



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued September 6, 2018

Registry of Motor Vehicles

For the period July 1, 2014 through December 31, 2016





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Making government work better

September 6, 2018

Ms. Stephanie Pollack, Secretary and Chief Executive Officer
Massachusetts Department of Transportation
State Transportation Building
10 Park Plaza, Suite 4160
Boston, MA 02116

Dear Ms. Pollack:

I am pleased to provide this performance audit of the Registry of Motor Vehicles. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2014 through December 31, 2016. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Registry of Motor Vehicles for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular watermark.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Erin C. Deveney, Registrar of Motor Vehicles

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LIST OF ABBREVIATIONS

ALARS	Automated Licensing and Registration System
CMR	Code of Massachusetts Regulations
DPH	Department of Public Health
MassDOT	Massachusetts Department of Transportation
OSA	Office of the State Auditor
RMV	Registry of Motor Vehicles
SSN	Social Security number

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Registry of Motor Vehicles (RMV) for the period July 1, 2014 through December 31, 2016. In this performance audit, we assessed RMV's Automated Licensing and Registration System (ALARS) to evaluate RMV's administration of state driver's licenses and disability parking placards and its collection of revenue.

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1 Page 11	RMV did not effectively administer the use of disability parking placards.
Recommendations Page 13	<ol style="list-style-type: none">1. RMV should use the Social Security Administration's Death Master File, which identifies individuals who have died in other states as well as Massachusetts, to improve its efforts to identify and cancel deceased individuals' placards.2. RMV should require all individuals with permanent placards to reapply every five years.3. RMV should take the measures necessary to ensure that its database of information regarding individuals who have been issued disability parking placards is accurate and complete.
Finding 2 Page 16	RMV issued 1,905 licenses after licensees' dates of death and did not deactivate 4,688 licenses for individuals who died before their licenses expired.
Recommendations Page 18	<ol style="list-style-type: none">1. Rather than using the Department of Public Health's Vital Statistics File to provide a notification of death, RMV should use another source, such as the Death Master File, to verify death dates for individuals who die before license expiration and immediately change their license status to expired.2. RMV should strengthen controls to verify that people named on license applications are not deceased, perhaps by instituting a check against the Death Master File that does not limit the list to individuals in Massachusetts.
Finding 3 Page 20	RMV was unable to locate supporting documentation for 24% of the transactions recorded.
Recommendation Page 20	RMV should update its system or create a new system for locating documentation related to a particular date and service location. The updated system should account for instances where the local office has limited space.

Post-Audit Action

RMV informed us that its new ATLAS program will replace its legacy system, known as ALARS, and will enable the issuance of REAL ID-compliant credentials,¹ allow more online transactions for individual customers as well as business customers and government partners, and improve service delivery overall.

1. To obtain a federal REAL ID license or identification card, applicants are required to prove that they are United States citizens or have a lawful presence in the United States.

OVERVIEW OF AUDITED ENTITY

The Massachusetts Department of Transportation (MassDOT) was established in June 2009 by Chapter 25 of the Acts of 2009. According to MassDOT's website, it oversees roads, public transit, aeronautics, and transportation licensing and registration across the state. It is made up of four divisions: the Highway Division, the Registry of Motor Vehicles (RMV), the Aeronautics Division, and the Rail and Transit Division.

According to its website, MassDOT's mission is to "deliver excellent customer service and safety to people traveling in the Commonwealth" and "provide our nation's safest and most reliable transportation system to strengthen our economy and quality of life." To achieve this goal, RMV, as a division of MassDOT, issues and maintains records related to motor vehicle registrations and driver's licenses and enforces motor vehicle laws to promote highway safety. It does so by ensuring that every driver meets minimum competency standards and withdrawing driving privileges from people who prove to be a threat to other drivers. Additionally, RMV is in charge of managing driver's licenses, disability parking placards, motor vehicle registrations, and vehicle inspections. RMV is also responsible for collecting fees for registrations, vehicle titles, drivers' licenses, special plates, civil motor vehicle infractions, inspection stickers, and other miscellaneous items and remitting them to the Office of the State Treasurer. Chapter 90 of the Massachusetts General Laws provides the statutory guidelines governing RMV, and Title 540 of the Code of Massachusetts Regulations (CMR) provides regulatory responsibilities for RMV.

The day-to-day operations of RMV are overseen by the Registrar of Motor Vehicles. During our audit period, RMV had approximately 733 employees working from its central office on Newport Avenue in Quincy and its 30 branch offices and 19 satellite offices throughout the Commonwealth. RMV's budget was approximately \$86.5 million for fiscal year 2015 and \$85.9 million for fiscal year 2016.

Disability Parking Placards

The qualification standards for disability parking placards for people with disabilities set forth in 540 CMR 17 state that a person must need a placard to minimize the distance to be traveled between the person's parked vehicle and final destination. Placard holders may park for an unlimited time in parking spaces with posted time limits and may park in metered spaces for an unlimited time without having to pay meter fees. In addition to free, unlimited parking, displaying a valid placard allows the holder to park

in blue zones and certain designated parking stalls and spaces that are restricted to those displaying such placards. Placards are associated with the applicant, who need not be a driver; state law allows others, such as parents or family members, who are transporting a disabled person to use a placard.



RMV offers two types of placard: temporary and permanent. The two types are identical in appearance. For a person to be eligible for a temporary placard, a medical professional must certify that the person's disability is predicted to last for a minimum of 2 months and a maximum of 24 months. Permanent placards are issued for five years; RMV automatically issues and mails a renewal placard 30 days before the expiration date of a current placard.

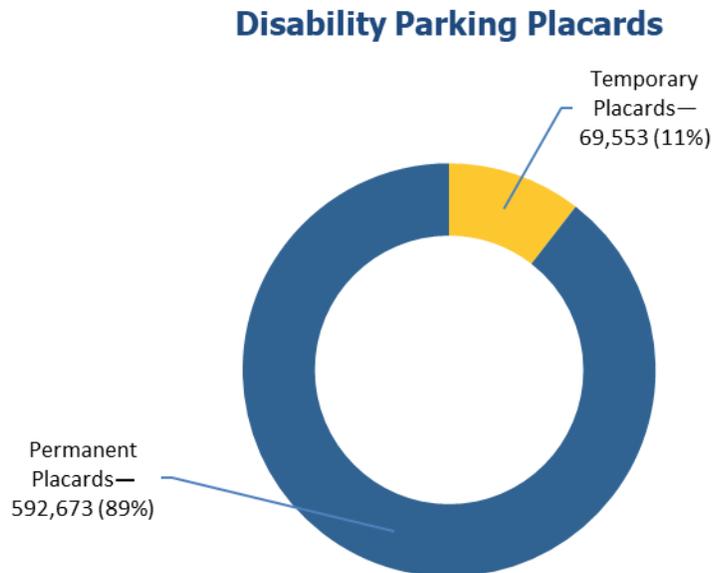
People may apply for placards in person at any of RMV's service centers throughout the state or by mail through RMV's Medical Affairs Department in Boston. Regarding eligibility, the mass.gov webpage for disability plates and placards states,

To obtain disability plates, a placard or a disability veteran plate, you must be a Massachusetts resident. A Massachusetts registered and licensed physician, chiropractor, registered nurse, physician's assistant, osteopath, optometrist (for [legal] blindness only) or podiatrist must certify that you meet one of the following conditions:

- *Cannot walk 200 feet without stopping to rest.*
- *Cannot walk without the assistance of another person, prosthetic aid or other assistive device.*
- *Are restricted by lung disease to such a degree that your forced (respiratory) expiratory volume (FEV) in 1 second, when measured by spirometry, is less than 1 liter.*
- *Use portable oxygen.*
- *Have a Class III cardiac condition according to the standards set by the American Heart Association.*
- *Have a Class IV cardiac condition according to the standards set by the American Heart Association. A customer in this condition must surrender their license.*
- *Have Class III or Class IV functional arthritis according to the standards set by the American College of Rheumatology.*
- *Have Stage III or Stage IV anatomic arthritis according to the standards set by the American College of Rheumatology.*

- *Have been declared legally blind (please attach copy of certification). A customer in this classification must surrender their license.*
- *Have lost one or more limbs or permanently lost the use of one or more limbs.*

During our audit, there were 662,226 active placards in Massachusetts. The chart below shows the breakdown of temporary and permanent placards.



Driver's License Process

Section 8 of Chapter 90 of the General Laws sets the qualification standards for acquiring a license to operate a motor vehicle. According to RMV's License Policy Training Manual,

Every customer over the age of 18 must present the following core documents when applying for a permit, license, or ID . . .

- *Verifiable [Social Security number, or SSN] or Denial Notice with visa, I-94, and current non-U.S. Passport*
- *Document Proving Massachusetts Residency*
- *Document Proving Signature*
- *Document Proving Date of Birth*

If an applicant is under the age of 18, consent from a parent, legal guardian, or social worker must also be provided.

Massachusetts Licenses by Vehicle Class

Vehicle Class	Description*	Number of Licensees
A	<i>Any combination of vehicles with a gross combination weight rating (GCWR) of 26,001 or more pounds, provided the GVWR of the vehicle(s) being towed is in excess of 10,000 pounds. (Holders of a Class A license may, with any appropriate endorsements, operate all vehicles within Class B, C, and D.)</i>	39,585
B	<i>Any single vehicle with a gross vehicle weight rating (GVWR) of 26,001 or more pounds, or any such vehicle towing a vehicle not in excess of 10,000 pounds GVWR. (Holders of a Class B license may, with appropriate endorsements, operate all vehicles within Class C and D.)</i>	39,567
C	<i>Any single vehicle or combination of vehicles that does not meet the definition of Class A or Class B, but is either designed to transport 16 or more passengers including the driver, or is required to be placarded for hazardous materials under 49 CFR 172.500 or any other federal regulation. (Holders of a Class C license may operate all vehicles within Class D.)</i>	1,925
D	<i>Any single vehicle or combination of vehicles that does not meet the definition of Class A, Class B, Class C, or Class M. (Typically passenger vehicles such as cars, SUVs, or family vans).</i>	3,951,919
M	<i>Any motor vehicle defined as a motorcycle in M.G.L. c. 90, § 1.</i>	549
Total		<u>4,033,545</u>

* The descriptions in this table are quoted from the 2018 Massachusetts Driver’s Manual.

Disability Parking Placards and Driver’s License Verification

RMV has implemented policies and processes to help prevent fraudulent activity that include verifying SSNs against those of active individuals in the Social Security Administration database. This database allows RMV to verify a person’s SSN, name, and date of birth as of the date the person applies for a placard and driver’s license. RMV also compares its placard and driver’s license records to the Department of Public Health’s (DPH’s) Vital Statistics File and withholds any renewals for placard holders that RMV identifies as deceased. State law charges DPH with the registration of all deaths that occur in the state, which it does by processing death certificates that are originally prepared by funeral home operators, coroners, and medical examiners. RMV uses the Vital Statistics File from DPH, which is updated monthly, to compare first names, last names, middle names or initials, and dates of birth to information in its registration system that maintains placard holder information. When a match is found,

the placard record is updated to show that the person is deceased, which prevents the placard from being automatically renewed.

Automated Licensing and Registration System

RMV's mission-critical application, the Automated Licensing and Registration System (ALARS), was developed in the mid-1980s as RMV's mainframe and database for all registry transactions. ALARS was used during our audit period to maintain all records for Massachusetts-licensed drivers, including licenses, registrations, disability parking placards, criminal and civil citations, inspection stickers, and miscellaneous other fees. ALARS maintains all the daily financial records of all revenue transactions at RMV and provides financial information for the Commonwealth's Massachusetts Management Accounting and Reporting System.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Registry of Motor Vehicles (RMV) for the period July 1, 2014 through December 31, 2016.

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

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Does RMV properly administer its processing of disability parking placards?	No; see Finding 1 and Other Matters
2. Does RMV properly process license applications?	No; see Findings 2 and 3
3. Does RMV properly scan original out-of-state documents?	Yes

Methodology

To achieve our audit objectives, we gained an understanding of the internal controls we deemed significant to our audit objectives at a sample of 11 RMV offices through interviews and document reviews of override logs, cash transfer logs, and consolidated bank deposit and reconciliation statements provided by RMV. We reviewed the transactions for proper (1) approval of decisions regarding fee overrides, (2) closeouts² of clerk cash drawers with the receiving tellers, and (3) evidence that the total cash deposited at the bank agreed with the total cash and check deposits³ for specific RMV service

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2. Closeouts are the process used by RMV receiving tellers who perform either a midday or an end-of-shift reconciliation of cash received by RMV clerks. During this process, the receiving teller attempts to reconcile the amount of cash on hand in each clerk's area to the amount of revenue collected by the clerk as reflected in RMV's Automated Licensing and Registration System.
3. The term "cash deposited" refers here to both cash and checks received by the clerks.

centers. We designed procedures to obtain sufficient and appropriate evidence to support our assessment.

In addition, we performed the following procedures:

- To evaluate the processing of cash transactions for license applications, we selected a random statistical sample of 100 dates associated with the top 11 of the 30 RMV service locations based on total revenue, totaling 672 transactions. We requested documentation for inspection to determine whether the auditee retained records in accordance with its Cash User Manual requirement to keep the original supporting documentation for a license application for a minimum of seven years.
- From the 1,686,045 licenses issued during the audit period, we filtered the list for 182,830 out-of-state licenses that were converted to Massachusetts licenses and selected a random statistical sample of 120 transactions, using a confidence level of 95% and an upper error limit of 2.5%. We requested that RMV's internal auditors open these files, observing as they determined whether the license applications, proofs of identity, and proofs of residence were properly scanned and stored in RMV's FileNet⁴ system. From an initial batch of 5,387,037 records, we filtered license data from the Automated Licensing and Registration System (ALARS) for the 4,033,545 licenses active during the audit period as well as each associated Social Security number (SSN) and then compared each to the Social Security Administration's Death Master File (a database of SSNs of deceased individuals), producing 28,105 matches, to identify licenses that were issued to individuals after their dates of death. We used the same approach to identify people who died at least 45 days before their licenses' expiration dates,⁵ and we inspected customer records in ALARS to determine whether the license statuses were appropriately set to "expired."
- We matched the 622,226 records from the disability parking placard file with the Death Master File, producing a population of 99,444 unique handicapped placards that had been issued to deceased individuals. With that information, we computed the number of days between each placard's date of issue and its holder's date of death, focusing on the records where placards were issued more than 30 days after the person died.
- We obtained detailed data regarding the 60,690 letters that were mailed during our audit period to the estates of deceased disability parking placard holders requesting the return or destruction of the placards. We physically inspected these letters at RMV's Medical Affairs Office to determine how many estate representatives responded to the letters and whether each placard was either returned or destroyed.
- Because RMV does not have a system to track replacements, we performed an analysis of the issue and expiration dates of 622,226 placards using Audit Control Language software to determine whether each holder had another active placard at the time of issue to determine which placards were replacements.

4. FileNet is a Web-based system used by RMV to store electronic images of documentation.

5. Death notices are normally reported monthly; therefore, we selected 45 days as the period before the expiration date to test whether the license status was set to "expired" because the license holder had died.

We performed data validity and integrity tests on data from RMV's database of placard holders regarding 622,226 disability parking placard records and approximately 4 million active driver's licenses, including the 1.6 million licenses issued during the audit period, determining whether there were any duplicates, gaps in the date range, or invalid data, to determine whether the data were reliable. After joining RMV license data and Death Master File data, we performed data reliability analysis on the set of approximately 4 million licenses to confirm that the data (1) did not contain any duplicate records, (2) contained valid class codes, (3) included appropriate license numbers (i.e., numbers starting with the letter S), and (4) used valid data types and formatting in each field. If the data fell within these parameters, we assessed the ALARS license and Death Master File data as reliable for use. Although the Social Security Administration does not guarantee 100% accuracy, it does have a process for reporting errors and making updates, which increases the likelihood that the Death Master File is substantially accurate.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Registry of Motor Vehicles did not effectively administer the use of disability parking placards.

The Registry of Motor Vehicles (RMV) did not effectively ensure that only eligible people were allowed to retain and use disability parking placards and did not ensure that its database of information regarding people who had been issued disability parking placards was accurate and complete. As a result, there is a higher-than-acceptable risk that these placards may be abused and deprive people with disabilities of needed parking.

On December 6, 2016, RMV entered into a partnership with the Massachusetts Department of Public Health (DPH) whereby DPH sends RMV a file listing people who have died and RMV runs a program to check the "deceased indicator" in the RMV master file, which is visible when RMV is preparing to issue a disability parking placard. If a deceased person is not already marked as such in RMV's records, the program updates the deceased indicator.

Although RMV uses the Vital Statistics File that it obtains from DPH to identify deceased individuals' placards and remove them from its database, using only this source of information may not be effective. For example, we compared the names and Social Security numbers (SSNs) of all individuals with active permanent disability parking placards during our audit period to the Social Security Administration's Death Master File and found that RMV had processed 10,145 requests for disability parking placards from individuals who, according to this file, were deceased.

In addition, RMV does not properly administer the return and destruction of placards belonging to deceased individuals. Rather than requiring placards to be returned to RMV for destruction, it allows the placard holders' estates to destroy or discard canceled placards themselves. Unless a placard is returned to RMV, it will remain unaccounted for.

According to RMV's Medical Affairs Department, 60,690 unique letters were mailed during the audit period requesting the return or destruction of placards by estate holders. Our reconciliation of these letters showed that 4,056 (7%) of the placards related to the letters were retrieved for destruction by RMV and 8,461 letters (14%) were returned as "undeliverable" by the post office and stored in bins. The

remaining 48,173 placards related to the letters (79%), according to RMV officials, were presumed to have been discarded by estate holders.

Many letters never receive appropriate follow-up, leading to a higher number of placards that are unaccounted for. For example, in many cases RMV has two addresses (mailing and residential) for one customer. RMV typically uses the identified mailing address to mail correspondence; if the letter comes back as undeliverable, RMV resends it to the residential address of the estate holder, requesting the return of the placard. However, if the second letter is delivered but there is no response, RMV does not take any follow-up measures to facilitate the return of the placard.

In addition, we performed a separate analysis of RMV's placard holders and found that some other information about placard holders in RMV's database may be inaccurate. Specifically, according to the information in this database, as of December 31, 2016, 12,694 active placard holders were age 100 years or older. This number is significantly higher than the 1,520 individuals that made up Massachusetts's entire centenarian population as of the 2010 census.

Authoritative Guidance

According to Section 17.05(1) of Title 540 of the Code of Massachusetts Regulations,

The use of a disability placard, or the special parking privileges associated with a disability plate, is restricted to the person to whom the placard or plate has been issued.

RMV management is responsible for ensuring compliance with this regulatory requirement by establishing effective internal controls within its administrative process over the issuance, use, and return of placards and the maintenance of complete and accurate information in its database.

Reasons for Noncompliance

DPH's Vital Statistics File includes only individuals whose deaths occurred in Massachusetts. In contrast, the Death Master File is composed of data provided by sources beyond those DPH uses, such as post offices, financial institutions, other states' vital record agencies, and federal agencies. As a result, the Death Master File is more comprehensive than DPH's file in some ways, which may have contributed to the higher number of deceased placard holders we identified in the Death Master File compared to that in the DPH Vital Statistics File.

In addition, RMV's practice of automatically renewing permanent placards every five years limits its ability to ensure that it does not mail renewal placards to deceased people. RMV renews permanent placards every five years indefinitely unless it cancels them, as it does when it identifies deceased placard holders. If RMV does not identify a person as deceased, it will automatically continue to send them a new placard every five years. We reviewed a selection of other states' renewal requirements and noted that some require people to periodically submit new applications and certifications of their disabilities. For instance, Florida and Michigan require placard holders to reapply every four years.

RMV officials could not explain why some of the information in its database regarding handicapped placards was inaccurate.

Recommendations

1. RMV should use the Death Master File, which identifies individuals who have died in other states as well as Massachusetts, to improve its efforts to identify and cancel deceased individuals' placards.
2. RMV should require all individuals with permanent placards to reapply every five years.
3. RMV should take the measures necessary to ensure that its database of information regarding individuals who have been issued disability parking placards is accurate and complete.

Auditee's Response

The RMV does use the Social Security Administration's Death Master File and used it throughout the audit period. The RMV supplemented the use of this file in 2016 with the use of the Massachusetts Department of Public Health's Vital Statistics File that includes death records. These files are run against the RMV database and any matching records, including placard holders, are marked as deceased.

The RMV does not require people with permanent medical conditions, as certified by a licensed healthcare provider as part of the placard application process, to reapply for their permanent placard. The RMV considers the re-application a burden to customers with identified, permanent, disabling medical conditions, such as blindness or paralysis. These customers have already proven, through medical documentation, their condition and their demonstrated need for a permanent parking placard.

An application for a disability parking placard or plate must include certification from a licensed healthcare provider that the customer has a medical condition that impacts mobility, such as a chronic lung disease, cardiovascular disease, blindness, or loss of a limb or loss of the use of a limb. The RMV relies on the healthcare provider for details of the customer's condition that would warrant the issuance of a placard.

The Auditor's report asserts that the RMV does not have a system to track placard replacements. This is incorrect. During the audit period, this information was available in the ALARS system

through notes associated with each customer's account. Because those notes were free form text, the auditors may have found it difficult to search that data systematically. The new ATLAS system provides improved reporting and search capabilities related to individuals requesting permanent replacement placards and temporary replacement placards. The reporting and search function will help support the RMV's new policy related to replacement placard requests. The RMV is able to track replacement placard requests submitted online as of March 26, 2018. Systematically, replacements may only be requested online once in a 12-month period. Now that ATLAS offers the technical ability to more clearly label the status of a particular placard, the RMV is working with the Department of Criminal Justice Information Services (CJIS) to transmit specific placard attributes. When a CJIS authorized user queries a placard, the goal is that the user will receive more actionable information that could lead to the issuance of a citation and or confiscation of a placard being used improperly. . . .

The RMV . . . with the implementation of its ATLAS system has initiated the following policy:

When a replacement placard is requested, the original placard is canceled and invalidated. Continued use of a canceled placard is against the law and carries fines and loss of license. The Medical Affairs Department may take the following actions for individuals requesting more than 1 replacement placard over the course of 12 months, or more than 3 during the 5 year period of validity of a permanent placard, and may deny requests for replacement placards based on the results of its findings:

- Review all history of placard issuances and replacement requests with the agency, including requests for both temporary and permanent placards.*
- Review RMV records for evidence that original placard was misused by the placard holder or by anyone else, including those residing at the same address as the customer.*
- Review original documentation/applications presented to the RMV that resulted in the issuance of the original placard.*
- Request updated medical information on the customer's condition and ability to operate a motor vehicle safely.*
- Request confirmation of application and condition directly from the customer's healthcare provider.*
- Request information from customer's local city/town office on disability.*
- Request customer attestation on proper placard use prior to replacement, attestation may be requested in the form of a notarized letter or notarized affidavit. Letters and/or affidavits may also be requested from others residing with the customer or others involved in instances of confirmed or suspected abuse.*

Auditor's Reply

During our audit, RMV management told us it had previously used information from the Death Master File to determine whether a placard holder had died. However, these officials stated that in December 2016, RMV switched to using the Vital Statistics File that it obtains from DPH to identify deceased

individuals' placards and remove them from its database. Regardless of which information RMV is currently using to update this information, it appears that RMV's process for ensuring that the information is updated is ineffective, as evidenced by the fact that our review of the Death Master File showed that RMV processed 10,145 requests for disability parking placards from individuals who, according to this file, were deceased.

We do not necessarily agree with RMV's assertion that simply having placard holders periodically reapply for their placards would be an undue burden to them. Placard holders should have several ways to accomplish that. For example, RMV currently allows individuals with qualifying disabilities to apply for their original placards online and to apply for replacement placards online, indicating that such a process does not present a significant barrier to these individuals. Further, as stated above, our research showed that a number of other states require individuals with handicapped placards to periodically reapply for their placards. In the opinion of the Office of the State Auditor (OSA), instituting a reapplication process for placards would not only better ensure that RMV's information about these placards is accurate but also reduce the possibility of misuse.

Although there may have been a means for RMV to manually track replacement placards, based on the results of our audit testing, the agency was not using this means, as we found significant problems in this area, including many placards that were unaccounted for. During our audit, on several occasions we asked RMV officials to give us any reports they could generate regarding replacement placards, and they told us that there were none. RMV officials did point out that it was possible to review the text of the application for a placard, which would usually allow the reviewer to determine whether it was a replacement, on a case-by-case basis, but RMV could not use this process to effectively monitor its inventory of placards.

Based on its response, RMV is taking measures in policy areas to address our concerns about monitoring replacement placards. Further, RMV points out that its new ATLAS system provides improved reporting and search capabilities, which OSA believes will help RMV improve its administration of this process. However, as noted above, RMV did not properly administer the return and destruction of placards belonging to deceased individuals. Consequently, we again urge RMV to take the measures necessary to address this problem.

2. RMV issued 1,905 licenses after licensees' dates of death and did not deactivate 4,688 licenses for individuals who died before their licenses expired.

From the more than 4 million license files we reviewed for licenses that were active during the audit period, we determined that RMV had issued 1,905 licenses to individuals after their dates of death, and 1,840 (97%) of these five-year licenses were still listed as active in January 2018.

On December 6, 2016, RMV entered into a partnership with DPH whereby DPH sends RMV a file identifying people who have died and RMV runs a program to check the "deceased indicator" in the RMV master file. If a deceased person is not marked as such, the program updates the deceased indicator that is visible when RMV is preparing to issue a license. If a clerk then processes a license application, the Automated Licensing and Registration System (ALARS) screen alerts the clerk if there are any issues related to the SSN (including the person's having died) and prevents processing of the license.

The dates of death for 1,862 of these individuals were before the beginning of the audit period, and some were as early as 1962, as indicated in the table below. Most of the death dates (1,548) were between 1988 and 2010. Because these licenses appeared to have been issued to individuals who were attempting to obtain false identification, there is a significant risk that they could be used for malicious purposes (e.g., fraud).

Licenses Issued after Death

Year of Death	Number of Individuals Deceased	Percentage of Total
1960–1965	3	0.2%
1966–1971	21	1.1%
1972–1976	24	1.3%
1977–1982	6	0.4%*
1983–1987	16	0.8%
1988–1993	294	15.4%
1994–1999	403	21.1%*
2000–2004	448	23.5%
2005–2010	403	21.1%*
2011–2016	287	15.1%
Total	<u>1,905</u>	<u>100%</u>

* Discrepancies in percentages are due to rounding.

In addition, from 4 million license files active during the audit period, we determined that 17,427 license holders died after the issue date and at least 45 days before the expiration date. Although 11,598 of these licenses were listed as expired in January 2018, 4,688 of these individuals were still listed as having an active license at that time.

Authoritative Guidance

RMV's License Policy Training Manual states,

Every customer over the age of 18 must present the following core documents when applying for a permit, license, or ID . . .

- *Verifiable SSN or Denial Notice with visa, I-94, and current non-U.S. Passport*
- *Document Proving Massachusetts Residency*
- *Document Proving Signature*
- *Document Proving Date of Birth*

Further, according to this manual, RMV's policy is to run various background checks on any person who has applied for a new license, a license renewal, or a license upgrade and to deny the requested transaction if the check identifies specific problems. Such problems might include applicant information indicating that the applicant is deceased. RMV management is responsible for establishing adequate controls over this process to ensure compliance.

Reasons for Noncompliance

RMV did not adequately cross-check license holders' dates of death listed in the DPH Vital Statistics File with any other valid database attesting to the dates of death, such as the Death Master File, before issuing a license or deactivating a license for an individual who died before the license expiration date. Although RMV obtained a Death Master File monthly, the file was often not up to date; sometimes it did not show a date of death until four to six months after the death. Although RMV began receiving the DPH Vital Statistics File weekly on December 6, 2016, that file is limited to deaths in Massachusetts. Some licenses were still issued in late December 2016 for individuals listed in the Death Master File, which suggests that the control is not operating effectively.

Recommendations

1. Rather than using the DPH Vital Statistics File to provide a notification of death, RMV should use another source, such as the Death Master File, to verify death dates for individuals who die before license expiration and immediately change their license status to expired.
2. RMV should strengthen controls to verify that people named on license applications are not deceased, perhaps by instituting a check against the Death Master File that does not limit the list to individuals in Massachusetts.

Auditee's Response

The RMV used during the audit period and continues to use the Social Security Administration's Death Master File, which it supplemented in 2016 by adding the Massachusetts DPH Vital Statistics File including death records.

During the audit period, the RMV was using the 30-year-old ALARS system as the system of record for driver licensing. Upon notification of a customer's death (via the Social Security Administration's Death Master File or the Massachusetts Department of Public Health's Vital Statistics File including death records), the customer record was marked "Deceased." The RMV did not alter the record by marking the license as expired. A customer record marked "Deceased" was a systematic stopper preventing any further transactions from taking place.

The RMV has been unable to recreate the Auditor's finding of 1,905 licenses issued after date of death. We reviewed a subset of 105 licenses from this file. All 105 individuals were positively identified as currently alive. Furthermore, on January 17, 2018, the Auditor and the RMV met to conduct an informal exit conference prior to the issuance of this report. At that time, the Auditor had reviewed 662,000 license applications and identified 36 records as potentially issued after the licensee's date of death. The RMV referred those 36 records to the Massachusetts State Police for further investigation. Subsequently, the Auditor requested access to the entire database of licenses active during the audit period (July 1, 2014–December 31, 2016), which is over 4 million records. Based on the initial finding, one might expect something on the order of 200 licenses to be identified as potentially issued after the licensee date of death. The Auditor's finding of 1,905 records is not in line with its own review. The RMV will continue reviewing the records, along with the [Social Security Administration, or SSA] and DPH death file records for any inconsistencies. Any anomalies will be referred to the Massachusetts State Police for investigation.

With regard to the 4,688 licenses that were not "deactivated" after the death of the licensee, the ALARS system, which is no longer used for driver licensing, marked a customer record as "Deceased" upon notification that a customer had died. The RMV did not alter the record by changing the license status as expired. The ALARS system did not have a function to deactivate a license. A customer record marked "Deceased" was a systematic stopper preventing any further transactions from taking place.

The RMV's new ATLAS system also uses the SSA Death Master File data and the Massachusetts Department of Public Health's Vital Statistics File to identify customers as deceased and mark

their records accordingly. ATLAS has the capability to mark the customer and the license status as "Deceased" and stop all transactions from that record.

Auditor's Reply

During our audit, RMV management told us that the agency had previously employed the Death Master File during the audit period but transitioned to the DPH system. Given the large number of licenses issued after death during the audit period, it appears that information from these sources had not been properly updated in RMV's ALARS database during the audit period and that this allowed valid licenses to be issued to individuals after the date the Death Master File indicated that they had died.

In its response, RMV states that it reviewed a subset of 105 licenses from our sample of 1,905 and found that all 105 individuals were alive. Since we do not know what type of analysis RMV used to conduct its testing on these data, and this information was not provided to us during our audit, we cannot comment on RMV's stated results. However, for our analysis, we queried all people who were license holders during our audit period and, when they had SSNs, compared them with the Death Master File and produced a file that listed all individuals who were issued licenses by RMV at least 30 days after their dates of death. It should be noted that this is the same analysis we used to identify the 36 initial records that indicated that a deceased person had been issued a license by RMV, which RMV ultimately confirmed to be a potential problem and referred to the State Police.

Contrary to what RMV asserts, the 36 questionable licenses did not come from a population of 662,000 license applications but from a population of 1,686,045 licenses issued during the audit period. We obtained the 1,905 licenses issued after death from a population of more than 4 million individuals who held licenses during the audit period. Since a license is valid for 5 years, many of the licenses in this population had issue dates as early as July 2009. The majority (1,862) of the death dates were before the beginning of the audit period, which means the licenses were issued between 2009 and 2014.

We understand that setting the record to "deceased" for these 4,688 license files prevents further processing of the license. However, the status code (active, suspended, or expired) in ALARS for these licenses was still listed as active; this was visible on a routine inquiry. This active status code for a deceased person could remain for over 4 years if the person died shortly after the license issue date. We observed that an additional 11,598 licenses whose holders died after the license issue dates were, in fact, listed as expired. It is reasonable to OSA that if RMV can use this status code in some instances, it could use it in any instance where the license holder has died.

3. RMV was unable to locate supporting documentation for 24% of the transactions recorded.

Our review of RMV's financial transactions showed that it did not consistently retain source documentation in its hardcopy files for the required seven years to support electronic records detailing fee overrides, cash transfer logs, and cash deposits in ALARS. This creates the possibility that RMV would be unable to locate a key document as part of an investigation in a judicial action.

We requested documentation packages from a statistical random sample of 100 combinations of RMV service locations and dates, and RMV could not provide requested documentation for 24 of the 100. The revenue associated with the 24 documentation packages was \$2.7 million out of \$9.4 million for the sample of 100 tested. Based on the results of our statistical sample, we project, using a 95% confidence level, that between 16% and 33.5% of the documentation packages from the total population of 6,919 combinations of service locations and dates, related to as much as \$208 million, could not be located.

Authoritative Guidance

According to Chapter 8 of RMV's Cash System User Manual, RMV is required to keep original records in the office for two years and warehoused for seven years.

Reasons for Noncompliance

RMV internal audit staff members stated that the files could not be located because of misfiling. Large amounts of documentation from smaller offices are stored in larger offices because space is not always available in the smaller office where a record was created. There did not appear to be an adequate system to locate certain files.

Recommendation

RMV should update its system or create a new system for locating documentation related to a particular date and service location. The updated system should account for instances where the local office has limited space.

Auditee's Response

Finding #3 is a projection of the revenue associated with documents that the Auditor believes wouldn't be found based on a small sample. It is important to note that all revenue transactions are recorded electronically. Furthermore, certain fee overrides in the ALARS system were

automatically generated and the paper documents are a duplicative recording of the overrides. . . .

The RMV's Cash Manual (2017 Edition) does reference document retention schedules for periods longer than required under the Secretary of the Commonwealth's Record Conservation Board's Record Retention Schedule that requires generally that records related to cash transactions be maintained for three (3) years.

The RMV Cash Manual also references longer retention periods than the Record Conservation Board's Retention Schedule Series Number C12-18 that, for example, states that RMV cash transfer logs should be retained "1 year after audit or 7 years whichever is sooner." Due to the fact that the Massachusetts Department of Transportation's Internal Audit Department conducts cash audits of RMV service centers during each fiscal year, the RMV's minimum practices are consistent with C12-18. For example, if MassDOT Internal Audit conducted cash audits of all RMV service centers in 2014, those records would only need to be kept until 2015. Those copies would not be onsite in 2017.

While required to maintain onsite storage of hard copy, paper documents like cash logs, the small size of some of the RMV's older locations makes that requirement challenging in practicality. For this reason, the RMV has both sought more suitable space for its operations and has increased the utilization of electronic record keeping and document management systems. Since March 2015, the RMV has leased 7 new locations, providing additional secure space to meet storage requirements.

Lastly, the lack of storage space for certain cash logs does not "create the possibility that the RMV would be unable to locate a key document (such as a license application)." Since the retention of millions of pieces of paper is administratively challenging, we have successfully petitioned the Records Conservation Board to allow us to retain license application records electronically. All license application documents are scanned in at the point of customer interaction.

The second phase of the RMV's ATLAS system will include an electronic inventory management system. During the definition systems for this new technology, the RMV will explore whether the system features will be compatible with recording the location of both physical assets and hard copy documentation.

Auditor's Reply

Our report does not state or suggest that any of the RMV revenue that was tested was missing. Rather, OSA presents this issue as a problem with RMV's documentation: RMV does not consistently retain source documentation in its hardcopy files for the required seven years to support electronic records detailing fee overrides, cash transfer logs, and cash deposits in ALARS.

In its response, RMV asserts that its Cash Manual does refer to document retention schedules that are longer than the periods required by the record retention schedule of the Secretary of the

Commonwealth's Record Conservation Board. However, although these requirements may be cited in this manual, our audit found that in some cases RMV could not substantiate that they were followed.

In its response, RMV states that although OSA could not locate the records in question, they are stored electronically. However, our statically valid sample found that the signed cash reconciliation sheets between the clerk and the teller, the signed reconciliation sheets between the bank and the total receipts, and the signed approvals of fee overrides were not in RMV's electronic storage files. Moreover, approximately one out of every four documentation packages we requested could not be located by RMV officials.

OTHER MATTERS

Process for Replacing Placards

People who are issued permanent disability parking placards by the Registry of Motor Vehicles (RMV) are allowed to obtain an unlimited number of replacements without recertifying eligibility. RMV must cancel the existing placard when it provides a replacement; however, when it cancels a placard in its system, it does not necessarily recover the placard. In addition, there is no way for law enforcement to determine whether a placard is canceled unless, for example, an officer observes a driver using a disability parking placard and then asks the person to demonstrate that the placard holder is in the vehicle or that the driver expects to pick that person up. Consequently, it is possible for a potentially ineligible person to use a disability parking placard unless and until a law enforcement official seizes it.

Further, RMV does not perform any analyses of the number of replacement placards issued to any one person to identify potential misuse. In reviewing RMV's data regarding replacement placards, we found approximately 8,000 people to whom RMV issued replacement permanent placards during our audit period, as shown in the table below.

Replacements of Permanent Disability Parking Placards

Number of Replacements Per Person	Number of People with Replacements	Total Number of Replacements
1	5,182	5,182
2	2,752	5,504
Subtotal	<u>7,934</u>	<u>10,686</u>
3	418	1,254
4	58	232
5-8	16	93
9+	3	29
Subtotal	<u>495</u>	<u>1,608</u>
Total	<u>8,429</u>	<u>12,294</u>

As the table shows, most people who received replacement placards were issued either one or two replacements. However, 495 people were issued three or more replacement placards during the audit period, representing more than one placard per year. An even greater concern is that one person

received 9 replacement placards during those two and half years and two people received 10 replacement placards each. Allowing people to receive multiple replacement placards increases the number of permanent placards potentially in use by people other than those to whom they were issued. Unless people surrender found placards or enforcement officials seize them, those reported as lost or stolen are available for misuse. We believe that RMV should consider routinely monitoring and analyzing its data regarding replacement placards and investigate, and/or notify the applicable local law enforcement agencies of, placards that could be abused.