



Minnesota Licensing and Registration System (MNLARS)

2017
Preliminary Review

OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

State of Minnesota Office of the Legislative Auditor

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June 2017

Members of the Legislative Audit Commission:

The Minnesota Licensing and Registration System (MNLARS) is an information system being developed to manage the state's vehicle and driver services transactions. The system is currently being developed by the Department of Public Safety's Driver and Vehicle Services (DVS) division and Minnesota IT Services (MNIT).

In response to a legislative request, we conducted a preliminary review of MNLARS, primarily focused on management and security controls that should be in place when developing a large information system.

We concluded that the management and security controls DVS and MNIT are currently developing and implementing for MNLARS appear to be adequate. However, we recommend that DVS and MNIT provide more specific information regarding MNLARS development and implementation, particularly related to project timelines.

Finally, we note that we cannot determine whether MNLARS will fulfill its intended objectives until after the system has been fully functioning for a period of time.

This preliminary review was conducted by Michael Anderson, CPA, CISA (Information Technology Audit Director), Michael Fenton, CISA (Information Technology Audit Coordinator), and Jodi Rodriguez (Senior Program Evaluator). The Department of Public Safety and Minnesota IT Services cooperated fully with our review, and we thank them for their assistance.

Sincerely,

James Nobles
Legislative Auditor

Judy Randall
Deputy Legislative Auditor



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Minnesota Licensing and Registration System (MNLARS)

The Minnesota Licensing and Registration System (MNLARS) is a web-based information system being developed by the State of Minnesota to manage millions of vehicle and driver services transactions. The Minnesota Department of Public Safety's Driver and Vehicle Services (DVS) division and Minnesota IT Services (MNIT) are jointly responsible for developing MNLARS.

In response to a recent legislative request, the Office of the Legislative Auditor (OLA) conducted a preliminary review of MNLARS.

- **Legislators asked OLA to conduct this review because of long-standing concerns about the status of MNLARS' development.**

Given our obligation to other assignments, our review was limited; we did not conduct a full evaluation.

We focused primarily on reviewing the management and security controls that should be in place for the development and implementation of a system like MNLARS, which will perform complex and important public functions for a wide range of users.

Based on our limited review, we concluded:

- **The management and security controls DVS and MNIT are currently developing and implementing for MNLARS appear to be adequate.**

However, we confirmed that:

- **Long delays in the development process and vague communication, particularly about timelines, have eroded confidence in the project.**

Finally, we emphasize that based on our limited review:

- **We cannot determine whether MNLARS will fulfill its intended objectives, effectively serve the public, or meet the expectations of other stakeholders. That determination can only be made after MNLARS has been fully functioning for a reasonable period of time, and state officials still do not have a set timeline for when MNLARS will be fully developed and deployed.**

Overview

DVS provides a variety of services to a large number of Minnesotans. These services are separated into two principal categories: vehicle services and driver services. Vehicle

Examples of DVS Services

Vehicle Services:

Vehicle Titles

Vehicle Registrations

Vehicle Permits

Driver Services:

Driver's Licenses

Driver's Permits

Identification Cards

services include processing and issuing vehicle titles, registrations, and permits. For example, if you own a car, you typically must renew the vehicle registration each year by completing and submitting forms, paying fees, and placing a new sticker on your license plate. That process falls under the purview of vehicle services. Driver services include administering driver's license exams

and issuing driver's license cards and identification cards. When you renew your driver's license, you are using a driver service. In calendar year 2015, DVS issued 1.5 million vehicle titles, 4.7 million vehicle registrations, and 1.5 million driver's licenses, among its many other duties. For each of these types of services, there are a number of complicating factors. For example, DVS issues over 280 types of license plates, with more than 1,100 associated fees.

DVS and MNIT are building MNLARS to handle driver and vehicle services transactions and to replace an aging information system with numerous weaknesses. DVS currently uses a combination of paper documents; a mainframe information system that is more than 30 years old; and a web-based system to conduct transactions, manage data, and store information about the services it provides.

The Office of the Legislative Auditor reported on security concerns related to the existing web-based vehicle registration renewal system in 2001 and 2005.¹ In 2007, the Office of Enterprise Technology (the predecessor to MNIT) recommended a complete redesign of DVS processes and information systems due to the weaknesses it identified.² DVS expects MNLARS to address these weaknesses and improve service to DVS customers.

System Users

DVS provides vehicle and driver services in conjunction with both public and private partners.

The Department of Public Safety's Driver and Vehicle Services (DVS) division, deputy registrars, and driver's license agents will be the primary users of MNLARS.

¹ Office of the Legislative Auditor, Financial Audit Division, *Department of Public Safety, Web-based Motor Vehicle Registration Renewal System As of April 2001* (St. Paul, August 17, 2001), 1; and Office of the Legislative Auditor, Financial Audit Division, *Department of Public Safety, Security Audit: Web-based Motor Vehicle Registration Renewal System* (St. Paul, April 19, 2005), 1.

² Office of Enterprise Technology, State of Minnesota, *Department of Public Safety – Driver and Vehicle Services Systems Readiness Analysis* (St. Paul, March 29, 2007), 2.

State law designates the commissioner of public safety as the registrar—or record-keeper—for vehicles in Minnesota.³ The commissioner, through DVS, is required to perform certain services, such as issuing vehicle titles and conducting exams for driver's licenses.⁴ Other services may be performed by designated partners. The commissioner may appoint deputy registrars throughout the state to provide certain vehicle services, such as renewing vehicle registrations.⁵ Deputy registrars can be part of county or city government, or they can be private corporations. The commissioner may also appoint driver's license agents to provide specified driver services, such as accepting applications for driver's licenses.⁶ Driver's license agents may also be part of local government or they can be private contractors. Deputy registrars and driver's license agents, along with DVS, will be the most frequent MNLARS users.

In addition to these service providers, licensed auto dealerships may facilitate certain vehicle transactions for their customers.⁷ For example, auto dealers are authorized to help customers obtain vehicle titles, registration stickers, license plates, and permits.⁸ Dealers may initiate vehicle transactions, and in some cases provide license plates and registration stickers to customers, but paperwork must be transferred to a deputy registrar office for completion. Dealers will also be frequent MNLARS users.

Beyond those businesses that provide direct vehicle and driver services, DVS has identified nearly 80 situations in which public and private entities can access DVS-maintained data for a specific purpose. For example, tow companies can access vehicle data to notify owners and lien holders when their cars have been impounded, public entities can access vehicle owner information to issue and collect parking fines, and law enforcement officers can access vehicle and driver information for investigations. All vehicle and driver information will reside on MNLARS, so these public and private entities will also need access to the system.

DVS keeps system users informed about the progress of the MNLARS project in a variety of ways. The department formed two deputy registrar committees that meet monthly with DVS officials to discuss MNLARS implementation, offer feedback about the system, and develop communication strategies. In addition, DVS regularly meets with the Minnesota Deputy Registrar Association's board of directors and sends e-mail communications to all members. MNLARS hired one deputy registrar to work as a business expert with technical development teams. That person provides the technical teams with feedback on different aspects of the system as they are being built. DVS also meets regularly with auto dealer associations and sends MNLARS updates to dealerships through e-mail and mail.

³ *Minnesota Statutes* 2016, 168.33, subd. 1.

⁴ *Minnesota Statutes* 2016, 168A.05, subd. 1, and 171.13, subd. 1.

⁵ *Minnesota Statutes* 2016, 168.33, subd. 2.

⁶ *Minnesota Statutes* 2016, 171.061. County boards may also appoint driver's license agents with the approval of the commissioner.

⁷ DVS licenses and regulates dealerships. *Minnesota Statutes* 2016, 168.27, subds. 11 and 27.

⁸ *Minnesota Statutes* 2016, 168A.05, subd. 5(2); 168.091, subd. 2; 168.092, subd. 2; and 168.27, subd. 28.

Project History

DVS began working on MNLARS in 2008, when the Minnesota Legislature first approved funding to replace the state's licensing and registration systems.⁹

During its nearly nine-year history, the MNLARS project has had numerous delays.

DVS spent nearly four years conducting research and securing a vendor to build the system. The department published a request for proposals from vendors interested in building the system in May 2010. But, the negotiations process lasted 16 months when DVS could not reach an agreement with its first-choice vendor and had to pursue negotiations with another. DVS eventually signed a contract with Hewlett-Packard State and Local Enterprise Services in April 2012 to develop MNLARS, as shown in Exhibit 1.

Exhibit 1: MNLARS Timeline



SOURCE: Office of the Legislative Auditor.

Hewlett-Packard and DVS developed a four-year timeline to roll out the new system, but DVS severed its relationship with the vendor before MNLARS was completed. In fact, Hewlett-Packard had not finished implementing the first of four phases of development when DVS terminated the contract in 2014, although DVS and Hewlett-Packard had stated the first phase would roll out in summer 2013. In July 2014, DVS sent a letter of intent to terminate its contract with Hewlett-Packard. The letter cited the company's inability to meet deadlines and poor quality of work among its primary reasons.

To date, only the first phase of Hewlett-Packard's rollout has been completed and is in use. Implementation started in March 2014 and was completed in September 2014. This first rollout has required several fixes and has a narrow focus. It allows deputy registrars to

⁹ *Laws of Minnesota* 2008, chapter 363, art. 11, secs. 6 and 7.

process transactions for eight types of permits, such as the 31-day temporary vehicle permit that allows non-Minnesota residents to buy cars in Minnesota and transport them to another state without a license plate. It does not include the 21-day permit supplied to resident buyers as they wait for license plates and registration stickers. A DVS official told us Hewlett-Packard wanted to start with a function that was not widely used in order to quickly get part of the system successfully implemented.

After terminating its contract with Hewlett-Packard in August 2014, DVS partnered with MNIT to develop MNLARS and decided to re-assess priorities and management strategies. Because of related statutory changes, DVS and MNIT chose to first develop the vehicle services components of the system. In 2013 the Legislature had passed a law allowing counties to offer variable wheelage taxes beginning January 1, 2018.¹⁰ Officials wanted to ensure that MNLARS could process these variable taxes by the time the law went into effect.

Once DVS and MNIT officials decided to begin development of the system for vehicle services, they determined which services were essential and prioritized those for rollout in the first phase of the project. Department officials told us they wanted to focus on the core functions that DVS is required to provide, and include additional functions later. DVS officials told us that business staff used their experience and DVS transaction data to determine which functions to include in the first rollout. In addition, technical staff had to determine which segments of the old information system could be shut down without affecting other segments.

DVS and MNIT rolled out a “read-only” version of MNLARS, as scheduled, in October 2016. This version (the first built under the DVS-MNIT partnership) created the basic infrastructure for the MNLARS system and allows some government and private entities to search for motor vehicle information. The next MNLARS phase, expected to be released in summer 2017, will allow users to process standard vehicle titles, vehicle registrations, and vehicle registration renewals, among other functions. As part of this rollout phase, MNLARS staff also developed the online environment for the system. For example, developers established identity access management—a system for ensuring MNLARS users can only access data and functions they have the authority to use—and a mechanism for accepting payments.

Two functions that are currently available—expedited titles and electronic vehicle title registration—are not included in the next MNLARS rollout phase. These two functions are of particular interest to deputy registrars and auto dealers. However, our analysis of DVS data confirmed that these two functions comprised a small share of total vehicle transactions in Fiscal Year 2014.¹¹ DVS is required to offer expedited services, and an official told us the department may continue to offer them in a limited, paper form.¹² Electronic vehicle titling and registration is an optional service. While this service will not be available in the next MNLARS rollout, DVS officials told us they are working on developing that function.¹³

¹⁰ *Laws of Minnesota* 2013, chapter 117, art. 3, sec. 4. A wheelage tax is a fee that Minnesota counties can choose to add to annual registration fees for cars and trucks. Counties must use revenue from the tax on transportation projects, such as road maintenance.

¹¹ While electronic vehicle title registrations comprised only 1 percent of all vehicle transactions processed by DVS in Fiscal Year 2014, they accounted for 31 percent of the title transactions for *new* vehicles. Expedited titles accounted for 4 percent of all title transactions.

¹² *Minnesota Statutes* 2016, 168.326. Customers may pay a \$20 service fee to receive a driver’s license, driving instruction permit, identification card, or vehicle title within three business days. However, DVS is allowed to decline the request for an expedited service if it is unable to fulfill the request.

¹³ *Minnesota Statutes* 2016, 168.33, subd. 8a.

Project Management

Two fundamentally different project management approaches have been used to build MNLARS. When Hewlett-Packard started building the system, it used a “waterfall” approach. In a waterfall approach, staff determine the requirements for the system, the technical team builds the system, and the client sees the system when it is done. Work must be done in a step-by-step order, and changes are difficult to incorporate. In 2014, Hewlett-Packard introduced an “Agile” approach to MNLARS development, and DVS and MNIT decided to adopt a similar approach when they assumed responsibility for systems development. The Agile approach is different from the waterfall approach: requirements are determined and re-prioritized throughout development with regular input from the client (in this case, DVS), and the final product is developed in increments, making it easier to incorporate changes.

For example, in a waterfall approach, the business and technical experts would determine what is needed to issue a new vehicle title. Technical teams would develop the entire titling system, and then present the final product to DVS when it was finished. If it did not meet the division’s expectations, it would be difficult to change the system. In the Agile approach, business experts at DVS would see the vehicle titling system throughout development and have the opportunity to provide feedback. Technical experts could adjust the system as they were building it to meet the division’s expectations.

Under the Agile approach, DVS management decides on high-level objectives, while multi-disciplinary teams of technical and business experts have flexibility to prioritize smaller pieces of work within the objective. Teams plan their work in ten-week segments, called “program increments.” The teams meet on a daily basis to share their progress, report on any problems within their team, and adjust the focus of their resources, if necessary. In addition, development team representatives meet weekly with the project management team to present their progress, discuss difficulties they encountered or errors they discovered with the coding or testing aspects of the project, and allow project managers to realign the resources available within the project teams. Teams maintain a high level of communication to ensure that related functions will meet DVS’s expectations and work together as planned.

Seven teams currently work on MNLARS development. These teams include business experts from DVS, developers, and software architects. During the current ten-week cycle, the seven teams are working on electronic vehicle titling and registration, fixing problems with the first MNLARS functions developed, maintaining the legacy systems, converting data into the new system, building the infrastructure for the new system, and developing system components related to driver services.

DVS and MNIT have not established a specific implementation schedule for MNLARS.

DVS and MNIT officials told us they will need to finish the entire system rollout in 2018, but they do not have a set timeline for when each phase of development will be available to users. The first phase, vehicle services, was supposed to be in use by March 2017, but in May 2017, deputy registrars were still using the legacy systems. On April 24, 2017, DVS began providing training to deputy registrars on how to process vehicle transactions in MNLARS. The first phase of training will last two weeks, followed by an “adoption phase”

that will last at least ten weeks. During the adoption phase, deputy registrar staff will continue to use the legacy systems to perform work, but they will have access to the MNLARS system in a training environment, so they can practice performing transactions. A DVS official told us there is no fixed date, but the department hopes to roll out the vehicle services portion of MNLARS by the end of July 2017.

Once the vehicle services portion of MNLARS has been deployed, DVS and MNIT plan to implement the driver services functions. These functions will be rolled out in three phases: (1) receiving and processing driver's license applications, (2) issuing driver's licenses, and (3) managing driving privileges related to health conditions and other special circumstances.¹⁴ Officials do not have a timeline for rolling out driver services. Officials said that developers will continue to add vehicle services functions, such as electronic vehicle titling and registration, as driver services are rolled out. Officials plan to add functions or upgrade the system during every ten-week period for the foreseeable future.

Resources

As mentioned earlier, the Minnesota Legislature originally approved a funding stream dedicated to MNLARS' development in 2008. Between July 1, 2008, and June 30, 2012, vehicle registration renewals, vehicle title transactions, and driver's license and identification card transactions were assessed a \$1.75 surcharge that was deposited into a DVS technology account.¹⁵ The surcharge was extended until June 30, 2016, but reduced to \$1 starting in 2012.¹⁶ In addition, in 2011, the Legislature authorized a one-time transfer of \$7.1 million from the vehicle and driver services operating accounts to the DVS technology account.¹⁷ It also required that \$1.50 of each filing fee collected by DVS (not deputy registrars) be deposited in the DVS technology account until there are sufficient funds to cover all costs associated with the initial deployment of MNLARS.¹⁸ By the end of Fiscal Year 2016, DVS had collected a total of \$103.8 million in revenue and projects it will collect an additional \$1.9 million in Fiscal Year 2017.

From Fiscal Year 2009 through Fiscal Year 2016, DVS spent a total of \$59.3 million on MNLARS development. As shown in Exhibit 2, the largest MNLARS expenses have been on professional and technical service contracts. Currently, the largest contract is with a company that provides quality assurance services to test system performance, find problems, and ensure MNLARS is meeting its objectives. DVS has contracted with separate entities for audit, training, system development, and other services.

¹⁴ DVS and MNIT plan to include "Real ID" requirements (minimum federal security standards for state identification cards or driver's licenses) in the driver's license rollout.

¹⁵ *Laws of Minnesota* 2008, chapter 363, art. 11, secs. 6, 7, and 8.

¹⁶ *Laws of Minnesota* 2011, First Special Session, chapter 3, art. 3, secs. 6, 7, and 8.

¹⁷ *Laws of Minnesota* 2011, First Special Session, chapter 3, art. 1, sec. 5.

¹⁸ *Laws of Minnesota* 2011, chapter 117, sec. 2. While the surcharge was applied to vehicle transactions handled by deputy registrars and DVS, the requirement to deposit part of the filing fee in the technology account was applied only to transactions handled directly by DVS.

Exhibit 2: MNLARS Expenditures, Fiscal Years 2013 to 2016 (in thousands)

	FY 2013	FY 2014	FY 2015	FY 2016	Percentage of FY 2016 Expenditures
Professional and Technical Contracts	\$ 8,915	\$6,618	\$ 8,566	\$ 8,712	74.5%
Salaries and Benefits	1,048	1,724	1,946	1,879	16.1
Computer and System Services	337	772	440	616	5.3
Communications	5	31	331	128	1.1
Rent and Utilities	117	134	201	206	1.8
Other Expenditures ^a	220	165	96	148	1.3
Total	\$10,641	\$9,444	\$11,580	\$11,689	

NOTE: Figures may not sum to the totals shown due to rounding.

^a Other expenditures include equipment, supplies, and repairs.

SOURCE: Office of the Legislative Auditor, analysis of Minnesota Management and Budget data.

Systems Testing

Our preliminary review focused largely on the current project management and security controls for MNLARS. We focused our review on several key areas that are important to system development projects, including:

- Project methodology and project management process controls.
- System development controls.
- Contingency planning controls.
- Security controls, including logging and monitoring, secure configuration, network security, threat and vulnerability management, and identity and access management controls.

Based on our limited review, we found that DVS and MNIT are developing the key controls needed to adequately protect the integrity of MNLARS.

The following is a brief summary of the controls we reviewed and what we found:

- **Project methodology and project management process controls are adequate.** We reviewed a sample of work scheduled for the project teams for points during the development process, to determine whether the teams were meeting the timelines for their coding and testing objectives during the project. We observed meetings of the management team and project teams to determine whether the progress of the teams toward their objectives is being appropriately managed, and whether potential difficulties and errors are being appropriately identified and managed. Based upon the review performed, it appears that the project methodology and project management controls are adequate.

- **System development controls are adequate.** We reviewed the user roles to determine whether developers have access to production systems.¹⁹ We reviewed the controls over production and test data to determine whether test data is allowed to be promoted into the production environment, and to determine whether only test data is being used in the non-production environments. We tested a sample of software changes to determine whether all code is tested (including being scanned for coding vulnerabilities), and that the testing results are reviewed and approved before being sent to the Change Advisory Board (CAB).²⁰ We tested to determine whether the sample changes were moved into the production environment without the review and approval by CAB. Based upon the review performed, it appears that the system development controls are adequate.
- **Contingency planning controls are in progress.** We reviewed the MNLARS contingency planning to determine whether it is adequately documented and maintained, and whether it addresses the proper backup and recovery strategies in case of a disaster. We found that the MNLARS contingency planning process is not yet completed, but that the objective of the project management team is to have this completed in conjunction with the implementation of the vehicle services application.
- **Security controls are adequate.** We reviewed a variety of aspects related to the security of MNLARS. We reviewed a sample of log records to ensure security and logging controls are capturing the required events according to MNIT policies. We reviewed access controls to determine whether the system enforces security requirements for login IDs (such as minimum length, complexity, and timeout controls) and adheres to MNIT policies. We also sampled server settings to determine whether adequate configuration controls are in place, including controls for securely transmitting data and maintaining an accurate inventory of all hardware and software. Finally, we reviewed a sample of internal and external vulnerability scanning to determine whether the scanning is being performed, the results of the scanning are reviewed, and any needed changes identified are made in compliance with MNIT policies and standards. Based upon the review performed, it appears that the threat and vulnerability management controls are adequate.

Based upon the preliminary review we performed, it appears that the security logging and monitoring controls, identity and access management controls, network security controls, security configuration controls, and threat and vulnerability management controls are adequate.

¹⁹ Segregation of duties within the systems development process helps reduce the risk of errors or irregularities being introduced into the systems. Proper segregation of duties requires that the individuals that have access to develop or change programs are restricted from also having the ability to move programs into the production environment. This helps ensure that proper change control procedures are followed, and that only properly tested and authorized program changes are moved into the production environment.

²⁰ A Change Advisory Board reviews and approves changes for large system development projects.

Communication

While our preliminary review indicated that DPS and MNIT are developing adequate controls for MNLARS, we confirmed communication and transparency have been—and continue to be—a significant problem.

Project delays and vague communication, particularly about timelines, have eroded confidence in MNLARS and its development process.

Problems with developing large information systems are not uncommon, in both the public and private sectors. However, unclear communication about development delays and timelines have contributed to broader concerns about MNLARS.

For example, on January 13, 2017, DVS sent the following message to all deputy registrar offices:

We are delaying MNLARS training until we fix some critical defects and conduct a small pilot to test the training environments. While there will always be defects to work through on a project the size of MNLARS, we are committed to making your first experience with MNLARS a productive and positive one. We are encouraged by the eagerness many of you have expressed to start training and practicing with MNLARS and will have a training update for you next week. Thank you for your continued commitment to the MNLARS project.

In the communication above, DVS says it is delaying training—without identifying a new training date—but commits to having a training update for deputy registrars in the following week. DVS sent a similar bulletin to deputy registrar offices on January 31, 2017, notifying them that a training date had not yet been set. DVS did not provide additional information about a training date until April 10, 2017, when it notified deputy registrar offices that training would begin on April 24, 2017.

In its MNLARS Communication Plan, DVS recognizes that effective communication is an important part of systems development: “The exchange of relevant, timely, and accurate information among those involved with a large project such as MNLARS is critical to the project’s success.”²¹ The Communications Plan identifies a variety of stakeholder committees and methods of communicating with primary stakeholders, such as monthly newsletters to DVS employees, quarterly e-mail newsletters to deputy registrars and driver license agents, and bimonthly meetings with the auto dealer associations. Although DVS has set up several committees and communicated with system users in other ways, some users think these methods have been ineffective.

DVS’s decision to communicate general timeframes, rather than specific rollout and training dates, has contributed to concerns about MNLARS. In an interview, some key system users told us that some of the biggest problems with MNLARS production is the lack of clear timelines, milestones, and adequate notice. In general, they told us, DVS does not provide clear timeframes for changes that will affect their businesses. We observed

²¹ Department of Public Safety Driver and Vehicle Services, *MNLARS Licensing and Registration System Communication Plan, Updated February 2017* (St. Paul, 2017), 1.

similarly vague communication in response to our inquiries about timelines and expected rollout dates.

RECOMMENDATION

DVS and MNIT should provide clear and specific information regarding MNLARS development and implementation.

DVS and MNIT should clearly communicate expected timelines for training and implementation of MNLARS phases. The departments should provide regular updates to key users and the Legislature, as well as post expected training and implementation dates on the Department of Public Safety website. The information should include key functionality expected to be included in each phase of MNLARS; changes to the timeline should be clearly identified and include anticipated dates.

Agency officials told us that they prefer to provide general timeframes—rather than specific dates—in case there are unexpected delays in developing the system. While we understand their concern, we think providing more specific information to key users, legislators, and the public would be helpful. Better communication will not eliminate unforeseen delays in the development and implementation of MNLARS. But, increased transparency and an understanding of key decisions will improve the overall confidence in the system.

The relationship between DVS and some deputy registrars, and between DVS and some auto dealers, is strained. Disagreements about what functionalities should be included in MNLARS, questions about the MNLARS training and adoption schedule, and general concerns about communication have resulted in distrust between DVS and some of the groups that will ultimately be the key users of MNLARS. Examining the many specific grievances relayed to us was beyond the scope of this preliminary assessment. Instead, we will propose to the Legislative Audit Commission that they consider MNLARS for a program evaluation in 2018.





June 7, 2017

Mr. James R. Nobles
Legislative Auditor
Office of the Legislative Auditor
658 Cedar Street Suite 140
St. Paul, Minnesota 55155

Dear Mr. Nobles,

We would like to begin by recognizing your team for its work on this review of the Minnesota Licensing and Registration System (MNLARS). Your team was extremely professional and took the time to gain a solid understanding of this complex system development project; managed jointly by the Department of Public Safety Driver and Vehicle Services Division (DVS) and Minnesota IT Services (MNIT).

We were pleased to read your positive conclusions about key controls over project management, system development and cyber security. These conclusions are noteworthy, particularly since lead development responsibilities for MNLARS shifted from a vendor to state staff in 2014. As this report highlights, the primary reasons for severing the vendor relationship were the inability to meet project deadlines and concerns about work quality. Those issues are now resolved.

We agree with your recommendation that "DVS and MNIT should provide clear and specific information regarding MNLARS development and implementation." It should be noted that the MNLARS project has a very robust communication plan that aims to gather continuous input from stakeholders and provide ongoing status updates.

DVS and MNIT will continue to "provide regular updates to key users and the Legislature," as recommended in the audit, and will carefully consider additional guidance in this report to foster more project transparency.

Thank you once again for the work on this review of the MNLARS project.

Sincerely,

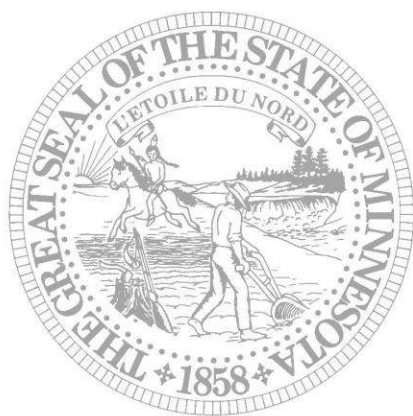
A handwritten signature in blue ink that reads "Ramona L. Dohman".

Ramona L. Dohman, Commissioner
Department of Public Safety

A handwritten signature in blue ink that reads "Thomas Baden".

Thomas Baden, Commissioner
MNIT Services







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