EXECUTIVE SUMMARY

MOTOR VEHICLE COMMISSION
NON-PAYROLL EXPENDITURES

Our audit found that the financial transactions included in our testing were in compliance with contractual terms, were related to the agency’s programs, were reasonable and necessary, and were recorded properly in the accounting systems. In making these determinations, we identified potential savings in the current inspection contract and the re-inspection function.

AUDIT HIGHLIGHTS

- Although safety inspections were eliminated as part of the required vehicle inspection, the cost of these safety inspections was not removed from the per vehicle inspection rate paid by the state to Parsons Environment and Infrastructure Group (Parsons). As a result, the Motor Vehicle Commission (MVC) missed the opportunity to save $12.6 million between August 1, 2010 and September 30, 2012. We estimate that the MVC could save $7.8 million from October 2012 until the end of the contract period and the mandatory extension period to November 2013, by amending its inspection contract with Parsons to eliminate payments for the safety inspections.

- The MVC pays the standard inspection rate to Parsons for an unlimited number of re-inspections of passenger vehicles. We recommended that the MVC revise its policy to limit the number of state-funded re-inspections to one. If it adopted this policy, the MVC could save $2 million from October 2012 to November 2013.

- The contracts for the MVC’s information technology overhaul project (MATRX) did not allow a realistic time frame to complete the project and did not provide the MVC management with the ability to budget costs. As a result of these poorly written contracts, the duration and cost of the MATRX project were not accurately projected, necessitating numerous contract extensions and leading to significant cost overruns. The project started in March 2006 and has not been completed; final implementation is now scheduled for July 2014. The project’s original costs were estimated to be $62.5 million, but we have projected that total costs might be as much as $104 million.

AUDITEE RESPONSE

The commission generally concurs with some of our findings and recommendations, but contends additional context is needed to understand their position on the per vehicle inspection rate and unlimited re-inspection policy. See their response attached to our complete audit report.

For the complete audit report, click here.