



PERFORMANCE AUDIT REPORT

**Department of Revenue: Examining
Issues Related to the DMV
Modernization Project**

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
October 2014**

Legislative Division of Post Audit

The **Legislative Division of Post Audit** is the audit arm of the Kansas Legislature. Created in 1971, the division's mission is to conduct audits that provide the Legislature with accurate, unbiased information on the performance of state and local government. The division's audits typically examine whether agencies and programs are effective in carrying out their duties, efficient with their resources, or in compliance with relevant laws, regulations and other requirements.

The division's audits are performed at the direction of the **Legislative Post Audit Committee**, a bipartisan committee comprising five senators and five representatives. By law, individual legislators, legislative committees, or the Governor may request a performance audit, but the Legislative Post Audit Committee determines which audits will be conducted.

Although the Legislative Post Audit Committee determines the areas of government that will be audited, the audits themselves are conducted independently by the division's professional staff. The division's reports are issued without any input from the committee or other legislators. As a result, the findings, conclusions, and recommendations included in the division's audits do not necessarily reflect the views of the Legislative Post Audit Committee or any of its members.

The division conducts its audit work in accordance with applicable government auditing standards set forth by the U.S. Government Accountability Office. These standards pertain to the auditor's

professional qualifications, the quality of the audit, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants (AICPA) and adopted by the Legislative Post Audit Committee.

LEGISLATIVE POST AUDIT COMMITTEE

Senator Jeff Longbine, Chair
Senator Anthony Hensley
Senator Laura Kelly
Senator Julia Lynn
Senator Michael O'Donnell

Representative John Barker, Vice-Chair
Representative Tom Burroughs
Representative Peggy Mast
Representative Virgil Peck, Jr.
Representative Ed Trimmer

LEGISLATIVE DIVISION OF POST AUDIT

800 SW Jackson
Suite 1200
Topeka, Kansas 66612-2212
Telephone: (785) 296-3792
Fax: (785) 296-4482
Website: <http://www.kslpa.org>

Scott Frank, Legislative Post Auditor

HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

The Legislative Division of Post Audit supports full access to the services of state government for all citizens. Upon request, the division can provide its audit reports in an appropriate alternative format to accommodate persons with visual impairments. Persons with hearing or speech disabilities may reach the division through the Kansas Relay Center at 1-800-766-3777. The division's office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.



LEGISLATURE OF KANSAS
LEGISLATIVE DIVISION OF POST AUDIT

800 SOUTHWEST JACKSON STREET, SUITE 1200
TOPEKA, KANSAS 66612-2212
TELEPHONE (785) 296-3792
FAX (785) 296-4482
WWW.KSLPA.ORG

October 2, 2014

To: Members, Legislative Post Audit Committee

Senator Jeff Longbine, Chair
Senator Anthony Hensley
Senator Laura Kelly
Senator Julia Lynn
Senator Michael O'Donnell

Representative John Barker, Vice-Chair
Representative Tom Burroughs
Representative Peggy Mast
Representative Virgil Peck, Jr.
Representative Ed Trimmer

This report contains the findings, conclusions, and recommendations from our completed performance audit, *Department of Revenue: Examining Issues Related to the DMV Modernization Project*. The audit was requested by Senator Kelly.

In its response, the agency concurred with most of the report's findings and recommendations. However, the agency does not plan to implement our recommendation to pilot the driver's license system (Phase Two of the DMV Modernization Project) using real transactions and then to deploy the system in stages rather than to all counties at once. More information on this issue can be found in **Appendix C** on page 43.

We would be happy to discuss the findings, recommendations, or any other items presented in this report with any legislative committees, individual legislators, or other state officials.

Sincerely,

Scott Frank
Legislative Post Auditor

This audit was conducted by Laurel Murdie, Daniel Bryan, Brad Hoff, and Lynn Retz. Chris Clarke was the audit manager. If you need any additional information about the audit's findings, please contact Laurel Murdie at the Division's offices.

Legislative Division of Post Audit
800 SW Jackson Street, Suite 1200
Topeka, Kansas 66612

(785) 296-3792
Website: www.kslpa.org

Table of Contents

Question 1: What is the Current Status of the DMV Modernization Project?

<i>As of October 2014, the DMV Modernization Project is Not Complete and Has Fallen Significantly Behind Schedule</i>	<i>9</i>
<i>In May 2014, KDOR Terminated Its Contract with 3M and Plans to Complete the Driver's License System (Phase Two) Internally</i>	<i>10</i>
<i>Several Factors Appear to Have Contributed to Delays in the DMV Modernization Project</i>	<i>13</i>
<i>Because It Has Not Been Completed, the Total of Cost of the DMV Modernization Project is Unknown..</i>	<i>15</i>
<i>External Independent Risk Assessments, Which Are Required for the Duration of All Large IT Projects, Were Discontinued Before Phase One of the Project was Completed.....</i>	<i>17</i>
<i>Project Monitoring Reports Used by the State's Top IT Officials and the Legislature Did Not Always Provide an Accurate or Timely Picture of the Project</i>	<i>18</i>
<i>County Treasurers Identified Several Important Lessons Learned from Phase One That Should Be Addressed Before Phase Two is Implemented.....</i>	<i>19</i>
Recommendations	20

Question 2: How Much Has the Implementation of the DMV Modernization Project Cost Local Government?

<i>We Estimate County Treasurers Incurred About \$2.0 Million to \$2.5 Million in Additional Costs to Implement Phase One of the DMV Modernization Project</i>	<i>21</i>
<i>KDOR Paid a Total of \$560,000 to Counties to Help Offset Overtime Costs and Also Provided Temporary Staffing Assistance to Two Counties.....</i>	<i>23</i>
<i>KDOR Officials Told Us They Do Not Expect Any Stakeholders to Incur Additional Costs to Implement the New Driver's License System (Phase Two).....</i>	<i>24</i>
<i>Counties Have Also Incurred About \$1 Million in Additional Costs Related to New Title Approval Duties</i>	<i>24</i>
<i>Even Though Vehicle Title Duties Have Changed, the State Law Dictating How the Title Fee is Split Between the State and Counties Has Not Changed.....</i>	<i>25</i>

Question 3: What Current Problems Are County Treasurers Having Using the New System and What are the Causes of Those Problems?

<i>County Treasurers Reported a Number of Current Problems with the New Motor Vehicle Titling and Registration System (Phase One)</i>	<i>27</i>
<i>Nearly Three-Quarters of County Treasurers Told Us the New System is Often or Always Slow at Processing Transactions.....</i>	<i>28</i>
<i>County Treasurers Expressed Concerns About Inaccurate, Duplicate, or Missing Data in the New System</i>	<i>31</i>

<i>County Treasurers Continue to Experience Problems with the New System's Equipment, Including Document Scanners and Signature Pads.....</i>	<i>33</i>
<i>County Treasurers Also Expressed Concerns About KDOR's Ability to Communicate and Provide Assistance.....</i>	<i>34</i>
Conclusion	36
Recommendations	37

List of Figures

Figure OV-1: KDOR's Total Budgeted Costs for the DMV Modernization Project	7
Figure 1-1: Delays in Implementing Phase One (Motor Vehicles) and Phase Two (Driver's Licenses) of the DMV Modernization Project	11
Figure 1-2: Estimated Total Cost for DMV Modernization Project	16
Figure 2-1: Estimated Additional Costs Incurred by County Treasurers to Implement Phase One of the DMV Modernization Project and Title Approval Duties	22
Figure 3-1: Summary of County Treasurers' Survey Responses – System Slowness.....	28
Figure 3-2: Summary of County Treasurers' Survey Responses – Commit Errors.....	30
Figure 3-3: Summary of County Treasurers' Survey Responses – Data Problems (Inaccurate, Missing, or Duplicate data)	32
Figure 3-4: Summary of County Treasurers' Survey Responses – Equipment Problems.....	33
Figure 3-5: Summary of County Treasurers' Survey Responses – Satisfaction with KDOR Help Desk...35	

List of Appendices

Appendix A: Scope Statement.....	39
Appendix B: Map of Survey Respondents.....	41
Appendix C: Agency Response	43

Department of Revenue: Examining Issues Related to the DMV Modernization Project

In 2009, the Kansas Department of Revenue (KDOR) awarded a \$25 million contract to the 3M Company to replace its mainframe systems. That project, referred to as the Division of Motor Vehicles (DMV) Modernization Project, had a total estimated budget of \$40 million. The goal of the project was to consolidate the Division of Motor Vehicle's three older information systems into one and use the new system to process motor vehicle titles and registrations and to track and issue driver licenses. Phase One of the new information system, the motor vehicle registration system, became operational in May 2012. However, as of October 2014, Phase Two, the driver license portion of the project, was still in development.

In addition, after Phase One had been deployed, several potential problems were revealed. For example, long delays at some county treasurer's offices for vehicle titling and registration renewals—some as long as eight hours—raised public concern about the functionality of the new system. Also, county treasurers throughout the state mentioned concerns about the current system's lack of speed, data files being corrupted during conversion, and clerks being routinely disconnected from the system.

Legislators would like to know the current status of the project, how much it has cost local government to implement, and what current problems county treasurers have in using the new system.

This performance audit answers the following questions:

- 1. What is the current status of the DMV Modernization Project?**
- 2. How much has the implementation of the DMV Modernization Project cost local government?**
- 3. What current problems are county treasurers having using the new system and what are the causes of those problems?**

A copy of the scope statement for this audit approved by the Legislative Post Audit Committee is included in **Appendix A** on page 39. We changed the wording of Question 3 slightly to reflect current system problems instead of historic problems.

We took several steps to answer Question 1. We interviewed KDOR staff about the DMV Modernization Project's scope, schedule and costs to date and we reviewed department

documentation as needed. In addition, we compared the project's current status against its planned status to determine if the project appeared to be proceeding as planned. We talked with staff from the Kansas Information Technology Office (KITO) and reviewed summary reports prepared by the Enterprise Project Management Office within KITO to determine how those reports are prepared and used. We also talked with officials and reviewed reports from CSG Government Solutions, the external independent reviewer for the DMV Modernization Project. We worked with KDOR staff to determine when Phase Two will be deployed and whether that will require system upgrades that could affect local governments, businesses, or citizens. Finally, we contacted 3M officials to ask about the project, but they declined to be interviewed.

To answer Question 2, we surveyed all 105 county treasurers and asked them to report any costs incurred as a result of implementing Phase One. Of the 105 surveyed, 72 county treasurers replied, which represents a 69% response rate. Additionally, counties that responded to our survey comprise 85% of the state's population. We then selected a sample of six from the responding county treasurers and reviewed documentation to verify the counties' reported costs. In general, costs reported by more densely populated counties tended to be less reliable than costs reported by rural counties. Because these were the only data available and were critical to answering audit Question 1 we made adjustments to the reported costs to ensure they were accurate. Using the adjusted cost data, we estimated the total costs likely incurred by all 105 Kansas county treasurers. Finally, we interviewed KDOR staff and reviewed department data to determine whether and how much the state reimbursed county treasurers.

To answer Question 3, we also used the results from our survey of county treasurers. In the survey, we asked county treasurers to identify significant problems they are currently having with the new system. Based on their survey responses, we selected a sample of problems for further review. We worked with KDOR staff and county treasurers to gather more detailed information and documentation to better understand the problems identified in the survey and what caused them. We reviewed both KDOR and county treasurers' data to determine if those problems are a result of the current system or whether they have always existed.

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. As part of the standards, the U.S. Government Accountability Office requires us

to assess the sufficiency and appropriateness of computer-processed data. To comply with this standard, we performed data reliability work on all electronic data sets we received from KDOR, including estimated project costs, transaction times for the new motor vehicle system (Phase One), help desk response times, and processing time data for Phase One. We found KDOR's total cost estimate for the DMV Modernization Project to be incomplete and we made adjustments to ensure the estimate was more accurate. We did not audit KDOR's internal controls because such work was not a part of this audit's scope.

Finally, we took steps to check the accuracy, completeness, and validity of costs that county treasurers reported to us through our survey. We made adjustments as necessary to ensure the costs were accurate and were reasonably related to implementing Phase One or title approval duties. After those adjustments the data were reliable enough for our purpose, which was to estimate statewide costs that county treasurers incurred from implementing Phase One and other related costs.

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

Our findings begin on page 9, following a brief overview of the DMV Modernization Project.

Overview of the Department of Revenue's Division of Motor Vehicles Modernization Project

In 2008, the Kansas Department of Revenue (KDOR) Began Work on the Division of Motor Vehicles (DMV) Modernization Project

In 2008, KDOR officials issued a request for proposal to vendors to help build, program and implement a driver licensing and vehicle titling, registration, and inventory information system. This became known as the DMV Modernization Project. In July 2009, KDOR officials signed a contract with 3M to develop and implement the system.

The purpose of the DMV Modernization Project is to replace three separate older systems with a single system that is more efficient. Specific goals for the project include eliminating the need for manual, paper-driven processes, eliminating the need to store basic driver information in two systems, and providing outside entities such as law enforcement and the courts with access to accurate, real-time information. The three systems being replaced have each operated for more than 20 years. Those systems are summarized below:

- Vehicle Information Processing System (VIPS): Before being replaced during Phase One of the DMV Modernization Project, this system had been in place since 1987 and was used to register titles and distribute tags for 2.7 million vehicles statewide. The system was also used to track vehicle liens and calculate and record the amount of property tax and sales tax for each vehicle in the system.
- Vehicle inventory system: Before also being replaced by Phase One of the DMV Modernization Project, this system had been in place since 1993 and was used to track vehicle tags, decals, and other raw materials for titling and registering vehicles.
- Driver's license system: Since 1990, this system has been used to issue and track all driver licenses and identification cards in the state. The system is also used to track driving records for nearly two million individuals, including any restrictions, suspensions, or revocations for those individuals. Because Phase Two of the DMV Modernization Project has not been implemented, KDOR's current driver's license system is still in place.

The DMV Modernization Project will be rolled out in two phases. The original estimates were for a two-year project to be phased in as follows:

- **Phase One of the project implemented a new motor vehicle titling and registration system in May 2012.** Phase One also included a system specifically designed to be used by vehicle dealers and an accounting tool to assist county treasurers in collecting taxes, fees and other miscellaneous revenue. (Phase One replaces the VIPS and inventory systems mentioned above.)

The development and implementation of Phase One involved a selection of county treasurers representing all counties because treasurers and their staff have a significant role in registering and titling motor vehicles in Kansas. On behalf of KDOR, county treasurers and their staff register and title vehicles and issue drivers' licenses in most counties. Some of their major responsibilities include collecting registration and title fees and approving titles. KDOR also engaged other stakeholders including but not limited to Kansas citizens, law enforcement, and vehicle dealers.

- **Phase Two of the modernization project will implement a new driver's license system.** It will be the system of record for every driver's license or identification card holder in the state. The purpose of the new system will be to issue licenses and identification documents to all drivers while maintaining driver records, and processing and updating any changes to drivers' privileges including restrictions, suspensions, and revocations.

Many of the same stakeholders in Phase One will also be affected by the implementation of Phase Two. Additionally, Phase Two will affect driver's license examination stations (both those run by KDOR staff and county treasurer staff). KDOR officials told us they plan to implement Phase Two by November 2015.

***The Budget for the
Entire DMV
Modernization Project
Is About \$40 Million***

During planning for the project, KDOR officials estimated the total cost of the DMV Modernization Project to be about \$40 million. **Figure OV-1** on the next page summarizes these costs. As the figure shows, about half the budget was set aside for hiring a contractor to build the new motor vehicle and driver's licensing information system. The other half was to cover other costs associated with the project, including KDOR's staffing costs. We explain more below.

KDOR officials estimated contractual costs to implement the new DMV information system to be about \$23 million. As **Figure OV-1** on the next page shows, contractual costs account for more than half of the total estimated budget cost for the DMV Modernization Project.

KDOR staffing costs and other miscellaneous costs for the DMV Modernization Project were originally estimated at about \$18 million. As **Figure OV-1** on the next page shows, KDOR estimated spending about \$5.5 million on KDOR staff salaries and benefits, about \$7 million for computer hardware such as processors, scanners, and printers, and slightly less than \$5 million for computer software.

A \$4 fee on each vehicle transaction processed by county treasurers helped fund the DMV Modernization Project. In 2008, the Kansas Legislature created the DMV Modernization

Fund. This legislation called for county treasurers to charge a \$4 fee for each vehicle registered. Until January 2013, fees collected through this fund were used to help cover the cost of the DMV Modernization Project. After that, county treasurers still collected the \$4 fee, but it is now allocated to the State Highway Fund.

Figure OV-1 KDOR's Total Budgeted Costs for the DMV Modernization Project		
Category	Amount	Percent (a)
Contractual services	\$22.8 million	57%
KDOR staff salaries and benefits	\$5.5 million	14%
Supplies and Equipment		
Computer hardware	\$6.7 million	17%
Computer software	\$4.6 million	11%
Office Supplies	\$0.7 million	2%
TOTAL	\$40.3 million	100%
(a) Percentages do not add up to 100% because of rounding. Source: LPA summary of KDOR data (unaudited).		

Question 1: What is the Current Status of the DMV Modernization Project?

As of October 2014, the DMV Modernization Project is not complete and has fallen significantly behind schedule (p. 9). Specifically, the new motor vehicle system (Phase One) was deployed about 10 months behind schedule and the new driver's license system (Phase Two) has not been implemented and is nearly three years behind schedule. In May 2014, KDOR terminated its contract with 3M and plans to complete Phase Two internally (p. 10). Several factors appear to have contributed to delays in the DMV Modernization Project including poor project management and, according to KDOR officials, because 3M did not deliver quality software code on Phase One (p. 13). Because it has not been completed, the total cost of the DMV Modernization Project is unknown.

In addition, we found problems with the state's oversight of the DMV Modernization Project. External independent risk assessments, which are required for the duration of all large IT projects and which had identified problems with how the project was being managed, were discontinued before Phase One of the project was implemented (p. 17). We also found that project monitoring reports used by the state's top IT officials and the Legislature did not always provide an accurate or timely picture of the project's status (p. 18).

Finally, county treasurers identified several important lessons learned from Phase One that should be addressed before Phase Two is implemented (p. 19).

As of October 2014, the DMV Modernization Project is Not Complete and Has Fallen Significantly Behind Schedule

The DMV Modernization Project has two phases. Phase One is the new motor vehicle system and it is used to register and title motor vehicles. Phase Two is a driver licensing system, which will be used to issue and track drivers' licenses. We explain the overall project in more detail in the Overview on page 5. In July 2009, KDOR officials signed a contract with 3M to develop and implement the DMV Modernization Project. KDOR officials worked with 3M to develop milestones for implementing each phase. To determine the current status of the entire project we talked with KDOR officials and compared planned milestone dates with the actual deployment dates for each phase. That comparison is summarized in **Figure 1-1** on page 11.

The new motor vehicle system (Phase One) was deployed about 10 months behind schedule. Phase One was scheduled to be deployed and in use by county treasurers in July 2011. However,

as **Figure 1-1** on page 11 shows, Phase One was not implemented until May 2012 which was about 10 months behind schedule.

In addition, KDOR officials did not sign off that Phase One was acceptable until December 2012. This was about 17 months behind schedule. KDOR officials told us the delay in signing off was caused by a number of unresolved software errors or “bugs” in the system when it was deployed. In addition, KDOR officials said that by delaying the sign off, the warranty period was extended and during that period 3M corrected problems at no additional cost to KDOR. For example, county treasurers encountered error messages when processing transactions and the system would sometimes shut down unexpectedly. KDOR officials told us they did not sign off and pay for the deployment of Phase One until these issues were resolved.

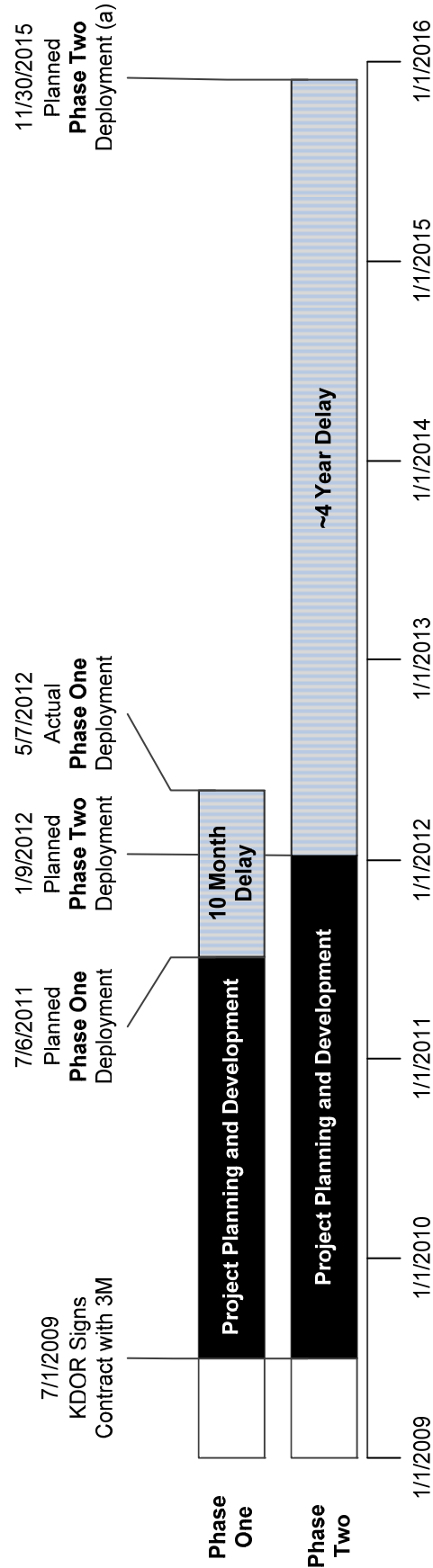
The new driver’s license system (Phase Two) has not been implemented and is nearly three years behind schedule. As shown in **Figure 1-1** on page 11, Phase Two was scheduled to be deployed by January 2012. However, as of October 2014, Phase Two has not been implemented and is nearly three years behind schedule. KDOR officials told us they plan to implement Phase Two by November 2015. If implemented by then, Phase Two will be nearly four years behind schedule.

In May 2014, KDOR Terminated Its Contract with 3M and Plans to Complete the Driver’s License System (Phase Two) Internally

KDOR originally contracted with 3M to develop and implement a statewide motor vehicle and driver information system at a cost of about \$25.1 million. The contract included the cost of software, software licenses, equipment and other deliverables for both Phase One and Phase Two. Early on, KDOR chose not to purchase some software and equipment from 3M and instead purchased those items through an existing state contract. This lowered the overall contract cost to slightly more than \$22 million.

In May 2014, with Phase Two of the project more than two years behind schedule, KDOR ended the contract with 3M. KDOR officials told us ending the contract was a mutual decision, and as part of the termination agreement, both parties agreed to hold the other harmless. Our review of the termination agreement confirmed each party released the other from any obligations and liabilities relating to the contract. In addition, the agreement states both entities are to make reasonable efforts to not publicly disparage each other regarding the work performed under the contract. We contacted officials with 3M regarding the project but they declined to comment.

**Figure 1-1
Delays in Implementing Phase One (Motor Vehicles) and Phase Two (Driver's Licenses) of the DMV Modernization Project**



(a) KDOR officials told us they plan to implement Phase Two by November 2015.
Source: LPA Summary of KDOR documents related to the DMV Modernization Project.

KDOR kept about \$2 million in retainage fees because 3M failed to perform the work as required. KDOR's contract with 3M allowed KDOR to retain 10% of each payment made to 3M throughout the project. These were referred to as "retainage fees." If 3M successfully provided all project deliverables, then KDOR would pay 3M all retainage fees at the end of the project. Because 3M did not perform as expected KDOR kept the \$2 million in fees.

Even after holding back some of the fees, KDOR still paid 3M nearly \$20 million for the system, but did not receive key features that were originally included in the contract. KDOR has paid 3M about 90% of the fees agreed to under the contract. KDOR officials told us that Phase Two is 87% complete based on total budgeted hours set in planning documents. However, even after paying 3M most of the fees and completing nearly 90% of the work, the estimated deployment date for Phase Two is nearly four years behind schedule. Further, certain features are missing from the DMV Modernization Project that KDOR officials expected to be included in the system. Those features include:

- **As noted earlier, the new driver's license system (Phase Two) was not completed.** As described on page 10. Phase Two has not been implemented and is about three years behind schedule. KDOR officials told us they plan to implement Phase Two by November 2015.
- **The new motor vehicle system and the new driver's license system are not integrated into a single system.** KDOR's contract with 3M and other project documents state that 3M was to develop and implement a fully operational system that would allow citizens' records to be found using a unique identifier (for example, a driver's license number). KDOR officials told us that by February 2014, they realized the two systems would not be integrated by 3M. In addition, KDOR officials noted that attempting to integrate the two systems at that time would affect the motor vehicle system (Phase One), which had already been implemented. However, KDOR officials told us they are considering the possibility of integrating both phases once Phase Two has been implemented.
- **The new motor vehicle system (Phase One) does not have the ability to easily remove or merge duplicate records.** KDOR officials and county treasurers told us that one of the main selling points for choosing 3M to develop and implement the DMV Modernization Project was that 3M promised the ability to merge records within the system and eliminate duplicate records. KDOR officials told us that in March 2012, 3M demonstrated how this feature would work. However, because KDOR officials were not satisfied with how it worked, this feature was eliminated and KDOR officials plan to use their own staff to develop a merge feature.

Under the termination agreement, KDOR took custody of the software code for the unfinished driver's license system (Phase Two) and plans to complete it with internal resources. KDOR officials told us they are currently in the process of reviewing the

code. Once they have completed their review, officials said they will determine if they want to add any features that were initially not included because of cost. After that, officials told us they will start developing a plan for implementing Phase Two.

During the project, KDOR and 3M mutually agreed that certain milestones were too aggressive and should be moved, which essentially eliminated about \$2 million in potential penalties. KDOR's contract with 3M allowed for penalties if 3M was solely responsible for missing certain milestones. Two originally established milestones were the "go live" dates for Phase One and Phase Two. Phase One was scheduled to be deployed in July 2011. However, it was not implemented until May 2012. Although the contract allowed KDOR officials to collect a maximum penalty of \$1 million, KDOR and 3M agreed to move the milestone for implementing Phase One. Similarly, KDOR chose not to pursue \$1 million penalty fees for Phase Two which had a target date of January 2012.

KDOR officials told us that it was in the best interest of the state not to pursue the penalty fees and that they had committed to working with 3M officials to produce a quality system that would meet the state's needs. In addition, KDOR officials acknowledged the project included aggressive deadlines and that both they and 3M had underestimated the time and requirements involved to meet the established milestones.

Several Factors Appear to Have Contributed to Delays in the DMV Modernization Project

An after-action review by the Kansas Adjutant General found that KDOR did a poor job of managing the project. To learn from the difficulties in implementing Phase One, KDOR officials told us they asked the Integrated Initiatives Office of the Adjutant General to facilitate an after-action review. In February and March 2013, Adjutant General staff met with various KDOR teams to identify problem areas. The review looked at both the planning of the project under the previous KDOR administration and the implementation of the project under the current KDOR administration. The review identified two core problems:

- **The Adjutant General's review found that the DMV Modernization Project had fundamental project management shortcomings.** For example, during the planning stages for the project, KDOR and 3M officials developed a master plan that included a schedule of all required tasks and the order the tasks were to be completed. However, the review found that the master plan was rushed and that it did not accurately reflect the project's length, what steps needed to be completed, and the risks involved with completing the project. In addition, the review found that KDOR officials acknowledged they did not hold 3M accountable to meet certain deadlines, KDOR officials and 3M communicated poorly with

one another, and that KDOR officials were not clear about their roles and responsibilities in the project.

- **The review also found the project was impaired by culture problems within KDOR.** For example, according to the report, KDOR staff were reluctant to be honest with their supervisors for fear of repercussions and staff were not familiar with basic project management concepts. Also, the review found that the project did not have an overall cohesive team, which was likely caused by lack of strong leadership for the project.

As a result of the after-action review, KDOR officials report they made several changes to try to avoid the same mistakes when implementing Phase Two. Officials told us they made several key staffing changes including bringing in staff who were more experienced in project management. In addition, KDOR officials said they have asked the Adjutant General's Integrated Initiatives Office to help ensure more thorough planning of Phase Two.

However, our review showed the DMV Modernization Project has not had a dedicated project director since July 2013. Until then, a full-time position was assigned to be project director. However, starting July 2013, KDOR's chief information technology officer took over the duties of project director and that person's time was about equally split between both positions. KDOR officials told us they are currently in the process of hiring a full-time project director.

According to KDOR officials, the project was delayed because 3M's deliverables were often late or of unacceptable quality. KDOR officials told us 3M did not deliver quality software code which contributed to the delay in Phase One and in turn, also delayed Phase Two. Although KDOR officials acknowledge they played a role in the delay (officials said they and 3M underestimated the time needed for the project), KDOR officials also told us the work of 3M staff was a significant factor in the delay. Among the issues they encountered were the following:

- **Strategic documents submitted by 3M lacked detail and were not acceptable to KDOR officials.** For example, KDOR officials said the documents 3M submitted for the overall approach and strategy for testing the project's application and technical structure lacked detail (such as sequence and methodology of testing).
- **Final work products submitted by 3M did not meet KDOR's needs.** For example, KDOR officials told us 3M submitted software code for Phase One that was incomplete and not close to being ready for deployment. As a result, KDOR staff had to dedicate staff resources to resolve these issues.

- **3M had inadequate staffing levels which caused some tasks to fall behind schedule.** KDOR officials told us that 3M did not have a sufficient number of staff working on developing the software code for Phase One, which contributed to delays.

We contacted officials with 3M regarding the project but they declined to comment.

Independent external risk assessments of the project identified similar concerns early on. KDOR contracted with a third party, CSG Government Solutions, to independently evaluate the progress of the project. CSG completed eight risk assessments between December 2009 and February 2012, which identified several concerns about the project.

For example, in August 2010, a risk assessment noted that some of KDOR's project team members raised concerns about the project's aggressive deadlines and strained staffing resources. This was important because team members needed adequate time to review the work products of 3M, which could potentially delay the project. In addition, a January 2011 assessment raised concerns about whether 3M had adequate staffing and resources to complete tasks for Phase One. We discuss the fact that these assessments were terminated before the project was completed on page 17.

Finally, KDOR officials noted that unanticipated legislative changes had to be incorporated which somewhat contributed to the delays in the driver's license system (Phase Two). For example, KDOR officials told us a new 60-day renewal tag (2012 SB 300) had to be incorporated into Phase One after the system deployed. Officials said this pulled staff resources away from developing Phase Two. In addition, officials told us there were changes to the fees for trucks (2012 HB 2557) and permits (2012 HB 2729), as well as new commemorative plates (2013 HB 2176). According to officials, all of these contributed to some of the delay.

Because It Has Not Been Completed, the Total of Cost of the DMV Modernization Project is Unknown

As of October 2014, the DMV Modernization Project is not complete because Phase Two has not yet been deployed. As a result, it is impossible to determine the final cost of the project will be. We did ask KDOR officials to determine the costs of the project as of July 2014. However, as we explain in this section, KDOR's totals appear to be incomplete.

As of July 2014, KDOR officials estimated the DMV project had cost about \$34 million, but the estimate did not include county treasurers' costs to implement Phase One. KDOR's total estimated costs for the entire DMV Modernization Project as

of July 2014 are shown in **Figure 1-2** below. However, as the figure also shows, KDOR's estimate does not include some relevant costs. As shown in **Figure 1-2**, we estimate the county treasurers likely incurred about \$2 million to \$2.5 million in additional costs as a result of implementing Phase One (discussed more fully in Question 2). This total includes the \$562,000 one-time payment KDOR provided to county treasurers to offset overtime costs. In addition, it includes about \$60,000 in temporary staff assistance for two counties. None of these costs were included in KDOR's total cost calculation.

After including costs incurred by county treasurers and KDOR's one-time payment to treasurers, we estimate the project's total cost to date is about \$37 million which is close to the project's \$40 million budgeted cost.

Figure 1-2 Estimated Total Cost for DMV Modernization Project (July 2014)	
Costs Included by KDOR:	Amount
3M Contract	\$19.9 million (a)
KDOR Staff Salaries	\$5.3 million
Operating Expenditures (travel, rent, printing)	\$4.5 million
Other Expenditures (planning costs, printers, computers, scanners provided to counties, consultants)	\$4.5 million
KDOR's TOTAL (As of July 2014)	\$34.2 million
Costs That KDOR Also Should Have Included:	Amount
Costs Incurred by County Treasurers to Implement Phase One (motor vehicle system)	\$2 to \$2.5 million (b)
TOTAL with other relevant costs included:	\$ 36.7 million
<p>(a) The amount KDOR paid to 3M is less than the \$22 million expected because KDOR did not return about \$2 million in agreed-upon retainage fees that it accumulated throughout the project. We discuss this more on page 12.</p> <p>(b) LPA estimate using survey responses from county treasurers (see audit question one), including \$562,000 that KDOR reimbursed to counties for overtime costs and the temporary staff assistance KDOR provided to Johnson County and Shawnee County.</p> <p>Source: LPA analysis of expenditure data provided by KDOR officials and interviews with KDOR officials.</p>	

Future undetermined costs will also need to be included when calculating the total cost of the DMV Modernization Project. Costs that will be incurred in the future which were not included in KDOR's July 2014 estimate include:

- Salary and benefit costs for current KDOR employees working on implementing Phase Two.
- Salary and benefit costs for any new, additional KDOR employees who will work to implement Phase Two.
- Costs to hire any contracted consultants to help implement Phase Two.
- Other miscellaneous costs, such as equipment, hardware or software associated with planning and implementing Phase Two.

We asked KDOR officials to estimate about how much it will cost to implement Phase Two. KDOR officials estimate it will cost about an additional \$2.1 million and officials told us they plan to implement Phase Two by November 2015.

OTHER FINDINGS

External Independent Risk Assessments, Which Are Required for the Duration of All Large IT Projects, Were Discontinued Before Phase One of the Project was Completed

Because the DMV Modernization Project was budgeted to cost about \$40 million, state policy required KDOR to have an independent third party conduct risk assessments throughout the life of the project. As we discuss more below, those risk assessments raised concerns about the project's aggressive deadlines and strained staffing resources but were discontinued before Phase One was completed.

The state's information technology policies require external independent verification and validation on all large IT projects. The Kansas' Information Technology Executive Council (ITEC) is a 17 member board that is responsible for adopting information technology policies and project management methods for all state agencies.

ITEC policies require that state agencies hire an external independent third party to conduct risk assessments of information technology projects that cost more than \$10 million. The purpose of this external oversight is to determine the project's status and identify any issues that could affect the project. Specifically, the risk assessments determine whether the project's plan is being followed, whether contractors are meeting requirements, and whether the project is being completed timely. The policy also requires the assessments to happen for the duration of the project.

KDOR contracted with an external firm to conduct the risk assessments on the DMV Modernization Project, but the contract ended before Phase One was completed. The DMV project officially began in July 2009. KDOR contracted with a third party (CSG Government Solutions) to conduct risk

assessments. CSG completed eight reviews between December 2009 and February 2012 and the total cost of those reviews was about \$140,000. KDOR did not extend its contract with CSG after February 2012 even though Phase One had not been deployed and Phase Two was still in the planning stage. As a result, since Spring 2012 the DMV Modernization Project has had no oversight from an outside reviewer, which is in violation of state policy.

KDOR officials acknowledged they made the decision to discontinue these reviews before the project was completed and told us they notified Kansas Information Technology Office (KITO) officials of this decision. However, we could not verify KDOR had informed KITO. In addition, our review of internal KITO documents showed that KITO officials recommended continuing the external reviews for the duration of the project but similarly, we could not verify KDOR knew of this recommendation.

The external reviewer reported concerns about management of the DMV Modernization Project from the start. In December 2009 the external reviewer identified concerns about insufficient staffing and other resources. By July 2010, the reviewer noted issues with the project's aggressive schedule and that "communication between the KDOR and 3M teams is becoming fractured." Most of these problems continued to be identified in later assessments and the external reviewer's final assessment in February 2012 stated the project did not have an implementation date set for either Phase One or Two.

Project Monitoring Reports Used by the State's Top IT Officials and the Legislature Did Not Always Provide an Accurate or Timely Picture of the Project

In addition to the external independent reviews already mentioned, the Kansas' Information Technology Executive Council (ITEC) also requires any agency running a large IT project to submit quarterly reports to the executive branch chief information technology officer (CITO) and to the Legislature's Joint Committee on Information Technology (JCIT). Our review identified some concerns related to the summary reports provided to the JCIT.

The Joint Committee on Information Technology was provided only with summary reports for the DMV Modernization Project and not the full quarterly reports required by policy. ITEC policies require agencies to prepare quarterly status reports and submit them to the executive branch CITO and to the Legislative Research Department for the attention of the JCIT. While KDOR provided quarterly reports to the executive branch CITO, the JCIT was provided only with summary reports, not the full quarterly report. As further explained below, these summary

reports did not include information that would help the Joint Committee on Information Technology assess the status of the DMV Modernization Project.

Summary quarterly reports prepared by the Kansas Information Technology Office did not always include timely or accurate information on the status of the DMV

Modernization Project. We reviewed the summary information provided to the Joint Committee on Information Technology about the DMV Modernization Project. Our review of a sample of these summary reports showed the following problems:

- **The summary reports did not always include information that would help readers know the actual status of the DMV Modernization Project.** The summary reports did not include risk factors identified by KDOR in the quarterly reports, such as the effect of moving milestone dates. Further, the June 2013 report stated that the DMV project was “on hold.” This status was based on information provided by KDOR officials, who had requested the project be termed as “on hold.” In March 2014, KITO summary reports continued to show the project was on hold. However, as we reported earlier, the project was actually significantly delayed. A project “on hold” does not trigger a caution or alert status. If the project was classified as being significantly delayed because of not meeting targeted tasks in a timely manner, it would be reported as caution or alert status.
- **The summary reports used the wrong dates to calculate whether the DMV Modernization Project was ahead, on time, or behind schedule.** The original deployment or milestone date for Phase One was July 2011. However, the KITO reports used April 2012 to measure the progress of Phase One. KITO staff based this date on information provided by KDOR in early planning documents. As a result, the project continued to look like it was timely when it should have been flagged as being in caution status.

County Treasurers Identified Several Important Lessons Learned from Phase One That Should Be Addressed Before Phase Two is Implemented

According to KDOR officials, May 2012 was a mutually agreed upon implementation date for Phase One. This date was agreed upon between 3M, KDOR staff and a selection of counties treasurers that served as representatives in the planning and implementation of Phase One. However, counties experienced several issues and problems experienced by counties during the Phase One implementation. As mentioned earlier on page 13, KDOR officials asked the Kansas Adjutant General to facilitate an after-action review for Phase One of the DMV Modernization Project. While that review focused on issues within KDOR, our survey of county treasurers focused on identifying lessons learned from an end-user’s viewpoint.

Having the system ready before deployment was the most important factor for county treasurers. During the audit, we interviewed several county treasurers to identify the most important lessons learned from Phase One. Then, in our May 2014 survey, we asked treasurers to rank the seven most important lessons learned from implementing Phase One. Ensuring the system is ready to be implemented, including having it fully tested and with minimal software errors or bugs was the most important lesson learned for county treasurer for Phase One. All lessons learned from Phase One, ranked in order from most important to least, include the following:

- Ensure the system is ready to be implemented
- Provide training on software that mirrors what will be deployed
- Pilot the new system in a county and use real transactions in the pilot
- Ensure the KDOR Help Desk is trained at an appropriate level
- Communicate issues and solutions in a timely manner
- Ensure the KDOR Help Desk is staffed at an appropriate level
- Deploy the new system in stages, rather than all counties at once

Conclusion

The conclusion for the entire report is at the end of Question 3.

Recommendations for Executive Action

1. KDOR officials should follow ITEC policy and contract with an independent external oversight entity to complete risk assessments for the remaining duration of the DMV Modernization Project (page 17).
2. KDOR officials should review and implement the various lessons learned from Phase One (page 19), including:
 - a. Completing testing of the software before implementation.
 - b. Providing training on software that mirrors what will be deployed for Phase Two.
 - c. Piloting the new system in a county and using real transactions during the pilot, then deploy the system in stages rather than all counties at once.
 - d. Ensuring the KDOR help desks are trained and staffed at an appropriate level.
 - e. Communicating issues to county treasurers and other Phase Two stakeholders in a timely manner.

Question 2: How Much Has the Implementation of the DMV Modernization Project Cost Local Government?

We estimate that county treasurers incurred about \$2.0 million to \$2.5 million in additional costs to implement Phase One of the DMV Modernization Project (p. 21). KDOR paid a total of \$560,000 to counties to help offset some overtime costs and also provided temporary staffing assistance to two counties (p. 23). KDOR officials told us they do not expect any stakeholders to incur additional costs to implement the new driver's license system (Phase Two) (p. 24).

In addition, we found issues related to counties taking on new title-approval duties. We estimate that counties incurred about \$1 million in additional costs related to these new duties (p. 24). Even though the duties have changed, the state law dictating how the title fee is split between the state and counties has not changed (p. 25).

We Estimate County Treasurers Incurred About \$2.0 Million to \$2.5 Million in Additional Costs to Implement Phase One of the DMV Modernization Project

The DMV Modernization Project has two phases. Phase One is the new motor vehicle system and it is used to register and title motor vehicles. Phase Two is a driver licensing system, which will be used to issue and track drivers' licenses. Phase One of was deployed in May 2012. KDOR officials acknowledged there were problems with implementing Phase One that caused counties to have difficulty issuing titles and registrations and created long lines for some citizens. This audit question was prompted by legislative concerns that county treasurers incurred unexpected costs related to implementing Phase One. For example, those costs include county treasurer staff working overtime and hiring temporary staff to help provide timely services to customers.

In planning for Phase One, KDOR officials did not expect county treasurers to incur additional costs to implement the new motor vehicle registration system. KDOR officials said that KDOR provided county treasurers with software and hardware needed for the new motor vehicle registration system. KDOR also reimbursed treasurers for travel and training costs for planning and testing the new system. Additionally, KDOR officials said that after the difficulties of implementing Phase One were known, KDOR staff asked county treasurers to estimate county costs associated with implementing Phase One but counties never reported any costs.

However, some county treasurers incurred significant staffing costs to implement the system. We surveyed all 105 county treasurers and asked them to report non-reimbursed costs that were

a result of implementing Phase One. In all, 72 county treasurers returned surveys for a 69% response rate. The counties that responded are shown in the map in **Appendix B**. Combined, those counties account for 85% of Kansas' total estimated population. We then selected a sample of six from the responding county treasurers and reviewed documentation such as overtime reports, staff hiring documentation, and invoices to verify the counties' reported costs. When necessary, we adjusted the counties' reported costs based upon the supporting documentation. Based on our survey results and follow-up work, we estimated total costs incurred by all 105 counties.

Most counties responding to our survey reported they had incurred costs ranging from a total of \$200 to nearly \$700,000 from May 2012 through December 2013. Twelve of the responding counties said they incurred no costs from implementing Phase One. **Figure 2-1** below shows the estimated costs incurred by county treasurers as a result of implementing Phase One of DMV Modernization Project.

Figure 2-1 Estimated Additional Costs Incurred by County Treasurers to Implement Phase One of the DMV Modernization Project and Title Approval Duties (May 2012 - December 2013)	
Costs Related to Phase One of the <u>DMV Modernization Project</u> (a)	
New Full-Time & Temporary Staff	\$1.3 to \$1.6 million
Hourly Staff Overtime	\$500,000
Other (Hardware, postage, etc.)	\$400,000
Subtotal	\$2.0 to \$2.5 Million
Costs Related to <u>New Title Approval Duties</u> (a)	
New Full-Time & Temporary Staff	\$600,000
Hourly Staff Overtime	\$200,000
Other (Hardware, postage, etc.)	\$200,000
Subtotal	\$1.0 Million
TOTAL	\$3.0 to \$3.5 million
<small>(a) Costs estimates have been rounded and should be viewed as a general indicator of related costs. Source: LPA estimate of costs based on county treasurers' reported costs (after review of select documentation to verify reported costs).</small>	

As the figure shows, those costs fell into three general categories:

- **Counties hired new full-time or temporary staff, which we estimated to cost about \$1.3 million to \$1.6 million from May 2012 to December 2013.** Costs associated with hiring new permanent staff (about \$1.2 million to \$1.5 million) will be an ongoing annual cost, while the temporary staff (about \$100,000) was likely a one-time cost.

- **County staff had significant overtime, which we estimated to cost about \$500,000 for that same time period.** These were likely one-time costs associated with the implementation of Phase One.
- **Counties had other non-staffing-related costs, which we estimate to be about \$400,000 for that same time period.** Those costs include additional hardware, an increase in postage and telephone costs, and additional security at some treasurers' offices. These costs are likely one-time costs associated with implementing Phase One of the DMV Modernization Project.

KDOR Paid a Total of \$560,000 to Counties to Help Offset Overtime Costs and Also Provided Temporary Staffing Assistance to Two Counties

Beginning May 2012, title approval duties were moved from KDOR's central office to county treasurers. KDOR officials and the county treasurers we interviewed said moving the title approval duties from KDOR to counties was not directly related to the DMV Modernization Project, but the move happened at the same time that Phase One was implemented. Approving titles for vehicles requires staff to ensure the title paperwork is in order, including that the appropriate signatures have been obtained and that documentation showing title transfer is sufficient and accurate.

After Phase One was implemented and the new title approval duties were transferred to counties, KDOR officials recognized that county treasurers had incurred some overtime costs. As a result, KDOR provided each county a one-time payment to offset those overtime costs.

In September 2012, KDOR provided one-time payments totaling \$562,000 to counties to help offset overtime costs. The amount KDOR provided was not based on total overtime costs reported by the county treasurers. Instead, KDOR officials told us they based the amount on the number of overtime hours each county treasurer's office had logged in the new motor vehicle system from May 2012 to July 2012. Even if a county had minimal overtime hours, KDOR provided the county \$250 to show appreciation for the treasurer's help in implementing the new system. The largest single payment was about \$83,000 to Shawnee County.

KDOR's one-time payment was calculated based on the number of overtime hours each county logged in the motor vehicle system. KDOR officials said the payment was to show recognition and appreciation for the counties efforts in implementing the motor vehicle system. KDOR's payment appears to have offset most of the counties' overtime costs. However, as discussed in a following section, counties also had about \$200,000 in overtime costs related to title approval duties.

KDOR also provided temporary staff assistance to Johnson County and Shawnee County, but other counties incurring similar costs received no assistance. In addition to the one-time payments to help offset overtime costs, KDOR provided these two counties with temporary staff assistance. KDOR paid for about \$7,700 for temporary staff for Shawnee County and about \$52,000 for Johnson County. According to a KDOR official, the temporary staff in Johnson County mostly helped with the backlog of title approvals and staff in Shawnee County helped process registrations at the front desk.

KDOR officials told us these two counties received help because county officials asked for assistance and KDOR determined there was a need for assistance. Although 11 other counties responding to our survey reported incurring a total of about \$150,000 in temporary staff cost, KDOR did not provide assistance to any other county treasurer offices. KDOR officials said they assisted the counties that requested such help.

KDOR Officials Told Us They Do Not Expect Any Stakeholders to Incur Additional Costs to Implement the New Driver's License System (Phase Two)

Phase Two of the DMV Modernization Project will be a new driver's license system. As discussed extensively in Question 1, Phase Two is significantly behind schedule and has not yet been implemented. KDOR officials told us they plan to implement Phase Two by November 2015.

However, officials told us they do not expect stakeholders to incur additional costs when the new driver's license system is finally implemented. It will be a web-based application with minimal software requirements and KDOR plans to furnish any equipment that stakeholders need.

OTHER FINDINGS

Counties Have Also Incurred About \$1 Million in Additional Costs Related to New Title Approval Duties

As mentioned earlier, beginning May 2012, title approval duties were moved from KDOR's central office to county treasurers. Before taking on title approval duties, county treasurers generally inspected the title documents presented but did not take the extra steps necessary to approve the title. Instead, the documents were mailed to KDOR's central office. Those staff reviewed the documents and obtained additional information as needed and then approved and printed the vehicle titles. KDOR officials said that a selection of county treasurers representing all counties during the DMV Modernization Project planning requested that counties be allowed to take on the title approval duties.

County treasurers incurred about \$1 million in total additional costs related to their new title approval duties. KDOR officials told us they did not expect county treasurers to incur additional costs to perform this work. Instead, KDOR officials told us they expected costs to be less because county treasurers would no longer have to mail title documents to KDOR's central office. **Figure 2-1** on page 22 shows estimated costs that the 105 county treasurers incurred from taking on title approval duties. As the figure shows, those costs totaled about \$1 million and fell into three general categories:

- **Counties hired new full-time and temporary staff, which we estimated to cost about \$600,000.** As with the cost incurred from implementing Phase One of the DMV Modernization Project, these full time staff costs also will be on-going annual costs and the temporary staff will be a one-time cost.
- **County staff had significant overtime, which cost about \$200,000.** These overtime costs will likely be a one-time cost.
- **Counties had other non-staffing-related costs, which we estimate to be about \$200,000.** Those costs include additional hardware, an increase in postage and telephone costs, and additional security at some treasurers' offices. These costs are likely a one-time cost.

Even Though Vehicle Title Duties Have Changed, the State Law Dictating How the Title Fee is Split Between the State and Counties Has Not Changed

As noted earlier, before May 2012, county treasurers generally inspected vehicle title documents but did not take the extra steps necessary to approve the title. Counties took over the final approval of titles in May 2012.

State law dictates how the \$10 title fee is split between the state and counties. For each vehicle title processed, the customer pays a \$10 fee. \$8 goes to the state and \$2 goes to the county treasurer. In total, this title fee generates about \$7 million each year. By law, the state's share is split three ways: \$3.50 goes to the Kansas Highway Patrol Motor Vehicle Fund, \$3 is used to cover KDOR's hardware and other expenses, and \$1.50 goes to the State Highway Fund.

KDOR officials said there are no plans to pursue a change in the state law dictating how the \$10 fee is split between the state and counties. KDOR officials noted that before the change in title approval duties, county treasurers were already completing most of the work needed to fully process titles. Additionally, KDOR officials noted that the title fee is not directly tied to the duties associated with title approval.

KDOR officials suggested counties could collect a facility fee to help cover any increase in operating costs. Rather than pursue a statutory change for splitting the \$10 title fee, KDOR officials suggested that counties could generate additional funds by collecting a \$2.50 to \$5.00 “facility fee” from customers for each transaction processed. The fee was authorized during the 2013 Legislation Session and each county is allowed to choose whether to collect this fee. This fee is only charged on in-person registration and title transactions, and does not apply to mail-in or internet transactions. Currently, only 19 counties are collecting this fee.

Conclusion

The conclusion for the entire report is at the end of Question 3.

Recommendations

None

Question 3: What Current Problems Are County Treasurers Having Using the New System and What are the Causes of Those Problems?

County treasurers reported a number of current problems with the new motor vehicle titling and registration system (Phase One) (p. 27). Nearly three-quarters of county treasurers told us the new system is often or always slow at processing transactions (p. 28). In addition, county treasurers expressed concerns about inaccurate, duplicate, or missing data in the new system (p. 31). County treasurers also continue to experience problems with the new system's equipment, including document scanners and signature pads (p. 33). Finally, county treasurers expressed concerns about KDOR's ability to communicate and provide assistance (p. 34).

County Treasurers Reported a Number of Current Problems with the New Motor Vehicle Titling and Registration System (Phase One)

County treasurers and their staff have a significant role in registering and titling motor vehicles in Kansas. On behalf of KDOR, county treasurers and their staff register and title vehicles and issue drivers' licenses in most counties. Some of their major responsibilities include collecting registration and title fees and approving titles.

Currently, county treasurers are using the new motor vehicles information system to process these transactions. That system was implemented in May 2012 as Phase One of the DMV Modernization Project. Statewide, an estimated 850 county-level staff use the system. Despite the system being in place for more than two years, treasurers continue to report having problems.

We surveyed all 105 county treasurers to determine what those problems were and how often they occurred. In all, 72 county treasurers returned surveys for a 69% response rate. Combined, those counties account for 85% of Kansas' total estimated population. Based on their survey responses, we selected a sample of problems for further review and then worked with KDOR staff and county treasurers to better understand the problems. Those problems included:

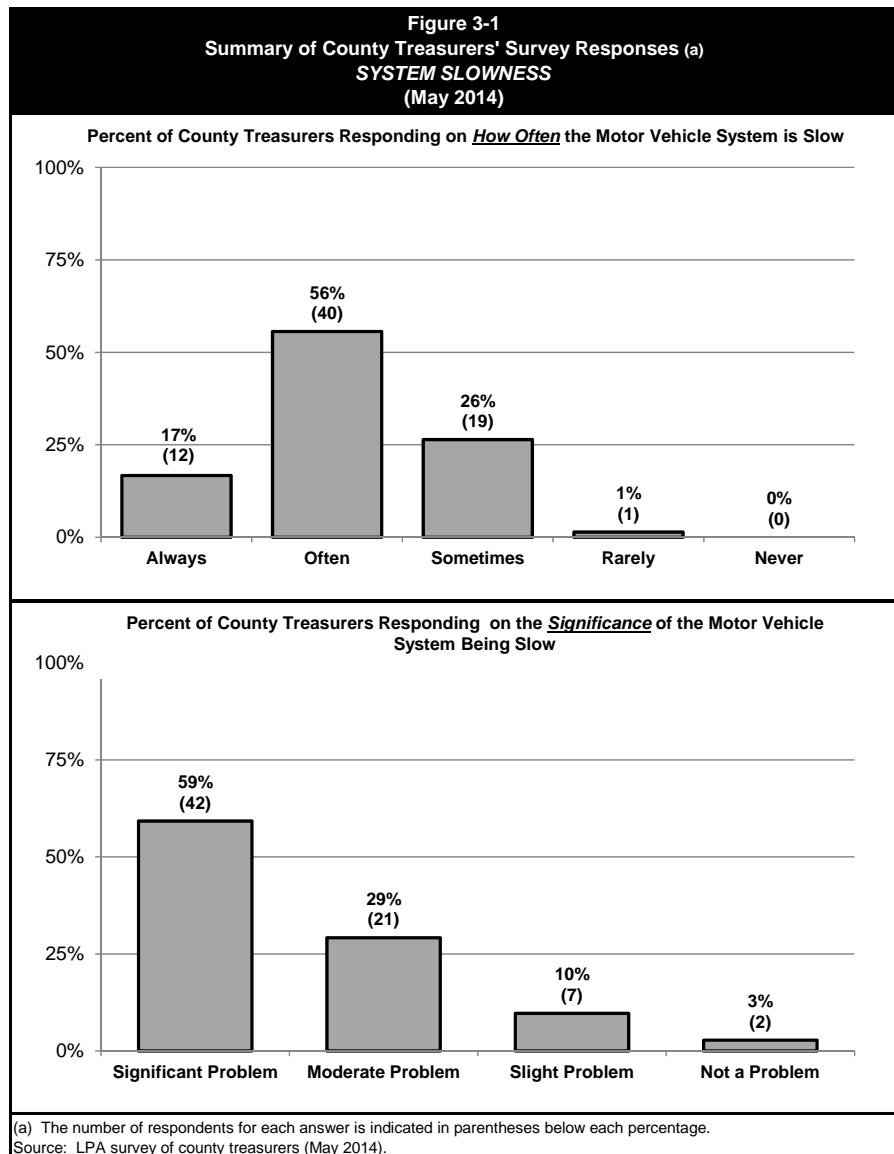
- system slowness
- missing, inaccurate, or duplicate data in the system
- equipment not working properly

County treasurers that responded to the survey also expressed concerns related to KDOR's ability to communicate and provide guidance when needed. These problems are discussed in the following sections.

***Nearly Three-Quarters
of County Treasurers
Told Us the New System
is Often or Always Slow
at Processing
Transactions***

In planning our work we talked with a number of county treasurers and they often cited concerns about how slowly the system processed vehicle titles or registrations. In our work, we surveyed all county treasurers and specifically asked them to rate how often the system was slow and whether it was a significant problem.

In all, 72% of county treasurers responding to our survey told us the new system is often or always slow. A summary of county treasurers' survey responses about system slowness is show below in **Figure 3-1**. As the figure shows, nearly three-quarters of county treasurers indicated the system is often or always slow. In addition, **Figure 3-1** shows that 88% of county treasurers indicated that system slowness is a moderate to significant problem.

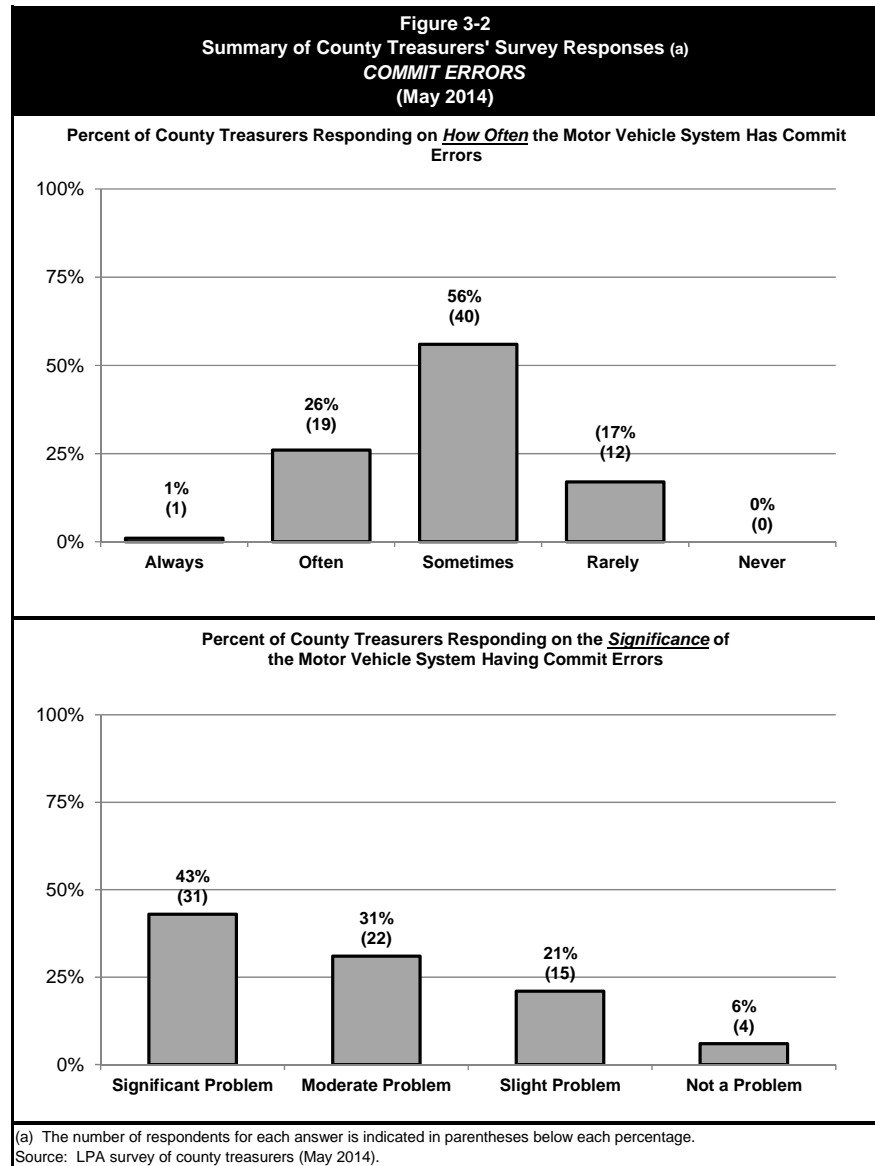


County treasurers' responses appear to be driven by both their personal perception and actual system speed issues. After interviewing a sample of county treasurers and reviewing KDOR data showing how long it took to process motor vehicle registrations and titles, we found:

- **The new system requires information to be complete and requires more information overall, which causes each transaction to take longer.** The previous system allowed staff to skip fields or force incomplete information through the system. In addition, county treasurer staff now must scan and include supporting documentation (discussed more on page 33). KDOR officials acknowledge that processing a transaction is now more time consuming because more information must be entered. These factors may explain why about 40% of county treasurers responding to our survey said they were dissatisfied with the new system's ease of navigation.
- **While the average transaction time of six minutes, some transactions took several hours.** We reviewed statewide transactions processed from April 2013 to April 2014 and found that the average transaction time (not including a customer's time waiting in line) was six minutes. About 90% of all transactions were completed in less than 10 minutes. However, our review of a sample of 80,000 transactions processed during one week in April 2014 showed that about 100 transactions took between two to nine hours to complete. According to KDOR officials, these transactions likely were "left open" in the system because the customer needed to get additional information, because county staff may have decided to scan necessary documents later, or because the county processed the transaction but did not finalize it until the end of the day. KDOR officials were not able to provide detailed documentation to verify which of these reasons caused the extended time for these transactions.
- **"Commit errors" can delay some transactions or force county staff to restart a transaction.** Commit errors happen when the system stalls out and does not process the information entered which can occur when as a result of the software code or when a user enters invalid information. As a result, some treasurers told us they may have to shut down the computer and start the transaction over. County treasurers and KDOR officials also noted that these types of errors may seem worse to the county staff because a customer may be waiting and watching the staff during the delay.

Figure 3-2 on page 30 shows the frequency of these commit errors. As the figure shows, 27% of county treasurers told us that they often or always encounter commit errors. Another 56% responded that commit errors occur sometimes. KDOR data showed from April 2013 to April 2014 the average number of commit errors per hour ranged from 70 to 570 statewide. KDOR officials told us they have taken several steps to reduce the number of commit errors, including hiring a data consultant to analyze the errors, providing more descriptive error messages, and developing new program code to address certain types of errors.

- Some counties may still perceive the system to be slow because of the problems that occurred from implementing Phase One. KDOR officials acknowledged that when Phase One was deployed in May 2012, it was not a smooth process. Customers had significant wait times and the system had many bugs that had to be resolved in the months following deployment. It is possible that these initial problems with the deployment of Phase One continue to affect county treasurers' perceptions of a slow system.



In all, 54% of county treasurers responding said the new system is worse at meeting customer needs than the old system. Conversely, 30% think the new system is better. The county treasurers who thought the new system was worse tended to be from the larger, more densely populated counties. County treasurers provided specific reasons why the new system is worse at meeting customer needs, including:

- “More steps to complete and more work added to the county.”
- “MOVRS [the new motor vehicle system] takes an incredibly long time to load and navigate between tabs. Although the layout is user friendly, the time in which it takes to process a transaction is not.”
- “...the system is extremely slow! It's a click & wait process so you spend time standing there waiting for the system to move or process information while the customer is staring at you wondering what is taking so long.”

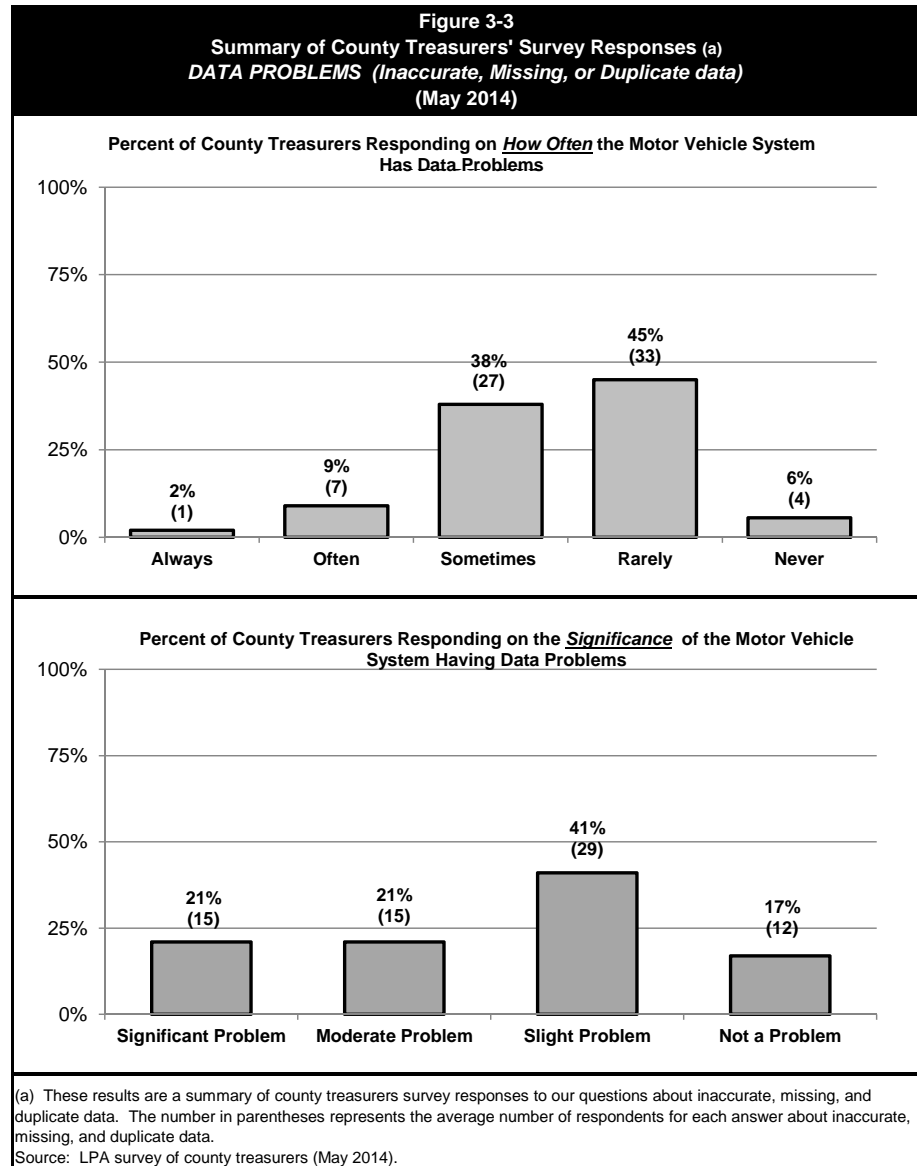
***County Treasurers
Expressed Concerns
About Inaccurate,
Duplicate, or Missing
Data in the New System***

County treasurers responding to our survey indicated there are data problems within the new system and our review confirmed there is at least some amount of inaccurate, duplicate or missing data. KDOR officials acknowledged the system has data problems and said they are working on resolutions. The survey results are summarized in **Figure 3-3** on page 32.

Data problems currently exist in the new system and are viewed as a moderate to significant problem for many county treasurers. As **Figure 3-3** on the next page shows, about 11% of responding county treasurers told us that they often or always encounter data problems in the new system. Another 38% said they encounter data problems sometimes. In addition, 42% of county treasurers said data problems are a moderate or significant problem. Data problems include inaccurate, duplicate, or missing data. Each is described below.

- **About 8% of survey respondents indicated they often or always encounter inaccurate data in the new system.** In addition, about 40% of county treasurers said it is a moderate or significant problem. We observed examples of inaccurate data in the system (a vehicle with the wrong vehicle identification number) and KDOR officials confirmed there continue to be some issues.
- **About 15% of survey respondents indicated they often or always encounter duplicate data in the new system.** These counties included one-half of the most densely populated counties. About 40% of county treasurers said it is a moderate or significant problem. We saw several examples of individuals being listed in the system multiple times. For example, the names William Doe, William J. Doe, Bill Doe would have three entries despite being the same person.
- **About 10% of survey respondents indicated they often or always encounter missing data in the new system.** In addition, 46% of county treasurers said it is a moderate or significant problem. We saw examples of this including missing addresses and invalid social security numbers (for example, 000-00-0000).

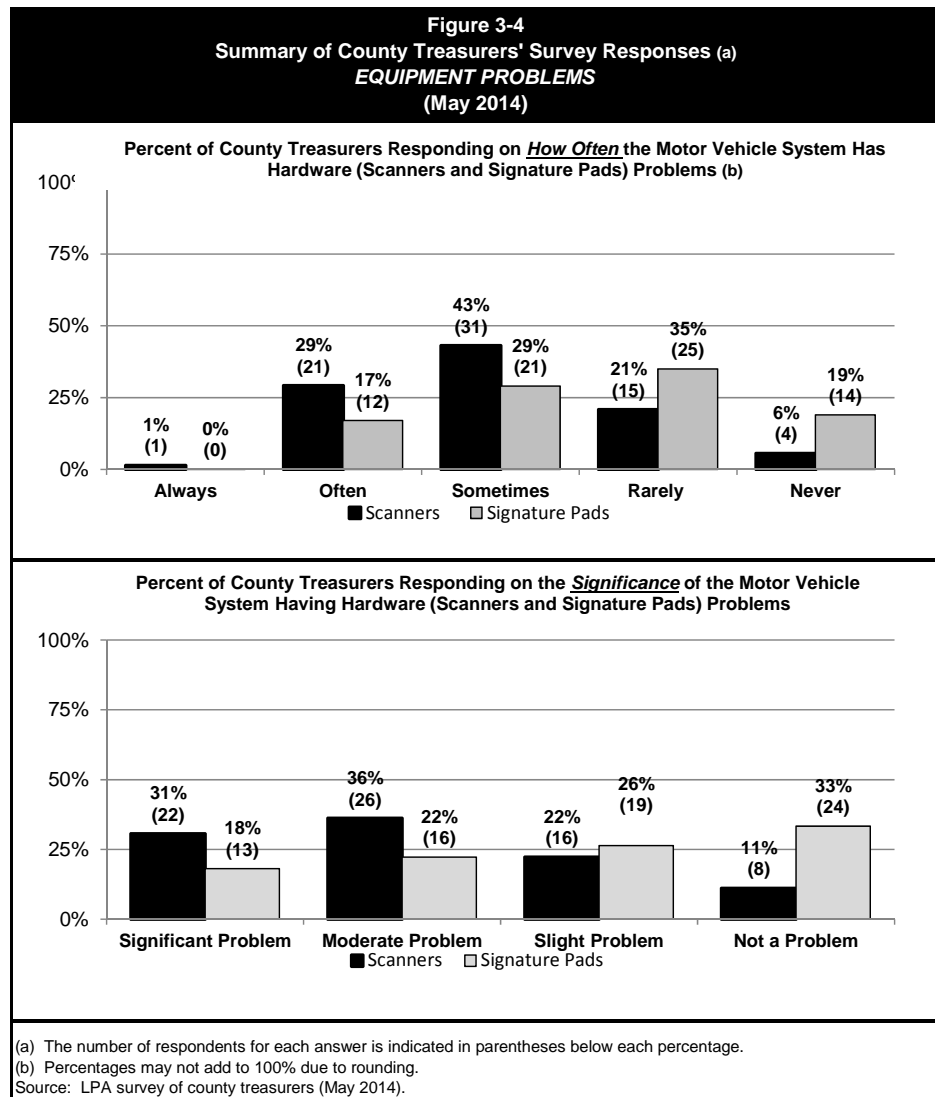
KDOR officials said some of the data problems that existed in the previous system were not corrected when converted to the new system. Officials also said some of the data problems are caused by county staff not entering the data correctly. However, officials also acknowledged that county staff do not have the ability to delete duplicate records or to correct a record once it is entered into the new system. KDOR officials told us they are working with county treasurers to fix these various data problems.



**County Treasurers
Continue to Experience
Problems with the New
System's Equipment,
Including Document
Scanners and Signature
Pads**

Initially, we talked with a few county treasurers to learn and understand any issues they are having with equipment related to the new system. Two of the most frequently mentioned problems had to do with document scanners and signature pads. Our survey asked county treasurers to rate how often they have problems with scanners and signature pads and the significance of those problems. The results are shown below in **Figure 3-4**.

In all, 30% of responding county treasurers said they often or always have a problem with document scanners not working properly. In addition, as **Figure 3-4** shows, 67% of responding treasurers said this is a moderate or significant problem. From May 2013 to April 2014, KDOR help desk data showed there were at least 67 counties that reported problems with their document scanners.



A little less than 20% of responding county treasurers said they often have problems with signature pads. As *Figure 3-4* on the previous page shows, 17% of county treasurers responding to our survey said they often encounter problems with signature pads not working and 29% of county treasurers said that they sometimes have problems. In addition, 40% of county treasurers responding said that it is a moderate to significant problem when signature pads are not working properly. One county treasurer's office acknowledged they no longer use signature pads because of their frustration with them.

KDOR officials cited several reasons why signature pads may be causing problems, including user error, the signature pad not being plugged in correctly, or not being correctly installed. Officials said they continue to resolve these problems as they arise.

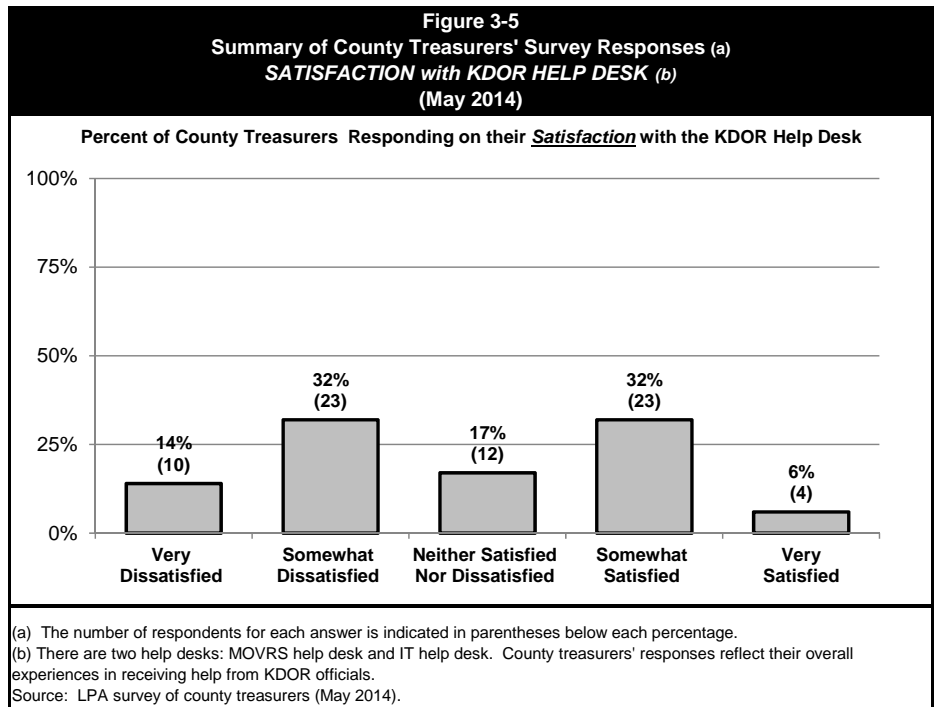
County Treasurers Also Expressed Concerns About KDOR's Ability to Communicate and Provide Assistance

Our survey to county treasurers included a series of questions intended to help us understand how well county treasurers think KDOR officials have communicated with them regarding issues with the motor vehicle system (Phase One). Overall, about 32% of county treasurers responding said they were either somewhat or very dissatisfied with how KDOR officials have communicated.

About half the county treasurers responding to our survey were dissatisfied with the responsiveness of KDOR's help desk. Responses to our survey questions about the help desk are summarized in *Figure 3-5* on page 35. As the figure shows, 46% of county treasurers responding were somewhat or very dissatisfied with how well the help desk responded to problems treasurers were having with the new system.

KDOR has two types of help desks that treasurers can contact for issues with the new system. The motor vehicle system help desk is used by county treasurers who have questions on using and navigating the system and how it operates. The IT help desk handles technical questions related to the new system.

We found the IT help desk handled technical questions responsively but there were problems with the responsiveness of the motor vehicle system help desk. The International Finance Corporation sets a benchmark for abandoned calls between 5% to 8%. We could not find a benchmark for deflected calls. We reviewed the response times for the two help desks, including the number of phone calls each help desk received from January 2013 to June 2014. Our review showed that once calls were answered



by the help desk, they were handled in a timely manner. However, we also found there were a large number of abandoned or deflected calls. This is explained in further detail below.

- **The motor vehicle system help desk was responsive to 83% of the calls, but a significant number of calls were deflected by the system or the caller abandoned the call.** From January 2013 to June 2014, the motor vehicle system help desk averaged 3,300 calls per month. KDOR data showed an average of nearly 300 calls or nearly 9% each month where the caller was unable to contact the help desk. KDOR officials explained this may happen because all lines are busy and as result, the call is dropped or deflected.

In addition, KDOR data also showed a monthly average of nearly 300 calls or nearly 9% abandoned by the caller. KDOR officials said it is likely these calls were abandoned because of the long wait times to talk to a KDOR help desk representative. Our review showed that since January 2013, the worst responsiveness for this help desk was July 2013, when the desk was only able to handle 64% of the calls and more than 1,000 calls were deflected.

- **The IT help desk overall appears to do a better job of resolving calls, but also had a significant number of instances of callers abandoning their call.** From January 2013 to June 2014, the IT help desk averaged 2,800 calls per month. KDOR data for the IT help desk is similar to the motor vehicle system help desk in that there were nearly an average of 200 calls or nearly 7% per month that were abandoned by the caller.

About 26% of county treasurers responding to our survey are dissatisfied with KDOR's guidance on approving titles.

Starting in May 2012, county treasurers became responsible for approving vehicle titles. Before that, when a customer had a vehicle transaction that involved transferring or issuing a title, the county treasurers would collect the information and submit it to KDOR for approval. Moving the title approval duties from KDOR to counties was not directly related to the DMV Modernization Project, but the move happened at the same time Phase One was implemented.

About one-quarter of county treasurers raised concerns about how much guidance KDOR officials provided to them about approving vehicle titles. Of those, most were the more densely populated counties which by default process a large number of title transactions.

To address these concerns, KDOR officials hired a consultant and facilitated a meeting among KDOR staff and representatives from county treasurers' offices to identify the problems related to the title-approval process. Key findings from that effort were that county treasurers were not always collecting all the documents needed to approve titles and that treasurers' review of title documentation was incomplete or insufficient. KDOR officials plan to resolve these issues by providing additional training by establishing and providing guidelines to county treasurers.

Conclusion

In 2009, KDOR began the DMV Modernization Project to replace several aging systems. It contracted with 3M to develop and implement a new, integrated system in two phases. Phase One was for a new motor vehicle registration and titling system and Phase Two was for a new driver's license system. At the beginning of 2011 a new administration took over and assumed responsibility for the project. Phase One was finally deployed in May 2012, and during the deployment several county treasurers experienced long delays with the new system and incurred unanticipated staffing costs. Phase Two is now several years behind schedule. In May 2014, KDOR terminated its contract with 3M and now plans to complete the project using its own internal resources.

According to both the independent reviewer during the project, and an after-project analysis by the Adjutant General's Office on Phase One, poor project management, lack of external oversight, unrealistic time lines, and disagreements between KDOR and 3M officials are major factors for why Kansas does not have a timely, complete, and successfully implemented DMV information system. Now that KDOR has taken on the sole responsibility to

implement the much-delayed driver's license system (Phase Two), it will be extremely important for KDOR officials to address the lessons learned from Phase One before completing Phase Two of the project.

***Recommendations for
Executive Action***

1. KDOR officials should continue to work with county treasurers to identifying ongoing problems with Phase One and resolve the problems as they occur (page 27).
2. KDOR officials need to follow up with county treasurers on a periodic basis to ensure that any identified problems with Phase One have been addressed including the following:
 - a. System slowness, including issues with commit errors (page 28).
 - b. Missing, inaccurate, or duplicate data in the system (page 31).
 - c. Equipment not working properly, including document scanners and signature pads (page 33).
3. KDOR should consider increasing help desk staffing to better meet the needs of county treasurers who call and ask for assistance (page 34).

APPENDIX A

Scope Statement

The original scope statement for this audit was approved by the Legislative Post Audit Committee on July 10, 2012. Subsequently, the Committee delayed the start of this audit. At its December 3, 2013 meeting, because much time had passed since the original scope statement had been approved, the Committee designated Senators Kelly and Longbine to work with division staff to make appropriate modifications to the scope. This appendix contains the revised scope statement. The audit was originally requested by Senator Kelly.

Department of Revenue: Determining Whether the Department Adequately Managed Implementation of Its New Motor Vehicle System

In 2009, the Department of Revenue awarded a \$40 million contract to 3M Company to replace its aging motor vehicle mainframe systems. That project, referred to as the DMV Modernization Project, consolidated three older systems into one and is used to help track and issue drivers' licenses as well as process motor vehicle titles and registration. The first phase of the new computer system, the vehicle title and registration system, became operational in May 2012. As of December 2013, phase two of the project was still in development.

Several potential problems were revealed following the system's implementation. For example, long delays at some county treasurer's offices for license and registration renewals—some as long as eight hours—raised public concern about the functionality of the new system. Moreover, county treasurers throughout the state mentioned concerns about the current system's lack of speed, data files being corrupted during conversion, and clerks being routinely disconnected from the system. Legislators would like to know the current status of the project, how much it has cost local government to implement, and what problems system operators and users have had interacting with it.

A performance audit in this area would address the following questions:

- 1. What is the current status of the DMV Modernization Project?** To answer this question, we would interview department staff to determine the current status of the project in terms of scope, schedule, and budget. We would compare the project's current status against its planned status to determine if the project appears to be proceeding as planned. If not, we would interview agency officials to determine the reasons why. We would augment this work by interviewing staff from the Kansas Information Technology Office (KITO) to obtain their assessment of that project, and to identify any potential threats to its success. Finally, we would work with department staff to determine the extent that phase two and phase three of the project will require system upgrades that could affect local governments, business, or citizens. We would perform additional work in this area as necessary.
- 2. How much has the implementation of the DMV Modernization Project cost local government?** To answer this question, we would select a cross section of county treasurer's offices to help us determine the cost impact of the new system on those counties. For that sample, we would work with the Kansas Association of Counties and county treasurer office staff to collect information such as detailed accounting data to help us assess historic trends in terms of staff overtime, training costs, and other relevant expenditures related to the new system. We would also request information on any revenue the state already provided, either directly or through reduced state fees, to aid in the systems implementation. Finally, would work with

county treasurer staff to help ensure that any trends we identified were directly related to the implementation of the new system, and not a result of other unrelated operations. We would perform additional work in this area as necessary.

3. **What problems have county treasurers, citizens, or businesses had in using the new system and what are the causes of those problems?** To answer this question, we would survey system stakeholders—including staff from all 105 county treasurers, vehicle dealers, and Kansas residents—to identify significant problems they might have had with the new system. For the most significant problems they identified, we would gather more detailed information and documentation to better understand the exact nature of those problems. To the extent possible, we would use available department and county data to determine if those problems are a result of the current system or whether they have always existed. Finally, we would work with county and department staff to determine how and why these problems occurred, and to determine what actions are needed to correct them. We would perform additional work in this area as necessary.

Estimated Resources: 3 LPA staff

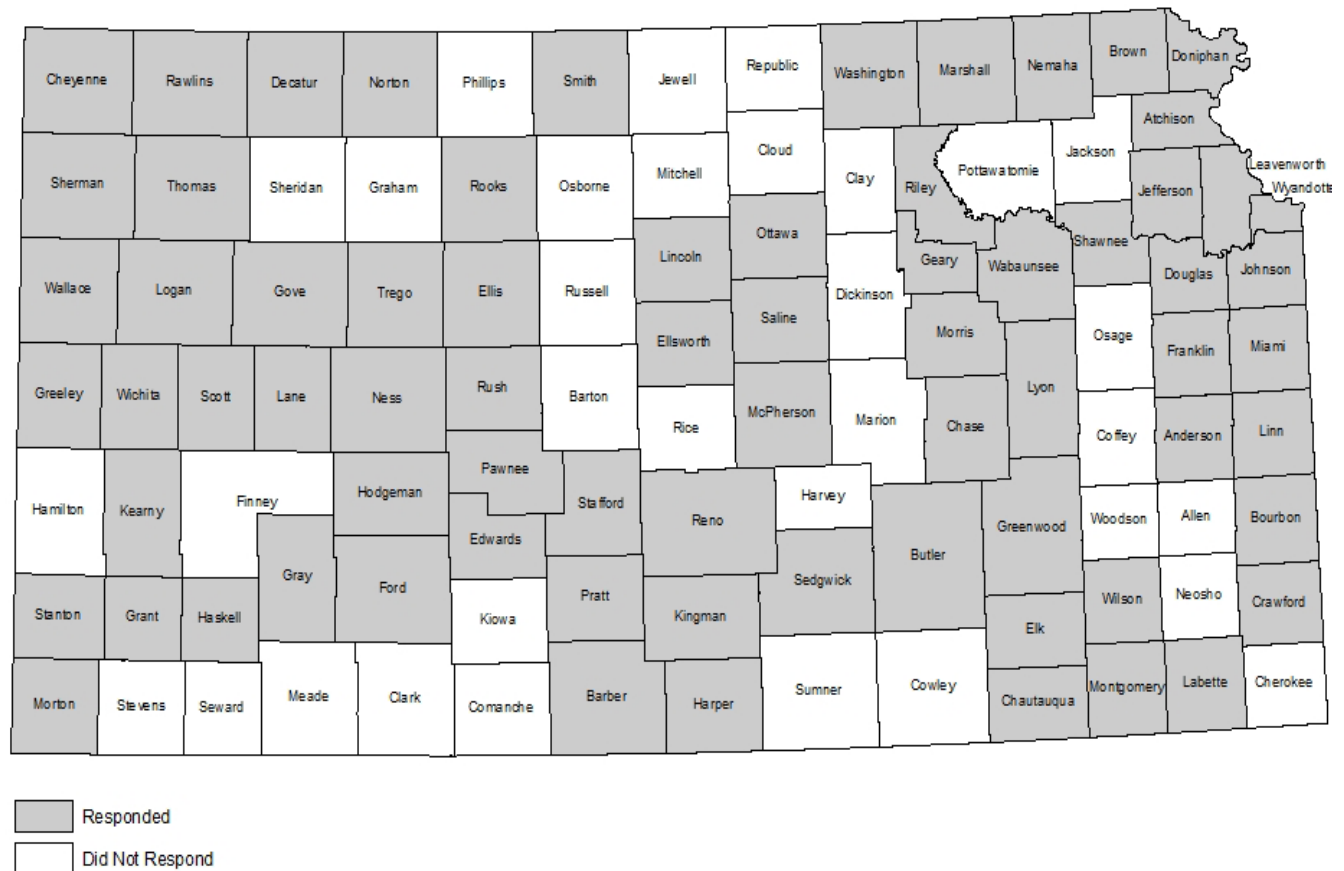
Estimated Time: 5 months (a)

(a) From the audit start date to our best estimate of when it would be ready for the committee. This time estimate includes a two-week agency review period.

APPENDIX B

Map of Survey Respondents

This appendix contains a map showing the 72 counties whose county treasurers responded to our May 2014 survey. In the survey we asked treasurers their opinions related to the DMV Modernization Project. We also asked them to report on costs that resulted from implementing Phase One of the project or that resulted from taking on title approval duties.



Source: LPA summary of counties responding to the May 2014 survey.

APPENDIX C

Agency Response

On August 12th we provided copies of the draft audit report to the Kansas Department of Revenue (KDOR). Its response is included as this Appendix. Following the agency's written response is a table listing the department's specific implementation plan for each recommendation.

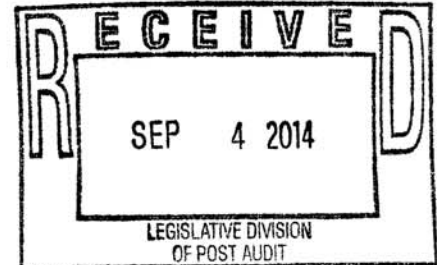
In its response, the agency concurred with most of the report's findings and recommendations. However, the agency does not plan to implement our recommendation to pilot the driver's license system (Phase Two) using real transactions and then to deploy the system in stages rather than to all counties at once. KDOR officials told us the system operates from a central database and that it would be impossible to create two sets of data that would then have to be synced at a later date.

Nick Jordan, Secretary

Sam Brownback, Governor

September 3, 2014

Scott Frank
Legislative Post Audit
800 Southwest Jackson St. Ste. 1200
Topeka, Ks. 66612-2212



Dear Mr. Frank:

We want to thank Ms. Laurel Murdie and her team for their professionalism and cooperation in preparing the performance audit, *Department of Revenue: Reviewing Issues related to the DMV Modernization Project*.

As noted in the audit, the project actually began in 2009 and we assumed responsibility for the project in 2011 along with a team that was previously involved in the system design and development. After review with the team we determined that the system was not ready for deployment on its targeted date due to the quality of the code. The audit noted that staff felt deadlines had been set too aggressive and the staff was certainly strained.

Before "going live" we worked with our stakeholders and brought in a third party review. A group of treasurers selected by the Kansas County Treasurers Association also helped with onsite design and testing of the new system. The group later helped develop training for all treasurers. Training on the system was provided in several ways including computer-based, instructor-led and a virtual system that was called the "sandbox" where county treasurers could process practice transactions using the new software. After consultation with leadership in the treasurers' association we identified a go-live date of May 2012.

To go-live 6.8 million records had to be converted into the system and 105 counties needed to be connected with new technology, and state and county staff trained. All 105 counties had bandwidth, system and staffing resources of varying quality. Once this was done – particularly the data transfer - there was no going back. We then, as we all know, had difficulty.

One of the significant problems was inaccurate, incomplete and duplicate information in the old system that converted over into the new system. Several county treasurers reported to us that many times they would process partial transactions with incomplete information within the old system and mail them to Topeka for completion to speed up the process on their end, this became known as hitting the F10 key. The process of forcing a bad transaction through the system had a negative impact on the state of the data within the new system. The process also created delays of weeks and months when a customer needed a title for a vehicle with an incomplete record as

each year that the information had been incomplete had to be manually fixed in a labor intensive process. We then knew it was going to take a full cycle or a year to clean up the files after going live – but the records could be fixed in a matter of minutes instead of days. The new system does check for all the proper documentation and sends error messages to the county representative when the data is not accurate.

It also became apparent to me, after requesting an after-action exercise from the Adjutant General's office that we needed a much more aggressive IT approach with our vendor and to support our team. We made a staff change in our CIO, and while not given the overall project director responsibilities, he was to be integrally involved in managing the project and working with the vendor. We also made some adjustments in the project team.

In light of the difficulties experienced with the new system we provided resources to counties to help with additional costs in overtime to take care of backlogs. This included financial assistance for all counties and in the counties with the heaviest transaction load we provided some staff. From the start of the implementation, daily conference calls were available to the treasurers to answer questions and provide support. These now are available on a monthly basis along with our help desk daily.

We completed quarterly reports to KITO as required and complied with all requirements we were aware of, plus regular appearances before JCIT.

Additional multiple factors slowed down the implementation process as functionality was added that was not included in original design. This included items such as handicapped placards and legislative changes passed after the system was designed.

As the audit notes, today the average transaction takes six minutes, while some transactions are held over due to possibly a customer not having all the required documentation with them, resulting in a return trip. There are two types of commit errors, one related to system performance which KDOR has resolved by bringing in an outside expert to analyze the database and assist with the resolution, the other type of commit error is user created when inaccurate or incomplete information is being used within a transaction.

As the audit states, "The new system requires information to be accurate and complete while requiring more information overall," which will assure county treasurers, law enforcement and others that they are receiving accurate information when accessing the system in the future.

We have worked with the counties and their staff to resolve any reported problems with any state provided personal computer, scanner, printer, or signature pad and the majority of this equipment is under maintenance contract.

As noted in the audit, additional costs for counties seem to revolve around the title approval process. Title approval is simply making sure the necessary information is filled in on the title, i.e. name, address, VIN number and signature along with all the necessary documentation for a valid transaction is present. Some counties report to us that approval takes about five minutes for them at the time of the transaction, others view this as a separate procedure. Title approval is something that was specifically asked for by the county treasurers.

We have now concluded the contract with our vendor and will take over the development and implementation for Phase II in-house. The plan is now in place with a projected timetable and cost. As you can see below, we anticipate the cost to be well within the original 2009 estimated \$40 million cost.

2009 DMV Modernization Project Cost Estimate	40 M
Actual Cost to date - P1 MOVRS	34.2 M
Estimated P2 KanDRIV Project Cost	2.1 M
TOTAL	36.3 M

We have hired a project director and will soon be in the process of sending out an RFQ for a third party review. We can assure you that we will approach Phase II utilizing our many lessons learned. Phase II will have a different dynamic given we control most of our driver licensing offices with minimal impact on the county treasurers that complete driver's license renewals.

Again we want to thank Ms. Murdie and her team and look forward to a successful implementation of the full Project. I personally want to thank our staff that put in endless hours and effort and our stakeholders who have been partners in this endeavor.

With best wishes,



Nick Jordan
Secretary of Revenue

Itemized Response to LPA Recommendations

Department of Revenue: Examining Issues Related to the DMV Modernization Project

LPA Recommendation		Agency Action Plan
Question 1		
1.	KDOR officials should follow ITEC policy and contract with an independent external oversight entity to complete risk assessments for the remaining duration of the DMV Modernization Project.	KDOR will obtain external oversight in compliance with ITEC Policy.
2.	KDOR officials should review and implement the various lessons learned from Phase One, including:	
	a. Completing testing of the software before implementation.	KDOR will complete extensive testing before implementation.
	b. Providing training on software that mirrors what will be deployed for Phase Two.	KDOR will train our users with software that mirrors what will be deployed.
	c. Piloting the new system in a county and using real transactions during the pilot, then deploy the system in stages rather than all counties at once.	The department does not plan to implement this recommendation due to system limitations. Kansas' driver's license system operates off a central database ensuring that all users including law enforcement have access to the same accurate and up to date information. It would be impossible to create a smaller pilot project because that would create two sets of data that would have to be synced at a later date increasing the chance of inaccurate information.
	d. Ensuring the KDOR help desks are trained and staffed at an appropriate level.	KDOR will ensure our help desks are trained and staffed appropriately to meet industry standard drop and deflect rates.
	e. Communicating issues to county treasurers and other Phase Two stakeholders in a timely manner.	KDOR will create a communication plan to ensure phase two stakeholders are given the right message in a timely manner.
Question 3		
1.	KDOR officials should continue to work with county treasurers to identifying ongoing problems with Phase One and resolve the problems as they occur.	KDOR continues to work to support the county treasurers and their staff resolve problems in an efficient way.
2.	KDOR officials need to follow up with county treasurers on a periodic basis to ensure that any identified problems with Phase One have been addressed including the following:	

	a. System slowness, including issues with commit errors.	Agree. The department will continue to work with and follow up with the counties. The system runs at the same speed for all counties, but varying processing time can be attributed to: 1.) Local Internet Service Provider. 2.) Accuracy of data being entered in the system. 3.) Knowledge of the county representative entering the transaction. There are two types of commit errors, one related to system performance which KDOR has resolved by bringing in an outside expert to analyze the database and assist with the resolution, the other type of commit error is user created when inaccurate or incomplete information is being used within a transaction. When there is a widespread system problem, the state also contacts counties through email list serve and will continue to do so.
	b. Missing, inaccurate, or duplicate data in the system.	Agree. The department will continue to work with and follow up with the counties. Data problems can be attributed to: 1.) Accuracy of data being entered in the system. 2.) Knowledge of the county representative entering the transaction. The state has previously provided training to county staff for working on the system and will continue to do so. The department also provides a monthly teleconference for counties which includes system demonstration, provides updates and collects feedback from counties.
	c. Equipment not working properly, including document scanners and signature pads.	Agree. The department will continue to work with and follow up with the counties. The department will continue to maintain communication with the counties. KDOR has worked with the counties and their staff to resolve any reported problems with any state provided personal computer, scanner, printer, or signature pad and the majority of this equipment is under maintenance contract. When counties notify the department of non-working equipment the department does, and will continue to work with the counties to resolve the problem. When there is a widespread equipment problem, the state has contacted the counties via a list serve email and will continue to do so. Counties are also able to bring up problems with equipment during the monthly teleconference hosted by KDOR.
3.	KDOR should consider increasing help desk staffing to better meet the needs of county treasurers who call and ask for assistance.	KDOR has consulted with an outside source to obtain staffing recommendations and Telephony Quality Assurance Metrics for the Division of Vehicles.