NO. 2000-0511-3

INDEPENDENT STATE AUDITOR'S REPORT ON CERTAIN ACTIVITIES OF THE REGISTRY OF MOTOR VEHICLES

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As authorized by Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor conducted an audit of the Registry of Motor Vehicles (RMV). The RMV, created by Chapter 16, Section 9, of the General Laws, was established within the Executive Office of Public Safety by Chapter 6A, Section 18, of the General Laws. The RMV has primary responsibility for issuing and maintaining records related to motor vehicle registrations and operators' licenses, enforcing motor vehicle laws to promote highway safety by ensuring that every driver meets minimum competency standards, and withdrawing driving privileges from anyone who proves to be a threat to other drivers. The RMV is also responsible for collecting fees for registrations, titles, and drivers' licenses, and sales taxes on motor vehicles and remitting them to the Office of the State Treasurer.

Our audit was performed to determine whether the RMV's (1) procurement process was adequate and expenditures for goods and services were properly recorded; (2) sale of personal information was in accordance with applicable laws and regulations; (3) placement of certain union employees in key management positions was appropriate; (4) use of independent consultant contractors for data processing services was appropriate, cost-efficient, and effective; and (5) participation in the National Motor Vehicle Title Information System (NMVTIS) project was properly accounted for in accordance with applicable federal and state laws and regulations.

On February 11, 2002 after the RMV was provided an advance copy of this report, we received their responses which have been considered and incorporated into this final report.

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INTRODUCTION

Background

The Registry of Motor Vehicles (RMV), created by Chapter 16, Section 9, of the Massachusetts General Laws, was established within the Executive Office of Public Safety by Chapter 6A, Section 18, of the General Laws. The RMV has primary responsibility for issuing and maintaining records related to motor vehicle registrations and operators' licenses, enforcing motor vehicle laws to promote highway safety by ensuring that every driver meets minimum competency standards, and withdrawing driving privileges from anyone who proves to be a threat to other drivers. The RMV is also responsible for collecting fees for registrations, titles, and drivers' licenses, and sales taxes on motor vehicles and remitting them to the Office of the State Treasurer. The RMV has a central office at Copley Place in Boston and 35 branch or satellite offices located throughout the state.

This audit is a follow-up to our interim report No. 98-0511-3, which disclosed several deficiencies found and made recommendations to assist management in taking the necessary and timely corrective internal control actions. Our audit, which included reviews of five additional specific issues, identified no deficiencies in either of the procurement of goods and services or the sale or distribution by the RMV of information concerning motor vehicle operators. This report, which concludes our audit, covers the remaining three issues.

Audit Scope, Objectives, and Methodology

As authorized by Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor conducted an audit of the Registry of Motor Vehicles. Our audit was conducted in accordance with applicable generally accepted government auditing standards for performance audits. Our audit was performed to determine whether the RMV's (1) procurement process was adequate and expenditures for goods and services were properly recorded; (2) sale of personal information was in accordance with applicable laws and regulations; (3) placement of certain union employees in key management positions was appropriate; (4) use of independent consultant contractors for data processing services was appropriate, cost-efficient, and effective;

and (5) participation in the National Motor Vehicle Title Information System (NMVTIS) project was properly accounted for in accordance with applicable federal and state laws and regulations.

To accomplish our objectives, we interviewed various RMV officials, including its then Chief Legal Counsel and his assistant; the Chief Financial Officer; Chief Accountant; the directors of the Information Services Division, Vehicle Services Division, and Human Resources Division; and several other employees.

We reviewed the RMV's participation in the U.S. Department of Transportation and the U.S. Department of Justice's (DOJ) NMVTIS project, including an examination of reports issued by the U.S. General Accounting Office and the DOJ regarding the funding of the project.

We reviewed files for Information Technology (IT) projects established by the RMV, the staffing of these projects by RMV employees and IT consultants, and the RMV's monitoring of staff and project accomplishments. We met with representatives of the Operational Services Division (OSD) of the Executive Office for Administration and Finance (EOAF) to discuss the use and retention of IT consultants. We also reviewed the costs associated with hiring and retaining the IT consultants and compared these costs to the costs of hiring IT staff under Chapter 30, Section 46, of the Massachusetts General Laws (MGL). This law, commonly referred to as the Technical Pay Law (TPL), allows agencies to pay higher salaries to certain data processing professionals. We performed an on-site review at the office of one IT consultant to determine whether records of billings and payments received from the RMV were complete, supported by consultant records, and in agreement with the project records maintained at the RMV. We reviewed laws and regulations pertaining to the use of TPL-designated employees and interviewed several RMV employees to determine whether they were performing their duties as described in the law. We also reviewed the various provisions of the TPL with representatives of the Human Resources Division of EOAF, which administers the TPL. In addition, we reviewed the RMV's assignment of several union employees to management positions to determine whether such assignments were appropriate.

We examined the RMV's processes for procuring goods and services and selected and reviewed certain procurements occurring in fiscal years 1999 and 2000 to determine whether the RMV

adhered to the procurement requirements issued by the OSD. Our audit involved a review of the procurement processes; the selection of a representative number of procurement transactions; and an examination of procurement documents, invoices, payment vouchers, and other documents evidencing receipt of goods and services.

We reviewed the RMV's policies and procedures regarding the protection of personal information. We also reviewed (1) the RMV's compliance with the Federal Driver Privacy Protection Act and Chapter 4, Section 7, of the General Laws regarding the release of Massachusetts driver and automobile information to the public, (2) a letter received from the Office of the Attorney General (written in May 1998 on behalf of the RMV) and an October 1998 response from the Civil Division that identified the legal ramifications of the sale of personal information and set forth general guidelines to be followed by the RMV, and (3) the implementation of Executive Order No. 412, To Protect the Privacy of Personal Information, to determine whether the RMV established an adequate control system as required by the order to protect the confidentiality of information and ensure that private information is not released to the public. To verify the adequacy of the control systems we reviewed the applications of five different entities to determine whether applications were properly completed, all applicants were authorized to obtain personal information, and appropriate fees were assessed and collected.

As a result of our review for the areas tested, we determined that the RMV had an adequate procurement system, properly recorded expenditures for goods and services, and adequately protected personal information in compliance with applicable laws, rules, and regulations. However, as noted in the Audit Results section of this report, the RMV's placement of certain union employees in key management positions was not appropriate; its use of independent consultants/contractors for data processing services may not be cost-effective and efficient; and it may not have adequately accounted for the costs of its participation in a (NMVTIS) federally funded project.

On February 11, 2002 after the RMV was provided an advance copy of this report, we received their responses, which have been considered and incorporated into this final report.

AUDIT RESULTS

1. THE RMV COULD NOT ADEQUATELY ACCOUNT FOR ITS COSTS ASSOCIATED WITH ITS PARTICIPATION IN A FEDERALLY FUNDED PROJECT

Our review disclosed that the Registry of Motor Vehicles (RMV) had not adequately accounted for its share of the costs associated with its participating in the federally sponsored National Motor Vehicle Title Information System (NMVTIS) project. In addition, despite our repeated requests for information, the RMV did not produce records documenting how these funds were used or provide information on whether other federal funds had been received for this project or other projects by the RMV or its vendors. Moreover, information received by us from the United States General Accounting Office (GAO) indicated that the project may have cost significantly more than the $324,000 acknowledged by the RMV.

Our review of the RMV Information Technology (IT) consultant vendor invoices indicated that a total of $324,000 in federal funds had been received directly by the vendor on behalf of the RMV. The invoices indicated these funds had been used by the vendor to reduce the amounts payable to it for IT consultant work performed on two RMV projects that had no relationship to the work performed on the federal project. When initially questioned, the RMV's Chief Financial Officer (CFO) denied any knowledge of the receipt of federal funds for the project. However, upon further review she acknowledged that the RMV did receive federal funds in 1997 when the RMV was selected as one of seven states to participate in a pilot project known as the NMVTIS. The CFO stated that the project work was performed by this vendor and that someone at the RMV had presumably directed that the federal funds instead be sent directly to that vendor. If that is the case, it is inconsistent with Chapter 29, Section 2C of the Massachusetts General Laws, which directs that all federal funds shall be paid into the Treasury of the Commonwealth.

The NMVTIS project was initiated after the U.S. Congress passed the Anti-Car Theft Act (ACT) in 1992. The NMVTIS project was originally under the jurisdiction of the Department of Transportation (DOT), and in 1996 DOT designated the American

Association of Motor Vehicle Administrators (AAMVA), a voluntary association of public motor vehicle administrators, to develop and implement it.

In the latter part of 1996 Congress amended the ACT by the passage of a new legislative initiative, and the jurisdiction of the NMVTIS project was transferred to the Department of Justice (DOJ); however, AAMVA's role remained unchanged. When fully developed, the NMVTIS system was designed to allow users to instantly validate out-of-state motor vehicle titles and provide a history of the vehicle.

Because the RMV could not provide a copy of the formal agreement and contract and records relating to this project and other related information, we wrote to AAMVA, which indicated in its response (see Appendix I) that it paid the RMV's IT consultant $324,000 in federal funds in April 1998 as the total amount due for the RMV's project participation. As part of its response, AAMVA provided a "Summary of Dollars Spent on the NMVTIS Project" from the IT consultant, which indicated that work on the project began in January 1997 and was completed in February 1998 at a total cost of $337,245 or $13,245 more than planned. However, contrary to their June 4, 2000 letter to us the response did not include a copy of the agreement between AAMVA and RMV's vendor. Despite our repeated requests to AAMVA over a several month period, we were never provided a copy of this document. The RMV also could not explain whether the $13,245 was paid to the IT consultant. We noted that the vendor summary reflected the names of the IT consultant company employees, their hours worked, their hourly rates, and the total charge for each month from January 1997 through the completion of the project in February 1998. However, the summary did not indicate the specific tasks accomplished by the employees (see Appendix II).

The AAMVA also provided us with a document dated March 11, 1997 from the RMV's Director of the Title Division to AAMVA's application manager and signed by the Director of the Title Division, which stated, in part: "To clarify the Massachusetts Registry of Motor Vehicles' NMVTIS Pilot Project request for funding, the following development cost breakdown is submitted for your review . . . . Any ancillary costs, such as project

management, training, documentation, etc., will be borne by the RMV. The funding we are seeking is for system analysis, development and quality assurance testing only." (see Appendix III). When presented with this document, the Director of the Title Division indicated that, although the financial data had been provided to him, he did not know how the figures were developed.

AAMVA provided us with another letter dated April 23, 1997 (see Appendix IV) and signed by the RMV's then Chief Information Officer to AAMVA's president and CEO confirming the RMV's participation in the project at an amount not to exceed $324,000. The letter included as an attachment a schedule that estimated the cost of staffing requirements for the project at $486,675, or $162,675 more than the $324,000 that the RMV expected to receive as payment for its participation. The letter stated that RMV would "provide quarterly progress reports to AAMVA which will include descriptions of activities and expenses incurred during the reporting period."

Although no other documentation was provided to us by AAMVA or by the RMV, it is evident that earlier correspondence did exist prior to the March 11, 1997 RMV letter, as at that point the IT consultant had already charged time to this project for the months of January and February 1997. Further, we noted that, although the April 23, 1997 RMV letter stated, that the "State of Massachusetts is pleased to confirm its commitment to participate in the pilot of the National Motor Vehicle Title Information System (NMVTIS)," at that point the IT consultant had worked on the project for over three months prior to an official commitment to participate in the project by the RMV. We also discussed the receipt of federal funds with the current Director of Information Services (whose former title was the Chief Information Officer), who also indicated that he had no knowledge of these funds, as they were received prior to his promotion to Director.

Despite our repeated requests, RMV officials were not able to provide us with a copy of the agreement with AAMVA or copies of any quarterly reports to AAMVA, identify the tasks performed to accomplish the project, who worked on it, the salaries and hours worked for each RMV employee and IT consultant, and other costs involved.

We contacted the GAO and obtained a copy of its August 1999 audit report covering this project. The GAO report stated that the total cost of a national system would be approximately $33.9 million. Of this, $22.2 million was to be federally funded, $7.7 million was to be funded by the states, and the remaining $4 million was to be funded by AAMVA and various other unidentified entities.

The GAO also provided us with a copy of a survey response document (see Appendix V) that it had received from the RMV in May 1999. The survey document indicated that the RMV's original "cost of implementation" of NMVTIS was estimated to be $579,000 in 1993 and that in December 1998 the RMV's "estimated" costs to implement NMVTIS had increased to $648,000. The RMV responded on the survey that the basis for the updated cost estimate submitted to AAMVA was the "extensive resources" that were used. However, it appears the $648,000 "estimated" cost was not an estimate but an actual cost, as work on the project already had been completed by the IT vendor in February 1998 (see Appendix II). Therefore, 13 months after the IT consultant vendor had adjusted two invoices to the RMV for two non-federal projects, supposedly in full recognition of its receipt of $324,000 in federal funds for the NMVTIS project, the RMV was reporting the project cost to be $648,000, or $324,000 more than the amount reported as federal funds received by its IT vendor.

We asked the RMV's Director of the Title Division, whose name appears on the survey document, to provide us information on the basis for the $579,000 and $648,000 amounts reported on the survey response to the GAO. This official again denied any knowledge of the receipt of federal funds for this project and stated that he could not provide any records to substantiate these figures. He stated that, although he was fully aware of the operational aspects of the project, he was not involved in and had no knowledge of the financial background of the project.

During our discussions with this director and other RMV officials we were told that all project records identifying the specific tasks accomplished for the NMVTIS project were in the possession of the IT consultant vendor. However, two principal representatives of the

IT consultant who work on site at the RMV stated that they were not in possession of any project records for the NMVTIS project.

We also received from the GAO a copy of a report of the Office of the Comptroller of the DOJ covering a January 1999 site visit to AAMVA (see Appendix VI). The OSC commented on the inadequate administrative contract procedures of AAMVA, as follows:

> *The [OSC's] review of the AAMVA's contractual agreements with state agencies revealed that they were not sufficient to ensure proper contract administration. The contractual agreements did not clearly and completely document the amount of the agreement or the services provided.*

Sound business practices advocate that agencies maintain records of funds received as well as records supporting contractual agreements with other entities and records supporting and justifying expenditures. In addition, all state agencies receiving federal funds are required to record and deposit such funds into the State Treasury. Specifically, Chapter 29, Section 2C, of the General Laws states, in part:

> *All federal grant funds, which shall include grants in aid and subventions, received by any department, institution, board, commission, agency, officer or employee of the commonwealth from the federal government, whether directly or through an intermediary. . . shall be paid into the treasury of the commonwealth and credited to a special revenue fund to be known as the General Federal Grants Fund. . . .*

The RMV's former Chief Counsel stated that the RMV might not have maintained records of the receipt and use of federal funds because RMV officials believed that it was permissible for these funds to be sent directly to the IT consultant by the AAMVA. In support of this, the RMV provided us with a copy of a letter dated September 8, 2000 sent to them by AAMVA, which stated that AAMVA had paid $324,000 to the IT consultant at the direction of the RMV. We informed the then Chief Counsel and his assistant counsel that, although we had discussed the NMVTIS project with several RMV officials, none of them were able to provide definitive information regarding the project, and we requested that he obtain answers to the following questions.

- Did the project cost $324,000, $648,000, or some other amount, and how was any excess amount over $324,000 paid for?

- What was the total cost to the Commonwealth for the RMV's participation in the project?

- What was the support for the varying costs reported for the project by the Chief Information Officer, who in a letter to AAMVA dated April 23, 1997 reported estimated project costs of $324,000 and supported this estimate with an attachment that estimated staffing costs to be $486,675?

- Were quarterly progress reports made to AAMVA as cited in the Chief Information Officer's letter of April 23, 1997 and, if so, where are they?

- What contracts or correspondence exist to support the RMV's "agreement" with the IT consultant and with AAMVA to authorize the project and payment of federal funds?

- What specific tasks were accomplished by the IT consultant to warrant the $324,000 payment to them?

- What specific NMVTIS related tasks, if any, were performed by RMV employees, and who performed them?

- Have other federal funds been received for the NMVTIS project or other projects and, if so, how has the receipt and deposit of these funds been accounted for?

The Chief Counsel agreed to this request and assured us that answers would be forthcoming. However, despite several telephone calls and several verbal assurances from him and his assistant over a three-month period, no information was received. Further, although the Chief Counsel left the employ of the agency in December 2000, on two subsequent occasions the assistant counsel also stated that a response would be forthcoming. However, the RMV has not provided us with adequate information and documentation regarding the total cost to the Commonwealth of the NMVTIS project; what was specifically accomplished; whether any additional federal funds have been received and, if so, to whom were they paid.

Recommendation

The RMV should:

- Thoroughly review its files and locate all contracts, project reports, and correspondence relative to the NMVTIS project, resolve all issues regarding the total project costs including state funds, and render a full accounting of this project.

- Determine whether Chapter 29, Section 2C of the General Laws is applicable under these circumstances, and if so, establish controls to ensure compliance in the future.

Auditee's Response

The Registry of Motor Vehicles did not violate the State Finance Law because the agency did not receive any federal grant funds, either directly or through an intermediary, for its participation in the NMVTIS pilot program.

The NMVTIS pilot program was initiated after the passage of the Anti-Car Theft Act of 1992. The United States Department of Transportation (DOT), and subsequently the United States Department of Justice (DOJ), designated the American Association of Motor Vehicle Administrators (AAMVA) to develop and implement the NMVTIS program in a technically feasible and cost efficient manner. The Registry of Motor Vehicles, which is a member of AAMVA, participated in the pilot of this program by developing and testing the functionality of the NMVTIS system.

The original federal legislation did not contain any funding for NMVTIS. Funding for the NMVTIS pilot program was made available to AAMVA from an U.S. DOT appropriation in Fiscal Year 1996 and from appropriations available in 1998 and 1999 from the U.S. DOJ. As these appropriations were made available to AAMVA, and were not provided in the form of any type of federal grant applied for by, or made available to the Registry of Motor Vehicles, the provisions of M.G.L. Chapter 29, § 2C were not applicable.

The Registry of Motor Vehicles did not receive any federal funds for the NMVTIS project, as the funding for this project was made available directly to AAMVA, which in turn paid a vendor for costs incurred on the NMVTIS project related to Massachusetts participation in the pilot program. The amount paid by AAMVA to the vendor was $324,000, which was the amount AAMVA allocated for costs associated with Massachusetts' participation in the pilot program. This payment was made pursuant to an amendment to a pre-existing agreement between AAMVA and the vendor. Any additional costs associated with the NMVTIS program were paid by the Registry of Motor Vehicles from its state appropriation.

Auditor's Reply

Regardless of the type of funding, state or federal, the RMV has a responsibility to ensure that all RMV-related expenditures and activities are adequately and accurately documented, and accounted for.

2. THE RMV HAS EXPENDED UP TO $10.7 MILLION ANNUALLY FOR OVER 17 YEARS TO RETAIN THE SERVICES OF INFORMATION TECHNOLOGY (IT) CONSULTANTS RATHER THAN HIRING ITS OWN STAFF

Since 1984, the RMV has retained IT consultants to perform the major portion of its IT function. However, our audit disclosed that the hourly rates paid to the RMV's IT consultants were up to six times higher than the maximum hourly rates that may be paid to IT employees hired by the Commonwealth of Massachusetts. Moreover, we found that the RMV had no plans to increase the number of its IT employee staff in order the reduce the cost to the Commonwealth.

The RMV's IT function is performed by its Information Services Division, which is responsible for all of the design, updates, and routine maintenance of the RMV's computerized systems as well as the development of new systems. All proposed IT work, including maintenance, is assigned a project number, and separate files are maintained for each project. Project files identify the tasks to be performed and the budgeted and actual time to accomplish the task from start to finish. Proposed projects are presented by various department heads, prioritized, and approved by a committee that includes department heads, with final approval by the Registrar. As of December 2000, the RMV had 37 active projects in progress.

The Information Services Division's fiscal year 2001 operating budget funded 23 IT employees (including one management position and three IT proficient employees hired under a special provision of the General Laws commonly referred to as the Technical Pay Law [TPL]). IT also funded contracts for the services of 82 IT consultants. Each of the consultants works on an as-needed basis, and therefore in a given week an IT consultant may work from zero hours to in excess of 40 hours.

The three TPL employees are compensated by the RMV under the provisions of Chapter 30, Section 46, of the General Laws. The TPL program provides agencies with a means of attracting and retaining qualified data processing professionals and provides for higher salary levels than other state employees. The TPL program is administered by the Human Resources Division (HRD), which reports to the Executive Office for Administration and

Finance. The HRD establishes guidelines to be used by agencies to hire TPL employees, periodically review salaries paid to IT professionals who work in the private sector, and modifies and issues revised salary rates for TPL employees. The HRD allocates TPL positions based on each agency's request. The HRD also reviews the resumes of persons requesting the TPL designation as submitted by the various agencies and approves or disapproves the award of such designation based on each applicant's qualifications. Currently, TPL employees may be appointed to two TPL Salary Categories and are paid salaries that range from $46,000 to $63,000 for Category A Senior Programmer/Analyst and $51,000 to $88,000 for Category B Systems Programmer/Supervisor.

The RMV had requested and was allocated only eight TPL positions by HRD according to established standards. At the initial stages of our audit we found that two of these positions were vacant, three were occupied by individuals who were performing IT work for the Information Services Division, and the other three TPL employees had been placed in management positions and were not performing TPL duties. The three managers included the directors of the Information Services Division, the Vehicle Services Division, and the Customer Services Division. As a result of placing three managerial level employees in TPL-designated positions, the RMV was not able to use these positions to perform TPL work and thus assigned such work to IT consultants. In addition, the placement of TPL employees in managerial positions is not in compliance with the provisions of Chapter 30, Section 46, of the General Laws, which states, in part:

> *The said administrator shall, with the approval of the commissioner of administration, designate certain classes of nonmanagerial positions as data processing positions. . . .*

RMV officials stated that, although they had requested that the HRD remove the TPL designation of the three employees in question, this had not yet been accomplished. Following our discussion with RMV officials we noted that the Director of the Vehicle Services Division and the Director of the Customer Services Division had resigned their positions. However, at that point the RMV had not then filled these and the other two vacant TPL positions.

The 82 IT consultants retained by the RMV include employees of five different consulting companies and nine self-employed individuals. Prior to 1996 the services of all IT consulting companies and individual consultants were selected by the RMV under a competitive bid process. Since 1996, the services of the five consulting companies have been selected from the Commonwealth's Master Service Agreement (MSA) for IT consultants. This MSA was developed by the Commonwealth's Operational Services Division (OSD) to permit the Commonwealth's various agencies and departments to contract with preapproved vendors. The nine individual consultants who are not MSA-designated continue to be selected under a competitive bid process.

The MSA provides for four different categories of IT services. Of these, the Section 4 "Contract Personnel" category is used by the RMV to retain the services of its IT consultants. Seventy-three IT consultant companies are authorized to provide IT services under the Section 4 category. Each of these companies submits to the OSD a listing of proposed range of hourly rates to be charged to the Commonwealth agencies who contract for their services. The rates proposed by each company may be different for each of the eight types of services. The proposed rates for each of the eight types of services may also differ between companies. For example, one company charges a minimum of $35 to a high of $170 for performing Core Technology Services, one of the eight types of services, while a second company, one used by the RMV, charges between $50 and $350 for the same service. All proposed rates are submitted to and approved by the OSD.

Two of the IT consultant companies supply 62 (76%) of the 82 IT consultants whose services are retained by the RMV in a given month. In fiscal year 2001 the RMV contracted to pay these two vendors over $9 million, which represents over 86% of its IT consultant budget. In reviewing documents in the RMV's files, we examined invoices from both companies dating from fiscal year 1996. We asked the Director of the Information Services Division the date on which the RMV first issued contracts to both companies to provide IT consulting services to the RMV. The Director responded that he was not sure, as this had happened before he became Director. During a later review at OSD, we found copies of two letters from the RMV, one dated in April 1999 and one in May l999, both of which were

signed by the Director. One letter (see Appendix VII) to the OSD stated that one of the consulting companies was working under "an active contract that began in October 1984." The second letter (see Appendix VIII) stated that the consultant "has been providing services to the RMV since 1986."

During fiscal year 2000, the two largest IT consultant vendors invoiced the RMV hourly rates ranging from $45 to $135, or an annual potential billing of up $87,750 for one of their employees and up to $263,250 for the second employee (based on a 37½ hour work week). However, under provisions of the MSA, one of these vendors may be compensated at a maximum rate of up to $350 per hour ($682,500 per year for two different types of services based on a 37½ hour work week), and the second could charge up to $300 per hour ($585,000 per year) for three different types of services. The determination of what hourly rate should be charged is based on the expertise required to accomplish specific tasks of a project and is negotiable between the agency and the IT consultant company.

In addition to the 37 active IT projects, there were up to 40 more completed projects where small adjustments or updates were periodically required, and these generally involved a minimal expenditure of time. The active projects included maintenance work, updates to existing projects, new projects, and administrative work. Our review disclosed that, while all RMV IT projects are under the full control of its senior management and its Director of the Information Services Division, five employees of the IT consultant companies have been retained as project managers and supervise other IT consultants as well as at least 13 of the 23 RMV employees who are tasked with accomplishing the RMV's IT project work. This assignment of IT consultants to supervise state employees is contrary to Chapter 29, Section 29A, of the General Laws, which states, in part:

> *No person employed by the commonwealth as a consultant so-called shall directly or indirectly supervise another temporary or permanent employee of the commonwealth.*

As previously stated, the RMV currently utilizes the services of three TPL employees and 82 IT consultants to accomplish its IT function, or 27.3 IT consultants for every one TPL employee. In an effort to assess the reasonableness of these staffing levels, we obtained

similar information from other state agencies as of October 2000, restricting our review to agencies that employ the services of at least 25 TPL employees and consultants. Our analysis disclosed that the RMV has the highest ratio of IT consultants to TPL employees of any agency in the state. In fact, the agency with the next-highest ratio is the Department of Education, which employs 8.1 IT consultants for every one TPL employee as compared to the 27.3-1 ratio found at the RMV. The agencies surveyed and the staffing levels are as follows:

Agency Name	No. of IT Consultants	No. of TPL Employees	Ratio of Consultants to TPL Employees
RMV	82	3	27.3-1
Department of Education	57	7	8.1-1
Division of Medical Assistance	103	25	4.1-1
Department of Public Health	83	50	1.7-1
Division of Employment and Training	63	47	1.3-1
Department of Transitional Assistance	55	56	.98-1
Department of Mental Health	29	40	.73-1
Informational Technology Division	67	134	.5-1
Department of Revenue	37	101	.37-1
Department of Environmental Protection	0	29	0-29

These statistics, coupled with the fact that the RMV has used two of these IT companies since 1984 and 1986, demonstrate that the RMV has made a policy decision to not develop its own IT staff and instead to become dependent on consultants. Moreover, two of these vendors may have received preferential treatment in the IT consultant selection process because their services have been retained by the RMV for a period ranging over 17 years and are paid up to 86% of RMV's IT consultant budget. The use of consultants in lieu of its own IT staff is contrary to the provisions of Chapter 29, Section 29A, of the General Laws, which states, in part:

> *Consultant contracts, whether written with organizations or individuals, shall not be used as substitutes for state positions.*

To determine the feasibility of replacing IT consultants with TPL or other employees, we compared the job titles of consultant employees of the largest IT consultant that had worked on RMV projects with the job titles and descriptions as defined by the HRD. In July 1998, the HRD modified the TPL job categories and eliminated certain positions considered to be technically less difficult from the TPL program and stipulated that persons performing these functions be compensated under the general salary schedule applicable to all state employees rather than under the special higher salary rates available to TPL employees. The positions eliminated from the program were:

Programmer I, II, III
Programmer Analyst I, II
EDP Operations Coordinator and Operations Supervisor

The Positions which remained in the TPL program were:

Category A	Senior Programmer Analyst EDP Systems Analyst III EDP Programmer IV
Category B	Systems Programmer/Supervisor EDP Programmer V EDP Systems Analyst IV Database Specialist

Our review of the February 2000 invoices from the largest IT consultant disclosed that the consultant had assigned 48 of its employees to work on one or more of the RMV projects. Our comparison of the job titles of 44 of these positions classified under the old and the revised TPL guidelines revealed that only nine of these positions would be classified as TPL employees under the July 1998 revised TPL procedures. The remaining 35 positions were among those the HRD had eliminated from the TPL program as they were not considered as being sufficiently technically difficult to continue to be included in the TPL program. These 35 positions and the hourly rates charged to the RMV were as follows:

	Number of Positions	Hourly Rate Charged to RMV	Annual Salaries*
Programmer Analyst II	4	$60-75	$117,000-$146,250
Programmer Analyst I	15	$60-80	$117,000-$156,000
Programmer Analyst Associate	7	$55-60	$107,250-$117,000
Program Analyst	5	$45-65	$87,750-$126,750
Business Analyst II	2	$55-60	$107,250-$117,000
Business Analyst I	2	$55-60	$107,250-$117,000
	35		

*Based on a 37 ½ hour work week for 52 weeks

Based on the above, 35 of the persons performing IT consultant services for the RMV and employed by this company have job titles that are the same as or similar to positions that the HRD has determined to be not of sufficient technical difficulty to be accorded the status of TPL employees. The HRD has authorized a grade salary rate range for these former TPL positions that differs based upon the technical difficulty of the position. For example, a Programmer I has been assigned a Grade 7 by the HRD and is compensated at an annual rate (which includes 28% for fringe benefits) that ranges from $36,674 at Step 1 to $50,519 at Step 12. On the high end is a Programmer Analyst II which has been assigned up to a Grade 18 and is compensated at an annual rate (which includes 28%) that ranges from $62,167 at Step 1 to $86,428 at Step 12. Therefore, even at the highest rates, persons performing these duties as Commonwealth employees are paid significantly less than the amounts being charged to the RMV by the largest IT consultant company providing services to it. For example, this company charges up to $156,000 per year for a Programmer Analyst II, while at the highest compensation levels the HRD authorizes a maximum salary of $67,522 plus 28% for fringe benefits for a total of $86,428.

A similar review of the second-largest IT consultant company disclosed that in February 2000 they invoiced the RMV for services of 20 of their employees. As with the largest IT consultant, we found that 15 of these employees were identified as Programmer Analysts, Systems Analysts, or Business Analysts, (i.e., the positions which were eliminated from the TPL programs) with hourly charges for their services ranging from $75 to $85 per hour. Accordingly, if the two largest companies had the majority of their employees performing

services below the TPL level, the other IT consultants may also be spending a high percentage of their time on technically less difficult work.

We also noted that the RMV's costs of IT consultant services have increased each year for the last several years, which further demonstrates the RMV's commitment to accomplishing its IT function with dependency on IT consultants rather than hiring its own staff. Specifically, in the last three years, actual and projected costs for IT consultants were as follows:

	Fiscal Year	Amount
Actual	1999	$9,675,675
Actual	2000	$10,617,775
Budget	2001	$10,794,733

In addition, we performed an analysis of work accomplished by IT consultants and invoiced to the RMV during February 2000. The purpose of our review was to categorize the work product (based on the project title and description) and identify those projects that involved basic maintenance or update work versus other projects that might require a higher level of expertise. Based on this review, we found the number of projects and approximate percentage of consultant time expended for each project area for February 2000 was as follows:

Projects	Number of Hours	Percentage of Total
New Projects	4,819	42%
Maintenance and Support	2,812	24%
Updates to Existing Projects	2,693	23%
Administration*	1,306	11%
Total	11,630	100%

*All administration time is recorded as one specific project. We were informed that this category represents time spent in meetings to update projects and other related administrative activities.

As shown above, our analysis indicates that 5,505 hours, or approximately 47% of the work accomplished, consisted of updates and maintenance work.

We discussed the use of IT consultants with the Director of the Information Services Division and suggested that the RMV could save a considerable amount of money if it hired its own employees to accomplish at least the updates and maintenance projects. We also discussed the RMV's improperly having consultants supervise Commonwealth employees. The Director indicated that he believes that RMV's IT workload can only be performed by hiring IT consultants and that the RMV could not hire these professionals because they could not afford the high rates that IT consultant companies' pay. He also stated that, although hiring TPL or other employees would be less costly in terms of salary, it would require additional training in order to provide the same services.

Sound business practices advocate that an entity accomplish all elements of its workload in the most cost-effective manner possible. However, the Director of Information Services indicated that the RMV has no current plans to develop an IT staff and could not demonstrate that it had ever attempted to do so.

Clearly any position presently being filled by an IT consultant (who on average received over $131,000 during fiscal year 2001) that could be filled by a qualified TPL employee (who on average received $83,800 in salary and fringe benefits during the same period) would result in a significant cost savings to the Commonwealth. It is therefore in the best interest of the Commonwealth and its taxpayers for the RMV to perform such a cost-benefit analysis of its own.

Recommendation

The RMV should:

- Conduct a cost-benefit analysis to determine whether all or a portion of the IT operation could be operated at a more efficient and economical manner than through the hiring of outside IT consultants. Also, consider developing an internal staff of IT professionals using the TPL as a basis of securing more technically advanced staff.

- Hire IT professionals as project managers in lieu of retaining the services of IT consultants.

- Review all projects and identify those tasks that can be performed by TPL employees or regular employees.

- Consider reducing the number of IT consultants where possible, which will result in considerable cost savings to the RMV.

- Remove the TPL designation from those employees not performing TPL work.

Auditee's Response

The Registry of Motor Vehicles maintains a completely integrated computer system that arguably is the most complex system maintained by a Massachusetts state agency, and which is the most complex of systems maintained by other motor vehicle administrations in the United States. In order to design, develop and routinely maintain a system of this size and complexity, the Registry of Motor Vehicles must have knowledgeable and qualified technical staff resources to devote to its projects.

The Registry of Motor Vehicles has integrated the use of IT consultants into the operation of its Information Services Division. These consultants have been and continue to be selected from consulting companies that are included in the Commonwealth's Master Service Agreement for IT consultants. The Registry of Motor Vehicles evaluates the rates charged for consultants to ensure the reasonableness of such fees for the services being provided. IT consultants do not manage or supervise state employees.

As suggested in the report, the Registry already has evaluated the costs and benefits associated with IT consultants. Consultants provide the agency with the technical skills and expertise that are required for the on-going operation and development activities of the Registry's computer system. Consultants are used by the agency because their broad range of skills gives them a greater flexibility in the number and types of services that can be provided to the Registry, particularly with programming issues. In comparison, state employees traditionally are depended on to fulfill specific responsibilities. Consultants that provide a diverse range of services cannot be replaced at a one-to-one ratio by state employees that typically are hired to provide more specific services. The benefits derived by the agency from consultants services justifies the expense associated with obtaining them.

The Registry of Motor Vehicles has taken steps to decrease the number of IT consultants by hiring state employees to service in some technical areas. As agency technical positions are filled with state employees, these employees are trained to also assume responsibilities that previously were handled by consultants, which eventually leads to a reduction of the agency's need for consulting services.

The costs incurred by the Registry of Motor Vehicles for IT consultants is an area that continues to be reviewed and examined. For example, in November 2001 the agency reduced the funding available for consultants by $800,000. The Registry once again is evaluating this area to determine what, if any, further reductions can be made.

Auditor's Reply

During our audit field work, we found that three IT consultants were, in fact, directly supervising the activities of RMV employees. Moreover, this fact was confirmed by the RMV's Director of Information Services. The RMV's response indicates that this practice has since discontinued. If so, we are pleased that the RMV has implemented corrective action on this issue.

3. RMV MANAGEMENT POSITIONS WERE STAFFED BY MEMBERS OF A NON-MANAGEMENT EMPLOYEES UNION

Our review of the organizational and management structure of the RMV disclosed that management positions were staffed by individuals who were members of Collective Bargaining Unit 06, a nonmanagement employees union. These individuals are the directors of the Vehicle Services Division, the Customer Services Division, the Information Services Division, and the Assistant to the Registrar/Legislative Liaison. These individuals supervise one or more management employees and a large number of non-management employees. The Director of the Vehicle Services Division has supervised as many as nine managers, and both the Director of the Information Services Division and the Assistant to the Registrar/Legislative Liaison supervise one manager. Although the Director of the Customer Services Division does not supervise any management staff, he does supervise over 100 employees.

It is contrary to the collective bargaining agreement and sound business practices to place non management union employees in a position where they can direct the activities of managers and are responsible for the management of major programs, which involve significant basic management functions such as work priority determination, staffing, work activity assignments, and possible disciplinary actions. In addition, managers are specifically excluded from coverage under the collective bargaining agreement with the union. Specifically, Article 1, Section 2, of the collective bargaining agreement for employees belonging to this union states that "all managerial and confidential employees are not covered under the contract."

The RMV's then Chief Counsel informed us that both the Director of the Vehicle Services Division and the Director of the Customer Services Division had resigned their positions, the latter position had been temporarily filled by a nonunion management employee, and it was anticipated that the position of Director of the Vehicle Services Division would also be staffed by a nonunion employee. However, no corrective action had been taken on the other two positions, although we were told that this issue was under review.

As a result of assigning nonmanagement union members as directors or managers, the RMV was not in compliance with the collective bargaining agreement. In addition, by allowing nonmanagement union members to serve as manager representatives, any negotiations between the union and these employees would be impractical, as all persons would be members of the same organization and there would be no assurance that managerial needs would be fully and independently served.

Recommendation

RMV management should review and rectify these conditions if it has not already done so.

Auditee's Response

The report states that four (4) Registry of Motor Vehicles management positions were filled by members of the non-management union employees. The report further acknowledges that two (2) of these positions, including the Director of Vehicle Services and the Director of the Customer Services Division, had been filled with non-union management employees at the time that auditors discussed this issue with the former General Counsel. The Registry also has addressed the other two (2) positions.

Specifically, the Director of Vehicle Services, which was held by a member of Unit 6 of the National Association of Government Employees, was vacated in March, 2000, and was replaced with a management employee. This position remains occupied by a non-union employee. The Director of Customer Service position, which also was held by a NAGE Unit 6 member, was vacated in August 2000 and replaced with an individual in a management position. This position also remains filled with a non-union employee.

At the time of the audit, the Assistant to the Registrar/Legislative Liaison position was held by a member of Unit 6 of NAGE who did supervise an employee that was in a management position. The Registry revised its organizational structure in August 2000. The Assistant to the Registrar no longer supervises any other employees.

The fourth position referenced in the report is the Director of Information Services. In 1998, the Commonwealth initiated a statewide review of all agencies to determine if employees in Technical Pay Law (TPL) positions should remain in those positions or be moved to management positions. At that time, the Registry of Motor Vehicles recommended that the Director of Information Services be moved to a management position at a grade/step level that was commensurate with the individual's TPL position, and consistent with the responsibilities of that position. The Office of Personnel Administration denied this request.

APPENDIX I

American Association of Motor Vehicle Administrators Letter

AMERICAN ASSOCIATION OF MOTOR VEHICLE ADMINISTRATORS

AAMVA

KENNETH M. BEAM, CAE
President & CEO

Katherine Burke Moore, Chair of the Board
Deputy Director, Office of Traffic Safety
Minnesota Department of Public Safety

June 4, 2000

[redacted]
Commonwealth of Massachusetts
Auditor of the Commonwealth
One Ashburton Place, Room 1819
Boston, MA 02108

[redacted]

AAMVA contracted with EDS for work done on the NMVTIS project in 1998 for the MA RMV. We have paid the maximum amount allowed in the agreement, $324,000, on April 22, 1998, check number 010575. There is no additional funding available to the MA RMV from AAMVA for NMVTIS.

AAMVA has received funding to date for NMVTIS from the U.S. Department of Transportation ($1 million in FY96) and the U.S. Department of Justice ($1 million appropriated in FY97 and available to the states in 1998; $2.8 million appropriated in FY98 and available in 1999). The payments made to EDS for work done on NMVTIS for the MA RMV were reimbursed to AAMVA by DOT ($190,002) and by DOJ ($133,998).

The agreement between AAMVA and EDS for this work is attached, as is documentation to show the transfer of funds from AAMVA to EDS.

Please feel free to contact me if you have any questions about this information.

Sincerely,

Sandra Afes

Sandra Afes
Director of Finance

Attachments

C: Karen Massey

"Building Bridges"

4301 Wilson Blvd, Suite 400 • Arlington, VA 22203 • Telephone 703.522.4200 • FAX 703.522.1553

APPENDIX II

EDS/Commonwealth of Massachusetts Registry of Motor Vehicles, Summary of NMVTIS Project Expenditures

EDS/Commonwealth of Massachusetts Registry of Motor Vehicles
Summary of Dollars Spent on the NMVTIS Project

CSR # 3341

(Names intentionally left blank)

Agency Code	Employee ID	Employee Name	Hours	Employee Rate	Total Dollars
January, 1997					
EDS	B207		2.5	53	$133
EDS	B222		14.1	53	$747
EDS	D281		22	67	$1,474
Total Monthly Hours:			38.6		$2,354
February, 1997					
EDS	B207		3	53	$159
EDS	B217		2	47	$94
EDS	B222		12	53	$636
EDS	B290		6.5	47	$306
EDS	D281		22	67	$1,474
Total Monthly Hours:			45.5		$2,669
March, 1997					
EDS	B199		13	53	$689
EDS	B207		0.5	53	$27
EDS	B217		10	47	$470
EDS	B222		68.2	53	$3,615
EDS	B290		30.5	47	$1,434
EDS	D186		2	70	$140
EDS	D236		2	67	$134
EDS	D281		51	67	$3,417
Total Monthly Hours:			177.2		$9,925
April, 1997					
EDS	B199		32.5	53	$1,723
EDS	B217		9	47	$423
EDS	B219		1.5	56	$84
EDS	B222		70.6	53	$3,742
EDS	B290		72.7	47	$3,417
EDS	D242		1.5	67	$101
EDS	D281		82	67	$5,494
Total Monthly Hours:			269.8		$14,983

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EDS/Commonwealth of Massachusetts Registry of Motor Vehicles, Summary of NMVTIS Project Expenditures

EDS/Commonwealth of Massachusetts Registry of Motor Vehicles

Summary of Dollars Spent on the NMVTIS Project

CSR # 334

(Names intentionally left blank)

Agency Code	Employee ID	Employee Name	Hours	Employee Rate	Total Dollars
May, 1997					
EDS	B199		20.5	53	$1,087
EDS	B207		1	53	$53
EDS	B217		14.5	47	$682
EDS	B219		15	56	$840
EDS	B222		81.8	53	$4,335
EDS	B290		56	47	$2,632
EDS	D242		0.5	67	$34
EDS	D281		105.5	67	$7,069
Total Monthly Hours			294.8		$16,730
June, 1997					
EDS	B199		17	53	$901
EDS	B217		3	47	$141
EDS	B219		74.8	56	$4,189
EDS	B222		55.8	53	$2,957
EDS	D281		127	67	$8,509
Total Monthly Hours			277.6		$16,697
July, 1997					
EDS	B219		34.3	58	$1,989
EDS	B222		12.3	55	$677
EDS	D281		80	69	$5,520
EDS	D291		50	69	$3,450
Total Monthly Hours			176.6		$11,636
August, 1997					
EDS	B208		15	65	$975
EDS	B219		59.8	58	$3,468
EDS	B222		10.7	55	$589
EDS	D236		31.5	69	$2,174
EDS	D276		47	69	$3,243
EDS	D281		128.5	69	$8,867

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EDS/Commonwealth of Massachusetts Registry of Motor Vehicles, Summary of NMVTIS Project Expenditures

EDS/Commonwealth of Massachusetts Registry of Motor Vehicles
Summary of Dollars Spent on the NMVTIS Project

CSR

Agency Code	Employee ID	Employee Name	Hours	Employee Rate	Total Dollars
EDS	D287	(Names intentionally left blank)	73.5	69	$5,072
EDS	D291		51	69	$3,519
Total Monthly Hours:			417		$27,905
September, 1997					
EDS	B208		66	65	$4,290
EDS	B217		3	48	$144
EDS	B219		50.4	58	$2,923
EDS	B222		1.4	55	$77
EDS	D236		128	69	$8,832
EDS	D276		112.5	69	$7,763
EDS	D281		137	69	$9,453
EDS	D287		114	69	$7,866
EDS	D291		32.5	69	$2,243
Total Monthly Hours:			644.8		$43,590
October, 1997					
EDS	B208		153	65	$9,945
EDS	B217		33	48	$1,584
EDS	B219		115	58	$6,670
EDS	D236		57	69	$3,933
EDS	D276		68	69	$4,692
EDS	D281		116.5	69	$8,039
EDS	D287		164.5	69	$11,351
EDS	D291		104.5	69	$7,211
Total Monthly Hours:			811.5		$53,424
November, 1997					
EDS	B208		94.5	65	$6,143
EDS	B217		81	48	$3,888
EDS	B219		55.6	58	$3,225
EDS	D236		132	69	$9,108
EDS	D266		3	69	$207
EDS	D276		94.5	69	$6,521
EDS	D281		129.5	69	$8,936

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EDS/Commonwealth of Massachusetts Registry of Motor Vehicles, Summary of NMVTIS Project Expenditures

CSR # 334

EDS/Commonwealth of Massachusetts Registry of Motor Vehicles
Summary of Dollars Spent on the NMVTIS Project

(Names intentionally left blank)

Agency Code	Employee ID	Employee Name	Hours	Employee Rate	Total Dollars
EDS	D287		79.5	69	$5,486
EDS	D288		70	69	$4,830
EDS	D291		121	69	$8,349
Total Monthly Hours:			860.6		$56,691
December, 1997					
EDS	B208		15	65	$975
EDS	B217		57.5	48	$2,760
EDS	B219		81.7	58	$4,739
EDS	D236		68.5	69	$4,727
EDS	D276		87	69	$6,003
EDS	D281		107	69	$7,383
EDS	D287		200.5	69	$13,835
EDS	D288		22.5	69	$1,553
EDS	D291		89.5	69	$6,176
EDS	D292		76	36	$2,736
Total Monthly Hours:			805.2		$50,885
January, 1998					
EDS	B211		7	55	$385
EDS	B217		32	48	$1,536
EDS	D236		105	58	$6,090
EDS	D276		60.3	69	$4,161
EDS	D281		50	69	$3,450
EDS	D287		158	69	$10,902
EDS	D291		39	69	$2,691
EDS	D292		11	36	$396
Total Monthly Hours:			462.3		$29,611
February, 1998					
EDS	B211		4	55	$220
EDS	B217		1	48	$48
EDS	D236		135.5	58	$7,859
EDS	D273		47.5	69	$3,278
EDS	D276		106	69	$7,314

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EDS/Commonwealth of Massachusetts Registry of Motor Vehicles, Summary of NMVTIS Project Expenditures

EDS/Commonwealth of Massachusetts Registry of Motor Vehicles
Summary of Dollars Spent on the NMVTIS Project

CSR # 3341

Agency Code	Employee ID	Employee Name	Hours	Employee Rate	Total Dollars
EDS	D281	(Names intentionally left blank)	102.5	69	$7,073
EDS	D287		176.5	69	$12,179
EDS	D291		69.5	69	$4,796
EDS	D292		48	36	$1,728
Total Monthly Hours			690.5		$44,493
Total			5,428.50		$337,245

APPENDIX III

Registry of Motor Vehicles Letter to the American Association of Motor Vehicle Administrators Regarding the NMVTIS Project

The Commonwealth of Massachusetts
Registry of Motor Vehicles
P. O. Box 199100
Roxbury, MA 02119-9100

William F. Weld
Governor
Kathleen M. O'Toole
Secretary
Jerold A. Gnazzo
Registrar

Hand Deliveries Only:
One Copley Place
Fourth Floor
Boston, MA 02116

March 11, 1997

Karen C. Massey
Application Manager, Vehicle Systems
AAMVAnet, Inc.
4301 Wilson Boulevard, Suite 400
Arlington, VA 22203

Re: NMVTIS Pilot Project Budget

Dear Ms. Massey:

To clarify the Massachusetts Registry of Motor Vehicles' NMVTIS Pilot Project request for funding, the following development cost breakdown is submitted for your review:

Labor Category	Number of People	Hourly Rate	Number of Hours	Labor Cost
Programmer/Analyst II	5.5	$67.00	900	$331,650.00
Programmer/Analyst I	4.5	$53.00	650	$155,025.00
Total Development Cost				**$486,675.00**

All of these costs are for consultants who are familiar with our registration/title systems. Any ancillary costs, such as project management, training, documentation, etc., will be borne by the RMV. The funding we are seeking is for systems analysis, development and quality assurance testing only.

If you have any further questions or need additional information, please feel free to contact me at (617) 351-9507.

Sincerely,

Charles J. LaRocca, Director
Title Division

cc: D. Lewis
L. Kelly

APPENDIX IV

Registry of Motor Vehicles Letter to the American Association of Motor Vehicle Administrators Confirming Its Participation in the Pilot of the NMVTIS Project

The Commonwealth of Massachusetts

Registry of Motor Vehicles

1135 Tremont Street, Boston 02120

Jerold A. Gnazzo
Registrar

John Strandquist
President &CEO
AAMVA
4301 Wilson Boulevard
Suite 400
Arlington, Virginia 22203

April 23, 1997

Dear Mr. Strandquist:

The state of Massachusetts is pleased to confirm its commitment to participate in the pilot of the National Motor Vehicle Title Information System (NMVTIS). Funding for the development that will allow Massachusetts to participate in NMVTIS will include up to, but not to exceed, $324,000 from AAMVA. We understand that this funding amount is based on our project plan (see attachment 1.) Massachusetts will provide quarterly progress reports to AAMVA, which will include descriptions of activities and expenses incurred during the reporting period.

Massachusetts' participation in the pilot will include development of system programs and procedures within the project schedule and participation in a nine-month pilot by sending, receiving, and responding to NMVTIS transactions (as defined in the system design developed by AAMVA with input from the pilot states). The system design includes these requirements specifically stated in the Anti Car Theft Act of 1992.

* each state shall make titling information maintained by the state available to the system operator.
* each state shall establish procedures for performing an instant title verification check before issuing a certificate of title to anyone claiming to have purchased an automobile from an individual or entity in another participating state.
* states shall provide information to the system operator of the following information: (1) the VIN for which a title is sought; (2) the name of the state which issued the most recent automobile title, (3) the name of the person or entity to whom the title was issued, (4) provide the system operator the opportunity to communicate to the participating state the results of the information search.

Registry of Motor Vehicles Letter to the American Association of Motor Vehicle Administrators Confirming Its Participation in the Pilot of the NMVTIS Project

Massachusetts also is committed to the development and documentation of a technically feasible and cost-effective national system, and will assist AAMVA by participating in a work group to ensure appropriate oversight of the project and to ensure that states' needs are met by the system. AAMVA will fund any travel and related expenses to meetings required for participation in the work group.

Massachusetts will assist AAMVA in creating documentation such as the state procedures document, the implementation guide, and a marketing plan by providing cost, statistical, procedural, and marketing information to AAMVA system analysts. Massachusetts will also assist AAMVA in creating a pilot evaluation report by providing information to AAMVA system analysts that will aid in responding to requirements identified in Attachment 2.

By committing to this pilot, Massachusetts recognizes AAMVA as the system operator for NMVTIS. AAMVA has consistently acted in the best interests of the states by developing and coordinating the pilot NMVTIS project. Further, Massachusetts is experienced with using systems operated by AAMVA on behalf of government agencies(e.g. the Commercial Driver License Information System), and Massachusetts is fully satisfied with those systems and activities. Massachusetts is confident that AAMVA is the organization that will operate in the best interests of the states by operating the NMVTIS.

We look forward to working with AAMVA, the other NMVTIS pilot states, and the private sector participants to build a national title, brand and theft information exchange system.

Sincerely,

David Lewis
Chief Information Officer

Registry of Motor Vehicles Letter to the American Association of Motor Vehicle Administrators Confirming Its Participation in the Pilot of the NMVTIS Project

Attachment 1

Staffing Requirements

Staffing estimates are derived from the Massachusetts project plan.

Labor Category:	**Salary Computation**	**Cost:**
10 Analyst/Programmers	$48,667.50 x 10	$486,675
Contractor Personnel		
	Total:	$486,675

APPENDIX V

United States General Accounting Office, Survey Questions for the NMVTIS Pilot States

GAO U.S. General Accounting Office
Rapid Survey Questions for NMVTIS Pilot States

Introduction

At the request of Senator John Ashcroft of Missouri, the U.S. General Accounting Office (GAO), an independent agency of Congress, is looking at the National Motor Vehicle Title Information System (NMVTIS) that is currently being tested in seven states.

When a person attempts to retitle a vehicle in one state, NMVTIS is designed to allow immediate access to that vehicle's title information in other states. The system's purpose is to ensure the accuracy/validity of a vehicle's previous title in order to prevent title washing and to afford consumer protection by helping eliminate odometer fraud and detecting previous title brands.

Please answer the questions below to the best of your ability and return to us by fax. If you need to consult with others to complete the questions, please feel free to do so. **Please fax the completed questionnaire to Mike Hartmond at fax #(214) 777-5758.** We will follow up with you to discuss your responses and answer any questions you may have. In the interim, if you have any questions or comments regarding this questionnaire, please contact Mike Hartmond at (214) 777-5605 or Ron Salo at (214) 777-5603. Your responses are important to our study. Thank you very much for your cooperation.

State: MASSACHUSETTS
Name of Person Completing This Questionnaire: CHARLES LAROCCA
Title of Person Completing This Questionnaire: TITLE DIRECTOR
Phone #: 617-351-9507
Fax #: 617-351-9069

Participation in NMVTIS

1. Based on your knowledge of the system and your experience so far, do you think NMVTIS can be successfully implemented in your state?
   (1) Yes X
   (2) No ___ → *Please explain why not.*

   (3) Don't know ___ → *Please explain (i.e., what information is needed to decide?)*

United States General Accounting Office, Survey Questions for the NMVTIS Pilot States

GAO U.S. General Accounting Office
Fixed Survey Questions for NMVTIS Pilot States

2. What benefits do you see in NMVTIS participation by your state? *(If you see no benefits to NMVTIS participation, please say so.)*

1. Verification of out of state titles
2. Detect stolen vehicles
3. Carry over of brand information
4. Cancellation of MA titles turned into other states

3. What do you see as the barriers to implementation of NMVTIS in your state? *(If you see no barriers to NMVTIS participation, please say so.)*

Extensive resources required to implement system & business procedures

4. Prior to your involvement with NMVTIS, did your state have the capability to do any of the following prior to retitling vehicles from out-of-state (*check all that apply*)?

	YES	NO
(1) Detect that out-of-state vehicles have been reported stolen		✓
(2) Verify the accuracy/validity of out-of-state titles		✓
(3) Provide odometer readings	✓	
(4) Provide title brands	✓	
(5) Other *(please specify)*:		

United States General Accounting Office, Survey Questions for the NMVTIS Pilot States

GAO U.S. General Accounting Office
Faxed Survey Questions for NMVTIS Pilot States

System Costs (P)

According to the American Association of Motor Vehicle Administrators (AAMVA), your state has provided two cost estimates for NMVTIS implementation -- one estimate in response to a 1993 AAMVA survey ($579,000) and a more recent one of $648,000 as of 12/98.

6. What is the basis for your state's original 1993 estimate of $579,000 in response to the AAMVA survey? (i.e., How did you develop the estimate?)
RESOURCE HOURS TO CODE SYSTEM CHANGES AT AN HOURLY RATE

7. Is the updated estimate noted above ($648,000 as of 12/98) your state's most recent estimate?
(1) Yes ✓ What is the basis for this updated cost estimate submitted to AAMVA? (i.e., How did you develop this estimate?)
EXTENSIVE RESOURCES USED

(Go to Question 10)

(2) No ___

8. What is your state's most current estimate for NMVTIS implementation?
$? Date this estimate prepared: 5/3/99

9. What is the basis for this estimate? (i.e., How did you develop this estimate?)

Additional Comments

10. If you have additional comments regarding your responses to any of the preceding questions or regarding NMVTIS in general, please make them here

Thank you very much for your assistance

TOTAL P.02

APPENDIX VI

United States Department of Justice, Office of the Comptroller, Monitoring Division Site Visit Report on the American Association of Motor Vehicle Administrators

Office of the Comptroller
Monitoring Division

Site Visit Report
American Association of Motor Vehicle Administrators
Arlington, VA
Site Visit Date: January 28, 1999
Grant Number: 97-DD-BX-K004

Prepared by _____ 2/2/99
(Signature and Date)

Final Site Visit Report

Supervisor		Date 2/2/99
Manager		Date 2/2/99
Director		Date 2/2/99

United States Department of Justice, Office of the Comptroller, Monitoring Division Site Visit Report on the American Association of Motor Vehicle Administrators

Special Condition #3 of the initial award document, as well as the OC Financial Guide, indicates prior approval is required for consultant rates in excess of $450 per day. During the site visit, the OC determined that the AAMVA paid consultant fees in excess of the maximum allowable rate totaling $89,371.32 without obtaining prior approval of the Bureau of Justice Assistance (BJA) Program Office **[See Recommendation 4]**.

Technical Assistance

The OC explained that Line 6 (Final Report), Line 7 (Accounting Basis), and Line 10a (Total Outlays) of the FSR must be completed. In addition, the grantee was informed to obtain prior approval, in writing, from the program office for any project changes, including grant period extensions and budget changes. Also, the OC provided the AAMVA accounting personnel with the OC Customer Service phone number, and discussed their participation at an upcoming OC-sponsored Financial Management Seminar.

Exit Conference and Summary of Recommendations

The recommendations shown below were discussed at an exit conference with the Vice President of Finance Administration, John Mamone, and the Associate Director of Finance and Administration, Robin Levin.

Recommendations:

1. The OC's review of the AAMVA's contractual agreements with state agencies revealed that they were not sufficient to ensure proper contract administration. The contractual agreements did not clearly and completely document the amount of the agreement or the services to be provided.

   The AAMVA should establish procurement procedures to ensure they are in compliance with contract administration requirements of OMB Circular A-110, Subpart C, Sections 47 and 48.

2. The AAMVA could not provide adequate documentation to support payments totaling $300,000 to the state of Arizona. The AAMVA must provide to the OC documentation to support these expenses. If the costs are not supported, then these costs will need to be adjusted on the next FSR and request for payment to reflect a decrease in the amount of expenses charged to the grant. A narrative statement must accompany the adjusted FSR to explain the adjustment.

3. The AAMVA does not maintain adequate documentation to support all quarterly and cumulative amounts reported on their FSRs. As a result, the OC was not able to successfully reconcile FSRs for the period ended June 30, 1998, and September 30, 1998, to the AAMVA's accounting records.

APPENDIX VII

Registry of Motor Vehicles Letter to the Operational Service Division Recommending EDS for Information Technology Services

The Commonwealth of Massachusetts

Registry of Motor Vehicles

One Copley Place, 4th Floor, Boston 02116

Richard D. Lyons
Registrar

Mail:
P.O. Box 199100
Boston, MA 02119-9100

April 7, 1999

Gerard J. Polcari
Operational Services Division
One Ashburton Place, Room 1017
Boston, MA 02108-1552

Dear Mr. Polcari:

The Massachusetts Registry of Motor Vehicles recommends EDS for the IT Services RFR (ITS07).

Description of work to be performed: EDS provides system development, database administration, business analysis and project management to the Commonwealth's Registry of Motor Vehicles (RMV). The following subsystems represent the primary EDS support areas: vehicle registrations and titles, driver control, revenue control, and uninsured motorist tracking. The systems supported utilize MVS, CICS, COBOL, IDMS, Windows, Visual Basic and Oracle. Currently, over fifty EDS team members support the RMV.

Estimated length of engagement: This is an active contract that began in October of 1984.

Value of engagement: The RMV reserves roughly $6,000,000 per fiscal year to services provided by EDS. The actual amount varies depending on outside funding received.

Department's rationale for selecting and recommending EDS: EDS has been a technology partner with the RMV since 1984. EDS developed the core ALARS system starting in 1984 and continues to manage and support a portion of the overall RMV applications. EDS brings the staff required to meet the RMV's needs and is committed to quality service.

Please call me at (617) 351-9805 if I can be of further assistance.

Sincerely,

Larry McConnell
CIO, Massachusetts RMV

APPENDIX VIII

Registry of Motor Vehicle's Letter of Recommendation for C&C Data Processing Associates, Inc.

The Commonwealth of Massachusetts

Registry of Motor Vehicles

One Copley Place, 4th Floor, Boston 02116

Richard D. Lyons
Registrar

Mail:
P.O. Box 199100
Boston, MA 02119-9100

May 18, 1999

C&C Data Processing Associates, Inc.
107 Glendale Rd.
Sharon, MA. 02067

Dear Karen and Steve:

As you have requested, I am happy to provide C&C Associates with a letter of recommendation relative to work done for the Commonwealth of Massachusetts Registry of Motor Vehicles.

C&C Associates provides technical staffing and support for the Registry of Motor Vehicles. This work impacts many business areas, including Drivers Licensing, Warrant Management, Excise Tax, NonRenewal and Mail-in Registrations.

The work accomplished covers the complete project life cycle, from analysis through design, implementation and maintenance.

Complete design, development and software maintenance support is provided for Photo Image Licensing.

Additionally, technical design and development services were provided for a migration from CICS 2.1 through CICS 3.3 and CICS 4.1. C&C Associates provides in depth, detailed technical support for complex technical issues often involving complex internals of large operating systems and transaction processing monitors, as well as detailed knowledge of existing applications and business issues.

We are very pleased with the services provided and would not hesitate to recommend C&C Associates for this type of work.

Registry of Motor Vehicle's Letter of Recommendation for C&C Data Processing Associates, Inc.

As regards the values of services and specific assignments, migration of Photo Imaging Data Storage to the Mainframe had a cost of $106,855.20, Near Match Warrant Processing had a cost of $32,730.84, The entire realm of services provided by C&C Associates to RMV during calendar year 1998 was valued at $2,501,201.46 and the entire realm of services provided by C&C Associates to RMV during calendar year 1997 was valued at $2,373,649.18. C&C Associates has been providing services to RMV since 1986.

Sincerely,

Larry McConnell
Deputy Registrar, MIS