

Audit Report

**Maryland Department of Transportation
Motor Vehicle Administration**

September 2020



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

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September 23, 2020

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Carol L. Krimm, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Maryland Department of Transportation (MDOT) – Motor Vehicle Administration (MVA) for the period beginning December 15, 2015 and ending June 2, 2019. MVA’s primary purpose is to oversee a variety of activities related to the ownership and operation of motor vehicles, including the registration and titling of vehicles.

Our audit disclosed a number of findings requiring corrective action over MVA’s process for issuing licenses and other products. MVA did not always prevent, or identify, investigate, and cancel products (including REAL IDs) that were issued based on questionable documentation. Specifically, for products issued, we found 70 social security numbers (SSNs) associated with what appeared to be 140 individuals, and instances of fabricated residency documentation. MVA researched the 70 SSNs and determined that 12 SSNs were each used by two different individuals. In addition, MVA did not always apply the required points when it received notices of out-of-state traffic-related convictions. Furthermore, our test of ten individuals required to be assessed 12 points from out-of-state convictions, found that MVA did not record those points for five individuals and, although MVA did record the points for the other five individuals, in none of the cases were the related licenses suspended or revoked.

Procedures over manual overrides of system controls did not prevent the improper issuance of products, and MVA did not document their efforts to recover products issued due to improper overrides. In addition, MVA did not always notify other states when it issued non-commercial licenses so the other state could take appropriate action (such as cancelling an existing license previously issued by that state). As a result, our test of 21 licenses issued to individuals from certain states disclosed 18 individuals had active licenses in both states for extended periods.

Further, MVA did not update driving records for existing traffic-related convictions received by licensees from other states who subsequently obtained a Maryland license.

We also determined that due to limitations with MVA's licensing system, sensitive personally identifiable information for millions of individuals was stored in a manner that did not provide adequate safeguards and was accessible to numerous employees. Additionally, MVA did not perform periodic comprehensive reviews to identify and terminate unnecessary access to this system.

Other internal control deficiencies were noted in areas including information technology contracts, and procedures over timely installation of malware protection software.

Finally, our audit also included a review to determine the status of the 12 findings contained in our preceding audit report. We call your attention to our determination that MVA satisfactorily addressed 11 findings. The remaining finding is repeated in this report.

MDOT's response to this audit, on behalf of MVA, is included as an appendix to this report. In accordance with State law, we have reviewed the response and, while MVA generally agrees with the recommendations in this report, we identified certain instances in which statements in the response conflict with or disagree with the report findings. In each instance, we reviewed and reassessed our audit documentation, and reaffirmed the validity of our finding. In accordance with generally accepted government auditing standards, we have included "auditor comments" within MVA's response to explain our position. We will advise the Joint Audit and Evaluation Committee of any outstanding issues that we cannot resolve with MVA.

We wish to acknowledge the cooperation extended to us during the course of this audit by MVA. We also wish to acknowledge MDOT's and MVA's willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,



Gregory A. Hook, CPA
Legislative Auditor

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Background Information

Agency Responsibilities

The Motor Vehicle Administration (MVA) is part of the Maryland Department of Transportation and functions under certain provisions of the Transportation Article of the Annotated Code of Maryland. MVA has jurisdiction over a variety of activities related to the ownership and operation of motor vehicles, including the registration and titling of vehicles. MVA maintains a headquarters location in Anne Arundel County and 24 branch offices throughout the State with a total authorized workforce of approximately 1,700 employees. According to MVA records, during fiscal year 2019, MVA's collections, which primarily consisted of motor vehicle excise tax receipts and vehicle registration fees, totaled approximately \$1.8 billion. According to the State's accounting records, MVA's expenditures totaled approximately \$223.2 million during fiscal year 2019, of which \$61.9 million was for contractual services.

Products Issued to Maryland Residents Who Do Not Have a Social Security Number

As allowed by State law, MVA issues federally non-compliant products (driver's licenses and identification cards) to Maryland residents who do not have a Social Security Number (SSN) and who do not have lawful authority to be in the United States. To obtain these products, applicants must have either filed a Maryland income tax return for the previous two years or were claimed as a dependent on returns filed for those years. These products do not allow individuals the same access privileges afforded to individuals with REAL ID compliant products (see Page 8 for explanation of REAL ID).

Based on a memorandum of understanding with the Comptroller of Maryland (COM), MVA obtained and uploaded electronic files from COM of all individuals that requested a certification that they had filed the required State tax returns. The files include the applicants name, date of birth, address, COM control number (indicating whether tax returns were filed), and Individual Taxpayer Identification Number (ITIN).¹ MVA uses the files to verify the applicant has met the tax filing requirements.

¹ An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the Internal Revenue Service (IRS). The IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number, but who do not have and are not eligible to obtain a SSN from the SSA.

During our audit, MVA provided us with information from its driver's license system. Using this information, we performed an analysis of products issued during the period from February 2014 to July 2019, and active as of July 2019 and identified 286 ITINs associated with 628 individuals with differing names. We disclosed the results of this analysis to MVA, which researched the issue.

MVA subsequently determined that ITINs were Federal Tax Information and obtained advice from their legal counsel who advised that MVA is prohibited from obtaining the ITINs according to federal law, which restricts access to ITIN data to federal and state taxing authorities. Subsequently, MVA advised us that it forwarded the aforementioned 286 ITINs to the COM for further investigation and would address any product for which COM determined that a valid return was not filed. MVA further advised us that going forward it will no longer record the ITIN information in its licensing system and will request the COM to stop including the ITIN in the files.

Delinquent Payment Plan Records Could Not be Obtained from the State's Central Collection Unit (CCU)

As of June 2020, MVA was unable to obtain reports of delinquent debt payment plans from CCU since July 2018 related to fines assessed on individuals who had lapsed vehicle insurance coverage. Consequently, MVA could not take administrative action, such as suspending or preventing vehicle registrations, for these individuals. MVA and CCU advised us that these reports could not be sent electronically to MVA due to communication issues between CCU's debt management system and MVA's system. MVA further advised us that the communication issues should be corrected shortly after it implements its new system in July 2020 and that MVA will take necessary corrective action on individuals with delinquent debt payment plans. According to MVA records, between July 1, 2018 and June 3, 2019, approximately 16,000 individuals were placed on payment plans by CCU, with fines totaling approximately \$20.9 million.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the 12 findings contained in our preceding audit report dated November 22, 2017. As noted in Table 1 below, we determined that MVA satisfactorily addressed 11 of these findings. The remaining finding is repeated in this report.

Table 1
Status of Preceding Findings

Preceding Finding	Finding Description	Implementation Status
Finding 1	Although an internal investigation revealed that the Motor Vehicle Administration (MVA) issued 270 fraudulent federally non-compliant driver's licenses and identification cards, the scope was limited and we found many additional products that may have been issued improperly. MVA also did not alter its procedures to correct the related control deficiencies.	Not repeated
Finding 2	Adequate controls were not established over MVA's inventory stock of blank driver's license and identification cards.	Not repeated
Finding 3	MVA did not ensure that all driving records were being reviewed for possible administrative action, and our tests disclosed several records for which required administrative action was not taken.	Not repeated
Finding 4	MVA did not ensure that required supervisory reviews of critical transactions recorded on driving records, including license suspensions and revocations, were adequately performed and documented.	Not repeated
Finding 5	MVA did not ensure that labor rates included in a \$21.4 million information technology (IT) contract were the most favorable available, and MVA's procedures for monitoring IT contracts and billings did not ensure hours billed were reasonable, receipt of deliverables, and compliance with contract terms.	Not repeated
Finding 6	MVA did not adequately control electronically submitted bids.	Repeated (Current Finding 9)
Finding 7	MVA did not have adequate procedures to ensure that differences between recorded collections and amounts deposited by branch offices were adequately investigated and resolved.	Not repeated
Finding 8	Collections received at MVA headquarters for vehicle registration renewals processed at county offices were not adequately controlled.	Not repeated
Finding 9	Controls over the MVA virtual server environment did not properly protect critical virtual servers.	Not repeated
Finding 10	Procedures for securing MVA's numerous computers were not sufficient.	Not repeated
Finding 11	Employees responsible for reviewing and approving changes to critical data relating to the Ignition Interlock Program also had access capability allowing them to change these data, compromising effective internal control over the Program.	Not repeated
Finding 12	MVA did not adequately monitor corporate purchasing card purchases and did not always comply with related State policies and procedures.	Not repeated

Findings and Recommendations

Licensing

License Issuance and Inventory

The Motor Vehicle Administration (MVA) is responsible for issuing commercial and non-commercial driver's licenses, license renewals, corrected licenses, learner's permits, and personal identification cards (referred to as "products"). MVA uses a computerized driver's licensing application system that includes an electronic license application process. The system performs various verifications to ensure the applicant is eligible to receive a license, such as matching the individual's social security number (SSN) with a database maintained by the federal Social Security Administration (SSA). According to MVA's records, for fiscal year 2019, MVA processed approximately 5.9 million licensing transactions, which included 931,000 new driver's licenses, resulting in \$48.9 million in revenue.

The federal REAL ID Act of 2005 (the Act) established minimum security standards for license issuance and production and prohibits federal agencies from accepting (such as, for access to federal facilities or boarding federally regulated commercial aircraft) products from states and United States territories not meeting the Act's minimum standards by October 1, 2021. MVA became Real ID compliant in 2012, and began issuing REAL ID compliant products which are indicated by a star in the upper right corner of the product (see Figure 1) in July 2016.

Figure 1
Example of a Real ID Compliant Product



Source: MVA's Website

In order for a product to be REAL ID compliant, an individual must provide one proof of age and identity such as a birth certificate or passport, one proof of SSN such as a social security card, and two proofs of residential address such as mail from a federal agency or bank statements.

In accordance with federal regulations, MVA has until October 1, 2021 to be fully compliant with the Act. In October 2017, the United States Department of Homeland Security (USDHS) advised MVA that it had issued products “without requiring presentation of documentation evidencing identity, date of birth, SSN, address, and lawful status and without verifying and retaining copies of the information as required by the REAL ID Act and regulations.” MVA advised us that over one million such REAL ID products were issued between July 2016 and December 2017. MVA established a corrective action plan, which included reprogramming its licensing systems, to obtain the required documents by the aforementioned October 1, 2021 deadline. As of December 2019, MVA advised us that it still had to obtain documentation from over 440,000 individuals to comply with the USDHS plan of correction.

As noted in Table 2, as of December 2019, approximately 2.7 million REAL ID compliant products had been issued and 274,168 products had been issued to individuals without valid citizenship documentation.

Issued REAL ID products	2,703,764
Renewal products issued as REAL ID compliant that need required supporting documentation	443,951
Products not yet issued as REAL IDs	1,453,786
Products issued to non-valid citizen - not for federal identification purposes	274,168
Total Active Products Issued	4,875,669

Source: MVA representation

Suspension and Revocation

MVA is responsible for processing certain administrative actions relating to driver’s licenses, such as license suspensions and revocations. MVA receives information that impacts driver’s licenses, consisting primarily of traffic citations and case convictions from the State’s district and circuit courts, local government entities, and other jurisdictions outside of Maryland. MVA personnel review this information and take action to suspend or revoke licenses, as specified in State law. Specifically, State law requires license suspension when a driver

accumulates 8 or more points based on traffic convictions received within a two-year period on their driving record or revocation for accumulating 12 or more points. Alternatively, an individual can register for the Ignition Interlock Program to avoid suspension or revocation for certain alcohol-related driving violations. License suspensions may also result from other offenses, such as the failure to pay court-ordered child support and the existence of outstanding arrest warrants.

MVA is also required by State law to assess points to Maryland license holders for certain convictions received while driving in other jurisdictions. MVA's Reciprocity Unit receives conviction notices in the mail of individuals with a Maryland license that were convicted of a driving offense in another jurisdiction. The Reciprocity Unit manually records the convictions in the applicable driving record, records points for certain serious offenses (see Table 3 on page 13), and provides the conviction documentation to MVA's Points Unit for determination of required suspension or revocation action.

According to MVA's records, it processed 44,446 suspensions and revocations during fiscal year 2019.

Finding 1

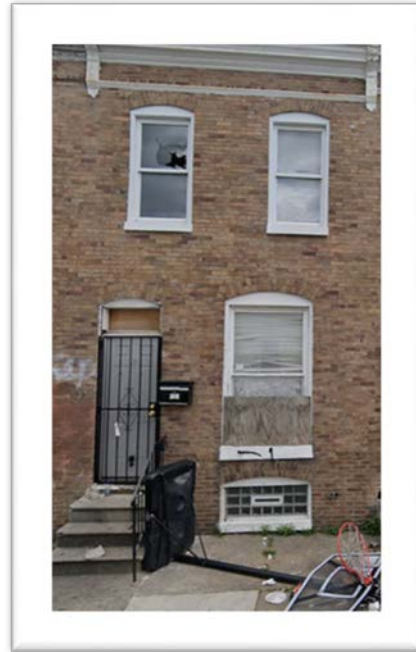
MVA did not always use available data to prevent, or identify, investigate, and cancel products (including REAL IDs) that were issued based on questionable documentation. As a result, products may have been issued to ineligible individuals.

Analysis

MVA did not always use available data to prevent, or identify, investigate, and cancel products (including REAL IDs) that were issued based on questionable documentation. As a result, products may have been issued to ineligible individuals. We identified two distinct situations impacted by MVA not using all available data.

Products Issued to Unusually Large Numbers of Individuals at the Same Address

MVA did not analyze license data to identify licenses issued to unusually large numbers of individuals with the same address. Our analysis of MVA's records, provided as of July 2019, disclosed 5,879 addresses that were used as the primary address for 76,882 individuals. Based on online property searches and State Department of Assessment and Taxation records, we determined that 106 addresses, each with 20 or more individuals, appeared to be single-family residential dwellings (such as single family house, townhouse, or an individual apartment), rather than group residences. For example, there were 26 individuals licensed at one 910 square foot dwelling (see image).



Source: Internet Image search result from June 2019

While these licenses may be valid (such as when a licensee moved and failed to update the MVA, or in dwellings with rental units), MVA should establish procedures to identify and investigate these licenses.

We judgmentally selected one of the 106 addresses that was associated with products issued to 30 individuals and determined that it was a 1,400 square foot townhome. Our review of the proof of residency documentation submitted to MVA for 7 of the 30 individuals appeared fabricated (for example bank statements with math errors and Internal Revenue Service documents with incorrect addresses, notice numbers, or misspellings). For the other 23 individuals, our review did not disclose any obvious fabrications; however, we could not determine the validity.

MVA also did not take appropriate follow-up action when a questionable address was identified by its Investigation Unit. Specifically, our review of one MVA fraud hotline tip, investigated by the Unit, determined that 10 individuals used fraudulent documentation to support the address to obtain their products. Even though these individuals were identified in November 2018, MVA did not perform a system-wide data analysis to determine if similar situations existed throughout the State and had not taken action to cancel the products obtained by the 10 individuals until we brought it to their attention in August 2019.

Products Issued Using Duplicate SSN

MVA processes were not always effective to prevent the use of one SSN by different individuals to obtain products. In addition, MVA automated matches to identify duplicate SSNs were not working as intended and duplicate SSNs identified were not always properly corrected. MVA routinely performed electronic data matches to identify two or more individuals with the same SSN. However, our review of MVA records provided to us as of July 2019 disclosed 70 SSNs associated with what appeared to be 140 individuals that were not detected by the data matches. MVA had not previously identified these as possible problems and could not readily explain why these SSNs were not identified in their matches.

We provided MVA with the aforementioned results of our review, and MVA researched these SSNs and determined that 12 SSNs did appear to be improper as they were each used by two different individuals. For example, MVA found one SSN was used to issue REAL IDs to two different individuals two years apart. According to MVA, the remaining 58 SSNs were proper and related to single individuals with duplicate accounts on MVA's system that needed to be consolidated.

Recommendation 1

We recommend that MVA enhance or establish processes to use available data to prevent, or identify, investigate, and cancel products that may have been issued based on questionable documentation. Specifically, we recommend that MVA

- a. establish procedures to identify and investigate multiple licenses issued using the same address;**
- b. prevent the issuance of products to two or more individuals with the same SSN;**
- c. follow up on the aforementioned licenses issued based on questionable SSNs or addresses; and**
- d. take immediate action, such as cancelling the product, when investigations identify questionable activity.**

Finding 2

MVA did not always apply points or suspend/revoke non-commercial licenses as required for serious motor vehicle convictions received in other states.

Analysis

MVA did not always apply points or suspend/revoke non-commercial licenses as required for serious motor vehicle convictions received in other states. According to MVA records, during the period from December 15, 2015 to December 30, 2019, 2,704 convictions (see Table 3) were processed for 2,533 Maryland licensees related to serious traffic offenses (such as driving under the influence of alcohol or drugs) received while driving in other states. State law requires MVA to assess points for these convictions received while driving in other states and suspend or revoke the related license.

Table 3
Summary of Convictions for Serious Traffic Offenses for the
Period December 2015 to December 2019

Convictions Requiring Points to be Assessed	Points to be Assessed	Maryland Convictions	Convictions from Other Jurisdictions
Manslaughter/negligent homicide while operating a motor vehicle	12	26	-
Driving a motor vehicle under the influence	12	16,274	2,675
Felony using a motor vehicle	12	39	6
Failure to stop and render aid in a motor vehicle accident resulting in death or injury of another	12	182	23
Total Convictions		16,521	2,704

Source: MVA Driver's License System, MVA Points System, State law

Our review of the 2,704 out-of-state convictions recorded by the Reciprocity Unit disclosed that the Unit failed to record the required points for 1,275 of these convictions related to 1,172 individuals. Additionally, the Reciprocity Unit did

not always provide conviction documentation to the Points Unit responsible for determining the appropriate action. From the 2,533 individuals with convictions for serious offenses reported by other states for which State law requires license suspension or revocation, we selected 10 individuals for testing, whose convictions occurred during our audit period. As noted in Table 4, we found that MVA did not record the required points associated with these offenses for 5 individuals, and while it did record the points for the other 5 individuals, in none of 10 cases did MVA process the required suspension or revocation action.

Based on our review, one of these individuals was subsequently cited for negligent driving in a careless and imprudent manner in Maryland less than four months after receiving the driving under the influence conviction in another State (a minimum six-month revocation).

Table 4
Summary of Test Results for Ten Maryland Drivers with Serious Traffic Offenses Received While Driving in Other Jurisdictions

Individual	Conviction Jurisdiction	Conviction Description	Conviction Date	Points Required to be Assessed	Points Recorded by MVA	License Suspended or Revoked by MVA
1	Delaware	Driving under the influence	12/21/2018	12	0	No*
2	Florida	Driving under the influence	4/30/2019	12	0	No
3	Hawaii	Driving under the influence	10/30/2018	12	0	No
4	Ohio	Failure to stop and render aid	5/23/2017	12	0	No
5	Virginia	Failure to stop and render aid	2/8/2019	12	0	No
6	Delaware	Driving under the influence	2/14/2019	12	12	No
7	Kentucky	Driving under the influence	5/1/2019	12	12	No
8	New Jersey	Driving under the influence	4/4/2019	12	12	No
9	New Jersey	Driving under the influence	3/7/2019	12	12	No
10	Virginia	Driving while intoxicated	12/12/2018	12	12	No

* This individual was also cited for negligent driving in Maryland within six months of the Delaware conviction.

Source: MVA Driver's License System, MVA Points System, State law

Recommendation 2

We recommend that MVA

- a. properly apply the required points to an individual's driving record for all convictions from other states, as required by law;**
- b. ensure that all conviction documentation is provided to the Points Unit for determination of suspension or revocation, as appropriate; and**
- c. review its existing records of individuals with serious traffic convictions from other jurisdictions and record any required points that were not previously recorded, and determine if suspension or revocation actions should be taken.**

Finding 3

Supervisors approved certain products that were issued using manual overrides of system controls without adequate support and did not document efforts to recover products issued due to improper overrides.

Analysis

Supervisors approved certain products that were issued using manual overrides of system controls without adequate support and did not document efforts to recover products issued due to improper overrides. During the period from December 2015 to June 2019, MVA employees processed approximately 641,000 overrides, which resulted in 8,300 reinstated and reissued products.

- Supervisors approved certain products that were issued using manual overrides of system controls without adequate support. Our test of 20 overrides approved by supervisors between February 2016 and May 2019, including 10 for reinstated and reissued licenses and 10 for other actions (such as provisional or new license issuance), disclosed that 7 of the overrides lacked sufficient documentation to support the override. Specifically, one override was approved based on a passport that MVA was unable to verify against federal records and another was approved even though the application did not have the required residency documents. In addition, 5 of the 10 reinstated and reissued licenses were for individuals with convictions in another state and there was no support for the override. These convictions may have disqualified the individuals from obtaining the license.
- Supervisors did not document their efforts to recover products that were issued due to improper overrides. Supervisors review the overrides after the products have been issued and reject any improper overrides. Once rejected, the supervisor is required to document that they initiated a recovery of the improperly issued product. Our test of 10 of these rejected overrides, which

were issued during March 2016 through May 2019, disclosed that each of the 10 resultant licenses should not have been issued and there was no evidence of any efforts to recover the product. For example, 1 of the 10 overrides allowed an individual who had a suspended license in another jurisdiction to obtain a Maryland license without any justification. According to MVA records, there were a total of 830 overrides processed that were subsequently rejected during our audit period.

MVA employees may process overrides for a number of reasons. For example, if an individual with an alert for an outstanding financial obligation (such as fines owed to other jurisdictions) provides adequate documentation (as defined by MVA policy) that the obligation was satisfied; an MVA employee can override the alert and process the transaction. Employees performing the override are required to scan supporting documentation into the automated system and all overrides are to be reviewed by supervisors after the fact, in accordance with MVA policies.

The current licensing system does not have the capability to require approvals prior to the product being issued. However, MVA management advised us that it is in the process of implementing a new automated licensing system, which will require supervisory review and approval of overrides prior to issuing the products to prevent improper issuance.

Recommendation 3

We recommend that MVA ensure that

- a. supervisors only approve manual overrides of system controls if there is adequate support for the override; and**
- b. supervisors document their efforts to recover all products issued due to improper overrides, including those noted above.**

Finding 4

MVA did not make all the required notifications to other states when it issued a non-commercial license.

Analysis

MVA did not make all the required notifications to other states when it issued a non-commercial license. The *Driver's License Compact*, a multistate agreement of which Maryland is a member, requires MVA to notify other states when it issues a license so that the other state can take appropriate action (such as cancelling an existing license previously issued by that state). In addition, State law restricts individuals from possessing more than one state-issued driver's

license. In December 2016, MVA began using “State-to-State Verification Services² (S2S),” which electronically notified certain states of changes in license status and replaced the manual notification process. However, at some point subsequent to that date, MVA eliminated the prior manual non-commercial license notification process. Although MVA could not provide the date when that process was eliminated, we do know that, as of June 2019, 26 states not participating in S2S were not receiving notification of non-commercial license issuances by MVA.

According to records provided by MVA, approximately 157,500 non-commercial licenses were issued during the period January 1, 2017 through July 11, 2019 to individuals who had licenses in another state, including approximately 86,000 licenses that were issued to individuals from states that were not participating in S2S. Our test of 21 non-commercial licenses issued to individuals from non-S2S states during the period June 2018 through May 2019, disclosed that 18 had active licenses in both states as of October 2019.

Recommendation 4

We recommend that MVA make all the required notifications when it issues a non-commercial license, including for the aforementioned 86,000 licenses.

Finding 5

MVA did not update driving records for traffic-related convictions received by individuals licensed in other states who subsequently obtained a Maryland license.

Analysis

MVA did not update driving records for traffic-related convictions received by individuals licensed in other states who subsequently obtained a Maryland license. MVA could not quantify the number of prior convictions that were not entered, but advised us that it had numerous reports identifying individuals that received a Maryland license for which it needed to record a related conviction from another state in its licensing system.

Our analysis of MVA license records during the period from January 2018 to July 2019 identified approximately 121,000 individuals that received a Maryland license who were previously licensed in another state. Our test of 21 of these

² The American Association of Motor Vehicle Administrators maintains the State-to-State Verification Services for participating U.S. jurisdictions, which allows them to electronically check with all other participating jurisdictions to determine if an individual has a driver license or identification card issued by another state.

individuals who received a Maryland license during our audit period, disclosed that 7 had a driving conviction in another state prior to obtaining their Maryland license, including 3 that did not have the convictions recorded on their driving record. As of October 2019, these 3 Maryland licenses had been active for between 147 and 274 days.

State law requires the MVA to record convictions from prior licensing jurisdictions on the individuals driving record. MVA's policy is to record these convictions within 30 days of issuance of the Maryland license.

Recommendation 5

We recommend that MVA develop a plan for recording all prior convictions from other states in accordance with State law and MVA policy, including those noted above.

Information Systems and Controls

Background

MVA's Office of Information Resources (OIR) provides information technology services to MVA. OIR operates servers, and local networks throughout MVA's numerous locations, including the headquarters site and its statewide branch offices. OIR also interacts with various contractors that provide information technology related services to MVA. Furthermore, OIR also fully or partially maintains numerous applications that support MVA's various functions. One such system is the eStore application. At the time of our review in July 2019, at least 15 separate online, payment-based transaction services were provided via eStore. According to MVA's records, for fiscal year 2019, eStore website payments totaled \$189.6 million, and, \$78.7 million of additional eStore payments were made via kiosks located in malls and certain MVA locations.

MVA's various applications were operated on either groups of servers, or on the Maryland Department of Transportation – Office of Transportation Technology Services (OTTS) mainframe computer. As of July 2019, MVA used 33 physical host servers to host 220 virtual servers, some of which were used to support the eStore application. Additionally, certain other significant MVA applications, such as the Drivers Licensing System and the Drivers Records System operated on the OTTS mainframe computer.

Finding 6

Due to limitations with the MVA licensing and drivers records systems, sensitive personally identifiable information for millions of individuals was stored in a manner that did not provide adequate safeguards and licensing information was accessible to numerous employees. In addition, MVA did not perform periodic comprehensive reviews to identify and terminate unnecessary user access.

Analysis

Due to limitations with the MVA licensing and drivers records systems, sensitive personally identifiable information (PII) for millions of individuals was stored in a manner that did not provide adequate safeguards and licensing information was accessible to numerous employees. In addition, MVA did not perform periodic comprehensive reviews to identify and terminate unnecessary user access.

- MVA and OTTS maintained PII for current and former licensees and driving records in a manner that did not provide adequate safeguards. For example, at the time of our review, as of August 28, 2019, two applications' related databases contained PII involving 10.4 million and 8.8 million records respectively, which were maintained in a manner that made the information vulnerable to improper disclosure. For the database containing 8.8 million records, almost all of these sensitive information records also existed within the second, larger database referenced above. We evaluated whether this sensitive PII was subject to other substantial mitigating controls and determined that other controls were not comprehensive.
- At the time of our review in December 2019, more than 1,100 system users had the ability to view sensitive personal information for approximately 4.8 million current licensees. MVA also did not perform periodic comprehensive reviews to identify and terminate unnecessary user access to the system. During our audit period, MVA only performed one review of user access in December 2018 and did not terminate all unnecessary access. Specifically, MVA management advised us that as a result of the December 2018 review, access was removed from 143 users who no longer required the access. However, our review of 10 employees terminated prior to December 2018 disclosed 2 employees who left State service in October and November 2018 but still had active access as of December 2019.

MVA management advised us that its current legacy system had limitations that precluded the ability to safeguard PII and restrict access to view PII. MVA management further advised us that a new system is under development, which will have the ability to safeguard and restrict access to view PII.

State law requires agencies to restrict access to sensitive personal information to the extent possible. Further, the State of Maryland *Information Technology Security Manual* states that agencies must, where feasible, remove or redact personal information to reduce the risk resulting from disclosure. The *Manual* also requires that agencies protect confidential data using adequate safeguards and/or other substantial mitigating controls.

Recommendation 6

We recommend that MVA, in conjunction with OTTS, take immediate action to secure PII. Specifically we recommend that

- a. appropriate safeguards be implemented for applications containing PII, including those noted above;**
- b. the ability to view sensitive personal information be restricted in their new system, for example by masking or truncating the data; and**
- c. documented periodic comprehensive reviews of user access are performed and appropriate action is taken to remove any unnecessary access, including those noted above.**

Finding 7

MVA's procedures were not sufficient for securing numerous computers using installed outdated versions of malware protection software.

Analysis

MVA's procedures were not sufficient for securing numerous computers using installed outdated versions of malware protection software. Our testing identified computers using outdated versions of malware protection software. Specifically, six of seven active computers tested between June 24 and July 2, 2019 had outdated versions of installed malware protection software, with software release dates that ranged from November 2017 to April 2018 despite the related software vendor having periodically issued updated software versions. We also noted that one of the vendor's issued but non-installed software versions included notable malware protection security improvement features. MVA operated two separate network domains for its approximately 4,100 workstations and servers as of June 2019. The larger of the two network domains contained approximately 3,600 computers, where 2,863 of those computers, according to MVA's records, were running the same outdated versions of the malware protection software identified above.

Recommendation 7

We recommend that MVA ensure that all managed computers are running current, operational versions of its host based malware protection software, where released updates are promptly applied after an evaluation and testing period.

Contract Procurement and Monitoring

Finding 8

MVA did not obtain sufficient documentation to verify the propriety of billings from two information technology services vendors. MVA also did not always ensure that vendor employees were qualified or evaluate the employee's performance as required by the contracts.

Analysis

MVA did not obtain sufficient documentation to verify the propriety of billings from two information technology services vendors. MVA also did not always ensure that vendor employees were qualified or evaluate the employee's performance as required by the contracts. The vendors were responsible for modernizing MVA's information technology infrastructure, including the driver license system and were paid \$6.6 million during fiscal years 2018 and 2019.

We reviewed six invoices from the two vendors totaling approximately \$761,100. For one vendor, MVA did not receive timesheets signed by the employees that worked on the projects included on three invoices totaling \$349,600. For the other vendor, MVA did not obtain timesheets to support three invoices totaling \$411,500, and did not approve two new employees and ensure they were qualified. MVA also did not prepare annual evaluations of all eight vendor employees to assess the quality of their work, as required.

Recommendation 8

We recommend that MVA

- a. obtain and review detailed time records (for example, signed and approved timesheets) to support the propriety of labor hours billed; and**
- b. review the qualifications for all vendor employees, approve any additional employees assigned to MVA projects, and perform annual evaluations for each employee as required.**

Finding 9

MVA did not have adequate safeguards in place to secure competitive bids that were electronically received and document that two employees were present for bid openings.

Analysis

MVA did not have adequate safeguards in place to secure competitive bids that were electronically received and document that two employees were present for bid openings. For computer hardware and software procurements, MVA routinely instructed vendors to submit their bids directly to the email account of its procurement officer or a designated email accessible by all procurement employees. However, MVA did not require the vendors to password protect the bids and submit passwords at the time of the bid opening to ensure the bids were not prematurely accessed.

Our review of five computer hardware and software procurements totaling \$4.8 million disclosed that MVA did not require the vendors to password protect their bids and did not document that two employees were present for bid openings as required by State procurement regulations. Consequently, there is a risk that confidential competitive information could be accessed and disclosed without detection to other prospective bidders prior to the bid due date.

A similar condition regarding controls over electronic bids was commented upon in our preceding audit report.

Recommendation 9

We recommend that MVA

- a. require vendors to password protect electronic bids and to submit their passwords at the time of the bid opening, and**
- b. maintain documentation that electronic bids were opened in the presence of at least two employees as required by State procurement regulations (repeat).**

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Maryland Department of Transportation (MDOT) – Motor Vehicle Administration (MVA) for the period beginning December 15, 2015 and ending June 2, 2019. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine MVA's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included the titling and registration, licensing, license suspension and revocation, and insurance compliance processes, as well as procurements and disbursements for MVA's operating expenses, cash receipts, payroll, and information systems security. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain payroll support services (such as, processing of personnel transactions and maintenance of employee leave records) provided to MVA by the State Highway Administration, through October 2016. These support services are included within the scope of our audit of the State Highway Administration. Beginning in November 2016 these support services were provided by Maryland Department of Transportation – Secretary's Office, and will be included within the scope of our audit of that office.

Our audit also did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs and an assessment of MVA's compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including MVA.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of MVA's operations, and tests of transactions. Generally, transactions were

selected for testing based on auditor judgment, which primarily considers risk. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System and MDOT's Financial Management Information System (such as revenue and expenditure data) and from the contractor administering the State's Corporate Purchasing Card Program (credit card activity). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these sources were sufficiently reliable for the purposes the data were used during this audit.

We also extracted data from MVA's automated systems for the purpose of testing the propriety of licenses issued and motor vehicle registration and titling, as well as certain administrative actions such as license suspensions and revocations. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

MVA's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to MVA, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect MVA's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to MVA that did not warrant inclusion in this report.

The response from the MDOT, on behalf of MVA, to our findings and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise the Department regarding the results of our review of its response.

Septemebr 17, 2020

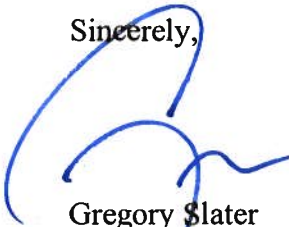
Gregory A. Hook, CPA
Legislative Auditor
Office of Legislative Audits
Department of Legislative Services
301 West Preston Street, Room 1202
Baltimore MD 21201

Dear Mr. Hook:

Enclosed please find the Maryland Department of Transportation Motor Vehicle Administration's (MDOT MVA) responses to the Office of Legislative Audit's audit report for the period beginning December 15, 2015 and ending June 2, 2019. Additionally, an electronic version of this document has been sent to your office via email.

If you have any questions or concerns, please contact Ms. Jaclyn D. Hartman, MDOT Chief Financial Officer, at 410-865-1035 or jhartman1@mdot.maryland.gov. Of course, you may always contact me directly.

Sincerely,



Gregory Slater
Secretary

Attachment

cc: Ms. Jaclyn D. Hartman, Chief Financial Officer, MDOT

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Background Information

Products Issued to Maryland Residents Who Do Not Have a Social Security Number

As allowed by State law, MVA issues federally non-compliant products (driver's licenses and identification cards) to Maryland residents who do not have a Social Security Number (SSN) and who do not have lawful authority to be in the United States. To obtain these products, applicants must have either filed a Maryland income tax return for the previous two years or were claimed as a dependent on returns filed for those years. These products do not allow individuals the same access privileges afforded to individuals with REAL ID compliant products (see Page 8 for explanation of REAL ID).

Based on a memorandum of understanding with the Comptroller of Maryland (COM), MVA obtained and uploaded electronic files from COM of all individuals that requested a certification that they had filed the required State tax returns. The files include the applicants name, date of birth, address, COM control number (indicating whether tax returns were filed), and Individual Taxpayer Identification Number (ITIN).¹ MVA uses the files to verify the applicant has met the tax filing requirements.

During our audit, MVA provided us with information from its driver's license system. Using this information, we performed an analysis of products issued during the period from February 2014 to July 2019, and active as of July 2019 and identified 286 ITINs associated with 628 individuals with differing names. We disclosed the results of this analysis to MVA, which researched the issue.

MVA subsequently determined that ITINs were Federal Tax Information and obtained advice from their legal counsel who advised that MVA is prohibited from obtaining the ITINs according to federal law, which restricts access to ITIN data to federal and state taxing authorities. Subsequently, MVA advised us that it forwarded the aforementioned 286 ITINs to the COM for further investigation and would address any product for which COM determined that a valid return was not filed. MVA further advised us that going forward it will no longer record the ITIN information in its licensing system and will request the COM to stop including the ITIN in the files.

¹ An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the Internal Revenue Service (IRS). The IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number, but who do not have and are not eligible to obtain a SSN from the SSA.

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Analysis	
Please provide additional comments as deemed necessary.	Overall, MDOT MVA concurs with the accuracy of the above background information. MDOT MVA does wish to indicate that its legal counsel advised that while receiving ITINs does not necessarily constitute a violation by MDOT MVA of federal law, using them for identification purposes would be a violation. Accordingly, MDOT MVA has not and does not use ITINs in its identification and verification of applicants applying for federally non-compliant products.

Licensing

Finding 1
MVA did not always use available data to prevent, or identify, investigate, and cancel products (including REAL IDs) that were issued based on questionable documentation. As a result, products may have been issued to ineligible individuals.

We recommend that MVA enhance or establish processes to use available data to prevent, or identify, investigate, and cancel products that may have been issued based on questionable documentation. Specifically, we recommend that MVA

- a. establish procedures to identify and investigate multiple licenses issued using the same address;**
- b. prevent the issuance of products to two or more individuals with the same SSN;**
- c. follow up on the aforementioned licenses issued based on questionable SSNs or addresses; and**
- d. take immediate action, such as cancelling the product, when investigations identify questionable activity.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None.		
Recommendation 1a	Agree	Estimated Completion Date:	Dec. 2020

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<p>Please provide details of corrective action or explain disagreement.</p>	<p>MDOT MVA has developed a database, which was created prior to the commencement of the current legislative audit, to track products issued to more than 15 individuals that contain the same address. In these cases, the address in question is entered into the Bad Address database after being vetted by the Investigations Unit to determine if the address could be legitimate for so many customers (for example, shelter, halfway house). Once the suspect address is entered into the Bad Address database, the Driver's Licensing System is triggered to immediately stop any further attempts to use the suspect address to obtain a product. However, the lag time for the Investigations Unit to vet suspect addresses before entering them in the Bad Address database allowed customers to obtain products using a potentially fraudulent address. MDOT MVA is currently reexamining options to enter suspect addresses into the Bad Address database in a more timely manner and anticipates this process to be revised by the end of this year. The Division of Investigations performs a follow-up as quickly as possible for each individual that it identified as providing a suspected fraudulent address. MDOT MVA also initiated a tracking mechanism during July 2019 to enhance existing controls over bad addresses. MDOT MVA has stopped 1,136 attempts by 531 individuals through August 19, 2020 that used suspected fraudulent addresses to obtain a product.</p>
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Recommendation 1b	Agree	Estimated Completion Date:	Completed
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<p>Please provide details of corrective action or explain disagreement.</p>	<p>MDOT MVA is committed to ensuring the integrity of driver's licenses and identification (ID) cards issued to Maryland residents and uses every available electronic verification service to ensure the validity of the documents presented to prove identity.</p> <p>MDOT MVA agrees with OLA's finding regarding the prevention of products issued to two or more individuals with the same SSN and has taken additional measures to further enhance existing controls over SSNs. However, OLA identified only 12 duplicate SSNs within the entire MDOT MVA population of 4.8 million SSN records on file, an exception rate of 0.00025%, which indicates that the existing internal controls are very robust and functioning effectively. The sheer volume of records on file and constantly evolving battle against fraud or errors makes it impossible to achieve zero duplicate SSNs no matter what controls are in place.</p> <p>OLA's Audit Scope, Objectives, and Methodology comments included in its audit report explains that internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of records are achieved, and that because of inherent limitations in internal control, errors or fraud, such as with the 12 duplicate SSNs, may nevertheless occur and not be detected.</p> <p>MDOT MVA's controls within the Driver's Licensing System only permit a transaction to continue only after the SSN provided is verified by the Social Security Online Verification (SSOLV) federal database or, in certain instances</p>
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	<p>in which an SSN is unable to be verified by SSOLV for a legitimate reason, (such as a name change after marriage), a manual override of the SSOLV verification process can be authorized.</p> <p>The reason these small number of duplicate SSNs were not resolved more quickly is because prior to, and during OLA’s audit, the weekly reports of duplicate SSNs were not cumulative (that is, each report did not include SSNs listed in prior reports), resulting in certain SSNs not being investigated. Since OLA’s audit, this process has been revised to require the reports to be generated and reviewed daily. Furthermore, the reports are now cumulative to include all duplicate SSNs from prior reports that remain unresolved.</p>		
Recommendation 1c	Agree	Estimated Completion Date:	Sept. 2020
Please provide details of corrective action or explain disagreement.	<p>MDOT MVA is in the process of investigating the 106 addresses, each with 20 or more individuals, which appeared to be single-family residential dwellings. The investigation and any needed corrective action for the 106 addresses should be completed by the end of September 2020. The results of MDOT MVA’s investigations regarding the 12 duplicated SSNs disclosed that as of June 9, 2020, all 12 have been corrected.</p>		
Recommendation 1d	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	<p>MDOT MVA acknowledges that it was an oversight caused by turnover in the Investigations Division that resulted in the proper actions (such as canceling the product) not being taken timely for the 10 individuals referred to in OLA’s finding. MDOT MVA has sent cancellation letters to all of the individuals identified.</p> <p>MDOT MVA will ensure products are cancelled upon appropriate investigation after allowing 45 days (15 days to request a hearing, and if no such request is received, another 30 days to allow the customer to provide appropriate documentation before the product may be considered for cancellation), consistent with statute. In calendar year 2019, the Division of Investigations made over 700 cancellation requests for licenses/ID cards obtained by fraud. The Administrative Adjudication Division took immediate corrective action (such as cancelling the product) for all of these requests.</p>		

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Finding 2

MVA did not always apply points or suspend/revoke non-commercial licenses as required for serious motor vehicle convictions received in other states.

We recommend that MVA

- a. properly apply the required points to an individual’s driving record for all convictions from other states, as required by law;**
- b. ensure that all conviction documentation is provided to the Points Unit for determination of suspension or revocation, as appropriate; and**
- c. review its existing records of individuals with serious traffic convictions from other jurisdictions and record any required points that were not previously recorded, and determine if suspension or revocation actions should be taken.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None.		
Recommendation 2a	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	The Administrative Adjudication Division created a daily report to better monitor all out-of-state convictions received electronically to ensure that the required points are applied to an individual’s driving record. During the period of December 15, 2015 to December 31, 2019 MDOT MVA took action to update 441,316 driving records with out-of-state convictions.		
Recommendation 2b	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	The Administrative Adjudication Division has enhanced the process to ensure that all manual out-of-state convictions result in the proper action taken, with not only a weekly report, but also with multiple supervisory reviews. Specifically, the Division’s Reciprocity Unit supervisor generates an automated weekly report that identifies each conviction with the related points assessed and applicable violation code. Once this report has been reviewed to ensure that that all points assessed have been added to the driving record, it is forwarded to the Division’s Points Unit Supervisor for review and determination that appropriate action has been taken based on the accumulated points total, such as initiating suspension or revocation, when warranted.		
Recommendation 2c	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	MDOT MVA reviewed the 2,533 out-of-state convictions referred to in OLA’s finding and has recorded the required points and taken suspension/revocation actions on 767 convictions, as required. The remaining records had actions that		

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	were taken prior to OLA’s audit, or were convictions transferred from out-of-state as a part of a driver’s history, and therefore, no action was required.
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Finding 3
Supervisors approved certain products that were issued using manual overrides of system controls without adequate support and did not document efforts to recover products issued due to improper overrides.

We recommend that MVA ensure that

- a. supervisors only approve manual overrides of system controls if there is adequate support for the override; and
- b. supervisors document their efforts to recover all products issued due to improper overrides, including those noted above.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None.		
Recommendation 3a	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	MDOT MVA will ensure that appropriate documentation is maintained to support approval of manual overrides of system controls, in accordance with its current policy and procedures. On June 30, 2020, the MDOT MVA Driver Services Division revised its policy to include guidance for supervisors if documentation related to overrides is not acceptable, and a memorandum has been issued to all branch personnel detailing the appropriate override process to ensure compliance with the policy and procedures. The deployment of Customer Connect for drivers in December 2021 will enhance controls to require supervisory approval of overrides before a product is issued.		
Recommendation 3b	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	MDOT MVA issued a reminder memorandum on June 30, 2020 to all branch personnel detailing the appropriate override process, which includes detailed procedures to document their efforts to recover all products erroneously issued due to improper overrides, in accordance with current MDOT MVA procedures.		

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Finding 4

MVA did not make all the required notifications to other states when it issued a non-commercial license.

We recommend that MVA make all the required notifications when it issues a non-commercial license, including for the aforementioned 86,000 licenses.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None.		
Recommendation 4	Agree	Estimated Completion Date:	Dec. 2020
Please provide details of corrective action or explain disagreement.	<p>MDOT MVA has taken corrective action to ensure the required notifications are made for all non-commercial licenses that were issued to individuals from states that were not participants of State-to-State (S2S) Verification Services. MDOT MVA updated the procedure to correct the issue in September 2019. For the notifications before that time, which included the 86,000 driver's licenses noted in OLA's finding, MDOT MVA is providing reports to the other state indicating the date in which the individual obtained a Maryland product to allow the other state to update its records accordingly. MDOT MVA is actively working on the process of notifying other jurisdictions, and this effort should be completed by no later than the end of calendar year 2020. As additional states join S2S, the number of notifications will decrease significantly due to fewer manual notifications needed.</p>		

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Finding 5

MVA did not update driving records for traffic-related convictions received by individuals licensed in other states who subsequently obtained a Maryland license.

We recommend that MVA develop a plan for recording all prior convictions from other states in accordance with State law and MVA policy, including those noted above.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None.		
Recommendation 5	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	<p>MDOT MVA currently has a process in place for updating licensees' driving records on a weekly basis as conviction information is received from other states. Every Monday, the Administrative Adjudication Division's Reciprocity Unit retrieves and distributes a report to its employees containing all surrendered products from the other licensing jurisdictions. The report is used to record these convictions in the licensees' driving records, and typically requires a week to complete the process.</p> <p>A backlog and management turnover in the Administrative Adjudication Division resulted in this process not being performed within the timeframes established by the aforementioned process. The backlog was eliminated as of November 2019. MDOT MVA is actively tracking and monitoring the aforementioned information to ensure that the established timeframes to record convictions in the licensees' driving records is maintained. The Reciprocity Unit investigated the three Soundex numbers for the individuals referred to in OLA's finding and has determined that the driving records were not updated timely. All three driving records have since been updated to reflect these convictions.</p>		

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Finding 6

Due to limitations with the MVA licensing and drivers records systems, sensitive personally identifiable information for millions of individuals was stored in a manner that did not provide adequate safeguards and licensing information was accessible to numerous employees. In addition, MVA did not perform periodic comprehensive reviews to identify and terminate unnecessary user access.

We recommend that MVA, in conjunction with OTTS, take immediate action to secure PII. Specifically, we recommend that

- a. appropriate safeguards be implemented for applications containing PII, including those noted above;**
- b. the ability to view sensitive personal information be restricted in their new system, for example by masking or truncating the data; and**
- c. documented periodic comprehensive reviews of user access are performed and appropriate action is taken to remove any unnecessary access, including those noted above.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None.		
Recommendation 6a	Disagree	Estimated Completion Date:	Dec. 2021
Please provide details of corrective action or explain disagreement.	MDOT MVA disagrees that appropriate safeguards were not implemented for applications containing PII. The mainframe uses multiple data protection measures. The additional systems MDOT MVA currently uses to protect PII are also fully Federal Information Processing Standard (FIPS) compliant in accordance with accepted industry standards. MDOT MVA's new Customer Connect system will replace the existing legacy (mainframe) system in December 2021 and will have added functionality to further safeguard and restrict access to PII. The cost of adding the recommended functionality to the existing system would be significant and, therefore, not deemed to be cost beneficial due to its impending replacement.		

Auditor's Comment: MVA disagreed, stating that adequate safeguards existed for the PII in question (all of which was mainframe resident). OLA believes this finding and recommendation are appropriate and highlight a significant weakness over the protection of sensitive PII. During the audit exit meeting, OLA explained to MVA staff that the

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described safeguards were neither appropriate nor sufficient, and that they did not meet the State of Maryland *Information Technology Security Manual* requirements for such sensitive PII information. OLA notes from the exit meeting indicate that MVA personnel acknowledged the validity of OLA’s concern at that time. Consequently, it is incumbent upon MVA to implement necessary PII storage safeguards in any current or newly developed computer applications or systems.

Recommendation 6b	Agree	Estimated Completion Date:	Dec. 2021
Please provide details of corrective action or explain disagreement.	MDOT MVA is working toward providing functionality to mask Social Security Numbers (SSNs) and other PII, where feasible, in its deployment of Customer Connect in December 2021. All manual functions that previously required the need to view a full SSN will be automated, to the extent possible, in Customer Connect. MDOT MVA management personnel will continue to ensure employees’ ability to view PII within Customer Connect is adequately restricted.		
Recommendation 6c	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	MDOT MVA agrees that appropriate action had not been taken to remove unnecessary access for the individuals identified by OLA and that prior to calendar 2018, access reviews were not being conducted annually. However, MDOT MVA is currently in compliance with OLA’s recommendation. Beginning with calendar year 2019, MDOT MVA performed an annual review of user access which was completed in April 2020. Beginning in calendar year 2020, the Driver’s Licensing System access reviews are being performed quarterly. The first and second quarterly reviews for calendar year 2020 were completed in April and July 2020, respectively. MDOT MVA has established a policy and related procedures to ensure that unnecessary access of employees is removed promptly from the Driver’s Licensing System by disabling the user’s account upon receiving proper notification of the employee’s separation from MDOT MVA’s branch management and the human resources department. Finally, MDOT MVA’s Office of Information Resources has removed system access for the employees noted in OLA’s finding.		

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Finding 7

MVA’s procedures were not sufficient for securing numerous computers using installed outdated versions of malware protection software.

We recommend that MVA ensure that all managed computers are running current, operational versions of its host based malware protection software, where released updates are promptly applied after an evaluation and testing period.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None.		
Recommendation 7	Disagree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	<p>MDOT MVA disagrees with the OLA finding that computers were operated with outdated malware protection software for several reasons as enumerated below.</p> <p>The software version that OLA stated was outdated is still currently being supported and updated by the software vendor through November 12, 2020; therefore, it was not outdated during OLA’s review nor is it outdated now. MDOT MVA ensures that any version of installed software in use is fully supported and updated, as necessary, by the vendor.</p> <p>The current version of the malware protection software in use fully protects MDOT MVA’s computers against threats from malware attacks. Furthermore, this software is only one of several layers of protection MDOT MVA workstations and servers have in place. Most attempted malware attacks are caught at the perimeter of the firewall by the intrusion detection/intrusion prevention system and by monitored sensors before they are able to reach MDOT MVA servers and workstations.</p> <p>MDOT MVA upgrades software versions as soon as is feasible to do so given the size of MDOT MVA (over 3,500 workstations and computers). However, as OLA acknowledged in its recommendation, updates should be promptly applied “after an evaluation and testing period.” Any software updates MDOT MVA installs must first be evaluated by MDOT OTTS. After that process is completed, which may require several months, MDOT MVA must validate the updates and installations to ensure compatibility with the environment and proper functionality of the systems. These software update validation steps are</p>		

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	<p>essential in preventing possible systemwide shutdowns which could cause significant delays in processing thousands of customer transactions.</p> <p>MDOT MVA's commitment to ensuring the appropriate protections are in place is clear since a more current version of the malware protection software than recommended by OLA has already been implemented.</p>
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Auditor's Comment: MVA disagreed, arguing that the malware protection software installed was not outdated, it fully protected MVA's computers, and, that software updates generally require several months of review and testing prior to installation. OLA's "outdated" terminology means that MVA's installed malware protection software, while still supported, was not the most currently available release provided by the software vendor.

Specifically, the installed MVA software version did not include certain notable malware protection security improvements available in the newer version 12 months earlier.

In addition, MVA contended, as further justification for the delay in updating its software, that evaluation and testing efforts for critical software updates generally require several months in order to ensure they do not adversely impact operations. However, OLA noted that two months subsequent to bringing this matter to MVA's attention, MVA advised us that it had already upgraded 81 percent of its computers to the current software version. This outcome does not support MVA's inaction during the preceding 12 months after the software version was first released.

Consequently, OLA's finding and recommendation appropriately address a valid and significant IT security and control condition.

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Contract Procurement and Monitoring

Finding 8
MVA did not obtain sufficient documentation to verify the propriety of billings from two information technology services vendors. MVA also did not always ensure that vendor employees were qualified or evaluate the employee’s performance as required by the contracts.

We recommend that MVA

- a. obtain and review detailed time records (for example, signed and approved timesheets) to support the propriety of labor hours billed; and**
- b. review the qualifications for all vendor employees, approve any additional employees assigned to MVA projects, and perform annual evaluations for each employee as required.**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None.		
Recommendation 8a	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	For all information technology (IT) contracts requiring detailed time records to support vendors’ billings, MDOT MVA is requiring the appropriate contract managers to immediately begin obtaining and reviewing the related time records to ensure that they are signed by the employees, approved by their supervisors, and support the propriety of the hours billed. In 2018, MDOT identified the need to improve contract management across the entire department and developed a 40-hour contract management class to address this issue. Since launching the week-long contract management class in 2019, nearly 200 MDOT employees have successfully completed the class. MDOT continues to provide additional sessions of the class to reach all contract managers. In the midst of COVID-19, MDOT has been actively working to transition the class to an online format. As new sessions become available, MDOT MVA will continue to enroll its contract managers in this class.		
Recommendation 8b	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	For all new IT contracts, MDOT MVA will ensure that contract managers review the qualifications and approve the vendors’ employees assigned to MDOT MVA projects, as specified by the terms of the contract. For one IT contract which ended on October 29, 2018, although the vendor’s overall performance was evaluated annually, individual performance evaluations were		

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	not completed, as required. It is anticipated that future IT contracts will only include a provision to evaluate vendors' overall performance, and not the performance of their individual employees.
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Finding 9
MVA did not have adequate safeguards in place to secure competitive bids that were electronically received and document that two employees were present for bid openings.

We recommend that MVA

- a. require vendors to password protect electronic bids and to submit their passwords at the time of the bid opening, and
- b. maintain documentation that electronic bids were opened in the presence of at least two employees as required by State procurement regulations (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None.		
Recommendation 9a	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	MDOT MVA now requires all financial bids/proposals, including Purchase Order Request for Proposals (PORFPs) for secondary competition, to be password protected. MDOT MVA's Division of Procurement updated its Standard Operating Procedure (SOP) as of May 11, 2020, to require that all vendor bids/proposals be password protected. The updated SOP further requires that vendors are not to submit their passwords until the time of the bid opening, or after completion of the evaluation of the vendors' technical proposals by the Procurement Officer.		
Recommendation 9b	Agree	Estimated Completion Date:	Completed
Please provide details of corrective action or explain disagreement.	For competitive sealed bids, MDOT MVA has always required bids to be opened in the presence of two employees, and documented. MDOT MVA previously interpreted that because PORFPs are secondary competition, they were excluded from the bid requirements referred to in State Procurement Regulations. MDOT MVA recognizes the importance of the recommended control and will extend the requirement to open all bids, including PORFPs, in the presence of at least two employees.		

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