

# Arizona Department of Transportation

## Sunset Review

### Initial Followup of Report 23-110

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The September 2023 Arizona Department of Transportation (Department) performance audit and sunset review was the third of 3 audit reports of the Department we issued as part of the Department's sunset review. The first performance audit assessed whether the Department's Motor Vehicle Division (MVD) ensured authorized third parties issued vehicle titles, driver licenses, and identification cards (IDs) to only qualified/authorized individuals; and the second performance audit assessed whether MVD inspected commercial driver license examination providers and examiners within federally required time frames and consistently took remedial action in response to inspection violations it identified.<sup>1</sup>

Our September 2023 performance audit and sunset review, found that the Department developed processes to meet various statutory responsibilities but failed to fully address fraud and security incidents, potentially not notifying affected customers and not recovering public monies, and had identified but not yet addressed issues related to legislative appropriations for transportation purposes. We made **25** recommendations to the Department.

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<sup>1</sup> For more information on the other performance audits we issued as part of the Department's sunset review, including any applicable followup reports, see [Report 23-105](#) and [Report 23-106](#).

# Department’s status in implementing 25 recommendations

Implementation status		Number of recommendations
	Implemented	12 recommendations
	Partially implemented	1 recommendation
	In process	12 recommendations

In addition, this followup report provides our review of the Department’s information technology (IT) risk assessment and management for its MVD system, including the Department’s role in protecting, maintaining, and facilitating the appropriate use of MVD data for voter registration application purposes (see explanation for Recommendation 7 for additional information on the risk we identified during the initial followup).

We will conduct a followup in spring 2026 with the Department on the status of the recommendations that have not yet been implemented.

## Recommendations to the Department

### Finding 1: Department failed to fully address fraud and security incidents, which resulted in it potentially not notifying affected customers, not recovering \$198,358 of public monies, and possibly hampering authorities’ response

1. The Department should follow its policies and procedures to comply with State laws related to security incidents, including investigating security incidents and timely notifying all affected customers if it determines that a security breach occurred.
- Status: **Implemented at 6 months.**

As of July 2024, the Department had received and investigated 2 reports of potential security incidents since November 2023 and determined that there was no evidence that a security incident, security breach, or system compromise occurred in either case. Additionally, the Department followed its policies and procedures to comply with State laws related to security incidents, including conducting investigations to promptly determine whether the reported activities were security incidents or whether system security breaches had occurred. Because the Department determined that there was no evidence that a security incident, security breach, or system compromise occurred, the Department was not statutorily required to notify affected customers or report these

cases to the Arizona Department of Homeland Security. As of July 2024, the Department reported that it had not received any additional reports of potential security incidents.

2. The Department should conduct a risk-based review of MVD system customer account data from 2019 through 2022 to determine whether any other customer accounts exhibit similar potentially fraudulent patterns and conduct all related investigations and required followup.

► Status: **Implemented at 6 months.**

The Department conducted a risk-based review of MVD system customer account data to identify customer accounts that exhibited potentially fraudulent patterns and identified 52 customer accounts that it had not previously identified. Specifically, the Department reported that it queried MVD system customer account data from January 2019 to January 2024 to identify accounts that had specific risk factors that could indicate a similar potentially fraudulent pattern, such as a customer adding monies to the account and making a transfer or disbursement out of the account. Based on its review of each of the identified accounts, the Department determined that none exhibited the potentially fraudulent behavior reported in our September 2023 sunset review and that all associated transactions appear to be failed payments or customer confusion. Our review of MVD records for a judgmental sample of 5 of 52 Department-identified customer accounts with the highest transaction amounts that appeared fraudulent found that the Department had conducted related research and followup on all customer accounts to determine that associated transactions did not appear fraudulent. Specifically, our review found that the Department's research and followup reasonably determined that account transactions did not exhibit the potentially fraudulent patterns identified in our September 2023 sunset review.

3. The Department should, at a minimum, comprehensively review and investigate the identified 260 customer accounts to determine if potential security incidents occurred. If it identifies security incidents after reviewing and investigating the 260 customer accounts, the Department should report to and work with the Arizona Department of Homeland Security to address these incidents.

► Status: **Partially implemented at 6 months.**

The Department's Office of the Inspector General (OIG) performed a review of the 260 customer accounts identified in our September 2023 sunset review and 12 additional accounts it identified after our report was issued by tracing money from fraudulent transactions into or through these 12 accounts and reported it did not discover any additional information related to suspects involved in perpetrating fraud. Our review of Department data and the OIG's investigation documentation for 6 of 272 accounts found that the Department took various steps to review and investigate the customer accounts, such as sending victim notification letters to customers potentially impacted by fraudulent activity, performing additional investigations of accounts it determined required further review, and reviewing additional information related to fraudulent account activity it received from customers it contacted. The Department also reported to the Arizona Department of Homeland Security in September 2023 that a potential security incident had occurred related to these accounts.

However, the Department's review and investigation of these accounts did not include analyzing system logs related to the accounts from the time period it reviewed. System logs are a record of events occurring within an organization's systems and networks. According to the Department, its system logs include records such as changes in system configuration, access attempts, and network activity and thus could help the Department determine whether security breaches occurred. The Department reported that it only retains active MVD system logs for 30 days and overall log data for 1 year, and the potential security incidents, having occurred as of August 2022, were more than 1 year old. As such, the Department reported it could not work further with the Arizona Department of Homeland Security to address the potential security incidents, such as remediating any breaches that may have occurred, because it lacked system log data to review. The Arizona Department of Homeland Security reported that it continues to work with the Department to identify and manage cyber risks while further enhancing the Department's cybersecurity posture where possible, regardless of the availability of specific system log data.

4. The Department should develop and implement policies and procedures for timely and effective reporting of fraud to appropriate authorities, as required by the SAAM.

► Status: **Implementation in process.**

As of March 2024, the Department had developed policies and procedures for reporting fraud to appropriate authorities within 1 business day as required by the SAAM. However, the Department did not report 2 instances of potential fraud related to 2 of its customers that it investigated in April and May 2024, respectively, to all appropriate authorities, including our Office and the Arizona Department of Administration, within 1 business day. The Department reported these incidents to all appropriate authorities 5 to 6 months later, in September 2024, and after we brought the reporting requirement to its attention. As such, we will continue to assess the Department's implementation of this recommendation during our next followup.

5. The Department should continue its efforts to recover all monies it had not recovered.

► Status: **Implemented at 6 months.**

Our review of Department data found that, as of October 2024, of the approximately \$198,000 of unrecovered monies reported in our September 2023 sunset review, the Department had:<sup>2</sup>

- Referred approximately \$128,000 associated with 51 customer accounts to the Arizona Attorney General's Office for collections.
- Referred or plans to refer approximately \$41,000 associated with 70 customer accounts to the Arizona Attorney General's Office to be written off. Specifically, the Department referred approximately \$39,000 to be written off for various reasons, such as the customer not being responsible for the charges on the account. The

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<sup>2</sup> The Department's continued efforts to recover all monies identified during the audit did not include all 260 customer accounts. Specifically, at the time of our September 2023 sunset review, not all 260 customer accounts identified owed monies to the Department. Additionally, some customer accounts included both monies that were collected by the Department and monies referred to the Arizona Attorney General's Office.

Department reported it intends to refer the remaining \$2,000 in February 2025 during the Arizona Attorney General's annual write-off process.

- Collected approximately \$27,000 associated with 49 customer accounts. The Department reported that it collected these monies through customer payments and sweeps of monies in customer accounts.
- Determined that approximately \$2,000 associated with 13 customer accounts was related to nonfraudulent charges, such as fees for abandoned vehicles, reinstatements, and suspended licenses, associated with the customer accounts that exhibited fraudulent patterns.

6. The Department should establish a documented, comprehensive process to effectively manage MVD fraud risk, including conducting regular fraud risk assessments, identifying risk responses and anti-fraud strategies, designing and implementing specific control activities to prevent and detect fraud, and monitoring and evaluating its fraud risk management process.

► Status: **Implementation in process.**

As of March 2024, the Department had established a documented, comprehensive process to manage MVD fraud risk that included conducting regular fraud risk assessments, identifying risk responses and anti-fraud strategies, designing and implementing specific control activities to prevent and detect fraud, and monitoring and evaluating its fraud risk management process. Specifically, the Department developed policies and procedures that:

- Establish a fraud working group that is required to meet monthly to assess fraud risks, identify potential risk responses and anti-fraud strategies unique to each Department division, and monitor the effectiveness of its internal controls related to preventing and detecting fraud.
- Require its OIG to monitor the Department-wide fraud hotline, which accepts fraud tips from Department staff and members of the public.
- Require its OIG to provide quarterly updates to Department employees to inform them of emerging fraud risks.
- Outline control activities to identify and mitigate fraud vulnerabilities, such as employee training, system controls, and expectations for supervisors, including splitting key duties among employees and instituting cash-handling safeguards.

Our review of Department documents and correspondence found that the Department had begun conducting activities outlined in its newly developed policies and procedures, as applicable. For example, in March 2024, as part of its responsibility to assess and respond to fraud risk, the Department's fraud working group performed an exercise that included reviewing and discussing a fraud scenario. During this exercise, Department staff discussed how the incident would be investigated, and the Department's process for distributing information related to the incident between its divisions, including reviewing reporting requirements in Department policy and updating Department OIG access to MVD IT systems. We will continue to assess the

Department's implementation of its processes to manage MVD fraud risk, including implementing specific control activities to prevent and detect fraud, during our next followup.

7. The Department should establish a documented and comprehensive IT risk assessment process that involves members of the Department's administration and Information Technology Group for its MVD system and that includes:

- a. Determining the IT risks that MVD faces as it seeks to achieve its objectives.

► Status: **Implementation in process.**

The Department established a documented Information Technology (IT) risk assessment process that involves members of its administration and IT Group for its MVD system. Specifically, as of December 2023, the Department had established a Department-wide IT risk management plan that outlines a process to categorize all Department information systems based on risks related to the Department's objectives. Additionally, the IT risk management plan outlines a process for the Department to determine appropriate responses to all information system risks above its risk tolerance to help mitigate the unauthorized access and use, modification, or loss of sensitive information, and the impact a system breach could have on each system's objectives. Specifically, the IT risk management plan requires the Department to categorize its information systems as either low-, medium-, or high-risk based on its defined security objectives of confidentiality, integrity, and availability. Additionally, the IT risk management plan requires the Department to implement security controls based on its risk tolerances. Consistent with the Department's IT risk management plan, in March 2024, MVD developed a security plan for its IT system that identified and classified the MVD system's IT risks and outlined responses to those risks it identified in the context of the Department's defined objectives. Finally, MVD's plan also identified controls for specific potential risks to which MVD might be subjected, including encryption, firewalls, and access controls.

However, during our followup, we identified a risk that other State agencies could be using the Department's data for purposes other than those the Department intends at its point of collection (see pages 13 through 15 for more information on an issue that occurred in calendar year 2024 in which another agency used the Department's data for unintended purposes). As of March 2025, the Department shares Department data from its IT systems with various agencies such as the Arizona Department of Corrections, Rehabilitation and Reentry (Department of Corrections), and the Arizona Game and Fish Department, and the Arizona Secretary of State (SoS). For example, the Department has authorized the SoS to use its voter registration system, the Access Voter Information Database (AVID), to directly query the Department's MVD MAX system to obtain driver license and ID data (see page 13 through 15 for more information on the SoS's use of Department data).

The Department reported that it has documented data-sharing agreements to allow other agencies to access data through the Department's IT systems; however, as of March 2025, its documentation for system-to-system interfaces is more limited,



and in some cases, such as with the SoS, it has no formal, signed user agreement document. Additionally, as of March 2025, the Department has not updated its IT risk assessment process to include the risk we identified and brought to its attention of other agencies using information from the Department's system incorrectly. The Department reported that this risk has not been included in its IT risk assessment process because the issue of misuse is not technical in nature but that as of March 2025, it has begun a review of its IT systems to ensure that all agencies interfacing with its data have a documented data-sharing agreement in place that specifically references the specifications of the data being shared. We will continue to assess the Department's development of an IT risk assessment process, including updated data-sharing agreements to address potential issues with the use of its data, during our next followup.

- b.** Providing the basis for developing appropriate responses based on identified risk tolerances and specific potential risks to which MVD might be subjected.

- ▶ Status: **Implementation in process.**

- See explanation for Recommendation 7a.

- c.** Analyzing identified risks and developing a plan to respond within the context of the MVD's defined objectives and risk tolerances, including the risk of unauthorized access and use, modification, or loss of sensitive information.

- ▶ Status: **Implementation in process.**

- See explanation for Recommendation 7a.

## **Sunset Factor 2: The extent to which the Department has met its statutory objective and purpose and the efficiency with which it has operated.**

- 8.** The Department should comply with statutory requirements related to the Board's public hearing for the Construction Program and the Construction Program's structure. If the Department believes that changes to these statutory requirements are needed, it should work with the Legislature to modify statute.

- ▶ Status: **Implemented at 6 months.**

As of May 2024, the Department had complied with the statutory requirements related to the State Transportation Board's (Board) public hearing for the 5-Year Transportation Facilities Construction Program (Construction Program). Specifically, the Department published notices of the Board's public hearing for the 2025-2029 Construction Program in a newspaper of general circulation prior to the first Monday in May 2024 and held the public hearing prior to the third Monday in May 2024, as required by A.R.S. §28-6952(B). Additionally, in the 2025-2029 Construction Program, the Department listed projects by priority and grouped them in the fiscal year that the Department estimates construction will begin, as required by A.R.S. §28-6954(A)(3).

Further, during the 2024 legislative session, the Department worked with the Legislature to modify the statutory requirements related to the Board's public hearing for the Construction Program. Specifically, Laws 2024, Ch. 208, effective September 14, 2024,

revised A.R.S. §28-6952(B) to require the Board to publish a notice of public hearing for the Construction Program on or before May 1 of each year rather than the first Monday in May and removed the requirement that the Board hold the public hearing before the third Monday in May.

9. The Department should continue to develop and implement a cost-estimation tool to standardize transportation project cost estimates, including accounting for inflation in the cost estimates. Once implemented, the Department should conduct an analysis to determine whether its cost estimates are more accurate and make any necessary changes to its cost-estimation tool, as appropriate.

► Status: **Implementation in process.**

In March 2024, the Department sent a memorandum to Department staff stating that it had adopted a cost-estimation tool to develop cost estimates for all State-wide transportation projects that accounted for inflation. This cost-estimation tool includes specific transportation project costs and an inflation factor of 6 percent projected over 9 years in the cost estimates. Our review of 5 cost estimates for transportation projects the Department was considering for potential inclusion in the fiscal years 2026 through 2030 Construction Program confirmed that the Department had begun using a cost-estimation tool that included an inflation factor.

As of September 2024, the Department had not yet finalized its fiscal years 2026 through 2030 Construction Program nor had it begun construction on new projects being considered for inclusion in this Construction Program. As such, the Department could not yet conduct an analysis to determine whether its cost estimates were more accurate and make any necessary changes to its cost-estimation tool, as appropriate. Therefore, we will continue to assess the Department's implementation of its cost-estimation tool, including its analysis of the tool's accuracy, during our next followup.

10. The Department should develop and implement a documented stakeholder education process for obtaining and providing information related to transportation projects the Legislature directs it to conduct to enhance transparency and communication related to these projects, including:

- a. Providing stakeholder education about the type of information it considers necessary to scope a transportation project and the type of information it can provide to stakeholders, including information related to project costs.

► Status: **Implemented at 6 months.**

The Department has provided stakeholder education related to transportation projects. Specifically, the Department held a legislative summit in November 2023 attended by legislators from the Senate and the House of Representatives, Governor's Office staff, and industry representatives during which it presented information regarding funding sources for transportation projects, project programming, project delivery, and current needs for pavement rehabilitation and preservation in the State. The Department reported it intends to hold legislative summits at least annually and anticipates the next summit will occur after the 2024 elections. Additionally, the Department developed a process to annually obtain



and provide information related to transportation projects legislators are interested in proposing through a form. In January 2024, the Department sent this form to legislators, and it received 3 completed forms from 2 legislators regarding 6 potential transportation projects. Our review of the Department's response to 1 of the legislator's completed forms related to 4 transportation projects found that the Department provided the legislator with cost estimates for each of the projects.

- b.** Expanding its reporting to the Legislature to periodically provide the Legislature with information about all legislative appropriations for specific transportation purposes, including appropriations without a legally mandated reporting requirement. Information that the Department could provide includes information on appropriations and associated transportation projects such as legislative and updated scopes and budgets, statuses, monies spent, and estimated completion dates.

► Status: **Implemented at 6 months.**

As of September 2024, the Department had submitted 4 quarterly reports to the Legislature and the Governor's Office on legislatively appropriated transportation projects for fiscal year 2024 that included information for legislatively appropriated projects, including projects without a legally mandated reporting requirement. These reports included information such as each project's name and location, appropriated and budgeted monies, current estimated project costs, expenditures to date, estimated completion dates, and status. The Department reported that it intends to continue submitting quarterly reports with this information for projects without a legally mandated reporting requirement in the future.

- 11.** The Department should develop and implement a process to seek legislative input on potential transportation projects, such as through its P2P process initial request for project proposals and stakeholder meetings.

► Status: **Implemented at 6 months.**

The Department developed and implemented a process to seek legislative input on potential transportation projects through its planning to programming process initial request for project proposals. Specifically, the Department developed procedures for distributing a Construction Program project nomination form to legislators annually, and the Department distributed this form to the Legislature for project nominations in March 2024. In response to its project nomination form, the Department received 9 project nominations from legislators for projects in Yavapai, Coconino, Navajo, and Graham Counties. The Department communicated information to legislators regarding the status of their project nominations in July 2024. As of October 2024, the Department had reviewed 6 of 9 project nominations from legislators for potential inclusion in the fiscal years 2026 through 2030 Construction Program. The Department will draft the tentative fiscal years 2026 through 2030 Construction Program, including determining whether to include these projects, by December 31, 2024. The 3 remaining project nominations were not reviewed for potential inclusion in the fiscal years 2026 through 2030 Construction Program because the Department does not have planning responsibilities for the roadways that were nominated for these projects.

- 12.** The Department should develop and implement an IT contingency plan that contains all required elements to ensure compliance with State IT requirements, including procedures for recovering and restoring its MVD MAX system.

▶ Status: **Implemented at 6 months.**

As of January 2024, the Department had developed and implemented an IT contingency plan for its MVD MAX system that includes procedures for recovering and restoring the MVD MAX system.

- 13.** The Department should develop and implement documented processes to address identified MVD MAX access control gaps, including monitoring users for inactivity and restricting employees from accessing their own MVD records.

▶ Status: **Implemented at 6 months.**

The Department developed and implemented documented processes for monitoring users for inactivity and restricting employees from accessing their own MVD records. Specifically, the Department developed an automated email notification that it sends to inactive users and a procedure to deactivate user accounts after 90 days of inactivity. In July 2024, the Department deactivated 78 inactive users. Additionally, in February 2024, the Department implemented changes to the MVD MAX system to restrict employees from accessing their personal MVD records.

- 14.** The Department should train staff who use purchasing cards, travel cards, and central travel accounts and supervisory staff responsible for reviewing related transactions to ensure that these transactions comply with the SAAM and Department policies and procedures.

▶ Status: **Implementation in process.**

As of August 2024, the Department had provided training to some staff who use purchasing cards, travel cards, and central travel accounts. For example, the Department provided in-person trainings on purchasing cards in September 2023 and a travel-related training in October 2023. However, as of August 2024, according to Department data, 10 employees who use purchasing cards had not completed the purchasing card training, including 8 supervisory staff responsible for reviewing transactions; 11 employees who use travel cards had not completed the travel card training; and 1 employee who uses a central travel account had not completed the associated training. As of December 2024, the Department was in the process of updating its policies to require both p-card and ghost card users and their supervisors to take annual training on card usage. We will assess the Department's continued efforts to train staff who use purchasing cards, travel cards, and central travel accounts and supervisory staff responsible for reviewing related transactions during our next followup.

### Sunset Factor 3: The extent to which the Department serves the entire State rather than specific interests.

- 15.** The Department should continue finalizing the MVD field office location analysis report and develop and implement a plan for addressing the report's findings and proposals.

► Status: **Implemented at 6 months.**

The Department finalized the MVD field office location analysis report in December 2023. The report included proposals for 3 new MVD field offices in the community of San Tan Valley, the City of Buckeye, and the Happy Valley area of the City of Phoenix, and the potential consolidation of 2 MVD field offices in the Phoenix area. Additionally, the Department has developed a process for creating and updating future MVD field office location analysis reports in odd-numbered calendar years. Further, as of August 2024, the Department's fiscal year 2026 through 2032 capital improvement plan had been approved by the Department's Facility Advisory Committee and included plans to address the MVD field office location analysis report's proposals for 3 new MVD field office locations. For example, according to the Department's capital improvement plan, the Department plans to purchase land for the first new MVD field office in fiscal year 2026 and begin construction in fiscal year 2028.

- 16.** The Department should implement its conflict-of-interest policy to help ensure compliance with State conflict-of-interest requirements and recommended practices by:

- a.** Requiring employees/public officers to annually complete a disclosure form, including attesting that no conflicts exist, if applicable.

► Status: **Implementation in process.**

Although the Department's conflict-of-interest policies and procedures require that its employees and public officers annually complete a disclosure form attesting that no conflicts exist, if applicable, as of August 2024, 269 of 3,516 employees had not completed a disclosure form for calendar year 2024. The Department reported that this noncompliance is due to high turnover and that, as of October 2024, it was in the process of following up with employees to ensure compliance with the disclosure form requirement. Additionally, the Department reported that it was unaware that Board members are considered public officers, and as of September 2024, 4 of 7 Board members had not completed annual conflict-of-interest disclosure forms in response to the Department's request for them to do so on August 30, 2024. We will continue to assess the Department's implementation of its conflict-of-interest policy during our next followup.

- b.** Storing all substantial interest disclosures in a special file available for public inspection.

► Status: **Implementation in process.**

As of August 2024, the Department had established a special file of substantial interest disclosures and maintained disclosures of substantial interest in the special file. Specifically, we observed the Department's special file and found that the Department had stored the disclosure forms of employees with a disclosed

substantial interest within its special file. However, as discussed in Recommendation 16a, as of August 2024, not all Department employees and public officers had completed a disclosure form for calendar year 2024. As a result, we will continue to assess the Department's implementation of its special file during our next followup.

- c. Providing periodic training on its conflict-of-interest policy to all employees and public officers.

► Status: **Implementation in process.**

Although the Department's conflict-of-interest policy requires employees and public officers to complete conflict-of-interest training every 3 years, as of August 2024, 320 of 3,516 Department employees had not completed the required training. Additionally, as of September 2024, the Department reported that the public officers on the Board had not received conflict-of-interest training. We will further assess the Department's implementation of its conflict-of-interest training during our next followup.

### **Sunset Factor 5: The extent to which the Department has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.**

- 17.** The Department should comply with open meeting law requirements, including:

- a. Ensuring Board and Committee meeting notices are posted at least 24 hours in advance in all locations identified in their disclosure statements.

► Status: **Implementation in process.**

Our review of 4 public meetings held between April and August 2024—2 Board and 2 Priority Planning Advisory Committee (Committee) meetings—found that the Board complied with the open meeting law requirement to post meeting notices at least 24 hours in advance in all locations identified in its disclosure statements. However, the Committee did not post meeting notices at the physical locations included on its disclosure statement for the 2 meetings we reviewed. We will continue to assess the Department's compliance with open meeting law requirements related to posting meeting notices during our next followup.

- b. Ensuring minutes or recordings are available upon request within 3 working days of Board and Committee meetings.

► Status: **Implemented at 6 months.**

Our review of 4 public meetings held between April and August 2024—2 Board and 2 Committee meetings—found that the Department made all Board and Committee meeting recordings available within 3 working days.

- 18.** The Department should develop and implement open meeting law policies and procedures to help ensure its compliance with open meeting law requirements.

► Status: **Implementation in process.**

The Department developed some open meeting law procedures for the Board and Committee to help ensure its compliance with open meeting law requirements, including procedures for posting recordings of meetings and meeting notices. However, its open meeting law procedures for the Committee do not include guidance for staff to post meeting notices in all locations identified in the Committee's disclosure statement. As discussed in Recommendation 17a, our review of 2 Committee meetings found that the Committee did not comply with the open meeting law requirement to post meeting notices at least 24 hours in advance in all locations identified in its disclosure statement. We will further assess the Department's implementation of its open meeting law policies and procedures during our next followup.

**Sunset Factor 6: The extent to which the Department has been able to investigate and resolve complaints that are within its jurisdiction and the ability of the Department to timely investigate and resolve complaints within its jurisdiction.**

- 19.** The Department should implement its MVD procedures for tracking customer complaints against third parties, including complaint resolutions.

► Status: **Implemented at 6 months.**

The Department has implemented its MVD procedures for tracking customer complaints against third parties, including complaint resolutions. Specifically, as of December 2023, the Department had developed additional guidance for Department staff on its complaint-tracking procedures, including how to log complaints and their resolution in an MVD tracking document. Additionally, from September 2023 to May 2024, the Department received 10 customer complaints against third parties and tracked these complaints, including tracking complaint resolutions for those complaints that were resolved. Further, according to its MVD tracking document, as of May 2024, the Department had resolved 7 of 10 complaints and was in the process of resolving the remaining complaints, which were received between April and May 2024.

## **Additional risk we identified during our follow-up review**

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**SoS uses driver license and ID issuance data from MVD MAX for voter registration purposes but Department driver license and ID renewal policy did not require documentation consistent with SoS needs to verify proof of citizenship for voter registration purposes**

As part of our work to review the Department's IT risk assessment process, we reviewed the Department's implementation of a process to identify information in MVD's driver license and

ID transaction system's (MVD MAX) database for the Secretary of State (SoS) to use for voter registration purposes. The Department has shared driver license and ID information with the SoS since 2007 so that the SoS can determine whether individuals meet requirements relevant to voter registration. Specifically, in 2004, Proposition 200, the "Arizona Taxpayer and Citizen Protection Act" required evidence of United States citizenship be presented by every person to register to vote in Arizona and indicated an Arizona driver license or ID issued after October 1, 1996, was sufficient evidence of United States citizenship. Laws 1996, Ch. 230, §5, required the Department to obtain proof of the applicant's authorized presence in the United States to issue an Arizona driver license or ID. As such, the SoS uses Department driver license and ID issuance dates from MVD MAX as a form of proof of citizenship for voter registration purposes.

According to the Department, in April 2020, the SoS began directly querying the Department's MVD MAX system through its Access Voter Information Database (AVID) system to obtain driver license and ID data.<sup>3</sup> However, the Department reported that the SoS's AVID queries of MVD MAX returned the most recent issuance date of an individual's driver license or ID, including renewal dates, rather than the original issuance date of the driver license or ID. Additionally, the Department reported that from at least 1997 until September 2024, it was Department policy to renew driver licenses and IDs issued prior to October 1996 using the previous driver license or ID, a photo, and the individual's social security number.<sup>4</sup> However, the Department's renewal requirements were not consistent with the documentation required by the SoS for voter registration purposes.<sup>5</sup> As a result of the SoS using the date provided by the Department to determine voter registration eligibility instead of the original driver license or ID issuance date, the SoS may not have been able to accurately determine whether an individual's driver license or ID could serve as proof of citizenship for voter registration purposes, impacting the SoS' ability to perform its key responsibility of properly registering Arizona citizens to vote.

The Department reported that when it was made aware by the Governor's Office in September 2024 that the SoS required different information from MVD MAX to perform its work, the Department took steps to ensure that MVD MAX included information regarding whether an individual's driver license or ID required proof of authorized presence at the time of issuance for the SoS. Specifically, between September 6, 2024 and September 17, 2024:

- ▶ The Department created a query process to identify all MVD MAX records that had an initial issuance date prior to October 1, 1996, and would not have required proof of authorized presence satisfactory for the SoS' needs.
- ▶ The Department ran its query process and identified individuals in the Department's MVD MAX system with initial license/ID issuance dates prior to October 1, 1996.<sup>6</sup>

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<sup>3</sup> According to the Department, from 2004 to 2007, the SoS sent the Department a file that the Department reviewed for specific criteria, including social security numbers, using the MVD system, and from 2007 until April 2020, the Department provided the SoS with driver license and ID information on a daily basis.

<sup>4</sup> As of October 2024, Department revised policy requires proof of authorized presence for the renewal of any driver license or ID issued prior to October 1, 1996. The Department reported that this change was made in response to being made aware of the SoS' needs related to MVD MAX information.

<sup>5</sup> A.R.S. §28-3153 requires the Department to receive proof of authorized presence satisfactory to the Department to renew an individuals' driver license or ID. This statute does not include requirements regarding what documentation serves as proof of authorized presence for the Department's purposes.

<sup>6</sup> The Department reported that it originally identified approximately 850,000 driver licenses or IDs that were issued prior to October 1, 1996 that did not have an Arizona Travel ID or a Commercial Driver's License.



- ▶ The Department created a list of the individuals it identified through its query and provided the SoS with that list.
- ▶ The SoS responded to the Department's list and identified 217,187 individuals registered to vote who may not have been required to provide proof of authorized presence satisfactory for the SoS' needs.
- ▶ On September 17, 2024, the Department added an identifier to all potentially impacted individuals' accounts with initial license/ID issuance dates prior to October 1, 1996, and the SoS contacted the Department and confirmed that the account identifiers for impacted individuals were being returned by the SoS' query.

Our review of the Department's query process to locate individuals in MVD MAX that would require an identifier indicated that the Department's approach would have located all the individuals it believed to be affected by the misalignment. Our review of 16 of the 217,187 individuals that the Department reported were identified by the SoS found that all of the individuals' MVD MAX records had been marked with the Department's identifier, indicating that the Department's process for resolving the data issue had been completed.