

# Department of Motor Vehicles

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## Assessable Expenses of Administering the Motor Vehicle Financial Security Act and the Motor Vehicle Safety Responsibility Act for the State Fiscal Year Ended March 31, 2024

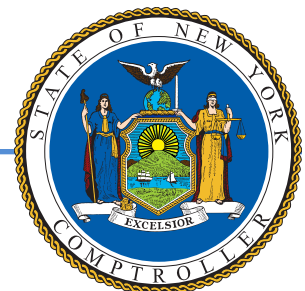
Report 2024-M-2 | February 2025

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

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Division of State Government Accountability



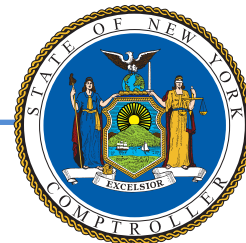
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# Independent Practitioner's Report on Applying Agreed-Upon Procedures

February 25, 2025

Mark J.F. Schroeder  
Commissioner  
Department of Motor Vehicles  
6 Empire Plaza  
Albany, NY 12228

Dear Mr. Schroeder:

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. The Office of the New York State Comptroller (OSC) is the practitioner, and the Department of Motor Vehicles (DMV) is the engaging party. DMV is responsible for the subject matter of this engagement, the purpose of which was to ascertain the expenses to administer the Motor Vehicle Financial Security Act and the Motor Vehicle Safety Responsibility Act (collectively, Acts).

The Acts help ensure that the operators of motor vehicles driven in New York State possess adequate insurance coverage, or are financially secure, to compensate those persons they might injure or whose property they might damage as a result of an accident. According to Article VI, Section 317 and Article VII, Section 363 of the Vehicle and Traffic Law, DMV is responsible for tracking the expenses of administering the Acts and assessing these expenses on insurance carriers that issue policies or contracts of automotive bodily injury insurance.

We have performed the procedures enumerated below related to ascertaining the expenses to administer the Acts for the State Fiscal Year (SFY) ended March 31, 2024. DMV has agreed to and acknowledged that the procedures are appropriate to meet the intended purpose of ascertaining the total expenses incurred in administering the Acts for the SFY ended March 31, 2024.

This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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The procedures we performed, and the associated findings, are as follows:

- 1.** Procedure: We inspected the list of Assessable Expenses prepared by DMV for the SFY ended March 31, 2024 (List). We determined if any categories of expenses were inappropriately included in or excluded from the List.

Finding: We did not identify any exceptions as a result of applying this procedure.
- 2.** Procedure: We inquired about any expenses that could not be confirmed, or that may have been inappropriately included in or excluded from the List.

Finding: As a result of applying this procedure, we identified:

  - \$52,298 in personal service expenses (salary) related to Compulsory Insurance Services that were inappropriately excluded from the List.
  - \$3,644 (\$3,961-\$317) in personal service expenses (salary) related to the Dedicated Bridge and Highway Program that were inappropriately included in the List.
  - \$165,606 in non-personal service expenses related to the Dedicated Bridge and Highway Program that were inappropriately included in the List.
  - \$81 in Self-Insurance Fee revenue that was an offset to expenses but was inappropriately excluded from the List.
- 3.** Procedure: We confirmed the appropriateness of the fringe benefit and indirect cost rates used by DMV.

Finding: We did not identify any exceptions as a result of applying this procedure.
- 4.** Procedure: We inspected the comparative analysis prepared by DMV and determined whether the calculations were mathematically correct and whether the explanations for the variances were sufficient.

Finding: We inspected the comparative analysis prepared by DMV for the SFYs ended March 31, 2024 and March 31, 2023 and determined DMV had incorrectly used the unadjusted assessable expenses for the SFY ended March 31, 2023. Once corrected, we found the explanations for the variances were sufficient.
- 5.** Procedure: We notified DMV of any issues identified with respect to DMV's calculations of expenses, explanations of variances, justification for the cost rates, or any other related matters.

Finding: As a result of applying the above procedures, we identified incorrect amounts, as follows:

  - An excess of \$430,959 that was included in DMV's calculations for partially assessable expenses related to administering the Acts.
  - A shortage of \$579,884 in fringe benefit and indirect costs that was excluded from DMV's calculation of expenses.
  - A shortage of \$2,076,053 in total assessable expenses that was excluded from DMV's calculation of expenses for the Dedicated Bridge and Highway Program.

As a result of applying the above procedures, we identified a net increase of \$2,107,945 to DMV's Statement of Assessable Expenses for the SFY ended March 31, 2024. Table 1 presents the original and adjusted net assessable expenses. Table 2 presents a summary of the above adjustments.

**Table 1 – Original and Adjusted Net Assessable Expenses**

State Fiscal Year Ended	Original Net Assessable Expenses	Adjusted Net Assessable Expenses	Net Adjustment Increase (Decrease)
March 31, 2024	\$31,083,442	\$33,191,387	\$2,107,945

**Table 2 – Summary of Adjustments, SFY Ended March 31, 2024**

Adjustment Description	Amount
Compulsory Insurance Services – adjustment for personal service expenses (salary) inappropriately included in the List	\$(3,116)
Compulsory Insurance Services – adjustment for personal service expenses (salary) inappropriately excluded from the List	55,414
<b>Compulsory Insurance Services – adjustment for personal service expenses (salary) inappropriately included in or excluded from the List</b>	<b>\$52,298</b>
Dedicated Bridge and Highway Program – adjustment for personal service expenses (salary) inappropriately included in the List	(3,961)
Dedicated Bridge and Highway Program – adjustment for personal service expenses (salary) inappropriately excluded from the List	317
Dedicated Bridge and Highway Program – adjustment for non-personal service expenses inappropriately included in the List	(165,606)
Dedicated Bridge and Highway Program – adjustment for Total Assessable Expenses inappropriately excluded from the List due to incorrect calculations	2,076,053
<b>Dedicated Bridge and Highway Program – Net Adjustment for expenses inappropriately included in or excluded from the List</b>	<b>\$1,906,803</b>
Adjustment to Internet Point and Insurance Reduction Program for Partially Assessable Expenses (0.20% decrease)*	(475)
Adjustment to Dedicated Bridge and Highway Program for Partially Assessable Expenses (0.20% decrease)*	(430,484)
<b>Net Adjustment for Partially Assessable Expenses</b>	<b>\$(430,959)</b>
Adjustment to Fringe Benefit and Indirect Costs due to salary adjustments	756,013
Adjustment to Fringe Benefit and Indirect Costs for Partially Assessable Expenses (0.20% decrease)*	(176,129)
<b>Net Adjustment for Fringe Benefit and Indirect Costs</b>	<b>\$579,884</b>
Adjustment for Fees Paid by Self-Insurers that offset expenses and that were inappropriately excluded from the List	\$(81)
<b>Net Adjustment for Fees Paid by Self-Insurers</b>	<b>\$(81)</b>
<b>Net Total Adjustment</b>	<b>\$2,107,945</b>

\*0.20% decrease resulted from the application of cost adjustments to personal services and non-personal services.

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6. Procedure: We confirmed that the written Statement of Assessable Expenses provided by DMV for SFY ending March 31, 2024 correctly reflects resolution of any identified issues. We present this Statement as Exhibit A of this report.

Finding: We did not identify any exceptions as a result of applying this procedure.

We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards, which incorporate attestation standards established by the American Institute of Certified Public Accountants. We applied sampling techniques in this engagement. We judgmentally selected \$1,037,732 of the \$6,899,891 fully assessable personal service expenses and \$13,831,545 of the \$115,523,595 fully and partially assessable non-personal service expenses to determine if the expenses were appropriately included in the List. The results from our sample selections cannot be projected to the population. For reporting purposes, we excluded variations between DMV's and our calculations that were due to rounding. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the total expenses incurred in administering the Acts for the SFY ended March 31, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported.

We are required to be independent of DMV and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

# Exhibit A

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**Department of Motor Vehicles  
Motor Vehicle Financial Security Act  
and Motor Vehicle Safety Responsibility Act  
Statement of Assessable Expenses for SFY Ended March 31, 2024**

	Amount
Direct Expenses:	
Internet Point and Insurance Reduction Program	\$14,969
Compulsory Insurance Services	8,555,567
Dedicated Bridge and Highway Program	13,649,083
<b>Total Direct Expenses</b>	<b>\$22,219,619</b>
Fringe Benefits and Indirect Costs	11,110,187
<b>Gross Assessable Expenses</b>	<b>\$33,329,806</b>
Less: Fees Paid by Self-Insurers	(138,414)
Fees Paid for Bonded Vehicles	(5)
<b>Net Assessable Expenses</b>	<b>\$33,191,387</b>

# Contributors to Report

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## Executive Team

**Andrea C. Miller** - *Executive Deputy Comptroller*

**Tina Kim** - *Deputy Comptroller*

**Stephen C. Lynch** - *Assistant Comptroller*

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