33,000	\$98,050
3	Bronx	Bronx County District Attorney	329,991	\$329,991
4	Erie	Buffalo City Police Department	106,884	
5	Erie	Erie County District Attorney	104,758	
6	Erie	Cheektowaga Town Police Department	36,542	\$248,184
7	Kings	Kings County District Attorney	250,873	\$250,873
8	Monroe	Monroe County District Attorney	87,000	
9	Monroe	Monroe County Sheriff's Office	36,500	
10	Monroe	Rochester City Police Department	49,520	\$173,020
11	Nassau	Nassau County District Attorney	114,300	
12	Nassau	Nassau County Police Department	145,869	\$260,169
13	New York	New York County District Attorney	263,445	\$263,445
14	Niagara	Niagara County District Attorney	109,443	
15	Niagara	Niagara Falls City Police Department	23,400	
16	Niagara	Niagara County Sheriff's Department	20,000	\$152,843
17	Queens	Queens County District Attorney	560,625	\$560,625
18	Richmond	Richmond County District Attorney	50,144	\$50,144
19	Suffolk	Suffolk County District Attorney	283,210	
20	Suffolk	Suffolk County Police Department	123,556	\$406,766
21	Westchester	Westchester County District Attorney	277,963	
22	Westchester	Yonkers City Police Department	122,414	\$400,377
		Subtotal County-Specific Grantees		\$3,194,487
23	NYC Fire or Law Enforcement Unit	NYPD—Auto Larceny Fraud Investigation Unit	\$24,873	
24	NYC Fire or Law Enforcement Unit	Fire Department of New York City	124,800	
25	NYC Fire or Law Enforcement Unit	NYPD—Auto Crime Division	199,000	
26	NYC Fire or Law Enforcement Unit	NYPD—Fraudulent Collision Investigation Squad	100,000	
		Subtotal NYC Fire or Law Enforcement Unit		\$448,673
27	Not-for-Profit (Statewide)	New York Anti-Car Theft and Fraud Association, Inc.	\$65,100	
28	Not-for-Profit (Statewide)	New York Prosecutors Training Institute, Inc.	40,740	
		Subtotal Not-for-Profit (Statewide) Grantees		\$105,840
		Totals	\$3,749,000	\$3,749,000

*NYPD = New York City Police Department

Agency Comments



Division of Criminal Justice Services

KATHY HOCHUL
Governor

ROSSANA ROSADO
Commissioner

March 15, 2024

Heather Pratt, CFE
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY 12236-0001

Re: Audit Draft Report – 2022-M-2, Issued 2/14/2024

Dear Director Pratt:

Thank you for the opportunity to respond to the draft report detailing the findings and recommendations related to the Office of the State Comptroller's (OSC) audit of the Division of Criminal Justice Services (Division) administration and oversight of the Motor Vehicle Theft and Insurance Fraud Prevention Program.

For ease of review, we have listed OSC's recommendations followed by our responses:

Take steps to ensure compliance with governance-related requirements under Article 36-A by:

- ***Requesting appointment of Board members to meet the Law's number and composition requirements;***
- ***Convening at least the four required Board meetings each year; and***
- ***Issuing the MVTIF Annual Report annually by February 15.***

The February 15 statutory mandate to issue the annual report is problematic. The data and statistics required to compile the annual report are not submitted to DCJS until after the February 15 deadline. Additionally, after the data is submitted, it must be reviewed and analyzed. The Division will work diligently to collect and thoroughly review the data to help ensure a complete and accurate annual report is issued in a timely fashion.

Issue an RFP, in accordance with the Plan and with MVTIF Board approval, that results in awarding funding to entities within the counties that – using the most recent available data – have the highest incidence of motor vehicle theft and insurance fraud.

The Division reiterates our position that, once a quorum is reached and Board meetings can resume, issuing a new RFP utilizing more current data will be addressed.

Enhance assurance that grantee claims for reimbursement are for expenses that are Program-related, accurate, supported by time and effort tracking systems required under the contract, and adequately approved.

The Division agrees that supporting documentation, including time and effort tracking, is important for grantees to maintain in support of reimbursed expenses. As your report states, grantees are made aware of this requirement through contract language, attestations the grantees sign when submitting claims for reimbursement, monitoring, and audits.

Take action to reduce the risk of administrative overcharges to the Program.

The Division has reminded staff of the importance of accurately coding expenses for proper accounting.

Please contact John Clements at (518) 402-0600 if you have any questions.

Very truly yours,



Rossana Rosado
Commissioner

cc: Joseph Popcun, Executive Deputy Commissioner
Dean DeFruscio, Deputy Commissioner for Policy and Planning
Cillian Flavin, Deputy Commissioner, Office of Program Development and Funding
Katie Anderson, Deputy Commissioner, Office of Budget and Finance
John Clements, Director of Audit Services

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