Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

TxDMV Board Finance & Audit Committee Meeting

3:00 p.m.

Wednesday, August 12, 2026

AGENDA
FINANCE AND AUDIT COMMITTEE
TEXAS DEPARTMENT OF MOTOR VEHICLES
4000 JACKSON AVE., BUILDING 1, LONE STAR CONFERENCE ROOM
AUSTIN, TEXAS 78731
PARKING IS AVAILABLE IN THE PARKING LOT ADJACENT TO BUILDING 1
WEDNESDAY, AUGUST 12, 2026
3:00 P.M.

The presiding officer of the Finance and Audit Committee (Committee) will be physically present at 4000 Jackson Avenue, Austin, Texas 78731. Some Committee members may attend via videoconferencing.

Link to August 12, 2026, Committee Meeting Documents:
https://www.txdmv.gov/about-us/txdmv-board-meetings

All agenda items are subject to possible discussion, questions, consideration, and action by the Committee. Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Committee. Presentations may be made by the identified staff, Committee member, or other personnel as needed. The Committee reserves the right to discuss any items in closed session where authorized by the Open Meetings Act. A quorum of the Board of the Texas Department of Motor Vehicles (Board) may be present at this meeting for discussion and gathering information. However, Board members who are not Committee members will not vote on any Committee agenda items, nor will any Board action be taken.

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1. Roll Call and Establishment of Quorum

2. Pledges of Allegiance - U.S. and Texas

3. Comments and Announcements from Committee Chair, Committee Members, and Executive Director

BRIEFING AND ACTION ITEMS

4. Consideration and Possible Recommendation for Action to the Full Board and Briefings:

5 A. FY 2027 Recommended Operating Budget for the Fiscal Year that Begins September 1, 2026, and ends August 31, 2027 - John Ralston (ACTION ITEM)

18 B. FY 2028 - 2029 Legislative Appropriations Request Update - Chris Hayden (BRIEFING ONLY)

19 C. Internal Audit Division Status Update - Jason Gonzalez (BRIEFING ONLY)
- i. Internal Engagements
  - a. Dealer Licensing Process (Advisory)

b. Travel and Training (Audit)
c. Network Security (Audit)
d. Q4 Internal Audit Recommendation Follow-up

ii. External Engagements
Criminal Justice Information System (CJIS) Audit

20 D. FY 2027 Annual Audit Plan - Jason Gonzalez (ACTION ITEM)

22 E. Presentation of the Internal Audit Division's Fraud, Waste, and Abuse Poster - Jason Gonzalez (BRIEFING ONLY)

CLOSED SESSION

5. The Committee may enter into closed session under one or more of the provisions of the Texas Open Meetings Act, Government Code, Chapter 551, including but not limited to:

Section 551.071 - Consultation with and advice from legal counsel regarding:
- pending or contemplated litigation, or a settlement offer;
- a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Government Code Chapter 551; or
- any item on this agenda.

Section 551.076 - Deliberation Regarding Security Devices or Security Audits.
- the deployment, or specific occasions for implementation, of security personnel or devices; or
- a security audit.

Section 551.089 - Deliberation Regarding Security Devices or Security Audits; Closed Meeting.
- security assessments or deployments relating to information resources technology;
- network security information as described by Section 2059.055(b); or
- the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices.

6. Action Items from Closed Session

7. Public Comment

8. Adjournment

The Committee will allow an open comment period to receive public comment on any agenda item or other matter that is under the jurisdiction of the Committee. No action will be taken on matters that are not part of the agenda for the meeting. For subjects that are not otherwise part of the agenda for the meeting, Committee members may respond in accordance with Government Code, §551.042 and consider the feasibility of placing the matter on the agenda for a future meeting.

If you would like to comment on any agenda item (including an open comment under the agenda item for Public Comment), you must complete a speaker's form at the registration table prior to the agenda item being taken up by the Committee or send an email to *GCO_General@txdmv.gov* to register by providing the required information prior to the agenda item being taken up by the Committee:

1. a completed Public Comment Registration Form; or
2. the following information:
    a. the agenda item you wish to comment on;
    b. your name;
    c. your address (optional), including your city, state, and zip code; and
    d. who you are representing.

Public comment will only be accepted in person. Each speaker will be limited to three minutes, and time allotted to one speaker may not be reassigned to another speaker.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify the department as far in advance as possible, but no less than two days in advance, so that appropriate arrangements can be made. Contact Carrie Fortner by telephone at (512) 465-3044.

I certify that I have reviewed this document and that it conforms to all applicable Texas Register filing requirements.

CERTIFYING OFFICIAL: Laura Moriaty, General Counsel, (512) 465-5665.

Texas Department of Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Committee Meeting Date: 8/12/2026
ACTION ITEM

To: Finance & Audit Committee, Texas Department of Motor Vehicles Board
From: John Ralston, Director of Budget & Forecasting
Agenda Item: 4.A
Subject: FY 2027 Recommended Operating Budget for the Fiscal Year that Begins September 1, 2026, and Ends August 31, 2027

RECOMMENDATION

Action Item.

PURPOSE AND EXECUTIVE SUMMARY

The recommended FY 2027 operating budget totals $397.4 million, includes 952 Full-Time Employees (FTEs), and is structurally balanced to meet the department's operational needs during the upcoming fiscal year. It combines appropriations set forth in the General Appropriations Act (GAA) with unexpended balances carried forward from FY 2026.

FINANCIAL IMPACT

The recommended FY 2027 operating budget of $397.4 million will be funded by General Revenue Fund 0001 ($164.2 million), and TxDMV Fund 0010 ($233.2 million).

BACKGROUND AND DISCUSSION

The FY 2027 operating budget is appropriated and funded by the Texas Legislature according to goals and strategies. The department's goals and related budget amounts, as authorized in the General Appropriations Act for FY 2027, are as follows:

Goal A: Optimize Services and Systems	$119,536,206
Goal B: Protect the Public	$63,447,634
Goal C: Indirect Administration	$79,988,842
Total – FY 2027 General Appropriation Act (GAA)	**$262,972,682**
U.B., Capital and Other Appropriations	$129,800,000
Contingency Appropriations • Contingency Appropriations	$4,673,620
Total – U.B. Capital and Other Appropriations	**$134,473,620**
Grand Total	**$397,446,302**

Goal A is supported by five strategies: (i) Titles, Registrations and Plates; (ii) Vehicle Dealer Licensing; (iii) Motor Carrier Permits & Credentials; (iv) Technology Enhancement & Automation; and (v) the Customer Contact Center. Goal B is supported by two strategies: (i) Enforcement; and (ii) Motor Vehicle Crime Prevention Authority (MVCPA). Goal C is supported by three strategies: (i) Central Administration; (ii) Information Resources; and (iii) Other Support Services.

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Unexpended Balances (UB) will be carried forward from FY 2026 to FY 2027 for TxDMV Automation Systems, Headquarters Maintenance, RSC Maintenance, RTS Replacement Phase I, County Technology, PC Replacement, and RTS Modernization, and for contingency appropriations authorized in FY 2026 for the implementation of SB 2007.

Revenues

TxDMV collects revenue from a variety of sources and deposits those revenues across multiple funds.

TxDMV Fund 0010 revenues are estimated to total $221.9 million in FY 2027. The majority of revenues will come from title and registration fees totaling $67.1 million, processing and handling fees of $65.7 million, and oversize/overweight permit fees of $16.2 million. The total TxDMV Fund 0010 revenues for FY 2027 reflect an approximate increase of 2.78% over FY 2026 estimates, and the increase is primarily attributable to a full fiscal year of collections of the new metal plate fee established in FY 2026 and a full fiscal year impact from the elimination of the online discount fee.

The department also receives revenue pursuant to Section 1006.153 of the Texas Transportation Code, to support the activities of the Motor Vehicle Crime Prevention Authority (MVCPA). These revenues are deposited to the General Revenue Fund 0001 and are estimated to total $23.0 million in FY 2026. In addition, it is estimated that MVCPA will collect approximately $28.7 million in FY 2027 for the coordinated regulatory and law enforcement activities intended to detect and prevent catalytic converter crime in Texas.

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Texas Department of Motor Vehicles

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Texas Department of Motor Vehicles

FY 2027 Recommended Operating Budget

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Executive Summary

Legislative Appropriations Process

On May 29th, 2025, the 89th Legislature adopted a Fiscal Year (FY) 2026-2027 biennial budget of $667.9 million for the Texas Department of Motor Vehicles. The budget is authorized through the Legislature's adoption of the General Appropriations Act (GAA).

Highlights of the two-year FY 2026-2027 budget include:

- $125 million in General Revenue funding for RTS Modernization.
- 50 additional FTEs to enhance and improve core services and customer support.
- Continuation of full funding for the Motor Vehicle Crime Prevention Authority (MVCPA) that is in-line with statute and the Biennial Revenue Estimate.

FY 2027 Recommended Operating Budget

The FY 2027 Recommended Operating Budget provides for the implementation of the second year of the GAA.

The FY 2027 recommended operating budget totals $397.4 million, with 952 full-time equivalents (FTEs), and is structurally balanced to support the operational needs of the department. The recommended budget includes:

- FY 2027 amounts appropriated to the TxDMV in the General Appropriations Act (GAA); and
- Unexpended balances carried forward from FY 2026 to FY 2027.

The recommended budget focuses on continuous, secure, and uninterrupted delivery of services to our stakeholders and customers through maximizing technology and adapting to new service needs.

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FY 2027 Recommended Operating Budget by Goal and Strategy

The following table reflects the FY 2027 amounts approved in the GAA (SB 1, 89th Legislature, Regular Session), plus other appropriations, including carry-forward funds from previous years that are available for the department to spend in FY 2027, supplemental appropriations, and contingency appropriations.

A. Goal: Optimize Services and Systems		**FY 2027 Recommended Operating Budget**
Strategy:		
A.1.1. Titles, Registrations, and Plates	$	97,555,044
A.1.2. Vehicle Dealer Licensing	$	4,202,454
A.1.3. Motor Carrier Permits & Credentials	$	10,707,269
A.1.4. Technology Enhancement & Automation	$	2,972,193
A.1.5. Customer Contact Center	$	4,099,246
Total, Goal A: Optimize Services and Systems	**$**	**119,536,206**
B. Goal: Protect the Public		
Strategy:		
B.1.1.: Enforcement	$	11,801,770
B.2.1. Motor Vehicle Crime Prevention Authority	$	51,645,864
Total, Goal B: Protect the Public	**$**	**63,447,634**
C. Goal: Indirect Administration		
Strategy:		
C.1.1. Central Administration	$	11,832,444
C.1.2. Information Resources	$	49,219,923
C.1.3. Other Support Services	$	18,936,475
Total, Goal C: Indirect Administration	**$**	**79,988,842**
Grand Total TxDMV (GAA, Article VII Line-Item Appropriations)	**$**	**262,972,682**
Other Appropriations		
Capital Appropriations		
- Camp Hubbard Lease Payments (U.B.)	$	5,600,000
- HQ Maintenance (U.B.)	$	1,500,000
- RSC Maintenance (U.B.)	$	1,200,000
- Automation (U.B.)	$	8,000,000
- PC Replacement (U.B)	$	300,000
- County Technology (U.B.)	$	500,000
- RTS Replacement Phase I (U.B)	$	1,700,000
Other Appropriations		
- RTS Modernization (U.B.)	$	111,000,000
Contingency Appropriations		
- Contingency Appropriations	$	4,673,620
	$	
Total, Other Appropriations	**$**	**134,473,620**
Total TxDMV Operating Budget	**$**	**397,446,302**

FY 2027 Recommended Operating Budget by Method of Finance

The following table reflects the amounts approved in the GAA (SB 1, 89th Legislature, Regular Session), plus other appropriations, including carry-forward funds from previous years, supplemental appropriations, and contingency appropriations, by the method of finance.

Method of Finance		
General Revenue Fund 0001	$	51,645,864
General Revenue Fund 0001 (U.B.)	$	112,556,517
TxDMV Fund 0010 GAA	$	215,672,738
TxDMV Fund 0010 (U.B.)	$	17,571,183
Total, Method of Finance	**$**	**397,446,302**
Total Authorized FTEs		**952.0**

FY 2025-2027 Revenue Summary

TxDMV collects revenue from registrations, dealer licenses, titles, permits, credentials and some miscellaneous revenue. Collections are distributed to the General Revenue Fund, the State Highway Fund, and the TxDMV Fund (0010).

TxDMV Fund 0010 Revenue

TxDMV Fund 0010 revenue collections are projected to total $215.9 million in FY 2026 and $221.9 million in FY 2027.

FYs 2025–2027 Revenue Summary

Revenue Fund and Fee Categories	*FY 2025 Actual*	*FY 2026 Estimated*	*FY 2027 Estimated*
Texas Department of Motor Vehicles Fund 0010			
Motor Vehicle Certificates of Title	$ 50,185,938	$ 50,973,000	$ 51,274,000
Motor Vehicle Registration	$ 47,916,613	$ 64,197,000	$ 67,119,000
Motor Carrier - Oversize/Overweight	$ 15,243,053	$ 15,055,000	$ 16,267,000
Motor Vehicle Business Licenses	$ 7,221,657	$ 5,654,000	$ 5,711,000
Miscellaneous Revenue	$ 18,220,896	$ 15,974,000	$ 15,854,000
Processing and Handling Fee	$ 60,135,032	$ 64,135,000	$ 65,738,000
Total Fund 0010 Revenue	**$ 198,923,189**	**$ 215,988,000**	**$ 221,963,000**

Motor Vehicle Crime Prevention Authority Revenues

The Motor Vehicle Crime Prevention Authority (MVCPA) is a division of TxDMV, governed by a seven-member board. MVCPA is funded by statutorily directed fees deposited to the General Revenue Fund.

In accordance with Transportation Code, Section 1006.153, MVCPA collects a $5 fee on motor vehicle insurance policies delivered, issued, or renewed in Texas. Out of each fee collected, $1 is to be used only for coordinated regulatory and law enforcement activities intended to detect and prevent catalytic converter theft in this state. The remaining $4 is allocated across three programs, with 20% allocated to the MVCPA to combat motor vehicle burglary or theft and fraud-related motor vehicle crime.

In FY 2027, MVCPA revenues are estimated, as follows.

Motor Vehicle Theft and Crime Prevention	$22,995,633
Catalytic Converter Crime Prevention	$28,744,542

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FY 2027 Recommended Operating Budget by Budget Category

The table below outlines the total FY 2027 recommended operating budget by budget category.

Expenditure Area	FY 2027 Recommended Operating Budget
Salaries and Wages	$ 64,847,880
Other Personnel Costs	$ 1,716,166
Professional Fees and Services	$ 152,884,999
Fuels & Lubricants	$ 74,800
Consumable Supplies	$ 1,347,854
Utilities	$ 6,694,388
Travel In-State	$ 556,770
Travel Out-of-State	$ 171,600
Rent – Building	$ 2,031,613
Rent - Machine and Other	$ 337,775
Purchased Contract Services	$ 51,965,326
Advertising & Promotion	$ 252,600
Computer Equipment Software	$ 4,117,382
Fees & Other Charges	$ 2,341,644
Freight	$ 4,280,458
Maintenance & Repair	$ 9,129,114
Memberships & Training	$ 427,617
Other Expenses	$ 4,431,202
Postage	$ 23,382,250
Reproduction & Printing	$ 4,908,641
Grants	$ 44,085,862
Other Capital	$ 17,460,361
Total	**$ 397,446,302**

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Capital Project Details

TxDMV FY 2027 Capital Budget

TxDMV Capital Project Appropriations		**FY 2027**
Fiscal Year 2027 Appropriation	$	40,553,788
Estimated Unexpended Balance Carry-Forward	$	129,800,000
Total Capital Appropriations	**$**	**170,353,788**
Facilities		
Regional Service Center Maintenance - includes [1] (UB)	$	1,200,000
HQ Maintenance [1](UB)	$	1,500,000
Acquisition of Information Resource Technologies		
TxDMV Automation System [1]		
TxDMV Automation System - includes [1] (UB)	$	8,000,000
Other Technology Projects		
PC Replacement – includes [1] (UB)	$	1,092,000
Technology Replacement - County Support includes [1] (UB)	$	5,500,000
RTS Replacement Phase I [1] (UB)	$	1,700,000
RTS Modernization [1] (UB)	$	111,000,000
Data Center Consolidation		
Data Center Consolidation	$	23,761,788
Debt Service		
Camp Hubbard Renewal - includes [1] (UB)	$	16,600,000
TxDMV Total Capital Budget	**$**	**170,353,788**

[1]*Includes projects that will be funded from balances remaining at the end of FY 2026.*

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FY 2027 Contract Summary

The FY 2027 budget currently includes an estimated forty-one (41) contracts that each have a value of more than $200,000 over the life of the contract. These contracts are listed on the following pages for informational purposes. The listed contracts are subject to change based on the final terms and conditions negotiated.

Contracts Greater than $200,000

The following contracts have an estimated lifetime value of $200,000 or more. The list is provided for informational purposes only and does not require the Board's approval, pursuant to Title 43 of the Texas Administrative Code, Part 10, Chapter 210, Section 210.2, which the Board adopted to delegate approval and signature authority. Please note that this list may not be exhaustive.

Division	Vendor	Purpose	Contract Award Date	Contract End Date	FY 2027 Estimate	Total Lifetime Contract Amount Through FY 2027
VTR	TEXAS DEPARTMENT OF CRIMINAL JUSTICE	License Plates Manufacturing	9/1/2019	8/31/2027	$ 24,811,490	$ 93,301,972
ITD	TEXAS DEPARTMENT OF INFORMATION RESOURCES	Data Center Services	9/1/2020	8/31/2027	$ 23,761,788	$ 53,484,465
VTR	PITNEY BOWES	Postage	9/1/2016	8/31/2027	$ 17,240,000	$ 128,518,631
ITD	NAVIGANT CONSULTING, INC.	RTS Modernization Project	5/1/2026	8/31/2027	$ 9,942,589	$ 9,942,589
MVCPA	DPS	Catalytic Converter Theft Prevention - IAC - Equipment	6/23/2025	8/31/2027	$ 7,924,122	$ 13,095,322
VTR	TAYLOR COMMUNICATIONS	Vehicle Registration Decals	8/26/2014	8/31/2027	$ 5,343,750	$ 46,293,965
FAO	OPEN TEXT	Digital Imaging	9/1/2020	8/31/2027	$ 3,191,000	$ 29,548,457
VTR	TAYLOR COMMUNICATIONS	License Plate Warehousing and Shipping	11/1/2024	8/31/2027	$ 3,053,610	$ 10,213,220
ITD	APPTRICITY CORP	HB 718 Inventory Management System	9/1/2024	8/31/2027	$ 2,235,550	$ 4,065,034
MCD	SEIKOSOFT LLC	MCCS Rewrite Project	12/23/2024	8/31/2027	$ 2,007,417	$ 2,007,417
MVCPA	DPS	Catalytic Converter Theft Prevention - IAC	4/15/2024	8/31/2027	$ 1,796,686	$ 4,163,852
FAO	WILLBANKS	Boiler Maintenance	9/1/2022	8/31/2027	$ 1,500,000	$ 2,100,000
VTR	WORKQUEST	Specialty Plates Mailing	8/26/2014	8/31/2027	$ 1,404,200	$ 5,734,792
FAO	BRAZOS VALLEY POLICE SERVICES	Security Guard Services - Austin	9/1/2020	8/31/2027	$ 1,278,720	$ 4,374,148
MVCPA	CGI TECHNOLOGIES	GMTS Upgrade	3/11/2026	8/31/2027	$ 1,000,000	$ 2,000,000
VTR	WORKQUEST	Huntsville Freight	8/31/2022	8/31/2027	$ 950,000	$ 2,797,000
ITD	THOMSONS-REUTERS	Identity Validation	7/1/2023	8/31/2027	$ 924,861	$ 1,849,722
ITD	CDW GOVERNMENT INC.	Helix software support	9/1/2026	8/31/2027	$ 811,019	$ 811,019
ITD	22ND CENTURY TECHNOLOGIES	County Refresh	10/20/2022	8/31/2027	$ 745,500	$ 1,491,000
VTR	RR DONNELLY	VTR-500 Form	9/1/2023	8/31/2027	$ 732,160	$ 2,173,180

Division	Vendor	Purpose	Contract Award Date	Contract End Date	FY 2027 Estimate	Total Lifetime Contract Amount Through FY 2027
MCD	PROMILES	Annual Support and Hosting Fees	9/1/2016	8/31/2027	$ 703,560	$ 5,022,640
FAO	WORKQUEST	Janitorial Services – Camp Hubbard	9/1/2020	8/31/2027	$ 673,352	$ 3,295,207
MCD	SOUTHWEST RESEARCH INSTITUTE	CVIEW – Maintenance Support	2/1/2020	8/31/2027	$ 650,000	$ 7,900,000
VTR	RR DONNELLY	Title & Registration Forms	3/6/2015	8/31/2027	$ 586,740	$ 5,617,465
VTR	TAYLOR COMMUNICATIONS	VTR Forms	9/1/2026	8/31/2027	$ 559,224	$ 559,224
ITD	GARTNER	IT Leadership Program	9/7/2023	8/31/2027	$ 493,920	$ 747,008
MVCPA	TDLR	MVCPA IAC	6/25/2024	8/31/2027	$ 445,440	$ 995,440
FAO	MEADOWS PLACE REAL ESTATE LLC	Houston South RSC Lease	10/28/2025	8/31/2027	$ 360,500	$ 360,500
FAO	TPLJ3 REAL ESTATE HOLDINGS LP	Houston North RSC Lease	1/15/2026	8/31/2027	$ 347,429	$ 1,572,219
FAO	PITNEY BOWES	Presort Barcode Mail service	9/1/2023	8/31/2027	$ 342,000	$ 615,000
ITD	EXPLORE INFORMATION	Texas International Registration Plan (TxIRP)	4/18/2018	8/31/2027	$ 336,640	$ 673,280
MVCPA	DPS	MVCPA IAC	9/1/2025	8/31/2024	$ 334,098	$ 334,098
VTR	AMERICAN ASSOCIATION OF MOTOR VEHICLE	Title Check	8/31/2026	8/31/2027	$ 311,541	$ 3,589,458
ITD	PRESIDO NETWORKED SOLUTIONS GROUP LLC	Software support	6/23/2026	8/31/2027	$ 306,938	$ 306,938
FAO	PRESTIGE ELEVATOR SERVICES	Elevator Maintenance	9/1/2022	8/31/2027	$ 289,967	$ 1,514,757
FAO	JOHNSON CONTROLS	JCI Controls	9/1/2021	8/31/2027	$ 287,584	$ 1,185,190
FAO	WHEATLAND DUNCANVILLE LLC	Dallas South RSC Lease	5/1/2025	8/31/2027	$ 286,402	$ 375,869
VTR	TAYLOR COMMUNICATIONS	MyPlates Inserts	9/1/2026	8/31/2027	$ 272,967	$ 545,934
ITD	ADVANCED PERSONAL COMPUTING	Software support	11/24/2025	8/31/2027	$ 269,845	$ 269,845
FAO	US BANK VOYAGER FLEET SYST	Fleet and fuel services	9/1/2026	8/31/2027	$ 203,900	$ 1,428,690
FAO	ROLLING OAKS MALL REALTY HOLDING	San Antonio RSC Lease	10/22/2024	8/31/2027	$ 200,039	$ 200,039

Texas Department of Motor Vehicles
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Committee Meeting Date: 8/12/2026
BRIEFING ITEM

To: Finance & Audit Committee, Texas Department of Motor Vehicles Board
From: Chris Hayden, Chief Financial Officer and FAO Division Director
Agenda Item: 4.B
Subject: FY 2028 – 2029 Legislative Appropriations Request Update

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RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

The proposed Legislative Appropriations Request (LAR) items for the FY 2028-2029 biennium were presented to the Board at its meeting on June 11, 2026. This item provides an update on the proposed LAR items prior to submission of the LAR to the Legislative Budget Board.

As presented in June, the LAR is divided into two components, Baseline Funding and Exceptional Items.

FINANCIAL IMPACT

In June 2026, the board approved a motion to authorize a baseline funding increase estimated to be 4%. After additional analysis, the baseline funding increase has been adjusted and is 3% of the 2026-2027 baseline. The major components of the increase include postage and freight, license plate production, and debt service for the Camp Hubbard Renewal project. The LAR will be prepared and submitted in accordance with LBB instructions. The due date is August 14, 2026.

The exceptional item presented in June has not changed.

BACKGROUND AND DISCUSSION

Baseline Increases

Baseline increases include estimated cost increases for postage and freight services, license plate production and debt service for the Camp Hubbard Renewal project.

Exceptional Items

The exceptional item presented in June has not changed.

- **Additional FTE for the MVCPA** $0.0
  The request is to increase the MVCPA staff by 7.0 full-time equivalent positions (FTEs) and be funded within the existing base budget.

Texas Department of Motor Vehicles
HELPING TEXANS GO. HELPING TEXAS GROW.

Committee Meeting Date: 8/12/2026
BRIEFING ITEM

To:	Finance & Audit Committee, Texas Department of Motor Vehicles Board
From:	Jason Gonzalez, Internal Audit Director
Agenda Item:	4.C
Subject:	Internal Audit Division Status Update

RECOMMENDATION
Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY
This status update shares details on current Internal Audit Division activities.

FINANCIAL IMPACT
N/A

BACKGROUND AND DISCUSSION
Internal Engagements
The Internal Audit Division ("IAD") currently has four ongoing internal engagements: first, a Dealer Licensing Process Advisory; second, a Travel and Training Audit; third, a Network Security Audit; and fourth, a Fourth Quarter Follow-up Review.

The Dealer Licensing Process Advisory is currently in the reporting phase. Its objective is to evaluate the department's current processes for validating dealer applicant identity and determine whether the processes are operating efficiently. The evaluation included identifying bottlenecks in the application review process and developing dealer educational materials.

Next, the Travel and Training Audit is in the reporting phase. Its objective is to review the current travel and training reimbursement payment processes and determine compliance with current department policy.

Additionally, the Network Security Audit is in the fieldwork phase. Its objective is to evaluate network security control maturity (readiness baseline), network transformation planning and governance, and the future state of network security architecture.

Finally, the Fourth Quarter Follow-up Review is currently in the reporting phase. Its objective is to evaluate whether divisions have implemented outstanding audit recommendations.

External Engagements
The department is currently undergoing a single external audit engagement, which is in the fieldwork phase.

The Texas Department of Public Safety is conducting a Criminal Justice Information Services ("CJIS") Technical Security Audit. The audit's objective is to ensure compliance with federal and regulatory requirements.

Texas Department of Motor Vehicles
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Committee Meeting Date: 8/12/2026
ACTION ITEM

To: Finance & Audit Committee, Texas Department of Motor Vehicles Board
From: Jason Gonzalez, Internal Audit Director
Agenda Item: 4.D
Subject: FY 2027 Annual Audit Plan

RECOMMENDATION

Action Item.

PURPOSE AND EXECUTIVE SUMMARY

In compliance with the Texas Internal Auditing Act, Texas Government Code Chapter 2102, the Texas Department of Motor Vehicles Board must approve an annual audit plan each year. The Fiscal Year ("FY") 2027 Internal Audit Plan includes 12 engagements consisting of three risk-based audits, four advisory services, and five required activities. It also includes three alternative engagements, value-added services, and division initiatives.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

Under the Texas Internal Auditing Act, specifically Texas Government Code Section 2102.008, requires that the annual audit plan developed by the internal auditor must be approved by the state agency's governing board, or by the administrator of a state agency if the state agency does not have a governing board.

The FY 2027 Internal Audit Plan covering the period of September 1, 2026, to August 31, 2027, and will provide information on risk-based audits, advisory services, required activities, value-added services, and division initiatives for approval. The plan was developed using a risk-based methodology that includes discussions with department management, analysis of past coverage of department divisions, insights from internal audit and industry publications, and audit topics identified by the Texas State Auditor's Office and other state agencies. The plan can be amended with Board approval, ensuring it remains flexible and responsive to evolving organizational needs.

Audits, Advisory Services, and Required Activities

The Internal Audit Division ("IAD") plans to carry out 12 engagements in the upcoming fiscal year. These engagements include three risk-based audits, four advisory services, and five required activities, which are detailed in Table 1 below. Additionally, the Internal Audit Plan outlines three alternative engagements, as shown in Table 2 below.

Table 1: Planned Engagements

#	Type	Engagement Topic	Primary Division
1	Audit	Cybersecurity Incident Response Processes	ITSD
2	Audit	Specialty Plates	VTR
3	Audit	Autonomous Vehicle Licensing and Revocation	MCD
4	Advisory	Dealer License Plate Inventory Management	VTR

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#	Type	Engagement Topic	Primary Division
5	Advisory	Modernization – Vendor Contracts	ITSD
6	Advisory	Enterprise Risk Management Evaluation	FAO
7	Advisory	Government and Strategic Communications Processes and Risk	GSC
8	Required Activity	FY 2026 Internal Audit Annual Report	IAD
9	Required Activity	Quality Assurance and Improvement Program - Internal Assessment	IAD
10	Required Activity	Audit Recommendation Implementation Status	IAD
11	Required Activity	FY 2028 Risk Assessment and Internal Audit Plan	IAD
12	Required Activity	Internal Audit Division Peer Review	IAD

Table 2: Alternative Engagements

#	Type	Engagement Topic	Primary Division
1	Audit	Payment Card Industry (PCI) Reporting Requirements	ITSD
2	Audit	Accounting Control Evaluation	FAO
3	Advisory	Rural and Emergency Customer Needs	MULTIPLE

Value-Added Services and Divisional Initiatives

IAD also provides value-added services and collaborates on division initiatives aimed at enhancing organizational value, as well as improving IAD's effectiveness and efficiency. These efforts include categories covering investigations into internal fraud, waste, and abuse; coordination of external audit / review activities; participation in work groups; and staff development.

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Texas Department of Motor Vehicles
HELPING TEXANS GO. HELPING TEXAS GROW.

Committee Meeting Date: 8/12/2026
BRIEFING ITEM

To:	Finance & Audit Committee, Texas Department of Motor Vehicles Board
From:	Jason Gonzalez, Internal Audit Director
Agenda Item:	4.E
Subject:	Presentation of the Internal Audit Division's Fraud, Waste, and Abuse Poster

RECOMMENDATION

Briefing Only.

PURPOSE AND EXECUTIVE SUMMARY

This status update introduces the Texas Department of Motor Vehicles a Fraud, Waste, and Abuse Awareness poster developed by the Internal Audit Division.

FINANCIAL IMPACT

N/A

BACKGROUND AND DISCUSSION

To further strengthen the department's commitment to integrity, accountability, and responsible stewardship of state resources, the Internal Audit Division has developed a Fraud, Waste, and Abuse Awareness Poster for distribution throughout headquarters and all regional service centers.

The poster is designed to reinforce employee awareness of potential fraud, waste, and abuse risks and to promote a culture where concerns can be identified, reported, and addressed in a timely manner. It provides employees with up-to-date reporting channels and encourages everyone to take responsibility for safeguarding state and department resources.

Texas Department
of Motor Vehicles