California Department of Motor Vehicles

Performance Audit

Report No. 19-2740-032
March 2019

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Transmitted via e-mail

March 27, 2019

Ms. Keely Martin Bosler, Director
California Department of Finance
State Capitol
Room 1145
Sacramento, CA 95814

Dear Ms. Bosler:

Final Report—California Department of Motor Vehicles Performance Audit

The California Department of Finance, Office of State Audits and Evaluations, has completed its audit of the California Department of Motor Vehicles (DMV).

The enclosed report is for your information and use. DMV's response to the report findings is incorporated into this final report. DMV agreed with our findings. We appreciate their assistance and cooperation during the engagement, and willingness to improve their business practices and reduce wait times to enhance the field office customer experience. This report will be placed on our website.

A detailed Corrective Action Plan (CAP) addressing the findings and recommendations is due within 60 days from receipt of this letter. The CAP should include milestones and target dates to correct all deficiencies. The CAP should be sent to: OSAEReports@dof.ca.gov. After the initial CAP is submitted, it should be updated every six months thereafter, until all planned actions have been implemented. The appropriate individual or mailbox DMV has designated will receive reminders when the updates are due to Finance.

If you have any questions regarding this report, please contact Marilyn Standing Horse, Manager, at (916) 322-2985.

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA
Assistant Chief, Office of State Audits and Evaluations

cc: On following page

cc: Mr. Brian C. Annis, Secretary, California State Transportation Agency
Ms. Kathleen Webb, Acting Director, California Department of Motor Vehicles
Mr. Andrew Conway, Deputy Director, Registration Operations Division, California Department of Motor Vehicles
Mr. Robert Crockett, Deputy Director, Administrative Services Division, California Department of Motor Vehicles
Mr. Wesley Goo, Deputy Director, Licensing Operations Division, California Department of Motor Vehicles
Ms. Sonia Huestis, Deputy Director, Communication Programs Division, California Department of Motor Vehicles
Mr. Rico Rubiono, Deputy Director, Information Systems Division, California Department of Motor Vehicles
Ms. Coleen Solomon, Deputy Director, Field Operations Division, California Department of Motor Vehicles
Mr. Bernard Soriano, Deputy Director, Enterprise Risk Management Division, California Department of Motor Vehicles
Mr. Brian Soublet, Chief Counsel, Legal Division, California Department of Motor Vehicles
Mr. Thomas Wilson, Chief, Investigations Division, California Department of Motor Vehicles
Mr. David Saika, Chief, Business Management Branch, California Department of Motor Vehicles
Ms. Aida Singh, Acting Chief, Audits Branch, California Department of Motor Vehicles
Ms. Leanna Sinibaldi, Manager, Internal Audits, California Department of Motor Vehicles, California Department of Motor Vehicles

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EXECUTIVE SUMMARY

At the direction of Governor Brown, the California Department of Finance, Office of State Audits and Evaluations, conducted a performance audit of the California Department of Motor Vehicles (DMV). The audit objectives were to:

1. Assess the efficiency and effectiveness of DMV's current operations and make recommendations to improve its practices and enhance the field office customer experience.

2. Evaluate DMV's information technology (IT) system and its impact on the field office customer experience.

With the vision of being a trusted leader in delivering innovative services, the mission of DMV is to serve the public by licensing drivers, registering vehicles, securing identities, and regulating the motor vehicle industry. DMV's five-year strategic plan, focused on delivering superior customer service, is designed to support its vision and mission.

DMV's operations are not always efficient and effective in delivering services to its customers and many opportunities exist to improve its practices and enhance the field office customer experience. Although the REAL ID implementation and long wait times during summer 2018 highlighted problems at the DMV, the findings and recommendations described throughout this report indicate DMV has operated with significant weaknesses in its underlying governance structure and organizational culture.

Areas of improvement identified during our audit are summarized below.

Operations and the Field Office Customer Experience

- *Significant deficiencies in planning and implementation of the REAL ID program negatively impacted the field office customer experience.* The field office customer experience was significantly impacted by the implementation of REAL ID, manifested mainly by long field office wait times in summer 2018. The approach for complying with REAL ID was inconsistent in the decade leading up to implementation, the REAL ID IT project was not recognized as a priority until 2017, and DMV missed opportunities to reevaluate policy impacting the frequency customers require its services.

- *Organizational and reporting structure is outdated and does not reflect current operational needs*. The outdated organizational and reporting structure is reflected in DMV's reliance on its decades-old field office grading for resource allocation, inconsistencies in regional office oversight of field offices, and ineffectiveness of the vertical and hierarchical communication structure.

- *Budgeting and staffing approach is not focused on maximizing field office capacity.* DMV has taken steps to increase its field office capacity; however, opportunities for increasing and analyzing capacity exist related to field office service windows, absenteeism, and requesting field office positions.

- *Appointment practices need improvement.* Significant weaknesses in DMV's appointment practices impact customers' ability to consistently reserve appointments in a timely manner. Specifically, the appointment system allows for variations in appointment availability among regions, the reservation of duplicate appointments, and inconsistent verification of appointment authenticity within field offices.

- *Monitoring of the field office customer experience needs improvement*. Although DMV takes a centralized approach to collect, analyze, and review direct customer feedback, other initiatives such as the Command Center created in 2018, and Lean Six Sigma Team created in 2016, were untimely implemented and could do more to support DMV's strategic goal to provide superior customer service. Further, DMV's Internal Audit Unit (IAU) is underutilized with respect to monitoring the field office customer experience.

- *Enhancements to field office customer service were inconsistently implemented and additional opportunities for improvement exist.* Despite DMV implementing several operational enhancements in its field offices, these enhancements were inconsistently implemented and additional opportunities for improvement exist.

- *Field office employee development resources are inadequate.* DMV's current training, employee transaction manuals, policies, and procedures are not comprehensive, intuitive, or regularly updated, and do not adequately emphasize customer service.

IT's Impact on the Field Office Customer Experience

- *Insufficient network system infrastructure and lack of monitoring processes contributed to field office outages, impacting customers' ability to obtain DMV services.* Significant components affecting network connectivity are in need of upgrading and DMV's practices for monitoring and resolving IT related issues are ineffective. This impacts field offices' ability to consistently provide timely and reliable service to customers.

- *Project prioritization, management, testing, and documentation practices need improvement*. Weaknesses exist in DMV's project prioritization, defect resolution, testing, and documentation processes.

- *Legacy computer programming language contributes to succession planning risks.* Although DMV has taken steps towards sustaining its institutional knowledge related to Assembler, DMV faces succession planning risks because of the knowledge and skills needed to maintain the legacy language, further exacerbated by the IT workforce approaching retirement age.

To provide the high standards of customer service Californians deserve, it is crucial for DMV to evaluate the impact the findings and recommendations have on its overall operational environment. Without strengthening the underlying foundation supporting its operations, DMV will continue facing challenges in efficiently and effectively delivering services to its customers.

BACKGROUND, SCOPE, AND METHODOLOGY

BACKGROUND

In summer 2018, California news outlets began reporting on DMV customers experiencing hours-long waits at DMV field offices. Long customer wait times were intensified by IT outages. In September 2018, at the direction of Governor Brown, Finance's Director informed DMV it would be subject to a performance audit, as long wait times do not reflect the high standards of service that Californians expect from state government.

With the vision of being a trusted leader in delivering innovative services, the mission of DMV is to serve the public by licensing drivers, registering vehicles, securing identities, and regulating the motor vehicle industry. While licensing drivers and registering vehicles are its primary functions, DMV has several other responsibilities, such as recording ownership of vehicles, maintaining driving records of licensed drivers, issuing identification cards for individuals, and voter registration. To accomplish its functions, DMV serves Californians online, by mail, by phone, at DMV Now self-service terminals (SSTs), through outside organizations such as the American Automobile Association, and at DMV field offices. Common transaction types and the available service channels for each is displayed in Figure 1.[1]

Figure 1: Service Channels for Common DMV Transactions

	Field Office	Mail	Online	Outside Organizations	SST	Call Center
Original DL or ID	✓					
Original Registration or Transfer of Ownership	✓	✓		✓*		
DL or ID Renewal	✓	✓*	✓*			
Registration Renewal	✓	✓	✓*	✓*	✓*	✓***
Replacement Products or Special Plates	✓	✓	✓**	✓		

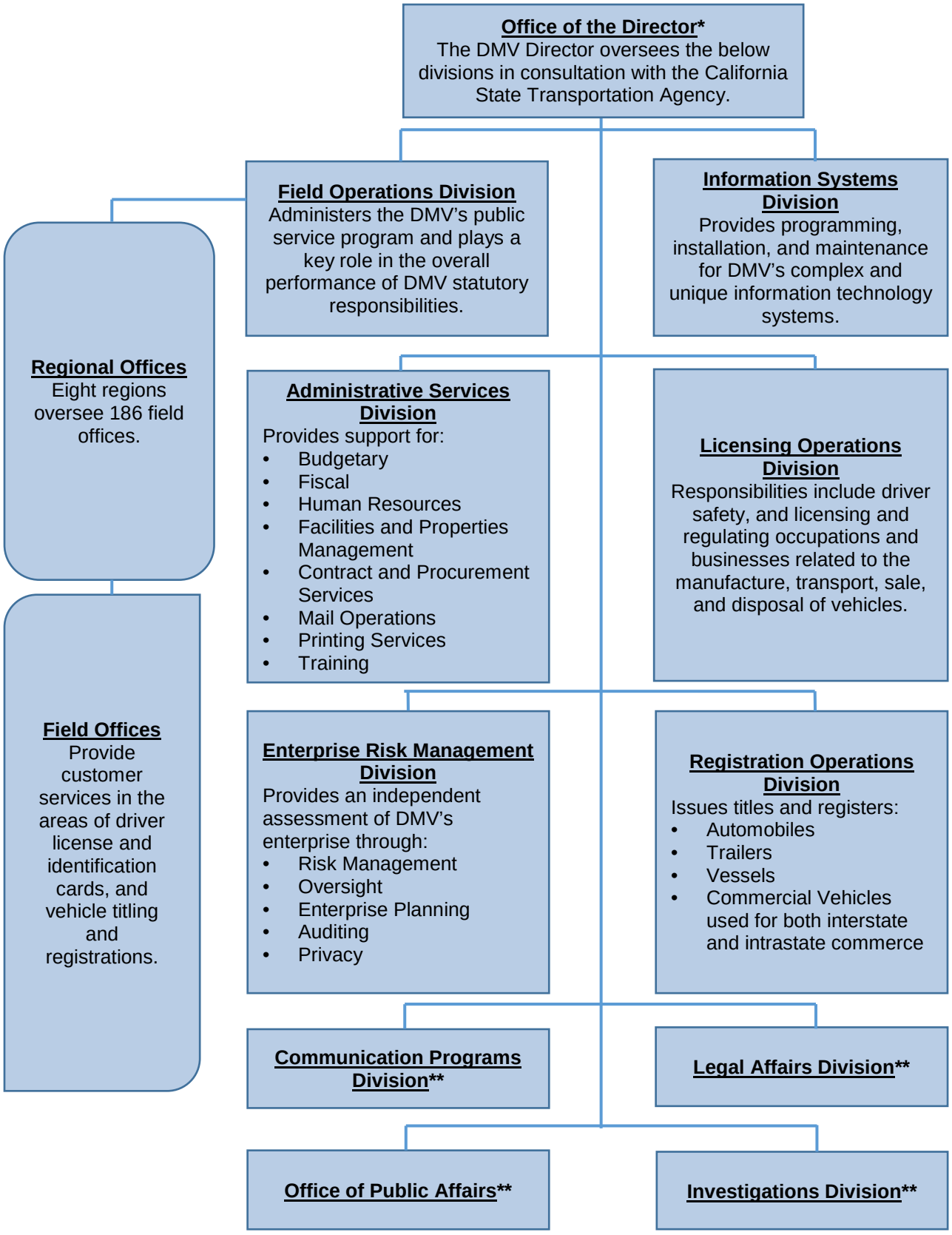
DL: Driver License
ID: Identification Card

* Some exceptions to transaction types processed
** Special Plates only
*** Integrated Voice Response only

The Budget Act of 2018 authorized approximately $1.2 billion and 8,300 positions for DMV. As of December 2017, approximately 35 million vehicles were registered with DMV and approximately 30 million people had a DMV driver license and/or identification card.[2] DMV's organizational chart is displayed in Figure 2 on the next page, followed by a map of DMV's 8 regions and 186 field offices, Driver License Processing Centers, Commercial Drive Test Centers, and Industry Business Centers (field offices), Figure 3. Despite the service options described in Figure 1 above, field offices remain a highly visible component of DMV and are frequented by customers seeking DMV services. During fiscal year 2017-18, field offices processed over 6.5 million of California's approximately 8.9 million driver license and identification card transactions, and over 4 million of California's approximately 29 million vehicle registration renewals. Field offices' employees consist of Managers, Control Cashiers, Licensing-Registration Examiners, Senior Motor Vehicle Technicians, Motor Vehicle Representatives, and temporary help. Senior Motor Vehicle Technicians and Motor Vehicle Representatives primarily assist customers at field office customer service windows.

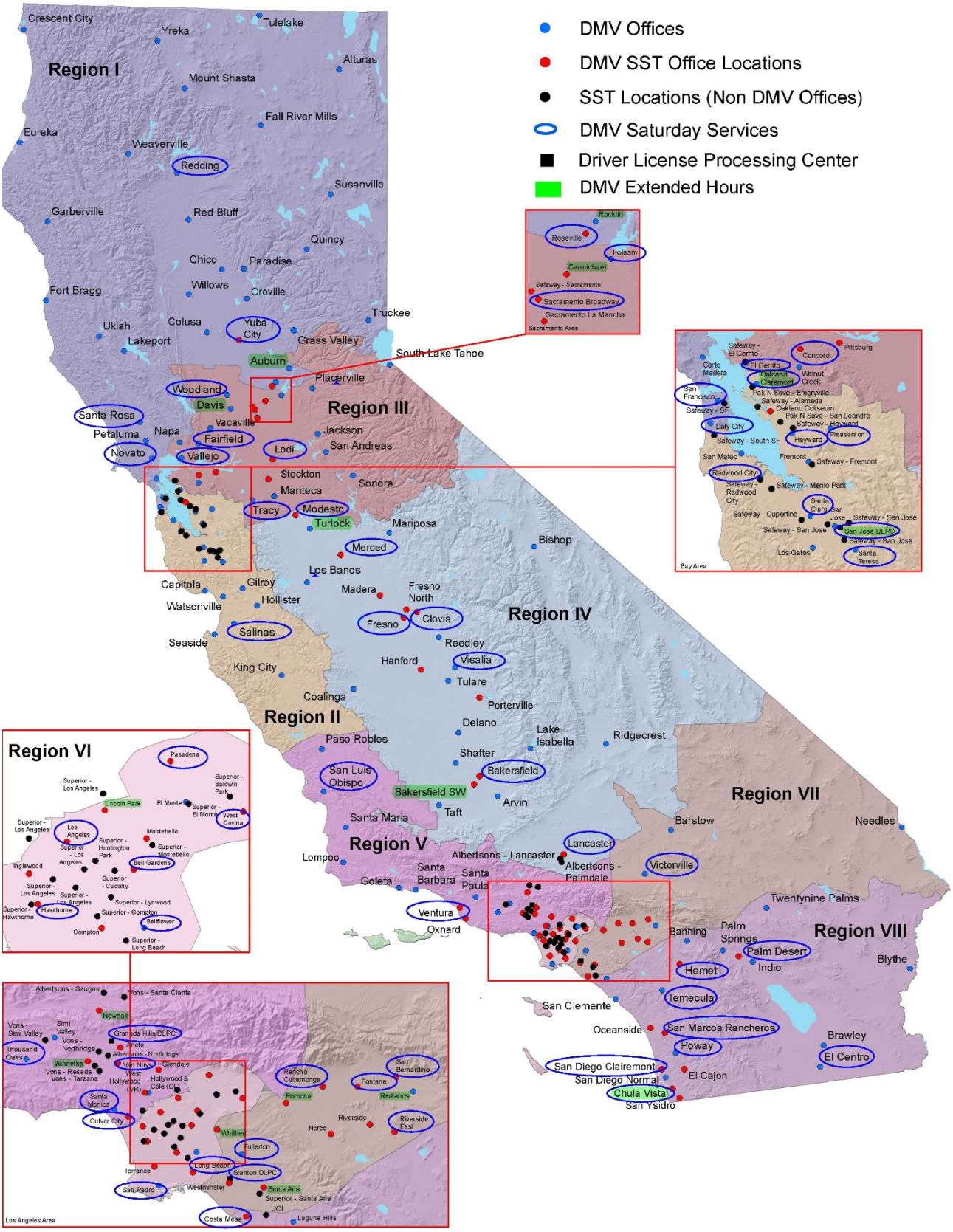
[1] DMV: https://www.dmv.ca.gov
[2] Ibid

Figure 2: DMV Organizational Chart



** The Director retired in December 2018. DMV is currently being led by an Acting Director.*
*** Our audit scope did not include these four divisions/offices.*

Figure 3: DMV Regions and Field Offices



Source: DMV Map of Field Offices as of August 2018

DMV and the REAL ID Act

In May 2005, Congress passed the REAL ID Act, establishing minimum security standards for state-issued driver licenses and identification cards. Beginning October 1, 2020, individuals will need to present a REAL ID-compliant driver license or identification card or another acceptable form of identification to board a domestic flight or access secure federal facilities.

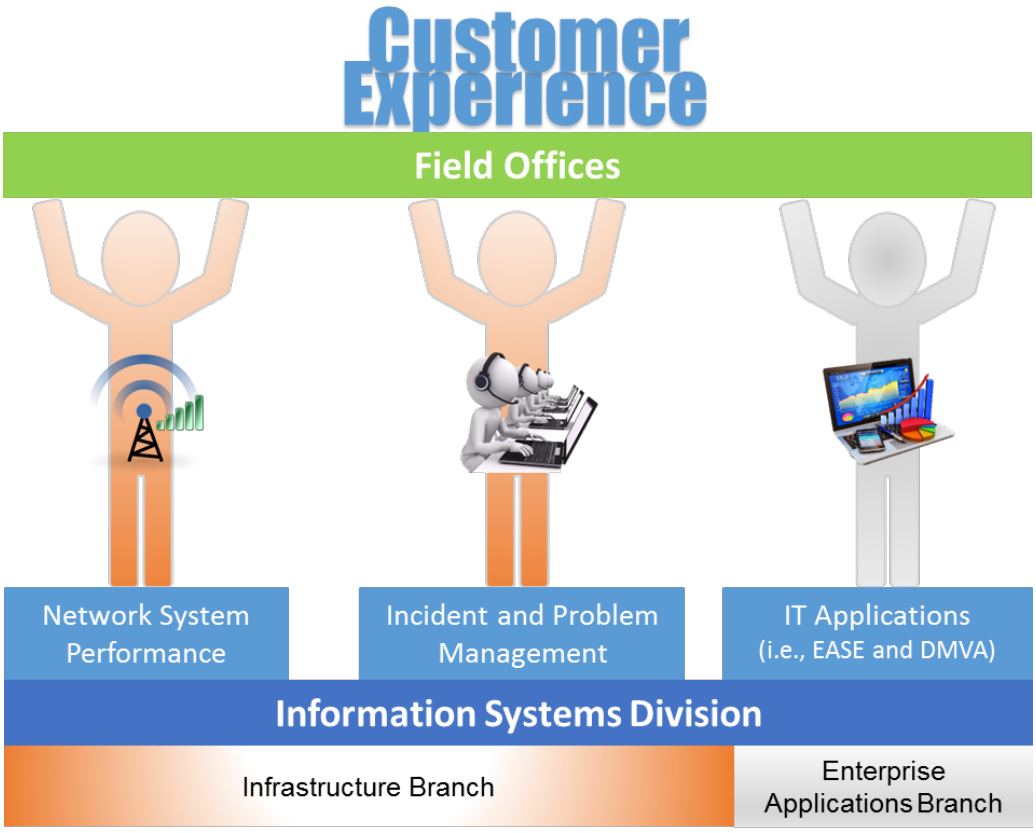
In January 2018, DMV began issuing REAL ID driver licenses and identification cards.

To apply for a REAL ID at DMV, citizens are required to visit a field office and provide original or certified documents proving their identity, Social Security number, and residency. For additional information regarding REAL ID and its requirements, see Appendix D for DMV's Fast Facts about Federal REAL ID.

IT and Information Systems Division

DMV's Information Systems Division (ISD) provides technology services to support its field office operations, such as monitoring network performance, troubleshooting field office incidents, and developing IT projects that are used in field offices to serve Californians. This is accomplished through over 1,200 network devices, 700 servers, and 1,400 virtual desktops. Although ISD does not directly interact with customers, its actions significantly impact the customer experience in field offices. ISD's role in supporting the field office customer experience is illustrated in Figure 4.

Figure 4: How ISD Supports the Field Office Customer Experience

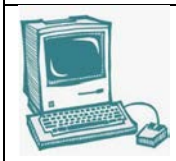


Two ISD branches play key roles in supporting field office operations and enhancing the customer experience:

- The Infrastructure Branch is responsible for providing maintenance and support of departmental computing facilities and environments, performing system testing, migration of applications, performing department database administration, and providing connectivity to all departmental sites.
- The Enterprise Applications Branch is responsible for the management and coordination of the application development and maintenance in support of the department's business programs.

ISD supports field office operations by managing, on average, 28 IT projects per year. Two of DMV's primary IT programs and related projects referred to in this report are described in Figure 5.

Figure 5: DMV Significant IT Programs and Projects

	IT Program	Associated Project(s)
	*Enterprise Applications System Environment (EASE)* EASE is an IT system used to process web-based applications for driver licenses and identification cards. EASE is a front-end custom application and is used by field office and headquarters employees to process transactions.	*REAL ID* The REAL ID project enhanced EASE to implement the known requirements of the REAL ID Act. The EASE enhancements were implemented in field offices in January 2018.
	*Motor Vehicle Automation (DMVA)* DMVA is an IT system used to process vehicle registration and related transactions. DMVA is a legacy system written in the 1980s.	*Front-End Sustainability (FES)* The FES project intends to migrate DMVA functions, including vehicle registration, to EASE. This would replace DMV's legacy system with an updated, modern hardware platform and languages broadly supported by the IT industry. As of December 2018, the project is currently in progress.

SCOPE AND METHODOLOGY

At the direction of Governor Brown, Finance's Office of State Audits and Evaluations, conducted a performance audit of DMV. Specifically, the audit objectives were to:

1. Assess the efficiency and effectiveness of DMV's current operations and make recommendations to improve its practices and enhance the field office customer experience.
2. Evaluate DMV's IT system and its impact on the field office customer experience.

In performing our audit, we visited 30 field offices, interviewed over 170 DMV employees, and analyzed over 300 customer and employee responses received via Finance's public contact form. See Appendix A for the detailed audit methodologies performed. See Appendix B for a list of field offices visited.

Our audit is limited to operations directly related to the field office operations and customer experience, and the significant information systems associated with these areas. Our audit methodologies focused on the respective DMV operations from January through December 2018; however, we expanded that time period when evaluating legislative changes, historical transaction data, and long-term IT projects impacting DMV.

Our audit did not include an assessment of any activities related to the Motor Voter program. An assessment of the Motor Voter program is being performed by Ernst and Young, LLP, and its results will be issued under separate cover.

Except as discussed in the following paragraph, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finance and DMV are both part of the State of California's Executive Branch. As required by various statutes within California Government Code, Finance performs certain management and accounting functions. Under generally accepted government auditing standards, performance of these activities creates an organizational impairment with respect to independence. However, Finance has developed and implemented sufficient safeguards to mitigate the organizational impairment so reliance can be placed on the work performed.

CHAPTER 1

OPERATIONS AND THE FIELD OFFICE CUSTOMER EXPERIENCE

DMV's operations are not always efficient and effective in delivering services to its customers and many opportunities exist to improve its practices and enhance the field office customer experience. Although the REAL ID implementation and long wait times during summer 2018 highlighted problems at DMV, the findings described in this chapter indicate DMV has operated with significant weaknesses in its underlying governance structure and organizational culture. This foundation supporting DMV operations reflects a reactive culture that has adversely impacted the field office customer experience. An effective governance structure and organizational culture creates a solid foundation for state departments to accomplish their mission, vision, and goals. In addition to the recommendations within this chapter, it is crucial DMV take action to evaluate the impact the findings have on its overall operating environment. Without strengthening the underlying governance foundation supporting its operations, DMV will continue facing challenges in efficiently and effectively delivering services to its customers.

DMV's 2016-21 Strategic Plan emphasizes five goals, described in Figure 1.1, reflecting its intention to deliver superior customer service. The findings and recommendations within this chapter describe the weaknesses hindering DMV's ability to achieve these strategic goals. The recommendations of this chapter are also summarized in Appendix C.

Figure 1.1: DMV Strategic Goals

FINDINGS AND RECOMMENDATIONS

Finding 1.1: Significant Deficiencies in Planning and Implementation of the REAL ID Program Negatively Impacted the Field Office Customer Experience

DMV's customer experience was significantly impacted by the implementation of REAL ID, manifested mainly by long field office wait times in summer 2018. DMV should have implemented a more robust approach for planning and executing the REAL ID Act. DMV's strategic plan goals include providing superior customer service and equipping employees with the tools and facilities to meet its responsibilities, which fell short with regard to REAL ID. The approach for complying with REAL ID was inconsistent in the decade leading up to implementation, the REAL ID IT project was not recognized as a priority until 2017, and DMV missed opportunities to reevaluate policy impacting the frequency customers require its services.

In preparing for REAL ID implementation, DMV anticipated approximately 23 million people would apply for a REAL ID-compliant card by 2022-23. As of September 2018, DMV had issued approximately 1.3 million REAL ID driver licenses and identification cards, leaving over 20 million people expected to still apply. [3] As referenced in the Background section of this report, beginning October 1, 2020, individuals will need to present a REAL ID-compliant card or another acceptable form of identification to board a domestic flight or access secure federal facilities. If DMV does not address the recommendations detailed throughout this report, it risks repeating long wait times and unsatisfied customers leading up to October 2020 and beyond.

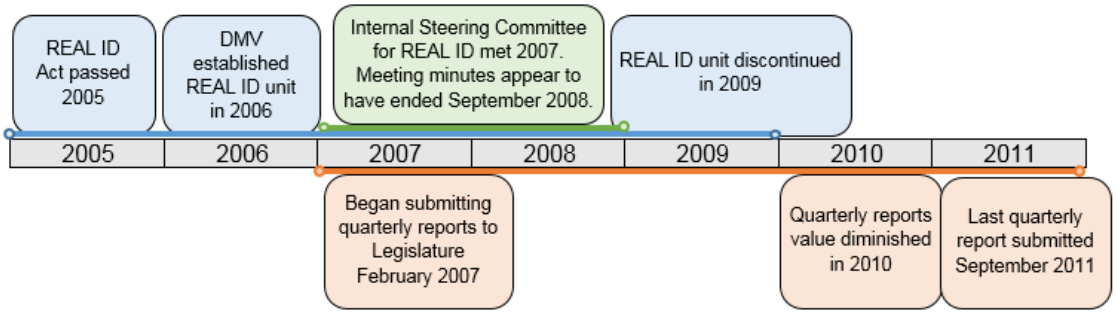
Recommendations:

To address DMV's ongoing implementation of the REAL ID project and help ensure success of future significant projects, we provide the following recommendations.

1.1.A: Assign and Maintain Resources for Implementation of Critical Policy Changes

DMV failed to maintain consistent leadership, accountability, and planning leading up to the implementation of the REAL ID program. After the passage of the REAL ID Act in 2005, DMV initiated the planning efforts illustrated in Figure 1.2 to analyze the requirements and steps necessary for compliance, including establishing a dedicated REAL ID unit and director, creating a REAL ID steering committee, and producing quarterly reports for the Legislature. By 2011, all of these efforts had been discontinued. The timeline of Figure 1.2 and following paragraphs describe activities specific to DMV's implementation of REAL ID.[4]

Figure 1.2: Timeline of DMV's REAL ID Planning Efforts



[3] DMV internal memorandum of Management Information System reports.

[4] Figure 1.2 does not incorporate the activities of the United States Department of Homeland Security (DHS), the federal entity responsible for establishing the Federal REAL ID regulations and guidelines. See https://www.dhs.gov/real-id for more information regarding DHS REAL ID implementation.

As shown in the timeline of Figure 1.2, in June 2006, DMV established a REAL ID unit led by a REAL ID director. At the time, DMV stressed the magnitude and scope of implementing REAL ID and the sensitivity of the federal mandate. DMV also recognized the need to develop new policies, consider changing the term of driver licenses and identification cards, and suspend the renewal by mail and Internet programs to require all current card holders to present identity documents in person at field offices. The REAL ID director was expected to communicate to key stakeholders, i.e., executive staff, the Governor's office, other states, and trade industry groups, regarding the implementation of REAL ID, as well as influence the development of regulations and policies by the United States Department of Homeland Security (DHS) related to REAL ID. The REAL ID unit was discontinued in spring 2009, with its responsibilities transferred to DMV's Licensing Operations Division (LOD). The REAL ID director position was also discontinued, with the position absorbed into the Office of the Director.

DMV also formed an internal REAL ID steering committee to help implement the REAL ID Act. The steering committee met in 2007 and 2008, but was hesitant to take meaningful action. For example, meeting minutes from October 2007 reported management was concerned that the issuance of a letter to DHS could be construed as a commitment to implement the REAL ID Act. The steering committee meetings appear to have ended in September 2008.

DMV began reporting quarterly to the Legislature in February 2007. The initial reports submitted to the Legislature on the implementation of the REAL ID Act showed DMV planned to prepare for the implementation of REAL ID by enhancing IT system capacity and security, and preparing its website infrastructure to move transactions out of the field office. However, in 2010, the value of these reports diminished. For example, reports submitted in June 2010, September 2010, and December 2010 were identical, and reports submitted in 2011 repeated pending legislation from previous reports. None of the 2010 or 2011 quarterly reports submitted provided updates on how DMV planned to implement the REAL ID Act or potential challenges. The last report was submitted in September 2011.

A former member of the steering committee stated the decrease in momentum related to REAL ID efforts were because DMV was overwhelmed by other large projects and it was unclear how the requirements of the REAL ID Act would be finalized at the federal level.

For the continued implementation of the REAL ID project up to and beyond the October 2020 deadline, DMV should assign a dedicated team responsible for monitoring program implementation. The leadership, roles, and responsibilities of the team should be clearly defined and communicated. The team should respond to identified weaknesses and issues in the program and ensure compliance with federal and state requirements. DMV should also report to internal and external stakeholders regarding the implementation, weaknesses, and successes of the REAL ID project as deemed necessary.

For future significant projects with the potential for widespread impact on operations, DMV should develop and align its plans for preparing and implementing projects with its strategic goals and strategies. The plans should identify responsible parties and accountability measures to develop and monitor key project milestones, including communication with internal and external stakeholders.

1.1.B: Improve Collaboration and Prioritization Process for Significant IT Projects

For REAL ID driver license and identification card transactions to be processed in field offices, enhancements to the existing IT application were necessary. However, DMV stated it was unable to start the project development process for the REAL ID application enhancements as it could not clarify all federal requirements and was unclear on the implementation date for the

project. As a result, the REAL ID IT project remained non-priority until 2017, when DMV imposed the project implementation date of January 2018. However, this did not provide ISD sufficient time to fully prepare and develop the project before it was launched in the field offices. DMV's IT project development and prioritization is described in greater detail in Finding 2.2.

1.1.C: Evaluate Additional Policy Changes to Alleviate Demand on Field Offices

Had DMV maintained a consistent focus on implementing the REAL ID Act, it could have taken additional steps to explore policy changes adjusting the frequency customers are required to renew driver licenses, identification cards, or vehicle registrations. For example, in 2016 the Legislature changed the term for senior citizen identification cards from ten years to eight years to align with the REAL ID requirement limiting the term to eight years (Chapter 339, Statutes of 2016). Each card type has a different period of validity, with driver licenses generally valid for five years, identification cards valid for six years, and senior citizen identification cards valid for eight years. Vehicle registrations are required to be renewed annually. If customers are required to renew these activities less frequently, field offices may see a reduction in the quantity of customers visiting each year. As mentioned in Recommendation 1.1.A, REAL ID memorandums from 2006 indicate DMV identified potential opportunities to adjust the policies surrounding these services; however, with the dissolution of the dedicated REAL ID unit, this analysis did not occur. DMV should evaluate the potential for adjustments to policy and regulations to better align DMV policies and procedures with the demands of its customers, such as adjusting the frequency customers are required to seek DMV services.

Finding 1.2: Organizational and Reporting Structure is Outdated and Does Not Reflect Current Operational Needs

Field offices are supported by an outdated organizational and reporting structure, which may not reflect DMV's current operational needs. Field office grading, a classification assigned to offices signifying their size and resource requirements, was last approved in 1990. Regional office oversight of field offices is limited due to geographical size of regions and the number of offices each region oversees. DMV relies on vertical and hierarchical communication channels to communicate from executive management to field office employees. DMV's strategic goals include equipping employees with the tools and facilities needed to deliver outstanding service to customers. For DMV to accomplish this goal, field offices should be provided an effective foundation of support, oversight, and robust communication channels.

Recommendations:

To address DMV's outdated organizational and reporting structure, we provide the following recommendations.

1.2.A: Conduct a System-Wide Assessment of Field Office Grading and Evaluate the Need for Additional Regional Offices

Each field office is assigned a grade classification, ranging from grade 1 to grade 5, as described in the text box. A system-wide assessment of the appropriate grade of each field office has not been performed since 1990. Field office grade classifications have a significant impact on operations as grades are one of the factors used to allocate resources and impact policies and procedures applicable to each grade of field office. DMV stated a system-wide evaluation of

Field offices were assigned grades ranging from 1 to 5 based on the following criteria, with Grade I being the smallest classification, and Grade V being the largest:

- Transaction Volume
- Quantity of Employees
- Number of Service Windows
- Square Footage of Office

Source: DMV

field office grades has not been performed because of the resources required to complete such an evaluation and a lack of employee expertise needed to conduct the analysis. DMV should perform a system-wide analysis of field office grading, readjust grades as appropriate, and evaluate the impact of any adjustments on field office resources and policies.

The updated field office grading analysis should also consider the ratio and location of regional offices assigned to field offices. DMV's 186 field offices are organized into 8 regions, as displayed in the Background section of this report (Figure 3). However, the ratio of regional offices and geographical area of each region may impact the effectiveness of support regional offices can provide their assigned field offices. For example, regional offices can be responsible for as many as 33 field offices, with as much as a 5 hour drive between a regional and field office.

After the system-wide assessment of field office grading, DMV should evaluate the equitable distribution of field offices within the regions. If the quantity of regional offices is not sufficient to support and oversee field offices, DMV should evaluate the feasibility of increasing the number of regional offices or creating intermediate offices between regional and field offices. Creating additional offices could consist of physical, virtual, or mobile offices that rotate between field offices. The location of offices should consider the distance to field offices. For example, a regional office can be more effective in supporting a field office if it is a one hour drive away, versus five hours. Additional offices could provide more support and oversight to field offices such as assisting with administrative tasks, and monitoring operational consistency. DMV should evaluate the cost of creating, maintaining, staffing, and supporting any additional offices.

1.2.B: Refocus the Regional Office Roles, Responsibilities, and Support of Field Offices

Customers throughout California may experience inconsistencies depending on which field office and respective region they conduct business as the practices and requirements for field offices can vary between regions. Appointment availability, use of smart tablets, and line triaging and management are examples of practices that can vary. Customers seeking services from DMV field offices should have a consistent experience, regardless of the office visited. DMV should reevaluate its service models to identify opportunities to implement consistent policies and procedures at all field offices.

In addition to the customer experience varying between regions, the administrative burdens placed on field office employees varies based on the discretion of the respective regional manager and a lack of defined roles, responsibilities, or procedures. For example, some regions are responsible for hiring field office employees while others delegate this responsibility to field office management. Most field offices are responsible for submitting regular reports to regional offices on workload, expenditures, and personnel management. The volume of these reports is significant; some regions require close to 200 reports from field offices on a monthly basis. Some daily reports are due to the regional office in the first few hours of operation, usually the same time field office managers are busy organizing the office for the day and assisting the first wave of customers. The time field offices devote to these administrative activities, such as hiring employees or preparing regular reports, is time that could otherwise be spent assisting customers. See Figure 1.3 on the following page, for examples of inconsistencies in administrative support and procedures for three regional offices.

Figure 1.3: Examples of Regional Office Inconsistencies

	Examples of Inconsistencies in Administrative Support and Procedures			
	Frequency of Field Office Visits	**Hiring Responsibilities**	**Requirements for Field Office Tablet Usage**	**Requirements for Field Office Line Triaging**
Region A	4 visits per year	Split between Regional and Field Office	Grade III and Above Offices	Grade III and Above Offices
Region B	1 visit every other year	Regional Office Responsible	All Offices	All Offices with Customers Waiting at Start Here
Region C	2 visits per year	Field Office Responsible	Grade II and Above Offices	Not Required at Small Offices

DMV should reduce the administrative burdens, including the number of required reports, placed on field offices by reallocating responsibilities to regional offices, allowing field offices more time to devote to serving customers. For responsibilities that remain with field offices, evaluate the value, timing, and frequency of administrative tasks and required reports and make adjustments to limit any impact on customer service. The roles, responsibilities, reporting structure, and policies and procedures for regional, field, and any intermediate offices should be determined, documented, and communicated to help ensure consistency between regions.

1.2.C: Establish Effective Communication Channels Between Executive Management and Field Office Employees

Field offices open to customers one hour later on Wednesday mornings to allow for a weekly staff meeting. The weekly meetings are an opportunity for management to introduce new procedures, provide mandatory training, recognize employee accomplishments, and communicate messages from executive management. Most field office employees do not have DMV email accounts or Internet access, so they are reliant on these weekly meetings to receive information. Regional office management communicates information to field offices after being updated by DMV's executive team through written means or verbally, creating a one-way vertical line of communication from DMV's Director. This method of transmitting information is not effective and increases opportunities for misinformation, confusion among field office employees, and inconsistent and untimely communication.

Field office managers expressed concern with the lack of preparation time provided to familiarize themselves with the content prior to weekly meetings. Field office managers often receive the meeting content from regional office management on Tuesday evening or Wednesday morning shortly before the meeting starts, as it originates from the Director's Tuesday morning team meeting. This limits managers from spending time to fully understand the materials and ask follow-up questions before sharing with employees. Additionally, this could result in managers providing inaccurate guidance, delays in addressing employee questions, and inconsistent implementation of policies and procedures. DMV should consider moving the date of the Director's meeting to Monday mornings with communication to field office managers no later than Tuesday mornings, to provide sufficient preparation time for weekly meetings.

Additionally, the content of the weekly field office meetings can also vary slightly between field offices during the same week. For example, during our field office visits we observed some offices presented a training video to employees while others verbally communicated the information or provided a written handout. As a result, if an employee rotates between field offices, they may receive inconsistent or incomplete information from the weekly meetings.

If employees are out of the office on a Wednesday due to illness or planned vacation, they are sometimes provided a copy of the agenda of the missed meeting. These circumstances create inconsistencies in who receives the weekly meeting content and causes confusion among employees. For example, upon initiation of our audit, we requested DMV communicate to its employees the availability of an online survey to provide feedback on DMV field office operations. It took DMV over two days to communicate this information due to employee email and Internet limitations. During our visits, we observed not all field office employees were aware of the survey. Further, DMV employees requested to submit hardcopy surveys due to their inability to access email and the Internet. Improving the method of communicating to field office employees would ensure a consistent, timely message is received. DMV should establish an effective communication process between executive management to regional offices, field offices, and any intermediate offices, if established. For example, DMV should consider communicating Wednesday morning training meeting information to field office employees via alternative methods, such as email, intranet postings, or video messages. Whichever method is chosen, DMV should ensure the information is accessible by all employees.

Finding 1.3: Budgeting and Staffing Approach is Not Focused On Maximizing Field Office Capacity

While many variables affect field office wait times, such as the number of customers, how prepared customers are to complete their transactions, and the complexity of transactions, a critical component in lowering wait times is DMV's ability to consistently serve the maximum amount of customers visiting field offices. DMV has taken steps to increase its field office capacity, such as opening four Driver License Processing Centers, extending office hours, and offering Saturday service at some locations. However, DMV has opportunities for increasing and analyzing capacity related to field office windows, absenteeism, and allocating field office positions.

While DMV's strategic plan emphasizes providing superior customer service, the strategies in the plan do not highlight the need to maximize field office capacity to serve customers efficiently. The plan also emphasizes equipping employees with the tools and facilities to meet current and future responsibilities, and optimizing processes. If field office capacity is not maximized, DMV risks continued long wait times and unsatisfied customers.

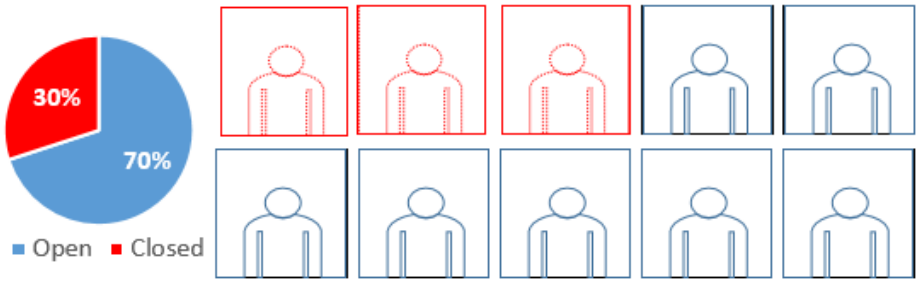
Recommendations:

To increase field office capacity, we provide the following recommendations.

1.3.A: Maximize the Number of Open Field Office Windows Serving Customers

Field offices do not always utilize all available windows to assist customers during business hours. As illustrated in Figure 1.4 on the following page, during our visits to 30 field offices throughout California in fall 2018, we observed an average of approximately 30 percent of service windows closed during business hours; and therefore, not able to assist waiting customers.

Figure 1.4: Field Office Service Window Average Status



Analysis of field office employee rosters—including the quantity of full time, permanent intermittent, retired annuitants, and emergency hires—indicated field offices could only open approximately 89 percent of windows during business hours, if all Senior Motor Vehicle Technician and Motor Vehicle Representatives were assigned to windows assisting customers. In addition to staffing limitations, windows were closed due to lunch and rest break periods and absenteeism.

The number of windows available to serve customers directly impacts the capacity of individual field offices. When the volume of customers in a field office increases, the quantity of open windows directly impacts the speed in which an office can serve customers and the resulting customer wait times. Although field offices can open more windows (i.e., up to 89 percent) in response to increased customer volumes, field offices' capacity is still limited by its staffing resources, the number of physical windows available to serve customers, and its business hours.

DMV should design weekly field office employee schedules to ensure all field office windows are open and serving customers during business hours. The weekly schedule development should allow for flexibility in the schedule to account for unexpected employee absences and assign employees to cover windows during lunch and rest break periods. DMV should also evaluate the possibility of extending business hours to increase field office capacity. In lieu of requiring employees work overtime to address extended business hours, DMV should consider offering additional alternative work week schedules or part time positions. Extending business hours may depend on field office demographics and customer needs. If business hours are extended, the weekly employee schedule should stagger the start and end time of shifts to ensure all windows are staffed during business hours. DMV should also evaluate its staffing levels, and the size and physical layout of field offices to accommodate more service windows to further increase field office capacity.

1.3.B: Improve Absenteeism Tracking and Analysis to Maximize Resource Allocation

Long-term and reliable data on field office absenteeism was not readily available, because DMV only began tracking and calculating field office absenteeism in August 2018. Absenteeism contributes to reduced capacity of field offices and impacts how many windows are open to serve customers; however, without meaningful and reliable data, DMV is limited in its ability to analyze trends of absent employees and create actionable plans for addressing absenteeism's impact on field offices. Field office managers expressed concerns regarding absenteeism and believed absenteeism could be related to increased overtime worked by employees and the fact that some employees must request approval for vacation time up to a year in advance.

Field office managers perform a manual process each morning to determine the percentage of employees who are absent from work. In August 2018, DMV used this data to report a statewide absenteeism rate of approximately 30 percent. This calculation included planned

leave (e.g., medical leave, military leave, and prior approved vacation leave) and employees who had not yet arrived at the field office at the time the manager recorded present employees (e.g. sick or late employees, and employees who had not yet started their shift). In January 2019, DMV revised its methodology for calculating field office absenteeism and reported a rate of approximately 6 percent. The revised methodology excluded employees on planned leave.

DMV should continue researching and refining its system for analyzing and calculating field office absenteeism. Absenteeism statistics should be reliable and consistently identified, regardless of field office location. Absenteeism data should be used to analyze trends in field office absenteeism and develop actionable solutions to respond to or reduce absenteeism to an acceptable level. For example, DMV should consider adjusting vacation approval policies or reducing overtime as a means of reducing the number of employees who are unexpectedly absent from work.

1.3.C: Refine Collection and Analysis of Data for Resource Allocation Process

Generally, DMV requests more authorized positions through its annual budgeting process when implementing policy changes likely to significantly increase the volume of field office transactions. DMV uses the following formula to calculate the number of employees needed to handle the estimated number of transactions expected from policy changes:

$$\frac{(Estimated\ Number\ of\ Transactions\ x\ Minutes\ per\ Transaction)}{Total\ Work\ Time\ per\ Year} = Employees\ Needed\ to\ Handle\ Demand$$

However, after requesting more authorized positions, DMV does not have an effective process for equitably allocating employees to field offices to handle demand or the impact on customer wait times. DMV should consider the following factors when allocating field office positions:

- Transactional data to project the timing and quantity of customers likely to visit field offices, i.e., the customer's third driver license renewal or annual vehicle registration renewal.
- Calculations of historical transaction volumes compared to historical wait time statistics.
- Comparisons of projected transaction demands resulting from policy changes on current field office window capacity.
- Considerations of how absenteeism trends impact the number of employees needed to handle demand.
- Evaluations of the above data conducted for each regional and field office.

Finding 1.4: Appointment Practices Need Improvement

DMV offers appointments for customers to reserve a specific time and date to appear at a field office to complete their transactions, thus reducing their wait time. However, significant weaknesses in DMV's appointment practices impact customers' ability to consistently reserve appointments in a timely manner. Specifically, the appointment system allows for variations in appointment availability among regions, the reservation of duplicate appointments, and inconsistent verification of appointment authenticity within field offices. Appointments should serve as a tool to efficiently manage the volume of customers visiting field offices. However, the weaknesses in DMV's appointment system contribute to a negative customer experience.

Recommendations:

To improve appointment availability, we provide the following recommendations.

1.4.A: Standardize Appointment Availability Across Regions and Customize if Needed

DMV's website advertises that customers can reserve appointments up to 90 days in advance. This assists customers when planning their field office visits in accordance with their driver license or vehicle registration renewal deadlines. The quantity of available appointments is dictated by regional and field office management, and should be related to the number of transactions field offices can process. DMV asserted it conducted an analysis to optimize the quantity of available appointments while maintaining an acceptable wait time for those without appointments; however, it could not produce documentation of this analysis. In December 2017, headquarters instructed field offices to structure available appointments to represent, on average, 50 percent of their daily estimated transactions. However, this guidance is not uniformly applied across field offices. Regional offices provide varying guidance regarding the ratio of appointments to non-appointments, with no documentation justifying the variations in ratios.

Appointments are popular and quickly reserved when released on DMV's website. To respond to customer complaints about appointment availability, headquarters and regional offices set additional goals for the number of days in the future appointments should be available for customers to reserve. To meet these goals, field office managers will release a small number of appointments at that deadline, achieving the specified goal. However, this practice skews the actual achievement of the goal and does little to address the root causes of the availability of appointments, i.e., other weaknesses in the appointment system and the production capacity of field offices.

DMV should analyze the appointment system including the optimal ratio of appointment to non-appointment transactions processed at field offices. The analysis should ultimately provide actionable information so field offices can customize the number and type of appointments available to best serve the customer base of each field office, and the frequency appointments are made available for reservation. DMV should use tools such as transaction statistics, wait times, and no-show percentages to adjust the appointment ratio as needed to respond to customer demand.

1.4.B: Strengthen the Appointment System to Enhance Appointment Availability

The online appointment reservation system allows for the reservation of multiple appointments, whether a legitimate customer reserving a few appointments, third party companies, or Internet bots. Field office employees described honoring appointments booked under similar names or by driving schools who sell appointments to students after booking blocks of appointments on DMV's website. These multiple appointments reduce the overall number of available appointments for other customers, and lead to a significant percentage of customers who do not show for appointments. Per DMV's Customer Information Appointment Report for July 1, 2018 through December 31, 2018, approximately 40 percent of customers did not appear for appointments. Some field offices attempted to mitigate this issue by calling individuals to confirm appointments. Other field offices responded by increasing the number of available appointments. However, the steps taken by individual field offices may not be effective in addressing the root cause of this issue, i.e., weaknesses in the online appointment reservation system and who can reserve appointments. Further, we observed inconsistencies in whether field offices verified appointment authenticity when customers appeared at the Start Here desks. DMV should train field office Start Here desk employees to, upon customer arrival, agree the

unique identifiers used when the appointment was reserved to honor customer appointment times.

DMV has taken steps toward addressing the root cause of the appointment reservation weaknesses. It has implemented controls to try and prevent Internet bots and scripts from reserving multiple appointments, and began requiring customers to provide unique permit numbers before reserving a drive test.

Additional steps should be explored to further reduce the reservation of multiple appointments by customers or third parties, such as requiring customers to positively identify when checking in at the field office that they were the one who reserved the appointment, or providing unique identifiers when reserving appointments. In addition to customer name and phone number, unique identifiers could also include driver license or vehicle identification numbers. Schools and businesses would no longer be able to reserve multiple appointments to sell to their customers, and individuals would have less opportunities to reserve multiple appointments themselves.

Finding 1.5: Monitoring of the Field Office Customer Experience Needs Improvement

DMV uses several methods to monitor and respond to field office customer feedback and wait times. Constructive methods included DMV's centralized approach to collecting, analyzing, and reviewing direct customer feedback. However, as explained below, other initiatives such as the Command Center created in 2018, and Lean Six Sigma Team created in 2016, were untimely implemented and could do more to enhance the customer experience. Further, IAU is underutilized with respect to monitoring the field office customer experience. Additional background information regarding these methods is described in greater detail in the below recommendations.

Recommendations:

To improve monitoring of field office customer experience, we provide the following recommendations.

1.5.A: Continue Performing Centralized Analysis of Customer Feedback

DMV collects, reviews, and analyzes customer feedback to better understand the field office customer experience. Several methods are used for collecting customer feedback: physical comment cards at field offices, customer service surveys administered online, and social media (e.g., Facebook, Twitter, and Instagram). DMV reviews comments received for actionable items and forwards them to the responsible divisions for action. DMV's Field Operations Division (FOD) monitors issues to ensure they are resolved, and documents their resolution in the respective comment file.

Customer feedback is aggregated and DMV generates daily, monthly, and quarterly reports that are distributed to headquarters, regional offices, and field offices. The Four Promises customer service training, referred to in Finding 1.7, was developed after analyzing trends in these reports. Positive customer comments are recorded as part of a DMV recognition program where field office employees mentioned in the comments receive formal recognition from the Director. At the field offices visited during our audit, employees expressed appreciation for the recognition program and stated it motivated them to continue providing good customer service. Negative customer comments are addressed in a private setting where field office managers provide guidance and training to employees as necessary.

DMV should continue analyzing customer feedback and recognizing and coaching employees on successes and opportunities related to the feedback received. DMV should consider expanding the analysis of feedback to identify statewide opportunities for efficiencies, employee training, and operational enhancements.

1.5.B: Reevaluate Command Center Functions and Customer Priority Adjustments

A centralized statewide Command Center was established at DMV's headquarters, with the objective of working collaboratively with regional and field offices to reduce customer wait times and prioritize transactions based on customer needs. California Vehicle Code section 1669 requires DMV to implement procedures to ensure any driver license, identification card, or vehicle registration customer will not be required under normal circumstances to wait in any one line for service longer than 30 minutes during business hours. In addition, DMV established an overall average wait time goal of assisting field office appointment customers within 15 minutes and non-appointment customers within 45 minutes. Despite these established wait time goals, the Command Center was not operational until August 2018, months after significant increases in wait times occurred. Additionally, its activities result in subjective adjustment of customer transaction priority to reduce statewide average wait times, and duplicate actions of regional and field office management.

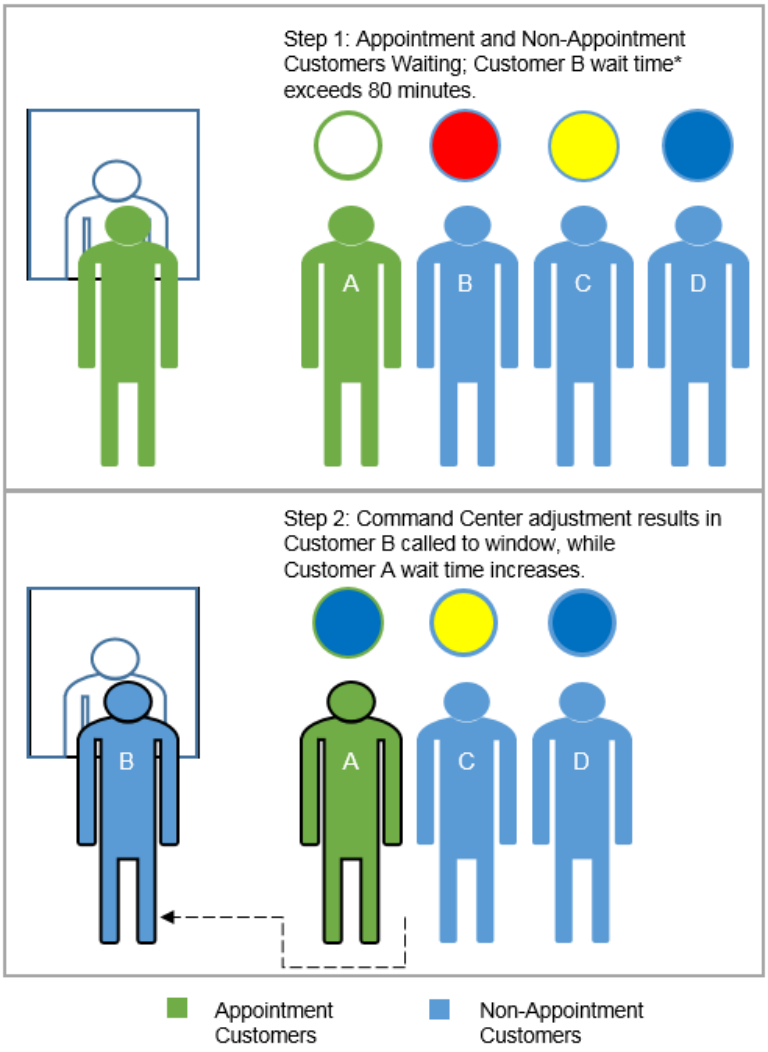
The Command Center, regional offices, and field offices use Qmatic—a queueing IT system—to monitor field office wait times and workload information. Specifically, the Command Center monitors the appointment and non-appointment wait times of all field offices, including the different queues for the various types of transactions, i.e., vehicle registrations, driver licenses or identification cards, and drive tests. Additionally, Qmatic is designed to use the color codes displayed in Figure 1.5 to allow employees to quickly view the average wait times for appointment and non-appointment transactions.

Figure 1.5: Qmatic Average Wait Time Color Coding

	Appointment Wait Times	Non-Appointment Wait Times
WHITE	Under 5 minutes	Under 45 minutes
BLUE	5-8 minutes	45-60 minutes
YELLOW	8-12 minutes	60-80 minutes
RED	Over 12 minutes	Over 80 minutes

Command Center employees are assigned to monitor specific regions. They review field office employee rosters within those regions to identify the types of transactions (e.g., driver license or vehicle registration) each employee is trained to complete. Throughout each business day, Command Center employees actively monitor wait times and contact the applicable regional and field offices when wait times approach the established wait time goals. When a queue exceeds the wait time goals, Command Center employees alter the priority of customers in the virtual queue to ensure the next customer called will be from the queue with the wait time exceeding the goal. For example, if a field office has an unacceptably high wait time for non-appointment driver license transactions, a Command Center employee reprioritizes a field office employee's work profile in Qmatic to ensure that employee served the next non-appointment driver license transaction. This process is illustrated in Figure 1.6 on the following page.

Figure 1.6: Command Center Adjustment of Customer Priority

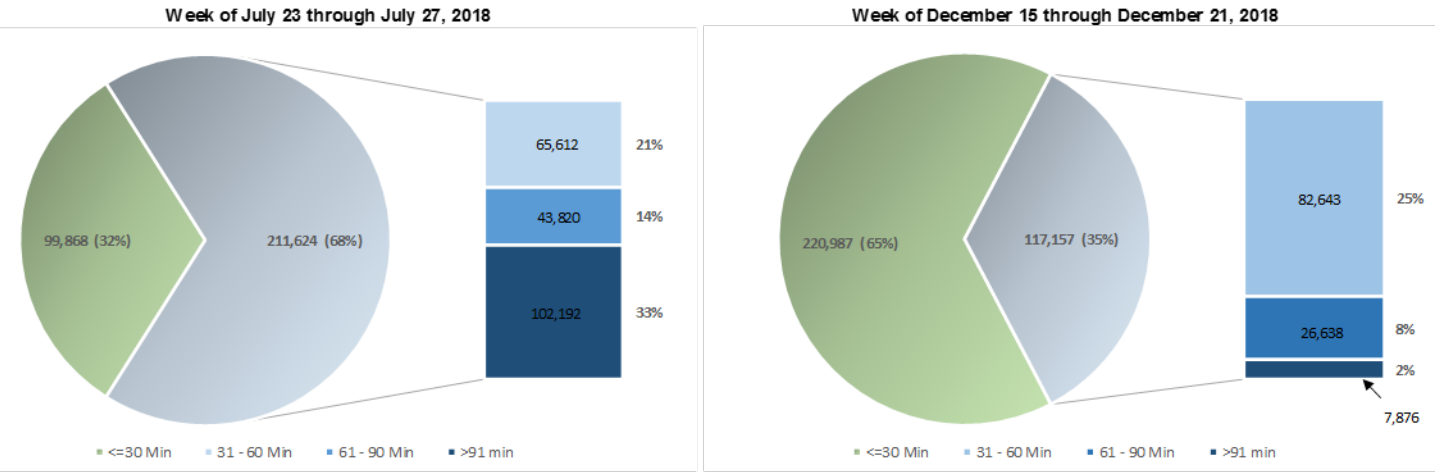


**Wait time color coding corresponds to Figure 1.5 on previous page.*

These modifications shift the priority of the customers served to the virtual queue with the highest wait time, thereby reducing the priority of other queues that may have wait times closer to DMV goals, without regard to the order a customer entered the field office or if they had an appointment. We observed Command Center employees making adjustments during our fieldwork observations. FOD management stated these adjustments by the Command Center are infrequent.

In July 2018, almost 68 percent of customers waited, on average, longer than 30 minutes. DMV reported to the Joint Legislative Budget Committee its wait times have reduced since July 2018. However, even with adjustments and reprioritizations made by the Command Center, during the week of December 15, 2018, 35 percent of customers still waited, on average, over 30 minutes, as shown in Figure 1.7 on the following page. DMV asserted these reported wait times reflected the amount of time customers waited in the pre-queue line until they are called to a window for service. However, as described in Recommendation 1.6.B, tracking the pre-queue wait time is a manual process that field offices did not always complete during our observations. Consequently, the actual wait times may be longer than information reported by DMV.

Figure 1.7: Wait Times Still Not Meeting Targets



Source: DMV's Report to the Joint Legislative Budget Committee dated January 4, 2019.
Data not independently validated

DMV should replace the practice of subjective adjustments to field office customer priority with a long-term, equitable solution. For example, the Lean Six Sigma Team, described in the next recommendation, could be used to examine possible alternatives for this practice, such as designating field office windows as appointment only or non-appointment windows. Alternatives should be piloted to ensure they are effective and make adjustments based on the pilot program results, prior to implementing in all field offices.

Regional and field offices also monitor Qmatic and adjust the queues in the same manner as the Command Center, duplicating resources devoted to queue monitoring. DMV should reevaluate the duplication of efforts involved in monitoring Qmatic at the Command Center, and regional and field offices. While monitoring and responding to excessive wait times is a necessary tool to provide quality customer service, subjectively rearranging the order in which customers are served appears to be a short-term approach with an inequitable impact on the reprioritized customers. The Command Center should instead be used to gather and analyze data on state-wide wait times and appointment usage, and prepare reports for management's use based on this information. DMV should also evaluate whether the Command Center can replace any of the reporting responsibilities of field offices, as discussed in Recommendation 1.2.B.

1.5.C: Increase Usage of Lean Six Sigma Team to Proactively Address Customer Experience Issues

DMV's Lean Six Sigma Team, created in 2016, performs analyses to reduce waste from DMV processes. Waste is defined in the text box on the following page. However, the team does not have a process to proactively identify customer service improvement projects to possibly prevent widespread customer service issues. Instead, the team is directed to projects at the request of Deputy Directors after significant issues arise.

For example, the Lean Six Sigma Team was not utilized to identify and deploy process improvements for REAL ID until after long wait times arose. Specifically, the team began a project in August 2018 to improve the document verification process. This project evaluated if the time for REAL ID transactions could be reduced. The team analyzed the field office REAL ID document intake and verification process and evaluated the viability of performing document verifications while the customer waited to be called to a window, instead of verifying documents during the customer transaction. The project was piloted at several field offices and resulted in

an overall reduction of REAL ID transaction times for those offices. The new process was implemented at four offices as of December 2018, and will be formalized and deployed at the remaining field offices with high volumes of driver license transactions. If the team was empowered to proactively identify opportunities such as this to reduce waste from field office processes, a document verification process could have been developed and implemented in tandem with the REAL ID project, rather than months afterward.

Eight Wastes

Waste is any step or action in a process that is not required to complete a process successfully ("Non Value-Adding"). When Waste is removed, only the steps that are required ("Value-Adding") to deliver a satisfactory product or service to the customer remain in the process. The eight wastes are:

Defect: Production of defective parts/ services not meeting customer requirements

Overproduction: Overproduction ahead of demand

Waiting: Waiting time for the next step

Non-utilization: Non-utilization of employees' brainpower, skills, experience, and talents

Transportation: Unnecessary transport of products and materials

Inventory: Inventories more than the absolute minimum

Motion: Unnecessary movement of employees during the course of work

Extra Processing: Over-processing that does not add value

Source: American Society for Quality website

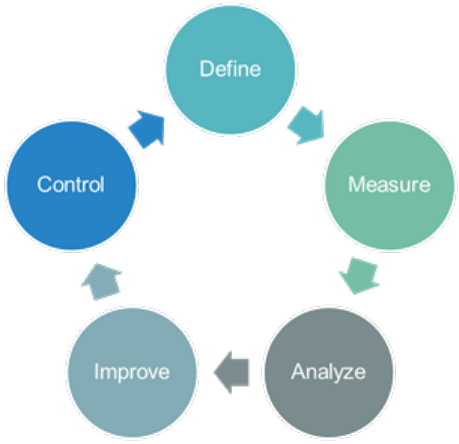
To promote a responsive and change-capable culture, DMV should support and empower the Lean Six Sigma Team to proactively identify opportunities for reduction of waste and variation in DMV processes. The team should be cross-functional, i.e., composed of employees from all levels of DMV to identify problems, find opportunities for improvement, and develop out-of-the-box solutions. The team should be involved when planning significant projects, such as allocating employees to field offices, appropriate field office layout and signage, and reducing waste and inconsistencies in processes. Division management should be educated regarding the capabilities of the team so they are more likely to rely on their skills and abilities when planning projects. Additionally, DMV should establish a mechanism for divisions to request services from the team and for employees to provide suggestions for the team to evaluate. The team should follow established Lean Six Sigma principles, as described in Figure 1.8.

Figure 1.8: Lean Six Sigma Performance Improvement Model

A core principle of Lean Six Sigma is the recognition of *customer values*. A performance improvement model known as DMAIC is used to continuously improve business process to reduce process variation and waste as follows:

- Define the problem, improvement activity, opportunity for improvement, the project goals, and customer requirements.
- Measure the current process performance.
- Analyze the process to determine root causes of waste, variation, and poor performance.
- Improve process performance by addressing and eliminating the root causes.
- Control the improved process and future process performance.

Source: American Society for Quality website
Pyzdek, T. and Keller, P., The Six Sigma Handbook (2014), McGraw Hill



1.5.D: Conduct Internal Audits of the Field Office Customer Experience

IAU performs compliance audits of field offices at the request of DMV management, regional offices, and field offices. Although compliance audits, including cash management and inventory handling procedures, are essential to ensuring field office operations comply with

policies and procedures, IAU does not incorporate audit objectives related to the customer experience into its audit program. Audits focused on evaluating the customer experience could identify additional opportunities for improvement and examine field offices' ability to provide exceptional customer service. While audits can ensure customer service procedures are implemented, it should not take the place of DMV management in developing and monitoring the implementation of customer service measures.

DMV should update IAU's responsibilities and audit program to include audits of the customer experience. IAU should regularly conduct audits of the field office customer experience, including consistency and effectiveness of the Lean Six Sigma Team process improvements, and provide actionable recommendations. A schedule should be developed to ensure timely, adequate coverage of all field offices; customer service feedback data should be used to prioritize offices to visit and subjects to audit.

Finding 1.6: Enhancements to Field Office Customer Service were Inconsistently Implemented and Additional Opportunities for Improvement Exist

As a part of its efforts to accomplish its strategic goal of providing superior customer service and demonstrate its commitment to serve the public through accuracy and quality in products and services, DMV employs several operational enhancements in its field offices. These enhancements include triaging and preparing customers waiting in line, tracking wait times, providing employees with tablets to assist customers while in line, sending text message notifications when a customer's ticket number will be called soon, providing alternatives to field office visits such as SSTs and call centers, and implementing transaction error resolution processes. While these enhancements could assist DMV in providing prompt, accurate service to its customers, these processes are inconsistently implemented and could be improved.

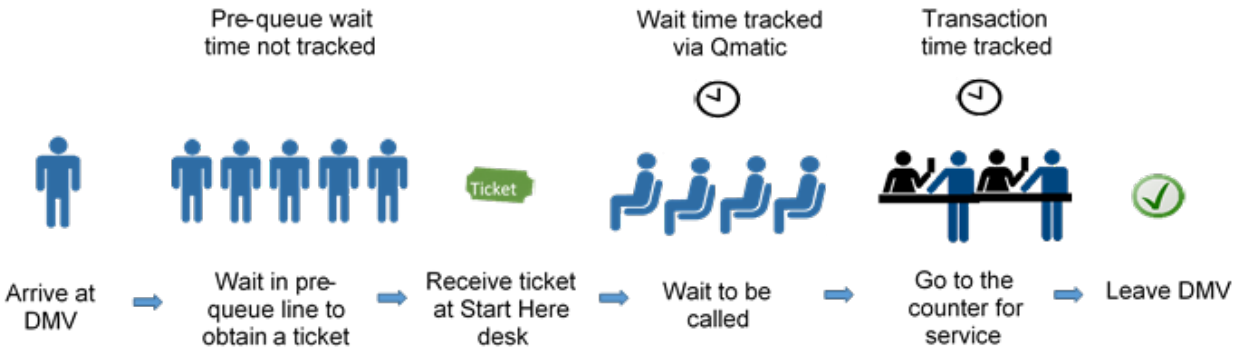
Recommendations:

To improve the field office customer experience, we provide the following recommendations.

1.6.A: Employees Should Triage Waiting Customers and Be More Easily Identifiable

When customers first arrive at DMV, they usually wait in a line DMV refers to as the pre-queue. This line leads to a Start Here desk where the customer is assigned a ticket number, which is used to call the customer to the appropriate window for processing his or her transaction. This process is illustrated in Figure 1.9.

Figure 1.9: The Field Office Customer Queue



Field offices are expected to designate employees to triage the pre-queue, i.e., approach customers in line to determine the purpose of their visit, answer questions, review documents, and direct them to the appropriate area of the office to complete their transactions. Triaging customers helps ensure customers are prepared with the proper documentation to complete their transaction and know where to go. During our visits to 30 field offices, we observed 15 offices with lengthy pre-queue lines. Only 6 of those 15 offices were observed triaging the pre-queue line. Inconsistently triaging the pre-queue lines increases the risk that customers will experience long waits only to learn they cannot complete their transactions because they have the wrong documents or payment method. For example, customers may wait in the pre-queue, receive a ticket, wait for their ticket to be called, go to a window, and begin processing their transaction, only to learn at the window that field offices accept cash, check, money order, or debit cards for payment, and not credit cards. DMV should ensure all field offices consistently dedicate employees to triage customers in the pre-queue lines, including educating customers of DMV's accepted forms of payment. Additionally, DMV should evaluate the feasibility of accepting credit cards as a form of payment in field offices.

In addition to the absence of pre-queue triaging, we observed confusing layouts and signage directing customers to appointment, non-appointment, driver license, or vehicle registration pre-queue lines. See the photo for an example of signage at an office entrance. Some offices had visible signs above the Start Here desk; however, lines often extended outside field offices where approaching customers cannot see signage. Further, field office employees were not always easily identifiable for customers needing assistance. In some instances, field offices relied upon its contracted security guards, who are not DMV employees, to direct customers to the correct pre-queue line, as shown in the photo on the left.

El Cajon Field Office Signage at Entrance


Carmichael Field Office Pre-Queue Line

DMV should evaluate field office layouts and signage to ensure information is visible, understandable, and helpful in directing customers. Signage should clearly indicate line types and accepted forms of payment. Signage should be visible to customers inside the building and those waiting in lines outside the building. To assist customers in quickly and consistently identifying field office employees, DMV should require employees wear a designated DMV shirt, establish a dress code, or provide another type of garment, such as a vest, identifying them as a DMV employee.

1.6.B: Accurately Track and Advertise Customer Wait Times

Once a customer receives a ticket number from the Start Here desk, their wait time is electronically tracked through Qmatic, as illustrated in Figure 1.9 on the previous page. Field offices are expected to track the pre-queue wait time manually and report the wait times to regional offices. However, we observed only 2 of the 15 offices with lengthy pre-queue lines manually measuring the pre-queue wait time. For example, we waited up to 75 minutes in the pre-queue for a non-appointment transaction at one field office where the pre-queue wait time

was not measured. DMV should ensure field offices consistently measure pre-queue wait times to accurately report data to the regional office.

Although DMV may not always be able to accommodate the number of waiting customers inside field offices because of physical space capacity limitations, DMV should assign customers a Qmatic ticket number as soon as possible upon arrival so wait times can be more accurately tracked and reported.

The wait times posted to DMV's website represent the average wait time electronically tracked through Qmatic for appointment and non-appointment customers, but do not indicate wait times by transaction type nor do they include the pre-queue line time. Advertising the wait times of specific transaction types would help customers better plan field office visits by allowing them to locate the shortest wait for their specific transaction. According to a DMV report to the Legislature in October 2018, a system to automate tracking and reporting of the pre-queue wait times is under development, with the goal of reporting the accurate average wait time on DMV's website to provide customers a more complete view of the true average wait time for each field office. DMV should continue developing an automated method to track and advertise its customer wait times. DMV's website should advertise wait times by appointment, non-appointment, and transaction type.

1.6.C: Use Tablets to Assist Customers While They Wait

In September and October 2018, field offices were provided tablet devices to aid in triaging the pre-queue line so employees could issue Qmatic tickets and make return appointments for customers when necessary. Only 1 of the 15 offices visited with lengthy pre-queue lines were observed using tablets to triage the pre-queue line. DMV informed us that tablets may not be consistently used because of limits with network connectivity, which it was actively working to resolve. One field office stated it received limited hands-on training regarding how to use the tablets and therefore did not rely on them. Tablets may also have not been observed in use because field offices were not triaging pre-queue lines.

DMV should ensure employees responsible for triaging lines use tablets to assist customers while they wait and assign Qmatic ticket numbers. The employees should be trained on how to use the tablets to effectively assist customers. If problems arise with tablets, DMV should troubleshoot and timely resolve the issue rather than abandoning use of the tablets.

1.6.D: Offer Text Message Notifications to Customers

DMV advertises on its social media channels that, after checking in at a field office, customers can receive text message notifications of when their ticket number will be called. This is intended to allow customers to leave field offices while waiting. However, only 2 of the 30 field offices visited offered text messaging notifications; and only one of the text messages actually worked as intended. DMV stated the text feature was limited to certain wait time thresholds and impacted by the number of people in the virtual queue; although these limitations were not included within its advertising campaign. Offering customers text messaging notifications and allowing them to experience their DMV wait in areas other than field offices could have a positive impact on the

Source: DMV Twitter, @CA_DMV

customer experience. DMV should offer all customers text message notifications upon assigning their Qmatic ticket number.

1.6.E: Expand and Advertise Alternatives to Obtaining Service in Field Offices

DMV has taken steps to reduce the number of transactions completed in field offices by beginning to expand alternative service options. For example, as of December 2018, DMV has deployed over 150 SSTs to 70 field offices, 75 grocery stores, and 12 other public locations.[5]

Shown in the picture, SSTs are freestanding terminals that use touch screen technology to guide a customer through vehicle registration related transactions. SSTs accept cash, credit card, and debit card as payment methods, and provide a registration card and sticker, a planned nonoperation acknowledgement, or a receipt upon transaction completion. The first terminal was installed at the South Sacramento field office in October 2010. From 2012-13 to 2017-18, SSTs have seen an 18 percent average annual increase in vehicle registration renewal transactions, with approximately 1.8 million transactions processed in 2017-18.

SSTs were consistently used by customers during our field office visits as an alternative to waiting to be helped by an employee. Increasing the quantity and locations of SSTs and expanding their transaction capabilities can reduce the number of customers requiring assistance from field office employees, thereby contributing to reduced field office wait times and increased flexibility for customers. Kiosks similar to DMV SSTs are used by other state department of motor vehicles, as described in the text box.

Other States' Self-Service Kiosks

Arizona's kiosks provides more than vehicle registration, including address changes and ordering specialty plates, and are located at its motor vehicle offices and courthouses.

Indiana's kiosks allow customers to renew their vehicle registration 24 hours a day, 7 days a week, allowing customers to print their registration stickers immediately.

Maryland's kiosks provide services including vehicle registration, driver license/identification card renewal, replacement title, and ordering plates. Some are available 24 hours.

Ohio's vehicle registration kiosks are located at grocery stores and drug stores.

Source: Websites of Respective States

DMV should increase the quantity and locations of SSTs and expand their transaction capabilities to provide more DMV services to customers. The SSTs vendor charges DMV approximately $3.75 for each successfully completed transaction, which includes ongoing maintenance of the terminals and cash handling requirements.[6]

In addition to SSTs, DMV call centers are another service option available to customers. Call centers are responsible for answering customer questions, scheduling appointments, responding to inquiries about driving records and vehicle registration, and assisting customers with online transactions. As of December 2018, call center representatives could not accept payment for transactions over the phone. However, the integrated voice response service customers reach when initially calling DMV can accept payment for vehicle registration renewal.

[5] DMV, https://www.dmv.ca.gov

[6] DMVs approved Budget Change Proposal titled "Self Service Terminal Expansion Project" included in the Budget Act of 2016.

To provide another alternative to customers who would otherwise visit a field office, DMV should increase the transaction capabilities of call center representatives, including the ability to accept payments over the phone.

We conducted research on other state departments of motor vehicles service delivery practices to compare to DMV's practices. This research is summarized in Figure 1.10 below. DMV should reassess its customer delivery practices to gain an understanding of customer expectations and needs to develop alternative service delivery options. DMV should research different service delivery options offered by other state departments of motor vehicles and evaluate their applicability for California. DMV should assess the risks, costs, and resource needs of possible alternatives, and conduct pilot programs as necessary to analyze the impact of these alternatives on the customer experience. DMV should advertise and educate customers on any new service options planned for implementation.

Figure 1.10: Examples of Alternative Service Delivery Practices by Other States

Service Areas	Service Delivery Practices
 **Driver Knowledge Test**	**Virginia's** remote testing program is a partnership with the Department of Education and private schools. Using web-based technology, students can access the knowledge test in a proctored setting at their schools.
 **Eye Exam**	**New York's** Vision Registry allows customers to have eye exam results transmitted electronically from their vision providers. After the results have been transmitted, customers can renew their driver license online without having to visit an office.
 **Outreach Service**	**Virginia's** DMV Connect/DMV 2 Go mobile customer centers provide outreach services to customers who may not be able to travel to an office.
 **Third Party Partnership**	**Arizona** partners with authorized third parties (ATPs). ATPs provide driving license services, including road and written tests and driver license transactions.

Source: Other state departments of motor vehicles websites.

1.6.F: Implement a Consistent Transaction Error Resolution Process

After a customer transaction is completed, field offices conduct daily transaction audits to identify missing information, data entry errors, or other circumstances preventing a transaction from being completely processed. Transaction errors are sometimes referred to as holdouts. Field offices do not follow a consistent process for addressing and resolving transaction holdouts. Through our field office observations, field office employees indicated there are not consistent timelines in which holdouts must be resolved or policies and procedures to ensure that holdouts are resolved at all. Some field offices stated that holdouts were only for vehicle registration transactions, while other offices said they are also applicable to driver license transactions. Some employees stated holdouts were eventually sent to DMV headquarters to be addressed or documents are sent back to the customer if the transaction cannot be completed. We received feedback from customers stating they completed their transaction in

the field office, but had to follow up with DMV after not receiving their driver license or identification card in the mail. Without a standard process that ensures holdouts are resolved, transactions may go unprocessed without the customer's knowledge.

DMV should develop policies and procedures for field offices for transaction errors, i.e., holdouts, to ensure these transactions are accurately and timely identified, addressed, and resolved. DMV should consult with ISD to determine whether certain transaction holdouts can be prevented, detected, or resolved by an IT process during the customer transaction. Policies and procedures should be consistently implemented and DMV should provide training to field office employees regarding the newly developed processes. The updated IAU's audit program should include steps to verify compliance with these policies and procedures.

Finding 1.7: Field Office Employee Development Resources are Inadequate

DMV's second strategic goal is to develop and retain a versatile and informed workforce; however, field office employee training could do more to support achieving this goal. Training, employee transaction manuals, policies, and procedures are not comprehensive, intuitive, or regularly updated, and do not adequately emphasize customer service. Well trained field office employees are an essential component to providing a positive customer experience.

Recommendations:

To improve field office employee development resources, we provide the following recommendations.

1.7.A: Timely Provide Comprehensive Training to New Hires

Although DMV hired field office employees in response to increased wait times during summer 2018, new and emergency hires did not always receive formal training regarding the completion of customer transactions. At 15 field offices where we interviewed employees and reviewed relevant training records, more than 20 percent of employees who work in positions responsible for completing customer transactions had not attended either a driver license or vehicle registration training provided by DMV's Training Branch. Field office managers stated these employees had not yet been trained because of the cost and time lost associated with sending them to training. However, without this training, these employees cannot effectively process transactions and contribute to reducing customer wait times. Instead, these employees are assigned to other roles in field offices, such as operating the photo booth, assisting at the Start Here desk, or assisting with administering written tests. Field office managers stated they sometimes chose to provide these employees with on-the-job training; however, this action reduces the capacity of the field office to serve customers because a more experienced employee must spend time training the new employee.

DMV should timely send new field office employees to training, i.e., before they are expected to assist customers. To facilitate this, DMV should develop a comprehensive training plan for employees that aligns with DMV's strategic goals. The plan should have required core subjects, including customer service, with clear timeframes for completion. Separate tracks for driver license and vehicle registration should be developed so field office managers can maintain an appropriate mix of specialized and cross-trained employees to suit their field office's needs. Employees should be allowed to attend refresher training as needed.

1.7.B: Fully Implement The Four Promises Customer Service Training

To further its strategic goal to provide superior customer service, DMV developed an initiative known as The Four Promises to improve employee morale, productivity, teamwork, and customer satisfaction, defined in the text box. DMV began providing this training in November 2017 to field office managers and supervisors, who were instructed to provide training to employees. DMV's goal was to train all employees by December 2017; however, as of December 2018, the training had not been completed. DMV executive management indicated this training will continue in perpetuity as the customer service model for DMV. During our field office visits, employees were often unaware of The Four Promises, its elements or guidance. Further, we observed employees not warmly greeting customers or displaying a professional presentation. For example, one employee assisted customers wearing a hooded sweatshirt with the hood covering the employee's head. DMV services affect all Californians and The Four Promises are essential to ensuring superior customer service is consistently provided. DMV should ensure all field office employees are adequately trained in and implement The Four Promises customer service model.

The Four Promises

The Four Promises include the following four elements and guidance:

1. **Welcome** – Smile and introduce yourself, greet the customer warmly, keep a positive attitude, show respect and courtesy, and professional presentation.
2. **Understood** – Show empathy, actively listen, explain, so the customer knows you understand, and offer simple instructions.
3. **Important** – Focus on the customer, value the customer's time, deliver thoroughness, follow-up, and competence.
4. **Resolved** – Take ownership of your customer's issue, educate the customer, maintain reliability, always verify, and provide resources.

Source: *DMV's Superior Customer Service – The Four Promises*

1.7.C: Expand Training Opportunities Beyond Wednesday Morning Weekly Training

As mentioned in Recommendation 1.2.C, field offices open to customers one hour later on Wednesday mornings to allow weekly staff training meetings. The weekly meetings are an opportunity for management to introduce new procedures, provide mandatory training, and recognize employee accomplishments. Although management and employees interviewed during our field office observations generally considered these meetings useful for communicating information to field office employees, relying exclusively on the weekly meetings to train employees on significant changes to policies and procedures may not be sufficient.

For example, training for the REAL ID program, including compliance and how to use the updated IT application, was conducted during one-hour meetings over a four week period. Because employees received REAL ID training in a weekly, one-hour setting, employees had to spend time researching and reconfirming the appropriate transaction steps while customers waited for their transactions to be processed. This increased transaction processing times and contributed to longer customer wait times.

DMV should increase the amount of training time available outside of the Wednesday morning training meetings to ensure employees become familiar with significant new processes including changes to software or equipment. DMV should provide employees the opportunity to perform new processes in a test environment before assisting customers.

1.7.D: Update Employee Reference Materials So They Are Comprehensive, Intuitive, and Regularly Updated

New processes introduced at weekly meetings are not always timely incorporated into the reference materials employees rely on when completing transactions. For example, we observed a weekly meeting where management introduced employees to a new process for keying data. The manager described the steps to complete the new data entry task and referred employees to DMV's intranet site where they could find the updated process and instructions. Field office employees stated that frequent changes to processes are communicated in the weekly meetings; however, reference materials are not timely updated to reflect the changes. In some instances, updates may contradict guidance in the materials, which can confuse employees and impact transaction processing accuracy and speed. Additionally, memorandums read at weekly meetings are posted to DMV's intranet; however, employees stated it is time consuming to locate these memorandums since they are organized by date issued instead of topic. DMV should timely update reference materials when changes are verbally communicated at weekly meetings. Further, DMV should evaluate the organization of reference material on its intranet so that employees can quickly locate policies, procedures, and manuals when needed.

1.7.E: Reevaluate Training Branch Resources

DMV's Training Branch is responsible for providing formal, classroom-style training for field office employees to efficiently and effectively complete customer transactions. However, the Training Branch's budget and size has remained relatively unchanged since 2008-09, even after emergency and additional hiring in response to the implementation of the REAL ID program and the long wait times during summer 2018.

Although DMV received authority for additional positions to implement REAL ID and each position had an allotted training budget, no additional resources were provided to the Training Branch. The Training Branch stated the budgetary allotment accompanying these new positions was used for soft-skill training by an outside training entity. With no additional resources, the Training Branch shifted from providing technical transaction training and customer service training to focusing on providing driver license training in response to the planned increase in demand for REAL ID. Without additional resources, employees may be delayed in receiving training and may have limited opportunities to receive customer service training.

DMV should reevaluate resources allocated to the Training Branch as staffing levels change to ensure that technical and customer service training can be consistently and timely provided to field office employees.

CHAPTER 2

INFORMATION TECHNOLOGY SYSTEM AND ITS IMPACT ON THE FIELD OFFICE CUSTOMER EXPERIENCE

The findings described in this chapter indicate significant gaps exist between DMV's IT strategic goals and IT-related actions. Instead of being forward thinking and flexible, the findings of this chapter illustrate a reactionary culture and an information system that does not align with defined industry best practices or effectively support a positive field office customer experience.

DMV developed its 2016-21 IT strategic plan and five strategic goals, displayed in Figure 2.1, with a focus on delivering secure, consistent, and sustainable IT services that support its business needs. Successful implementation of the IT strategic plan would ensure sustainability, customer focus, waste reduction, systems security, and workforce development, ultimately enhancing the customer experience in field offices. Effective governance is the foundation of the IT strategic plan.

Figure 2.1: IT Strategic Goals

However, DMV does not have an implementation plan to proactively achieve and monitor its IT strategic goals. DMV stated an implementation plan was initiated but not completed due to other priorities. Instead, the current practice is to track accomplishments for each strategic goal on a spreadsheet, after an achievement is made or an IT project is completed.

In addition to considering the recommendations throughout this chapter, it is critical that DMV evaluate the status of its IT strategic goals implementation. That evaluation should include specific and measurable actions to achieve its strategic goals, and assign appropriate responsible parties to continuously monitor for effective implementation.

If DMV does not take timely and appropriate actions to strengthen its governance structure and address the risks facing implementation of its IT strategic goals, significant in-progress IT projects, such as the FES project, may not be efficiently, effectively or successfully completed; thereby negatively impacting the customer experience.

The recommendations of this chapter are also summarized in Appendix C.

FINDINGS AND RECOMMENDATIONS

Finding 2.1: Insufficient Network System Infrastructure and Lack of Monitoring Processes Contributed to Field Office Outages, Impacting Customers' Ability to Obtain DMV Services

The IT strategic plan identifies the need for adaptable IT systems to keep pace with rapid changes in technology and increased customer expectations, and expanding sustainable and flexible technology solutions. However, DMV's network system infrastructure and monitoring processes do not reflect the goals of the strategic plan. Instead, significant components affecting network connectivity are in need of upgrading and DMV's practices for monitoring and resolving IT related issues are ineffective. This impacts field offices' ability to consistently provide timely and reliable service to customers.

Recommendations:

To improve DMV's network system infrastructure and monitoring processes, we provide the following recommendations.

2.1.A: Assess the Adequacy of Circuit Sizes Supporting Field Offices and Address Deficiencies

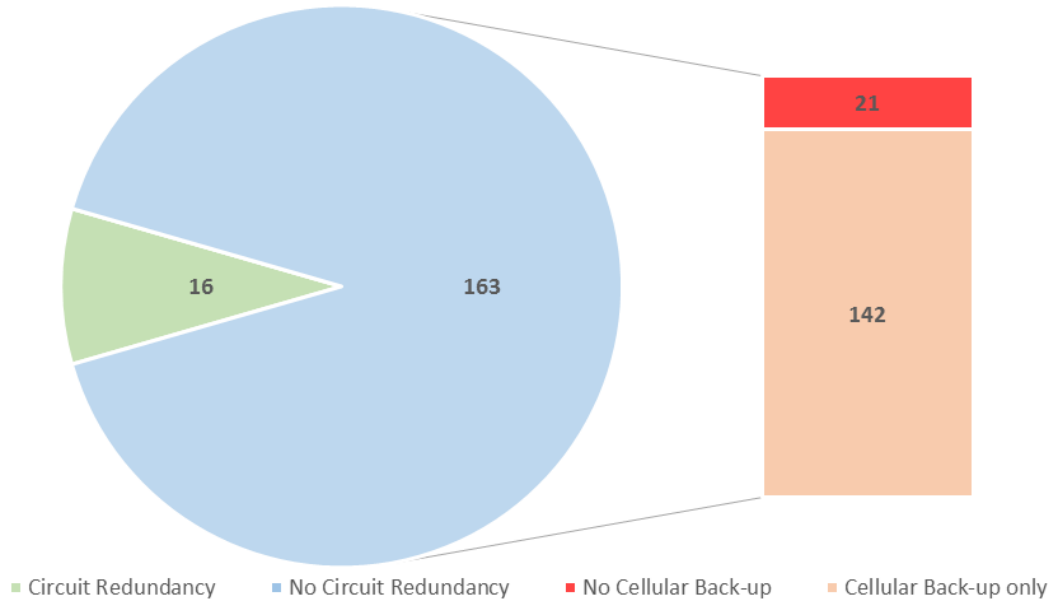
Circuits act as the network path connecting field offices to its data center and directly impact whether field offices can offer services to customers. However, DMV's circuit sizes and back-ups, i.e. redundancies, may not adequately support the field office operations.

As of October 2018, 88 of the 179 offices directly serving customers have a circuit size less than 10,000 kilobytes. This size may not be sufficient to support field offices in providing timely, efficient service to customers. For perspective, the circuit size used for the average household is generally greater than 12,000 kilobytes. DMV does not continually assess the circuit size needs of its field offices. Instead, assessments are only conducted in response to initiation of a project or when field offices report network delays. Nevertheless, these assessments have not always resulted in circuit size upgrades. DMV began upgrading circuit size for field offices in November 2018 when system outages became a widespread issue. DMV should assess circuit size capacity at least annually to ensure it adequately supports field office operations. The assessment should consider, at a minimum, the expected number of field office transactions and significant policy and IT changes that may impact operations.

Circuit back-ups, or redundancies, help in avoiding service interruptions in the event of a circuit failure. As illustrated in Figure 2.2 on the following page, circuit redundancy does not exist for 163 of the 179 field offices directly serving customers. Cellular back-up, which can provide service in the event of circuit issues, is available in 142 offices; however, it is limited in its network speed, the volume of transactions, and number of customers it can effectively serve. Defined industry best practices recommend remote site users with large populations and critical business needs, such as field offices, have network redundancies to effectively provide sufficient and reliable services.[1] DMV has not added circuit redundancy to all field offices due to the high costs associated with installation and equipment. DMV should identify alternatives for circuit redundancy by researching IT industry standards and best practices, and performing an analysis to determine the resources needed to address field office network infrastructure requirements.

[1] Source: CISCO Validated Design Traditional Wide Area Network (WAN) Design Summary

Figure 2.2: Field Office Network Redundancy



2.1.B: Proactively Monitor Network Performance to Identify and Mitigate Potential Outages

DMV does not actively monitor network performance to ensure appropriate actions are taken before outages occur. After a network outage occurs, DMV generally is made aware of the issue after receiving an automated email notification from SolarWinds[2] and the network service provider. DMV stated its ability to monitor network performance and ensure the network service provider's accountability is limited because it does not own the service agreement records and network equipment. However, DMV could actively monitor network performance or other IT issues by increasing usage of its existing tools such as:

- **SolarWinds:** Can be configured to produce a warning history report and send out an email notification when there are potential network performance issues, rather than the current configuration of notification after an outage occurs. DMV should configure SolarWinds to produce these reports and analyze them weekly to enable timely identification of potential network performance issues.

- **Network Service Provider Tools:** A circuit utilization report is available on the network service provider's website that could identify field offices' circuit size deficiencies signaling potential outages. DMV should develop a routine process to review and analyze these reports, including comparing the circuit usage to the established benchmark, contacting field offices to determine the need for circuit size increases, and taking appropriate actions based on this analysis.

- **Remedy[3] System:** Has the ability to produce reports of past incidents to be used for analyzing incident history to identify trends and potential improvements to minimize future system outages. DMV should assign technical experts or a special taskforce to fully develop the Remedy system problem management function. Additionally, DMV should establish a monthly process to analyze

[2] SolarWinds is a system DMV uses to help manage its networks, systems, and IT infrastructure.
[3] Remedy is a system DMV uses to manage its service requests. It provides out-of-the-box Information Technology Infrastructure Library (ITIL) service support functionality for processes including incident, problem, change, release, asset, service level management, service request management, knowledge management, and the Atrium Configuration Management Database.

incident history and identify areas of improvement to enhance customer experience in the field offices.

DMV does not routinely use the above tools or review and analyze information from these reports to actively monitor its network performance. DMV stated it has not had resources to fully explore the functions available in the Remedy system because its resources have been focused on addressing incidents after they occur. Without proactively monitoring network performance, DMV risks not identifying potential issues and taking appropriate actions to prevent outages or minimize its impact.

2.1.C: Enhance the Incident Ticket Process to Consistently Prioritize and Timely Resolve Field Office IT Issues

Field offices communicate IT issues or outages as they occur to ISD, creating incident tickets. Issues or outages can prevent field offices from effectively serving customers. DMV's process for prioritizing, resolving, and monitoring incident tickets has resulted in unresolved issues and does not effectively support field office operations.

The incident ticket process is illustrated in Figure 2.3. The process is initiated when field offices contact the help desk with an incident. The help desk determines the priority of the incidents, and assigns the incidents to a support group for resolution. The incident then enters what ISD refers to as the 30/60/90 day review process (30/60/90 Review).

Figure 2.3: Incident Ticket Process

Prioritization and Scoring of Incident Tickets

The help desk uses impact and urgency scoring criteria to prioritize incident tickets. However, the impact and urgency scoring criteria are subjective and lack specific performance metrics. Therefore, help desk employees use their own discretion to score incidents, creating prioritization inconsistencies. For example, an issue impacting an entire 20-user field office, where users have a work-around, could be assessed different impact or urgency scores based on the definitions in the text box (i.e., Impact 1 and Urgency 3, or Impact 3 and Urgency 2). Prioritization inconsistencies impact the timing and resources devoted to resolving incidents, which can affect the quality of field office customer service.

DMV's Impact and Urgency Scoring Criteria

Impact – the number of personnel or functions affected

1. Extensive/Widespread – All users or entire field office
2. Significant/Large – More than 50 users
3. Moderate/Limited – Less than 50 users
4. Minor/Localized – Less than 5 users

Urgency – the extent the resolution can be delayed

1. Critical – Unable to complete work
2. High – Able to use a work-around
3. Medium – Known work-around is available
4. Low – Able to work but still needs to be fixed

Source: DMV's *Remedy On-Demand: Incident Management Module Process Standard, July 2018*

DMV stated the impact and urgency scoring criteria was developed in collaboration with DMV's Communication Programs Division, Enterprise Service Desk, and the technical teams

responsible for resolving incident tickets. Field office management and employees were not included.

Per the standards set forth by the Information Technology Infrastructure Library (ITIL)[4], effective incident management requires proper incident prioritization. Without consistently prioritizing incident tickets, DMV is hindered from timely and effectively addressing critical field office incidents. DMV should develop objective scoring criteria with specific performance metrics to ensure priorities are consistently assigned to all incident tickets.

Resolution of Incident Tickets

Incident tickets should be resolved as promptly as possible to return field office operations to a normal state. DMV's Incident Management Module Process Standard requires all incident tickets be resolved in 30 days. In 2014, DMV created a process to monitor and review the timeliness of incident tickets (i.e., 30/60/90 Review), despite Remedy being in use since 2007. However, based on our review of a sample of six ISD Open Tickets Reports (i.e., 30/60/90 Review reports) from August 2016 through November 2018, an average of 314 tickets from each report, or 60 percent, did not meet this requirement. The longest outstanding ticket during this period was open for 824 days. These delays were due to a lack of sufficient details when recording the tickets in the Remedy system, optional Remedy training, and a lack of management oversight. Training on the Remedy system shifted from mandatory to optional due to low attendance and employee time constraints. DMV should provide training to relevant employees to confirm understanding of policies, procedures, and requirements related to incident tickets. The training should be mandatory upon the employee's appointment, and then annual or biennial refresher training should be offered.

IT managers receive the 30/60/90 Review reports on a weekly basis and are expected to follow up on outstanding tickets. However, as stated above, many incidents remain unresolved for more than 30 days. DMV should reinforce its Incident Management Module Process Standard to ensure all incident tickets are resolved within the required 30 days. This should include clearly communicating the policy and expectations to all responsible parties, promptly resolving outstanding tickets identified on the weekly 30/60/90 Review report, and holding employees accountable for resolution of assigned tickets.

The review procedure, included in the Incident Management Module Process Standard, does not include sufficient details to ensure effective implementation. For example, the procedure only states incident tickets need timely attention. It does not define what timely means, what managers responsibilities are after receiving the 30/60/90 Review reports, or who is ultimately responsible for ensuring managers adhere to the procedure and resolve all tickets timely. DMV should enhance its 30/60/90 Review policy to include detailed review procedures, such as the timeliness of management review of the report, the mechanism to distribute open tickets and track resolution, and the assigned responsible employees.

Accuracy of System Outages Report

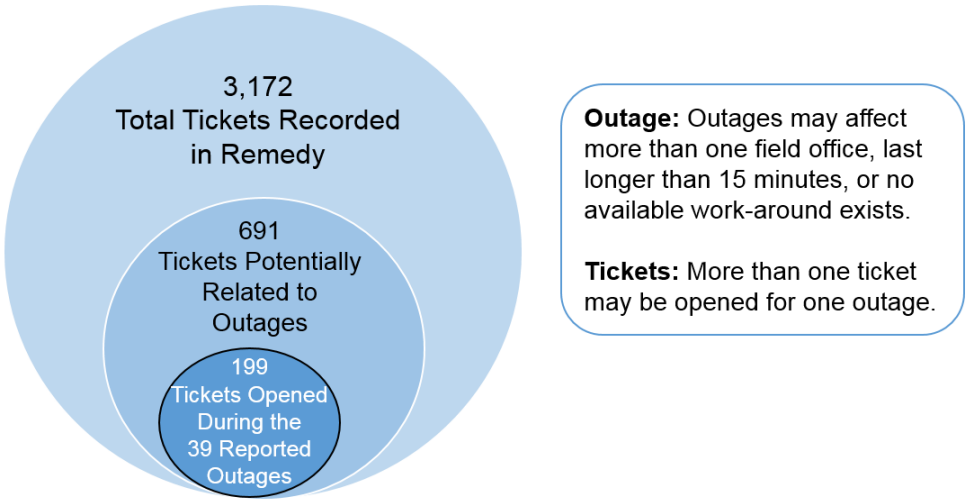
At the request of the Legislature and Finance, DMV compiled the Report of DMV IT Outages that included 39 outages for the period October 2016 through October 2018. Because DMV had not established a tracking mechanism for system outages, it compiled the outages report primarily using incident tickets recorded in the Remedy system. Multiple tickets may be opened during one outage. The reported 39 outages only included incidents affecting more than one

[4] ITIL is a set of IT Service Management practices that focus on aligning IT services with the needs of business.

office, lasting longer than 15 minutes, or not having available work-arounds.[5] Figure 2.4 compares tickets recorded in the Remedy system and those included in the reported outages.

After it enhances the 30/60/90 Review policy, DMV should use the tools in Remedy to analyze tickets and generate reports on outage frequency, causes, and resolutions. With this information, DMV should be able to more accurately compile outage statistics when requested by outside entities and effectively respond to incidents impacting the field office customer experience.

Figure 2.4: Comparison of Remedy Incident Tickets and Reported System Outages October 2016 through October 2018



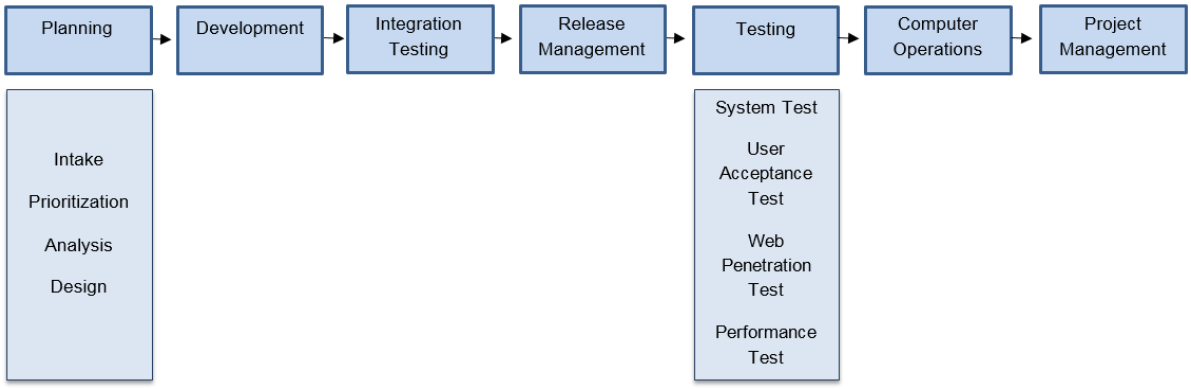
Finding 2.2: Project Prioritization, Management, Testing, and Documentation Practices Need Improvement

The IT strategic goals include modeling excellence in service delivery through delivering systems that provide value, efficiency, and customer convenience, while focusing on customers' needs and expectations. However, the REAL ID project demonstrated DMV's service delivery needs improvement to meet this goal. Specifically, we identified weaknesses in DMV's project prioritization, defect resolution, testing, and documentation processes.

DMV policy includes the System Development Life Cycle (SDLC)—a process of clearly defined and distinct work phases used for planning, creating, testing, and deploying a high quality application or information system, i.e., the REAL ID project. DMV uses the traditional waterfall SDLC as the service request workflow methodology to provide IT assistance. In a waterfall SDLC, each phase must be completed before the next phase can begin and there should be no overlapping phases. DMV's SDLC is illustrated in Figure 2.5 on the following page. Although DMV's SDLC process aligns with industry standards, its project prioritization, management, testing, and documentation practices contradict the documented process.

[5] A work-around enables the service desk to restore services to users while the problem is being resolved. A problem is considered open until resolved; therefore, a work-around should only be considered a temporary measure.

Figure 2.5: DMV's System Development Life Cycle



The following recommendations use REAL ID as an example, and indicate DMV's project management practices have significant opportunities for improvement. Without appropriately prioritizing IT projects, resolving all significant defects before project release, performing all required testing to ensure quality, and sufficiently documenting the process, DMV cannot ensure it develops and implements satisfactory IT projects that enhance the field office customer experience.

Recommendations:

To improve DMV's project prioritization, management, testing, and documentation practices, we provide the following recommendations.

2.2.A: Review the Project Prioritization Process and Follow Accepted Scoring and Ranking Templates

DMV does not have an implemented, systematic metric for scoring or prioritizing IT projects. Instead, prioritization decisions are driven by implementation dates. LOD is the business owner of the REAL ID project and is responsible for preliminary decisions on project prioritization. Although scoring and ranking templates for prioritizing IT projects are available, they were not used to evaluate the REAL ID project. As a result, and as discussed in Recommendation 1.1.B, the REAL ID project was not classified as a priority until 2017, when the project implementation date of January 2018 was imposed. Due to the lack of collaboration between ISD and LOD, ISD did not have sufficient time to fully prepare and develop the project before it was implemented. ISD was forced to carry out multiple phases of project development and testing concurrently to meet the January 2018 deadline.

Once LOD established its IT project list, DMV's Enterprise Governance Council (EGC) should have made recommendations for prioritizing the projects, before forwarding to the DMV Directorate, i.e., Director and executive management team, for final decision-making. Instead, for REAL ID, the Directorate made IT project prioritization decisions directly and did not use the scoring and ranking templates.

DMV stated the EGC used to be responsible for the systematic scoring and ranking system for IT project prioritization; however, the decision-making responsibility was transferred to the Directorate in 2011-12 when EGC was overwhelmed with the large number of project requests. EGC's responsibilities are described in the text box.

EGC was established in 2007 as the primary governance body. It is comprised of DMV divisions' deputy directors. Responsibilities include reviewing and prioritizing IT projects, and making recommendations to the Directorate.

Source: EGC Charter

DMV's approach to prioritizing the REAL ID project contrasts with best practices of project prioritization used by other State of California organizations, including:

- Using an objective scoring system
- Aligning score criticality with business objectives and strategic goals
- Designating projects with legislative deadlines as high priority
- Calculating an overall score for each project to be used for consistent decision making

Without an objective and systematic scoring system, DMV may not be able to ensure potential projects are appropriately prioritized, impacting its ability to meet critical project implementation deadlines and deliver quality products that enhance the customer experience in its field offices. If a proper prioritization process was in place and followed, the REAL ID IT project might have been identified as a priority sooner and allowed DMV more time for development and implementation.

DMV should develop and implement a systematic scoring system to make objective and consistent IT project prioritization decisions. This scoring system should align score criticality with DMV's business objectives and strategic goals, and designate projects with legislative deadlines as a high priority. DMV should also refine existing project scoring and ranking templates to align with the systematic scoring system, and require all relevant divisions to use the templates when submitting IT requests. DMV should ensure the EGC makes prioritization recommendations following the systematic scoring system before referring to the Directorate for final decision-making.

2.2.B: Resolve Critical, Serious, and Moderate Defects Prior to Project Launch

As discussed in Recommendation 1.1.B, the REAL ID project was not formally classified as a priority until 2017, with a project implementation deadline of January 2018. Because sufficient time was not devoted to developing and implementing the project, REAL ID was released to field offices to begin serving customers without resolving all project defects.[6] Specifically, 19 defects were not resolved prior to releasing the REAL ID project and 8 defects remained unresolved as of December 2018, as displayed in Figure 2.6.

Figure 2.6: REAL ID Project Unresolved Defects

Defect Level*	Unresolved Defects Prior to Project Release	Unresolved Defects as of December 2018
Critical	4	2
Serious	7	1
Moderate	8	5
Total	**19**	**8**

** Does not include unresolved minor defects; minor defects may not significantly impact application performance.*

During the testing phase of the SDLC, project defects are identified, tracked, and categorized based on their severity levels. The most critical defects should be promptly resolved before a project is released into production. DMV has established defect severity level definitions for defect categorization; however, these definitions are not sufficiently detailed to ensure consistent categorization. DMV's defect severity and priority level definitions are included in Figure 2.7 on the following page. DMV should define defect severity levels with objective and specific performance measures for consistent defect categorization.

[6] Defects refer to results that do not meet testing expectations.

Figure 2.7: Defect Severity and Priority Level Definitions

Severity Level	Definition
Critical	Problem results in a complete system outage and/or is detrimental to the ***majority*** of the development and/or testing efforts. There is ***severe*** adverse impact to the business, claimant, or employer. There is no work-around.
Serious	System functionality is degraded with ***severe*** adverse impact to the user and there is not an ***effective*** work-around.
Moderate	System functionality is degraded with a ***moderate*** adverse impact to the user but there is an ***effective*** work-around.

Priority Level	Definition
High	There is a complete or ***severe*** loss of service in at least one mission critical area, DMV business operations cannot ***reasonably*** continue or can continue only in a restricted fashion, and service delivery to customers is disrupted.
Medium	There is a ***minor*** loss of service. The impact is an inconvenience and mission critical areas are not significantly impaired. DMV business operations will continue with ***minimal*** disruption to customers. A work-around, acceptable to DMV, may be employed temporarily to restore service and/or business operations.
Low	There is a deviation from the standard of performance that causes no loss of service. This may be a minor error, incorrect behavior, or a documentation error that does not impede the operation of a system or effect DMV business operations. Customers are not impacted.

Source: DMV. Italic, underlined formatting added to emphasize subjective terms included in DMV's definitions.

ISD met regularly with LOD during the project testing phase to discuss defects. When disagreements arose regarding defect severity levels or whether to resolve certain defects, ISD relied on LOD to decide as LOD possessed all the information related to the business requirements of the project. Once the project was released, LOD became the owner of the unresolved defects. LOD retains the responsibility to inform ISD which defects still need to be resolved after the project release and when to resolve them. DMV should improve communication with relevant divisions to ensure thorough understanding by all parties of project business requirements and to help ensure sound, timely decisions are made on defect management. The testing expectations should also be clearly documented in the Business Requirements Document (BRD) and communicated to the testing team.

DMV's SDLC methodology states all system test cases should be passed without unresolved defects, and the application should be free of any severity defects, i.e., critical, serious, and moderate. Releasing projects without resolving all defects, especially critical defects, affects the projects' capability to perform functions to its fullest extent. DMV should ensure all defects, especially critical, serious, and moderate defects, are resolved prior to project release. If all defects cannot be resolved prior to project release, ISD should proactively work with the business unit to resolve all outstanding defects within a reasonable timeframe to minimize the impact on the customer experience in field offices.

2.2.C: Complete All Required Tests Before Launching IT Projects

Web Penetration and Performance tests, defined in the text box, were not performed for the REAL ID project prior to releasing for use in field offices. DMV's SDLC methodology requires all release packages to be successfully tested for security and performance. These tests were not performed because the testing expectations were not clearly documented in the BRD. Without the results of these tests, it is unclear whether the REAL ID application could be vulnerable to web security breaches or whether it aligns with stakeholder expectations. DMV should designate responsible employees, such as project managers, to ensure all required steps and tests in the SDLC are performed before the project is released.

A **Web Penetration Test** determines whether server and/or operating system vulnerabilities are present.

A **Performance Test** determines the speed, responsiveness, and capacity of a system.

2.2.D: Sufficiently Document Approval and Completion of Key Project Components

DMV could not produce evidence documenting key steps in the SDLC were approved or completed for the REAL ID project, as detailed in Figure 2.8.

Figure 2.8: Key REAL ID Project Approval and Completion Documents

Document Name	Document Description	REAL ID Documentation
BRD	BRD lists all the requirements from the business units for the project.	BRD was not approved by all responsible parties.
System Requirements Specifications (SRS)	SRS is the basis of the design, programming, and testing for the project based on the BRD.	SRS was not approved by all responsible parties.
Gap Analysis	Gap analysis is a process to identify whether gaps exist in a service request and/or BRD.	Gap analysis review results and whether all gaps were resolved prior to the project development were not sufficiently documented.
Sponsors' Acceptance of Defects	Sponsors' Acceptance of Defects documents sponsors' determination on whether defects are acceptable prior to system release.	Sufficient and appropriate documentation was not available to support whether all defects were discussed and accepted by the project sponsors during the defects discussion meetings (Go/No Go meetings).

The following contributed to the above documentation issues:

- DMV does not have a procedure requiring all stakeholders approve the BRD, although the Project Management Body of Knowledge[7] requires all appropriate stakeholders to be involved during the planning phase of the project.
- Not all key management members were requested to sign the SRS nor were they aware of the SDLC requirement for an approved BRD and SRS prior to beginning project design related tasks.
- Due to insufficient time available during development of the REAL ID project, DMV conducted a Joint Application Development meeting in lieu of a formal gap analysis. Meeting minutes documenting decisions made were not available. Gap analysis is required by DMV's SDLC methodology.
- DMV does not generally document meetings that involve important project-related discussions, such as the Go/No Go meetings. The meeting minutes that do exist were not sufficient to support consistent decision-making and accountability. The California Project Management Framework recommends preparing concise and accurate written minutes for each meeting.

Adequate documentation provides a historical record of decisions made, discussions impacting those decisions, and subsequent actions taken. Maintaining these records is critical for significant and complex projects such as the REAL ID because of the large number of people and activities involved. Without sufficient and appropriate documentation, it is unclear whether input from all affected parties were considered when making decisions, what decisions were made, and who the responsible parties were. It is also not clear whether key steps during project development were conducted in accordance with applicable procedures and industry standards.

DMV should develop and implement policies and procedures to ensure ISD abides by all project management requirements set forth by SDLC methodology and other applicable standards, including requiring all stakeholders and key management members document their approval of the BRD, and all gaps identified in the gap analysis are resolved. DMV should also establish a

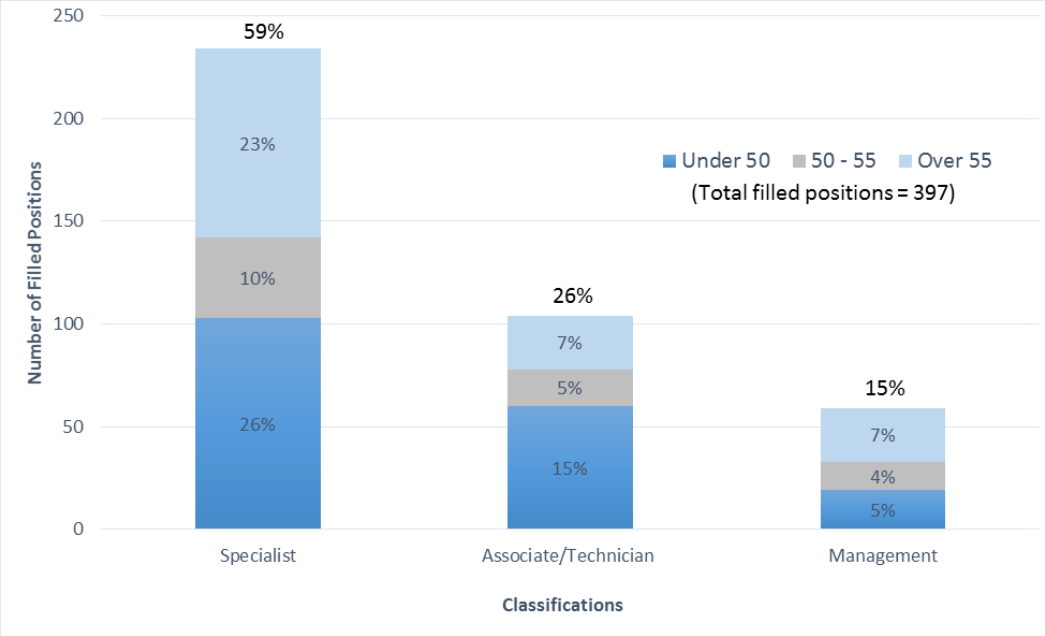
[7] Published by the Project Management Institution (PMI), *A Guide to the Project Management Body of Knowledge* is PMI's flagship publication and is a fundamental resource for effective project management in any industry.

practice to document all meetings involving IT project decision-making, including sufficient details regarding how and what decisions were made and the responsible parties. Meeting minutes should be distributed to all attendees to confirm understanding, decisions reached, and promote accountability.

Finding 2.3: Legacy Computer Programming Language Contributes to Succession Planning Risks

Assembler, a computer programming language created around the 1950s but less commonly used in the IT industry today, is the primary programming language supporting field office computer applications. DMV's use of this programming language has created succession planning risks because of the knowledge and skills needed to maintain the legacy languages, which is further exacerbated by a significant percentage of the ISD workforce approaching retirement age. Figure 2.9 provides an overview of the percentage of ISD management, specialists, technicians, and associates approaching retirement age.

Figure 2.9: ISD Workforce Overview: Employees with IT Responsibilities As of December 2018



Recommendations:

To mitigate DMV's IT succession planning risks, we provide the following recommendations.

2.3.A: Raise the Priority of Transitioning from Legacy Programming Languages

The IT strategic goals include enhancing succession planning and staff development. DMV has recently taken steps towards sustaining its institutional knowledge related to Assembler, including:

- Approving the Back-End Sustainability project in December 2018. The project will transition from Assembler to a newer programming language.
- Sending employees to external training when time and budget allow.
- Hiring retired annuitants to provide Assembler related training to ISD employees.

DMV should raise the priority of transitioning from Assembler to a newer, more commonly used computer programming language, and continue the above existing efforts toward sustaining institutional knowledge related to Assembler until the transition is complete.

2.3.B: Raise the Priority of Succession and Workforce Planning

DMV has identified succession planning risks since as early as 2007, and taken the above steps related to transitioning Assembler knowledge; however, it must do more to proactively address the succession planning challenges facing its IT workforce. In 2007, DMV prepared a Succession and Workforce Plan (SWP) identifying the need to monitor and modify succession and workforce planning on an ongoing basis. After the 2007 SWP was developed, most of the planned actions were not implemented and minimal steps were taken toward addressing this challenge until February 2017, when the California Department of Human Resources (CalHR) prescribed a requirement for state organizations to have a workforce and succession plan and update it on an annual basis. The SWP remained in draft form as of December 2018, and included similar risks from the 2007 plan. These risks were also identified in DMV's 2015 and 2017 State Leadership Accountability Act reports. Succession planning is a requirement included in the job duties of all management members. CalHR's definition of succession planning is described in the text box. DMV should prioritize succession and workforce planning and follow the Succession and Workforce Planning Models on CalHR's website.

> **Succession planning** supports workforce planning by calling attention to internal resources of the department. The process involves identifying and developing current employees with the potential to fill key leadership positions, identifying competency gaps, and developing strategies to address the gaps.
>
> *Source: CalHR Website*

2.3.C: Finalize and Implement the SWP

DMV stated its ability to implement the 2007 SWP action plan was impacted by the 2007-08 recession. Mandatory furloughs at the time also created uncertainties in DMV's ability to estimate workforce needs and DMV had limited resources to implement its action plan. These factors shifted DMV's focus away from succession planning after 2007 and it remained a low priority.

Succession planning could mitigate the risk of losing institutional knowledge related to Assembler, especially when a significant percentage of the ISD workforce is approaching retirement age. The ability to recruit and retain a skilled workforce is essential to supporting field office computer applications and transitioning from Assembler to a newer programming language. If support for these applications is adversely impacted by succession planning risks, DMV customers would be affected by any resulting IT issues.

DMV should finalize and implement their 2018 SWP, including clearly identifying actions needed, responsible parties, and estimated completion dates. The implementation status of the SWP should be evaluated at least annually, and DMV should make adjustments when necessary.

APPENDIX A

DETAILED METHODOLOGIES PERFORMED

In planning the audit, we gained an understanding of DMV's operations and IT systems related to the field office customer experience, by reviewing DMV's strategic plans, interviewing key personnel, and identifying relevant criteria. We conducted a risk assessment, including evaluating whether key internal controls relevant to our audit objectives, such as DMV's general and IT governance structures, methods for collecting and analyzing customer feedback, network systems, and IT project management were properly designed, implemented, and operating effectively. Our assessment included interviewing and observing DMV employees and analyzing relevant documentation and reports. Deficiencies in internal controls identified during our audit and determined to be significant within the context of our audit objectives are included in the results section of this report.

Additionally, we assessed the reliability of data from the Qmatic system, Management Information Retrieval System (MIRS), and DMV Workload Indicators for Budget Estimates report that we considered significant within the context of our audit objectives. We assessed the reliability of this data as it relates to field office wait times, transaction volumes, and employee attendance. We gained an understanding of the relevant modules within the Qmatic and MIRS systems and reviewed information process flows of key system processes. We tested key data for completeness and accuracy. We determined that the data was sufficiently reliable for the purposes of this audit.

Based upon our planning, we developed specific methods for gathering evidence to address the audit objectives. Our methods for addressing each audit objective are detailed in the Table of Methodologies.

Table of Methodologies

Audit Objectives	Methods
Assess the efficiency and effectiveness of DMV's current operations and make recommendations to improve its practices and enhance the field office customer experience.	
Evaluated the steps taken by DMV towards implementing the REAL ID Act.	• Identified relevant statutes and regulations for DMV transactions requiring a field office visit, including the effective dates of each requirement. • Inquired with DMV employees regarding any considerations and proposals for policy changes impacting the frequency of driver license and vehicle registration renewal. • Determined whether DMV has evaluated the viability of modifying statutory and regulatory requirements requiring customers to visit field offices to conduct transactions. • Gained an understanding of DMV's process for planning and implementing the REAL ID program.
Assessed DMV's governance structure and how it support's the department's mission, vision, and goals related to the field office customer experience.	• Obtained an understanding of field office grading classifications, including the criteria used to classify field offices and the frequency grading is reevaluated. • Reviewed policies and procedures regarding regional office operations and their support of field office staffing, operations, and customer service. • Obtained an understanding of regional offices functions and responsibilities. • Analyzed the geographical sizes of DMV's eight regions and the ratio of regional offices to field offices. • Evaluated the communication channels within DMV, including mechanisms for recognizing employee performance and obtaining employee feedback.
Reviewed field office absenteeism rates and their impact on the field office customer experience.	• Obtained an understanding of DMV's processes for budgeting and allocating employee positions to field offices. • Evaluated DMV's approach to calculate and address field office absenteeism and its impact on field office customer capacity. • Evaluated the effectiveness of DMV's use of permanent intermittent employees, loaned employees, and emergency hires in addressing field office operational needs.
Evaluated DMV's practices of offering and honoring field office appointments.	• Obtained an understanding of how regional and field office management determines the quantity of daily appointments offered at field offices, and identified any inconsistencies between regions and field offices. • Compared the functionality of the call center and website appointment reservation system to the description provided by regional and field office management. • Evaluated DMV's planned actions for responding to weaknesses in the appointment reservation process.
Evaluated the effectiveness of DMV's actions towards monitoring the field office customer experience.	• Obtained an understanding of how customer feedback is collected, addressed, and analyzed. Performed information process flows of customer service feedback databases and social media applications. • Obtained an understanding of the functions of the Command Center, including the goals for average appointment and non-appointment field office customer wait times. • Observed Command Center employees monitor statewide wait times and adjust transaction priority of customer tickets.

Audit Objectives	Methods
	• Obtained an understanding of the roles and responsibilities of the Lean Six Sigma Team and its recent projects. • Reviewed DMV's internal audit program to obtain an understanding of the responsibilities of the IAU, focusing on field office or customer service audit objectives
Observed field offices to determine the efficiency and effectiveness of their operations and customer service.	• Conducted 30 unannounced visits to field offices in November and December 2018 throughout California to observe operations from the customer perspective. The offices visited are listed in Appendix B. • Conducted 15 planned visits to field offices in October, November, and December 2018 throughout California to interview field office management and employees and observe operations from the employee perspective. • Determined how consistently service enhancements intended to reduce wait times were implemented within field offices, including: o Employee tablets to assist customers waiting in line. o Offering text messaging as a call back service for customers waiting in line. o Employee line triaging. o Customer queuing and ticketing systems. • Observed Wednesday morning weekly training meetings. • Evaluated alternative service methods such as call centers or SSTs to identify opportunities to reduce the number of customers visiting field offices.
Evaluated the effectiveness of field office employee training practices.	• Obtained an understanding of DMV's approach to training new and existing employees, including cross training employees to conduct multiple types of transactions. • Interviewed field office management and employees regarding weekly training meetings and customer service training, for a non-generalizable sample of 15 field offices. • Reviewed field office employee customer service policies, procedures, and training materials. • Determined whether field office employees receive customer service training and whether that training aligns with DMV's mission, vision, and goals related to customer service.
Evaluate DMV's IT system and its impact on the field office customer experience.	
Assessed DMV's IT governance structure and determined whether it supports the department's mission, vision, and goals related to the field office customer experience.	• Identified information system best practices pertaining to IT governance of governmental entities focusing on customer service, including practices for adapting to changing technology and customer needs. • Obtained an understanding of DMV's IT governance practices, including strategic planning, organizational structure, decision-making, communication, and succession planning. • Consulted with California Department of Technology (CDT) to obtain an understanding of their interagency experiences related to DMV's governance, practices, and processes related to network systems and IT project management. • Evaluated ISD's communication with DMV's Enterprise Risk Management unit.

Audit Objectives	Methods
Determined if DMV's IT network system adequately supports its customer service needs.	• Conducted a high-level review of DMV's WAN infrastructure, focusing on WAN redundancy, availability, and performance, to determine if DMV complied with industry best practices and current WAN technology. • Reviewed DMV's network circuits and size and determined whether adequate network circuits were installed for the field offices. • Reviewed records from DMV's incident tickets tracking system to gain an understanding of incidents and outages field offices experienced since October 2016. • Obtained an understanding of DMV's practices in preventing and responding to system outages. • Reviewed service level agreements between DMV and its service providers and assessed DMV's monitoring of the performance of service providers.
Evaluated the effectiveness of DMVs IT project management.	• Obtained an understanding of DMV's policies and procedures related to IT project management, including the SDLC. • Identified IT best practices pertaining to IT project management of other State of California governmental entities. • Evaluated DMV's IT project management process, including SDLC methodology, against standards established by CDT, the Project Management Institute, and other IT project management governing bodies. • Reviewed project files and other supporting documents to assess the effectiveness of DMV's IT project management, including project oversight, prioritization, resource allocation, and defect management, for the REAL ID IT project.

We applied the following criteria as we performed the above methods (listed in alphabetical order):

- A Guide to the Project Management Body of Knowledge published by PMI
- Best practices of other states' departments of motor vehicles
- Best practices of other State of California government entities
- California Project Management Framework
- California Vehicle Code
- Defined industry best practices in WAN design
- DMV's 2016-2021 Strategic Plan, mission, and vision
- DMV's 2016-2021 IT Strategic Plan
- DMV's EGC charter
- DMV's Incident Management Module Process Standard
- DMV's SDLC methodology
- ITIL standards

APPENDIX B

FIELD OFFICES VISITED

We visited a non-generalizable sample of DMV field offices in fall 2018 and observed operations from the customer perspective. For these 30 offices, we posed as customers, asked employees questions, obtained Qmatic tickets, waited in line, and observed operations at different times of the day. We did not inform the office or DMV ahead of time that we would be visiting, and did not identify ourselves as Finance auditors during the visits.

In addition to our unannounced observations of these offices, we contacted 15 of the 30 offices and made arrangements to observe the field office operations from the employee perspective. During these announced visits, we interviewed managers and employees, observed employees conduct transactions, observed Wednesday morning weekly meetings, learned about how each office manages its flow of customers on a regular basis, and reviewed relevant documentation. The field offices visited are as follows:

#	Field Office	Grade[1]	Announced Visit
1	Carmichael	V	✓
2	Chula Vista	V	✓
3	Culver City	IV	✓
4	Daly City	V	✓
5	El Cajon	V	
6	El Cerrito	IV	
7	Fontana	IV	✓
8	Glendale	V	✓
9	Lancaster	V	
10	Lincoln Park	V	
11	Los Angeles	V	
12	Los Gatos	IV	
13	Modesto	IV	✓
14	Newhall	III	✓
15	Norco	IV	
16	Oakland - Claremont	IV	
17	Oakland - Coliseum	IV	
18	Poway	III	
19	Redwood City	IV	
20	Roseville	III	✓
21	Sacramento - Broadway	V	✓
22	Salinas	III	✓
23	San Diego - Clairemont	V	✓
24	San Diego - Normal Street	V	
25	San Francisco	V	✓
26	San Jose	IV	✓
27	Santa Clara	V	
28	Sonora	II	✓
29	South Sacramento	V	
30	Vallejo	III	

[1] See Recommendation 1.2.A for a description of field office grades.

APPENDIX C

SUMMARY OF RECOMMENDATIONS

Finding	Recommendation
1.1: Significant Deficiencies in Planning and Implementation of REAL ID Program Negatively Impacted the Field Office Customer Experience	
1.1.A: Assign and Maintain Resources for Implementation of Critical Policy Changes	• For the continued implementation of the REAL ID project up to and beyond the October 2020 deadline: o Assign a dedicated team responsible for monitoring program implementation. The leadership, roles, and responsibilities of the team should be clearly defined and communicated. The team should respond to weaknesses and issues in the program as they are identified and ensure compliance with federal and state requirements. o Report to internal and external stakeholders regarding the implementation, weaknesses, and successes of the REAL ID project as deemed necessary. • For future significant projects with the potential for widespread impact on DMV operations: o Develop and align plans for preparing and implementing projects with strategic goals and strategies. o Identify the responsible parties and accountability measures to develop and monitor key project milestones, including communication with internal and external stakeholders.
1.1.B: Improve Collaboration and Prioritization Process for Significant IT Projects	• See Recommendation 2.2.A
1.1.C: Evaluate Additional Policy Changes to Alleviate Demand on Field Offices	• Evaluate the potential for adjustments to policy and regulation to better align DMV policies and procedures with the demands of its customers, such as adjusting the frequency customers are required to seek DMV services.
1.2: Organizational and Reporting Structure is Outdated and Does Not Reflect Current Operational Needs	
1.2.A: Conduct a System-Wide Assessment of Field Office Grading and Evaluate the Need for Additional Regional Offices	• Perform a system-wide analysis of field office grading, readjust grades as appropriate, and evaluate the impact of any adjustments on field office resources and policies. The analysis should also consider the ratio and location of regional offices assigned to field offices. • Evaluate the equitable distribution of field offices within the regions. • Evaluate the feasibility of increasing the number of regional offices or creating intermediate offices between regional and field offices. Creating additional offices could consist of physical, virtual, or mobile offices that rotate between field offices. The location of offices should consider the distance to field offices. • Evaluate the cost of creating, maintaining, staffing, and supporting any additional offices.

Finding	Recommendation
1.2.B: Refocus the Regional Office Roles, Responsibilities, and Support of Field Offices	• Reevaluate DMV service models to identify opportunities to implement consistent policies and procedures at all field offices. • Reduce the administrative burdens, including the number of required reports, placed on field offices by reallocating responsibilities to regional offices. • Evaluate the value, timing, and frequency of administrative tasks and required reports and make adjustments to limit any impact on customer service. • Determine, document, and communicate the roles, responsibilities, reporting structure, and policies and procedures for all regional, field, and any intermediate offices.
1.2.C: Establish Effective Communication Channels Between Executive Management and Field Office Employees	• Consider moving the date of the Director's meeting to Monday mornings with communication to field office managers no later than Tuesday mornings, to provide sufficient preparation time for weekly meetings. • Consider communicating Wednesday morning training meeting information to field office employees via alternative methods, such as email, intranet postings, or video messages. Ensure the information is accessible by all employees.
1.3: Budgeting and Staffing Approach is Not Focused On Maximizing Field Office Capacity	
1.3.A: Maximize the Number of Open Field Office Windows Serving Customers	• Design weekly field office employee schedules to ensure all field office windows are open and serving customers during business hours. Allow for flexibility in the schedule to account for unexpected employee absences and assign employees to cover windows during lunch and rest break periods. • Evaluate the possibility of extending business hours to increase field office capacity. In lieu of requiring employees work overtime to address extended business hours, consider offering additional alternative work week schedules or part time positions. Extending business hours may depend on field office demographics and customer needs. If business hours are extended, the weekly employee schedule should stagger the start and end time of shifts to ensure all windows are staffed during business hours. • Evaluate the staffing levels, size, and physical layout of field offices to accommodate more service windows to further increase field office capacity.
1.3.B: Improve Absenteeism Tracking and Analysis to Maximize Resource Allocation	• Continue researching and refining the system for analyzing and calculating field office absenteeism. Absenteeism statistics should be reliable and consistently identified, regardless of the field office location. • Use absenteeism data to analyze trends in field office absenteeism and develop actionable solutions to respond to or reduce absenteeism to an acceptable level. For example, consider adjusting vacation approval policies or reducing overtime as a means to reducing the number of employees who are unexpectedly absent from work.

Finding	Recommendation
1.3.C: Refine Collection and Analysis of Data for Resource Allocation Process	• Utilize the following factors when allocating additional field office positions: o Transactional data to project the timing and quantity of customers likely to visit field offices, i.e., the customer's third driver license renewal or annual vehicle registration renewal. o Calculations of historical transaction volumes compared to historical wait time statistics. o Comparisons of projected transaction demands resulting from policy changes on current field office window capacity. o Considerations of how absenteeism trends impact the number of employees needed to handle demand. o Evaluations of the above data conducted for each regional and field office.
1.4: Appointment Practices Need Improvement	
1.4.A: Standardize Appointment Availability Across Regions and Customize if Needed	• Analyze the appointment system including the optimal ratio of appointment to non-appointment transactions processed at field offices. The analysis should ultimately provide actionable information so field offices can customize the number and type of appointments available to best serve the customer base of each field office, and the frequency that appointments are made available for reservation. • Use tools such as transaction statistics, wait times, and no-show percentages to adjust the appointment ratio as needed to respond to customer demand.
1.4.B: Strengthen the Appointment System to Enhance Appointment Availability	• In addition to name and phone number, require unique identifiers when reserving appointments, such as driver license or vehicle identification numbers. • Require customers to positively identify when checking in at the field office that they were the one who reserved the appointment.
1.5: Monitoring of the Field Office Customer Experience Needs Improvement	
1.5.A: Continue Performing Centralized Analysis of Customer Feedback	• Continue analyzing customer feedback and recognizing and coaching employees on successes and opportunities related to the feedback received. • Consider expanding the analysis of feedback to identify statewide opportunities for efficiencies, employee training, and operational enhancements.
1.5.B: Reevaluate Command Center Functions and Customer Priority Adjustments	• Replace the practice of subjective adjustments to field office customer priority with a long-term, equitable solution. Use the Lean Six Sigma Team to examine possible alternatives for this practice, such as designating field office windows as appointment only or non-appointment windows. Pilot alternatives to ensure they are effective and make adjustments based on pilot program results prior to implementing in all field offices. • Reevaluate the duplication of efforts involved in monitoring Qmatic at the Command Center, and regional and field offices. • Use the Command Center to gather and analyze data on state-wide wait times and appointment usage, and prepare reports for management's use based on this information. • Evaluate whether the Command Center can replace any of the reporting responsibilities of field offices, as discussed in Recommendation 1.2B.

Finding	Recommendation
1.5.C: Increase Usage of Lean Six Sigma Team to Proactively Address Customer Experience Issues	• Support and empower the Lean Six Sigma Team to proactively identify opportunities for reduction of waste and variation in DMV processes. The team should be cross functional, i.e. composed of employees from all levels of DMV to identify problems, find opportunities for improvement, and develop out-of-the box solutions. • Incorporate the team into planning significant projects. • Educate division management regarding the capabilities of the team so they are more likely to rely on their skills and abilities when planning projects. • Establish a mechanism for divisions to request services from the team.
1.5.D: Conduct Internal Audits of the Field Office Customer Experience	• Update IAU's responsibilities and audit program to include audits of the customer experience. • Regularly conduct audits of the field office customer experience, including Lean Six Sigma Team process improvements, and provide actionable recommendations. • Develop a schedule to conduct field office audits to ensure timely, adequate coverage of offices. • Use customer service feedback data to prioritize offices to visit and subjects to audit.
1.6: Enhancements to Field Office Customer Service were Inconsistently Implemented and Additional Opportunities for Improvement Exist	
1.6.A: Employees Should Triage Waiting Customers and Be More Easily Identifiable	• Ensure all field offices consistently dedicate employees to triage customers in the pre-queue lines, including educating customers of DMV's accepted forms of payment. • Evaluate the feasibility of accepting credit cards as a form of payment in field offices. • Evaluate field office layouts and signage to ensure information is visible, understandable, and helpful in directing customers. Make sure signage clearly states line types and accepted forms of payment. • Signage should be visible to customers inside the building and those waiting in lines outside of the building. • Assist customers in quickly and consistently identifying field office employees by providing employees with a designated shirt, dress code, or other garment, such as a vest, identifying them as a DMV employee.
1.6.B: Accurately Track and Advertise Customer Wait Times	• Ensure field offices consistently measure its pre-queue wait times to accurately report data to the regional office. • Assign customers a Qmatic ticket number as soon as possible upon arrival to a field office so wait times can be more accurately tracked and reported. • Advertise wait times by appointment, non-appointment, and transaction type on the DMV website.
1.6.C: Use Tablets to Assist Customers While They Wait	• Ensure employees responsible for triaging lines use tablets to assist customers while they wait and assign Qmatic ticket numbers. • Train employees on how to use tablets effectively to assist customers. • If problems arise with tablets, troubleshoot and timely resolve the issue rather than abandoning use of the tablets.

Finding	Recommendation
1.6.D: Offer Text Message Notifications to Customers	• Offer all customers text message notifications upon assigning their Qmatic ticket number.
1.6.E: Expand and Advertise Alternatives to Obtaining Service in Field Offices	• Increase the quantity and locations of SSTs and expand their transaction capabilities to provide more DMV services to customers. • Increase the transaction capabilities of call center representatives, including the ability to accept payments over the phone, to provide another alternative to customers who otherwise could visit a field office. • Reassess DMV's customer delivery practices to gain an understanding of customer expectations and needs to develop alternative service delivery options. • Research different service delivery options offered by other state department of motor vehicles and evaluate their applicability for California. • Assess the risks, costs, and resource needs of possible alternatives. • Conduct pilot programs as necessary to analyze the impact of these alternatives on the customer experience. • Educate customers on any new service options to be implemented.
1.6.F: Implement a Consistent Transaction Error Resolution Process	• Develop policies and procedures, for field offices for transaction errors, i.e., holdouts, to ensure these transactions are accurately and timely identified, addressed, and resolved. • Consult with ISD whether certain transaction holdouts can be prevented, detected, or resolved by an IT process during the customer transactions. • Provide training to field office employees regarding the newly developed policies and procedures. • Ensure policies and procedures are consistently implemented. • Include in IAU's audit program steps to verify compliance with these policies and procedures.
1.7: Field Office Employee Development Resources are Inadequate	
1.7.A: Timely Provide Comprehensive Training to New Hires	• Timely send new field office employees to training i.e., before they are expected to assist customers. • Develop a comprehensive training plan for employees that aligns with DMV's strategic goals. The plan should have required core subjects, including customer service, with clear timeframes for completion. There should be separate tracks for driver license and vehicle registration so that field office managers can maintain an appropriate mix of specialized and cross-trained employees to suit their field office's needs. • Allow employees to attend refresher training as needed.
1.7.B: Fully Implement The Four Promises Customer Service Training	• Ensure all DMV employees are adequately trained in and implement The Four Promises customer service model.
1.7.C: Expand Training Opportunities Beyond Wednesday Morning Weekly Training	• Increase the amount of training time available outside of the Wednesday morning training meetings to ensure employees become familiar with significant new processes including changes to software or equipment. • Provide employees the opportunity to perform new processes in a test environment before assisting customers.

Finding	Recommendation
1.7.D: Update Employee Reference Materials So They Are Comprehensive, Intuitive, and Regularly Updated	• Timely update reference materials when changes are verbally communicated at weekly meetings. • Evaluate the organization of reference material on the DMV intranet so that employees can quickly locate policies, procedures, and manuals when needed.
1.7.E: Reevaluate Training Branch Resources	• Reevaluate resources allocated to the Training Branch as staffing levels change to ensure that technical and customer service training can be consistently and timely provided to field office employees.
2.1: Insufficient Network System Infrastructure and Lack of Monitoring Processes Contributed to Field Office Outages, Impacting Customers' Ability to Obtain DMV Services	
2.1.A: Assess the Adequacy of Circuit Sizes Supporting Field Offices and Address Deficiencies	• Assess circuit size capacity at least annually to ensure it adequately supports field office operations. The assessment should consider, at a minimum, the expected number of field office transactions and significant policy and IT changes that may impact operations. • Identify alternatives for circuit redundancy by researching IT industry standards and best practices, and performing an analysis to determine the resources needed to address field office network infrastructure requirements.
2.1.B: Proactively Monitor Network Performance to Identify and Prepare for Potential Outages	• Configure SolarWinds to produce warning history reports. Analyze these reports weekly to enable timely identification of potential network performance issues. • Develop a routine process to review and analyze circuit utilization reports. Compare the circuit usage to the established benchmark, contact field offices to determine the need for circuit size increases, and take appropriate actions based on this analysis. • Assign technical experts or a special taskforce to fully develop the Remedy system problem management function. Establish a monthly process to analyze incident history and identify areas of improvement to enhance customer experience in the field offices.
2.1.C: Enhance the Incident Ticket Process to Consistently Prioritize and Timely Resolve Field Office IT Issues	• Develop objective scoring criteria with specific performance metrics to ensure priorities are consistently assigned to all incident tickets. • Provide training to relevant employees to confirm understanding of policies, procedures, and requirements related to incident tickets. The training should be mandatory upon the employee's appointment, and then annual or biennial refresher training should be offered. • Reinforce Incident Management Module Process Standard to ensure all incident tickets are resolved within the required 30 days. This should include clearly communicating the policy and expectations to all responsible parties, promptly resolving outstanding tickets identified on the weekly 30/60/90 Review report, and holding employees accountable for resolution of their assigned tickets. • Enhance the 30/60/90 Review policy to include detailed review procedures, such as the timeliness of management review of the report, the mechanism to distribute open tickets and track resolution, and the assigned responsible employees. • Use the tools in Remedy to analyze tickets and generate reports on outage frequency, causes, and resolutions.

Finding	Recommendation
2.2: Project Prioritization, Management, Testing, and Documentation Practices Need Improvement	
2.2.A: Review the Project Prioritization Process and Follow Accepted Scoring and Ranking Templates	• Develop and implement a systematic scoring system to make objective and consistent IT project prioritization decisions. This scoring system should align score criticality with DMV's business objectives and strategic goals, and designate projects with legislative deadlines as a high priority. • Refine existing project scoring and ranking templates to align with the systematic scoring system, and require all relevant divisions to use the templates when submitting IT requests. • Ensure EGC makes prioritization recommendations following the systematic scoring system before referring to the Directorate for final decision-making.
2.2.B: Resolve Critical, Serious, and Moderate Defects Prior to Project Launch	• Define defect severity levels with objective and specific performance measures for consistent defect categorization. • Improve communication with relevant divisions to ensure thorough understanding by all parties of project business requirements and to help ensure sound, timely decisions are made on defect management. The testing expectations should also be clearly documented in the BRD and communicated to the testing team. • Ensure all defects, especially critical, serious, and moderate defects, are resolved prior to project release. If all defects cannot be resolved prior to project release, ISD should proactively work with the business unit to resolve all outstanding defects within a reasonable timeframe to minimize the impact on the customer experience in field offices.
2.2.C: Complete All Required Tests Before Launching IT Projects	• Designate responsible employees, such as project managers, to ensure all required steps in the SDLC are performed before the project is released.
2.2.D: Sufficiently Document Approval and Completion of Key Project Components	• Develop and implement policies and procedures to ensure ISD abides by all project management requirements set forth by SDLC methodology and other applicable standards, including requiring all stakeholders and key management members document their approval of the BRD, and all gaps identified in the gap analysis are resolved. • Establish a practice to document all meetings involving IT project decision-making, including sufficient details regarding how and what decisions were made and the responsible parties. Distribute meeting minutes to all attendees to confirm understanding, decisions reached, and promote accountability.
2.3: Legacy Computer Programming Language Contributes to Succession Planning Risks	
2.3.A: Raise the Priority of Transition from Legacy Programming Languages	• Prioritize transitioning from Assembler to a newer, more commonly used computer programming language. Continue existing efforts toward sustaining institutional knowledge related to Assembler until the transition is complete.
2.3.B: Raise the Priority of Succession and Workforce Planning	• Prioritize succession and workforce planning and follow the Succession Planning and Workforce Planning Models on CalHR's website.
2.3.C: Finalize and Implement the SWP	• Finalize and implement DMV's 2018 SWP. Clearly identify actions needed, responsible parties, and estimated completion dates. • Evaluate implementation status at least annually and make adjustments when necessary.

FAST FACTS ABOUT FEDERAL REAL ID

Driver Licenses and Identification Cards

What is the REAL ID Act?

Beginning October 1, 2020, the federal government will require your driver license or identification card to be REAL ID compliant if you wish to use it as identification to board a domestic flight or enter secure federal facilities that require identification. The California DMV now offers federal compliant REAL ID driver licenses or identification cards.

Do I Need a REAL ID Driver License or Identification Card?

Starting October 1, 2020, you will need to show a REAL ID driver license or identification card or other federally approved identification (passport, military ID) at TSA airport checkpoints nationwide or to visit secure federal facilities.

NOTE: Check the TSA website for a complete list of approved identification: https://www.tsa.gov/travel/security-screening/identification

You do not need a REAL ID card if...

- you know you will not be boarding a domestic flight or visiting a secure federal facility, such as a military base
- OR will use other approved documents as identification.

If you don't choose a REAL ID card, you will receive a Federal Non-Compliant Card with the phrase "Federal Limits Apply." Those under 18 are not required to have a REAL ID card to fly.

What Does a REAL ID Card Look Like?

A REAL ID driver license and identification card has a in the top right corner.

Federal requirements go into effect 10/1/2020

If I Don't apply for a REAL ID, Which Card Will I Receive?

You will receive a Federal Non-Compliant driver license or identification card with the phrase "Federal Limits Apply."

Who is Eligible for a REAL ID Driver License or Identification Card?

U.S. citizens and all legal residents of the United States can apply for a REAL ID driver license or identification card.

DL 1010 (REV. 2/2019)

How to Get a REAL ID:

In order to get a REAL ID you must go to a DMV office and bring proof of:

1. **Identity** (One document)
2. **Social Security number** (One document)
3. **California residency** (Two different documents) Beginning April 2019

NOTE: Name change document is required if the name on your identity document is different than your current legal name.

PLAN AHEAD!

- An office visit is required
- Complete the online driver license/ID card application before you go
- Bring applicable fees

Find more information about REAL ID, an interactive document checklist, and answers to FAQ at **REALID.dmv.ca.gov**

STATE OF CALIFORNIA DMV DRIVING CHANGE... DEPARTMENT OF MOTOR VEHICLES

Source: DMV, https://www.dmv.ca.gov

ACRONYMS AND DEFINITIONS

Acronym	Definition
30/60/90 Review	30/60/90 Day Review Process Established for IT Incident Tickets
ATP	Authorized Third Parties
BRD	Business Requirements Document
CalHR	California Department of Human Resources
CDT	California Department of Technology
DHS	United States Department of Homeland Security
DMV	California Department of Motor Vehicles
DMVA	Motor Vehicle Automation IT Program
EASE	Enterprise Applications System Environment
EGC	Enterprise Governance Council
FES	Front-End Sustainability
Finance	California Department of Finance
FOD	Field Operations Division
IAU	Internal Audit Unit
ISD	Information Systems Division
IT	Information Technology
ITIL	Information Technology Infrastructure Library
LOD	Licensing Operations Division
MIRS	Management Information Retrieval System
PMI	Project Management Institution
SDLC	System Development Life Cycle
SRS	System Requirements Specifications
SSTs	DMV Now Self-Service Terminals
SWP	Succession and Workforce Plan
WAN	Wide Area Network

CALIFORNIA STATE TRANSPORTATION AGENCY
GAVIN NEWSOM, *Governor*

OFFICE OF THE DIRECTOR
DEPARTMENT OF MOTOR VEHICLES
P.O. BOX 932328
SACRAMENTO, CA 94232-3280

March 19, 2019

Cheryl L. McCormick, CPA, Assistant Chief
Office of State Audits and Evaluations
California Department of Finance
915 L Street, 6th Floor
Sacramento, CA 95814

Dear Ms. McCormick:

The Department of Motor Vehicles (DMV) is providing a response to the California Department of Finance (DOF) Office of State Audits and Evaluations' (OSAE) draft audit report titled "California Department of Motor Vehicles Performance Audit" (Report No: 19-2740-032), issued on March 5, 2019.

At the direction of Governor Brown, the DOF-OSAE conducted a performance audit of the DMV. The audit objectives were:

1. Assess the efficiency and effectiveness of DMV's current operations and make recommendations to improve its practices and enhance the field office customer experience.

2. Evaluate DMV's information technology (IT) system and its impact on the field office customer experience.

DMV agrees with the DOF-OSAE findings, and is committed to reengineering business practices and reducing wait times to enhance the customer experience. DMV is already taking, or is planning on taking, action to address the findings and recommendations. These efforts include but are not limited to the following:

- Expanding self-service capabilities to provide more options for our customers as alternatives to visiting field offices.
- Selecting a vendor through the State's request for offer process to transform the DMV customer experience; in particular, as it relates to the implementation of REAL ID.

- Developing guidelines to ensure statewide consistency in operations pertaining to customer flow, appointment system utilization, and customer wait time reporting.
- Developing an enterprise-wide IT governance structure and project management system.
- Improving network system infrastructure and increasing monitoring to reduce outages.
- Developing a learning management system to enhance and expand training capability, promote knowledge transfer, and minimize succession planning risks.
- Exploring innovative methods to leverage technology including state partnerships to address infrastructure needs.
- Improving project management, testing, and documentation practices.

DMV will address the specific recommendations in a corrective action plan to be issued to DOF-OSAE. Further, DMV is working with DOF on a Spring Finance Letter that will request funding, where needed, to implement several of these recommendations. If you have questions or concerns, please contact David Saika, Business Management Branch Chief, at (916) 657-6974 or by email sent to David.Saika@dmv.ca.gov.

Sincerely,

Original signed by:

KATHLEEN K. WEBB
Acting Director

cc: Keely Martin Bosler, Director, California Department of Finance
Brian Annis, Secretary, California State Transportation Agency
Michael Tritz, Deputy Secretary, California State Transportation Agency
Bernard Soriano, Deputy Director, Enterprise Risk Management, DMV
Rico Rubiono, Deputy Director, Information Systems Division, DMV
Coleen Solomon, Deputy Director, Field Operations Division, DMV