

Minutes
AUDIT SUBCOMMITTEE
Legislative Audit Commission
April 3, 2019

Audit Subcommittee Members Present:

Senator Michelle Benson
Senator Mary Kiffmeyer
Senator Ann H. Rest
Representative Sondra Erickson

Other LAC Members Present:

Senator Mark W. Koran
Other Legislators Present:
Senator John Jasinski
Senator Scott Newman

Senator Mary Kiffmeyer called the Legislative Audit Commission (LAC) Audit Subcommittee meeting to order at 10:00 a.m. The purpose of the meeting was to release the report, *Department of Public Safety and Minnesota IT Services, MNLARS Quarterly Report Verification – Title Backlogs and System Funding*.

Jim Nobles, Legislative Auditor, introduced Chris Buse, Deputy Legislative Auditor for the Financial Audit Division. Mr. Buse started the report briefing by stating that this report, which has numerous findings and recommendations, is the result of a special law (Chapter 101) that was enacted by the Legislature. This law did three things in response to the MNLARS crisis: (1) It created a governing body in the Legislature, the MNLARS Steering Committee; (2) it created a series of responsibilities for the Department of Public Safety and MNIT Services to fulfill; and (3) and it required the Office of the Legislative Auditor to provide technology oversight of MNLARS.

Mr. Buse stated that there are several bills before the Legislature that create governing bodies. One is a commission to oversee IT, the second to oversee cyber security. Mr. Buse stated that those are excellent ways for the Legislature to have governance over IT. The focus of this report was vehicle title backlog and the funding needs for MNLARS. This report had two top-level conclusions. The first was the compliance on legal requirements. The report noted that DPS and MNIT generally complied with Laws of Minnesota, Chapter 101. The second was the internal control issues that the report found to be generally not adequate.

Mr. Buse then introduced Mark Mathison, who was the Audit Director for this report, to elaborate on the report's findings and recommendations. Mr. Mathison gave a summary of the findings in the report related to title processing. Mr. Mathison stressed that the contributing factors of title backlogs were (1) centralized document scanning; (2) document matching; (3) staffing problems; and (4) title deficiencies. Mr. Mathison noted that there were data integrity issues, i.e., titles were issued for vehicles with deficiencies noted on the titles.

Senator Kiffmeyer asked if MN law allows titles to be issued with deficiencies, to which Mr. Mathison replied that DPS is best to answer that question. Mr. Mathison then stated that OLA found issues with MNIT staff in the project budget. The project budget has 18 business professionals; however, DPS has no long-term budget for these positions. Mr. Mathison stated that MNLARS' ongoing operations will be \$16 million annually. The report recommended that DPS work to build a funding model. Senator Kiffmeyer requested that OLA submit to her the detailed analysis of the budget numbers since that area had the most issues. Senator Kiffmeyer then introduced Commissioner Harrington from DPS for comments about the MNLARS report.

Commissioner Harrington agreed with Senator Kiffmeyer when she said that DPS received very valuable information from OLA. Commissioner Harrington agreed with OLA's findings. Senator Koran stated to Commissioner Harrington that significant design issues were not properly engineered from the start. Senator Koran asked how many MNIT and DPS staff had actually worked in a deputy registrar's office. Commissioner Harrington replied that he does not have that information. Senator Kiffmeyer questioned the commissioner as to who (DPS and MNIT) is responsible for what functions and requested that DPS follow up with specific information. In addition, she requested from DPS any laws that relate to titles issued with a deficiency.

Senator Kiffmeyer adjourned the meeting at 11:00 a.m.

Senator Mary Kiffmeyer, Audit Subcommittee Chair

Mary Moser, Recording Secretary