



Department of Motor Vehicles

Oversight of Revenue Contracts

2009-S-15



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of State Government Accountability

February 10, 2010

Mr. David J. Swarts
Commissioner
Department of Motor Vehicles
6 Empire State Plaza
Albany, NY 12228

Dear Mr. Swarts:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of Department of Motor Vehicles' Oversight of Revenue Contracts. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

Audit Objectives

The objectives of our audit were to determine whether the Department of Motor Vehicles (Department) is maximizing all potential revenue opportunities, and monitoring its revenue contracts to ensure all entitled revenue is billed, collected, and promptly deposited in appropriate accounts.

Audit Results – Summary

The Department has six data files available for purchase by vendors. Depending on the information, some of the data files can be purchased by multiple vendors. When vendors purchase the data files, they enter into revenue contracts with the Department. During the period April 1, 2006 through May 31, 2009, the Department received \$5.7 million from 18 revenue contracts.

We found the Department did not use all available methods for maximizing revenue from these contracts, such as adjusting the amounts to reflect cost-of-living (Consumer Price Index) increases. Had it done this, it could have realized an additional \$460,000 in revenue from the 18 contracts. In addition, when we reviewed the amounts the Department set in the contracts, we found that it actually decreased some of the prices for the data files and kept one at a constant amount.

While the Department did receive payments, it did not bill any of its vendors once they entered into contracts. Therefore, the Department received most of the payments late. During our audit period, 22 of the 38 payments were late, totaling 1,252 days late. The Department should have collected another \$40,182 in interest on these late payments. Further, the Department did not deposit 14 of the payments in a timely manner.

Our audit report contains three recommendations.

This report, dated February 10, 2010, is available on our website at: <http://www.osc.state.ny.us>
Add or update your mailing list address by contacting us at: (518) 474-3271 or
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

Introduction

Background

The Department of Motor Vehicles (Department) maintains data files and sells them to vendors, who then make the data available to others for various uses. For example, the data is incorporated into the National Vehicle Database and is used for vehicle history reports, recall services, and statistical services. Following are six data files available for purchase by vendors:

- vehicle registration and title;
- motorcycle registration and title;
- boat registration and title;
- snowmobile registration;
- current inspections; and
- reportable accidents.

Periodically, the Department issues Invitations for Bids (IFB) for vendors who want to purchase these data files. Depending on the information, some of the data files can be purchased by multiple vendors. When vendors purchase the data files, they enter into revenue contracts with the Department. Revenue contracts are agreements, such as concession contracts, vending contracts, sales of assets, etc., under which the State receives funds for property or services. The contracts specifically state the amount the Department is to receive. Some contracts require the vendors to make one-time payments at the inception of the contract, while others require quarterly payments throughout the contract period. The revenue is deposited into the State's Dedicated Bridge and Highway Trust Fund for use on transportation-related capital and operating expenses. The Department is responsible for ensuring that all payments are collected and promptly deposited into the appropriate bank accounts.

During the period April 1, 2006 through May 31, 2009, there were 18 contracts in effect. These contracts were awarded through three IFBs. During this time period, the Department received \$5.7 million in payments from these 18 contracts.

Audit Scope and Methodology

Our audit determined whether the Department maximized all potential revenue opportunities and if it was monitoring its revenue contracts to ensure all entitled revenue is billed, collected, and promptly deposited in

appropriate accounts. Our audit period was April 1, 2006 through May 31, 2009.

To achieve our objective, we interviewed Department and selected contractor personnel. We also reviewed the contract revenue collection information submitted by the Department to the Office of the State Comptroller's Bureau of Accounting Operations, as well as records maintained by the Department for its contract revenue collections. We reviewed all 18 revenue contracts. In addition, we obtained information each contractor paid the Department. We reviewed the records of two of the contractors for data transfer logs and monthly reports.

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

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

Our audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

Reporting Requirements

A copy of this report, in draft, was provided to Department officials for their review and comment. Their comments were considered in preparing this final audit report, and are included at the end of this report. Department officials agreed with certain aspects of our recommendations, and they disagreed with other aspects or indicated they were already implemented. Our rejoinders to the Department's response are included as State Comptroller's Comments at the end of this report.

**Contributors to
the Report**

Major contributors to this report include Carmen Maldonado, Robert Mehrhoff, Joel Biederman, Brandon Ogden, Jeffrey Dormond, Lauren Bizzarro, and Sue Gold.

Audit Findings and Recommendations

Maximizing Revenue

The Department has an obligation to ensure it collects all possible revenue from its contracts. We found the Department did not use all available methods for maximizing revenue. Had it done this, it could have realized an additional \$460,000 in revenue. In addition, the Department should have collected another \$40,182 in interest on late payments.

The Department awards revenue contracts using IFBs. However, when we reviewed the IFBs, we noticed that some had minimum bids while others had a fixed amount set by the Department. Therefore, not all contracts were bid competitively, and the Department could not be sure it had received the maximum market price.

According to Department officials, in 2004, the Department researched vehicle data sales in ten states (Arizona, Arkansas, Florida, Hawaii, Missouri, Nebraska, Nevada, Texas, Virginia, and Washington) to determine if pricing in previous IFBs was commensurate with national standards. The Department found that no national standard existed and methods for pricing varied greatly (one state did not charge while others charged per 1,000 or 10,000 records). Based on the research, the Department chose to adhere to the bidding structure, using minimum bids from the previous IFB as a starting point.

The Department has not consistently adjusted the amounts in the IFBs to reflect cost-of-living (Consumer Price Index) increases. Department officials did not explain why increases were not built into these contracts. Using 2004 as a base, if the Department had adjusted its 2006 and 2008 IFBs to reflect Consumer Price Index increases, it would have realized at least an additional \$460,000 from these 18 contracts.

For example, the inspection data file price increased 25 percent from 2000 to 2004. However, the price of the file has not increased since 2004. Further, the price of the vehicle registration and title file increased 18 percent from 2002 to 2004. However, the price remained the same through the 2006 contract that expired in 2008.

Department officials advised us that one contract price did increase. However, the increase was not because of the Consumer Price Index, but rather because the Department provided additional data. As a result of its pricing strategy, the Department may be missing opportunities to increase its revenues. Department officials stated they will review any changes to the data that would require or allow them to alter the pricing (i.e., the inclusion

of new data elements, more data, or changes for the convenience of the contractors). They also stated that when minimum bids were not increased from the previous IFB, then the Department may propose an incremental price increase, with the advice of the Department's Budget office, "to offset the erosion of value due to inflation."

In addition, our review of the amounts the Department set in the contracts shows that it actually decreased some of the prices for the data files and kept one at a constant amount. For example:

- The boat registration file price decreased 56 percent from 2000 to 2008. In 2000, the contract was awarded to one vendor at \$100,001, but has been awarded to multiple vendors since 2002 for \$44,000 (\$22,000 per vendor).
- The motorcycle registration file price decreased 36 percent since 2000. In 2002, the price increased by \$10,000 when it was awarded to multiple vendors, and decreased in 2004 by \$28,000 when it returned to a single vendor.
- The reportable accident file has remained at the same price since first being offered in 2006.

The Department should use all available methods for maximizing revenue including Consumer Price Index rates.

Late Payments

Good accounting practices dictate that the Department has a method for ensuring all revenue is accurately billed, collected and deposited in a timely manner.

The Department does not bill any of its vendors once they enter into contracts. Once the Department receives payments, it records the payment date and amount, and then forwards the check, along with required documentation, to the Division of the Treasury for deposit and to the Office of the State Comptroller for Central Accounting System entry. We reviewed the payments made for the 18 revenue contracts and the Department's oversight of the payment process. We found that while they collected and deposited all of the payments, some of the payments and deposits were not timely.

The Department does not track the payments for timeliness; it tracks payments only to determine if the total contract amount was paid. During our audit period, 22 of the 38 payments were late, totaling 1,252 days late. The Department's revenue contracts do not include provisions for interest charges for late payments. However, the State Finance Law requires State

agencies to collect interest on late payments in accordance with rates set by the State Department of Taxation and Finance. Based on the rates set by the State Department of Taxation and Finance, we estimate that the Department should have collected a total of \$40,182 in interest on these 22 late payments.

The Department also does not utilize the remedies available to it in the contracts. For example, the Department has the right to issue a notice of default if payments are not received within five days of the due date. After another 30 days, the Department, at its sole discretion, can suspend all data updates or file transmissions until such payments are made. If payments are 60 days late, the Department can issue another notice of default, giving the contractor 10 days to cure the default before the Department declares the contract null and void. Although we identified late payments, the Department has never issued a notice of default nor has it stopped the transmission of data. Department officials did not explain why these remedies were not employed. One contractor stated that more payments might be timely if it were billed quarterly to remind it that payment is due.

Further, we note that all of eight contracts awarded from one of the IFBs issued in 2006 expired in late 2008. However, the Department did not issue another IFB until after the expiration date. As a result, the eight contracts were not in place until May 26, 2009. However, contractor records show that the Department continued to transmit data while awaiting approval of the new contracts.

We also found that the Department was not depositing checks timely. Fourteen of the 38 payments were not deposited by the Department within 21 days, including 2 that were deposited 127 days after receipt. The Office of the State Comptroller's Contracts Unit suggests that the Department should place the funds into a separate account until a contract is approved, then return any interest earned on that money to the contractor. While there is a mechanism in place for tracking the collection and deposit of checks, the Department does not use it to ensure payments and deposits are timely. Not depositing checks timely increases the risk that funds may be misappropriated or lost.

- Recommendations**
1. Maximize revenue by establishing contract prices either through competitive bidding or analysis of market demand, Department expenses, or vendor sales. Adjust prices over time to reflect changes in the cost-of-living (Consumer Price Index).

(Responding to our draft audit report, Department officials indicated they do analyze the market when establishing contract amounts. They added

that CPI is also examined, but they do not want to rely too heavily on CPI because it fluctuates.)

Auditors Comments: We found no written support that showed precisely how the Consumer Price Index was used to establish contract amounts.

2. Monitor and administer revenue contracts by taking steps to improve the effectiveness of the Department's efforts. These steps should include:
 - Tracking contract payments for timeliness.
 - Billing contractors in advance or sending payment reminders to vendors.
 - Using contract terms to encourage prompt payment such as issuing notices to inform contractors that payments are late, or ceasing the transmission of data until payments are received.
 - Adding terms to new contracts requiring the payment of interest on late payments.
 - Issuing IFBs with sufficient lead time so that new contracts are in place before the old ones expire.

(Department officials indicate steps have been or will be taken to address the recommendation.)

3. Deposit checks timely, even when they are associated with contracts that have not yet been formally approved.

(Department officials indicate that they will implement this recommendation once they have received official Office of the State Comptroller policy supporting it.)

Auditors Comments: Checks should be deposited upon receipt when they represent payments for services provided by the Department.)

**Contractor
Compliance**

Once contractors enter into revenue contracts for data files, the Federal Driver Privacy Protection Act requires them to maintain payment records, data transfer dates and a listing of buyers that purchased the data. Contractors are required to submit monthly reports of registration and title data to the Division of Budget and the Department of Transportation.

We sampled 2 of the 18 revenue contracts totaling \$3.25 million to determine whether contractors complied with record keeping and reporting requirements. We found that both contractors complied with the Driver Privacy Protection Act and submitted the required monthly reports of registration and title data to the Division of Budget and the Department of Transportation.

Agency Comments



DAVID J. SWARTS
Commissioner

NEW YORK STATE DEPARTMENT OF MOTOR VEHICLES AUDIT SERVICES

EDWARD J. WADE
Director of Audit Services

December 7, 2009

Ms. Carmen Maldonado, Audit Director
Office of the State Comptroller
123 William Street - 21st Floor
New York, NY 10038

Re: 2009-S-15 Draft Audit Report

Dear Ms. Maldonado:

Thank you for the opportunity to respond to the draft audit report regarding the Department's Oversight of Revenue Contracts. We have reviewed the document and have the following comments concerning the narrative and recommendations in the draft report.

Recommendation 1

Maximize revenue by establishing contract prices either through competitive bidding or analysis of market demand, Department expenses, or vendor sales. Adjust prices over time to reflect changes in the cost of living (CPI).

The narrative in the Maximizing Revenue section of the findings states:

"We found that the Department did not use all available methods for maximizing revenue. Had it done this, it could have realized an additional \$460,000 in revenue.

Further on the narrative states:

"The Department has not consistently adjusted the amounts in the IFBs to reflect cost-of-living (CPI) increases. Department Officials did not explain why increases were not built into these contracts. Using 2004 as a base, if the Department had adjusted its 2006 and 2008 IFBs to reflect Consumer Price Index increases, it would have collected at least an additional \$460,000 from these 18 contracts."

Further on the narrative also states:

"In addition, our review of the amounts the Department set in the contracts shows that it actually decreased some of the prices for the data files and kept on at a constant amount. For example:

- The boat registration file price decreased 56 percent from 2000 to 2008. In 2000, the contract was awarded to one vendor at \$100,001, but has been awarded to multiple vendors since 2002 for \$44,000 (\$22,000 per vendor).

- The motorcycle registration file price decreased 36 percent since 2000. In 2002, the price increased by \$10,000 when it was awarded to multiple vendors, and decreased in 2004 by \$218,000 when it was returned to a single vendor.
- The reportable accident file has remained at the same price since first being offered in 2006.

Department Comments:

As discussed during the audit, and detailed in a summary memo provided, the Department uses a combination of research, data availability, and analysis of the fair market value to determine our pricing strategy.

In preparing for the 2004 IFB, we researched vehicle data sales from ten other states, to determine if our pricing structure was adequate. Our findings indicated that there was no national standard for pricing and the methods varied greatly, from no charge to rates per thousand records, to simply costs for programming or file transfer.

The Department also takes into account previous bids, changes to the data, and new legislation that may affect the fair market value of the data, as well as the CPI when determining the pricing strategy. This strategy, as well as the findings from our research, was reviewed with the OSC staff.

In 2008, the combination of additional data, new federal initiatives regarding use of the data for National Motor Vehicle Title Information System (NYMVTIS), and the increase in the CPI led us to increase our pricing structure 15% from the previous contract for the Registration and Title data. In addition the contract term was limited to one year so we could determine the impact of the changes on the fair market value of the data for future contracts.

The Department is hesitant to rely too heavily on the CPI as a pricing strategy because although the CPI increased 13.2% from 2004 to 2008, the CPI has declined in 2008 and 2009, so this methodology could result in a decrease in revenue in future contracts at a time when the State is most in need of the added revenues.

In response to the decreases in prices for the files, this not a result of the Department decreasing the value of the contracts, but a direct relation to the market value of the data affecting contract awards.

While it is true that in 2000, one vendor was awarded sole access to the boat registration data with a bid of \$100,001, and subsequently, the awards have been made at a lower price. The reason for this decrease was omitted from the report. In 2002, the IFB was issued with the same pricing structure as in 2000, and no bids were received. In 2004, as a result of the decreased market value of the files, and in an attempt to maximize revenue, the Department modified the pricing structure for the boat registration file to insure bidders would pursue the bids.

*See State Comptroller’s Comments, page 25

<p>* Comment 1</p>

While it is also true that since 2000, the motorcycle registration file price decreased by 36 percent, this is once again a result of the market value of the files, not a result of pricing structure changes made by the Department. In 2000, the Department received one bid for sole access to the data for \$50,001. In 2002, the Department received two bids for shared access totaling \$60,000 (\$30,000 each). From 2004 to 2008, the revenues did decrease, but not as a result of the Department decreasing the prices, but as a result of the market value of the data, as during these contract periods, only a single bidder bid for shared access, so revenues decreased to \$32,000 per year.

As can be seen from the examples presented in the Audit report, the Department analyzes trends and market value and adjusts pricing based on the information available. In addition, market value to the bidders significantly impacts the revenue collections.

Recommendation 2

Monitor and administer revenue contracts by taking steps to improve the effectiveness of the Department's efforts. These steps should include:

- *Tracking contract payments for timeliness.*
- *Billing contractors in advance or send payment reminders to vendors.*
- *Use contract terms to encourage prompt payment such as issuing notices to inform contractors that payments are late, or ceasing the transmission of data until payments are received.*
- *Adding terms to new contracts requiring the payment of interest on late payments.*
- *Issuing IFB's with sufficient lead time so that new contracts are in place before the old ones expire.*

The narrative in the Agency Oversight section of the findings states:

"The Department does not track the payments for timeliness; it tracks payments only to determine if the total contract amount was paid. During our audit period, 22 of the 38 payments were made late, totaling 1,252 days late. The Department's revenue contracts do not include provisions for interest charges for late payments. However, the State Finance Law requires state agencies to collect interest on late payments in accordance with rates set by the State Department of Taxation and Finance. Based on the rates set by the State Department of Taxation and Finance, we estimate that the Department should have collected a total of \$40,182 on these 22 late payments."

The narrative goes on to further state:

"The Department does not utilize the remedies available to it in the contract. For example, the Department has the right to issue a notice of default if payments are not received within five days of the due date. After another 30 days, the Department, at its sole discretion, can suspend all data updates or file transmissions until such payments are made. If payments are 60 days late, the Department can issue another notice of default, giving the contractor 10 days to cure the default before the Department declares the contract null and void."

Department Comments:

While the Department agrees that in the past, there have been delays in payments, we believe we have taken appropriate actions to mitigate the delays and properly address the situation, including tracking payment and deposit dates for all checks.

The Department asserts that the improvements already in place obviate the need for advance billing, and that these procedures are not cost justified at this time. However, the Department will establish a procedure to incorporate email notifications if payments are past due, and incorporate late payment interest provisions into future contracts to further mitigate any delinquent payments.

The Department does dispute the calculations of 1,252 late days and additional revenue of \$40,182. Many of the days included in the calculation of the number of days late were from the current contracts. The payments in these contracts were held awaiting the extension of the previous Registration and Title file contracts and the subsequent approval of the current contracts.

As you can see from the attached table, although the current contract terms were scheduled to begin in November/December 2008, or March 2009, due to the extension of the previous Registration and Title contracts, the new contracts were not approved until April and May, resulting in the Department holding the checks pending contract approval.

Contract No	Vendor Name	Contract Amount	Contract Term	Payment Amounts	Contract Approval Date	Check Date
X000920	Experian Automotive	\$562,500	3/21/09-12/20/09	\$187,500	04/06/09	03/23/09
X000921	R.L. Polk and Company	\$562,500	3/21/09-12/20/09	\$187,500	04/06/09	04/08/09
X000922	Info-Link Technologies, Inc.	\$22,000	12/18/08-12/17/10	\$22,000	04/30/09	12/24/08
X000923	Statistical Surveys, Inc.	\$22,000	12/18/08-12/17/10	\$22,000	04/30/09	01/28/09
X000924	Carfax	\$150,000	11/2/08 - 11/1/10	\$150,000	05/26/09	03/20/09
X000925	Carfax	\$220,000	12/1/08 - 11/30/10	\$220,000	05/26/09	03/20/09
X000926	Experian	\$220,000	12/1/08 - 11/30/10	\$220,000	05/26/09	05/05/09
X000927	R.L. Polk	\$32,000	12/18/08 - 12/17/10	\$32,000	04/30/09	02/18/09

It is our opinion that these days were incorrectly included in the late payment calculations. OSC procedures advise not to deposit checks until the OSC contract approval is received. This audit's calculations include interest on funds that we were precluded from depositing pending OSC review and approval. This recommendation poses a conundrum for the Department.

The Department agrees with the final bullet of the recommendation, "Issue IFB's with sufficient lead time so that new contracts are in place before the old ones expire". However, we refute the claim in the narrative that "The Department did not issue another IFB until after the expiration date".

* See State Comptroller's Comments, page 25

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Comment
2

The Contract Reporter posting for the current contracts was made on 9/28/08. This posting was delayed slightly due to analysis of the federal initiatives regarding the National Motor Vehicle Title Information System (NMVTIS), and the evolving policy regarding title data, which resulted in last minute revisions the IFB.

As can be seen in the table below, the Department was aware of the impact of the pending delay on contracts X000914 and X000915, and attempted to remedy this situation by requesting extensions of these contracts prior to issuing the IFB. The extension process began in August as we were aware that there may be delays in the IFB issuance due to the extenuating circumstances.

We agree that the timeliness of the IFB issuance affected our ability to award a new contract for X000916 in a timely manner, however we believe that given the extensions that were underway, and the expiration dates of the remaining contracts, the date of the IFB posting was not a contributing factor to the delay of the contract awards as intimated in the audit report. Additionally the review and approval time for these contracts was up to two months. This unusually long approval time contributed to the timeliness issue.

*
Comment
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Contract No	Vendor Name	Expiration Date
X000914	R.L. Polk and Company	9/20/08 - 3/20/09
X000913	Experian Automotive	9/20/08 - 3/20/09
X000914	R.L. Polk and Company	12/17/08
X000915	Info-Link Technologies, Inc.	12/17/08
X000916	Carfax, Inc.	11/1/08
X000917	Carfax, Inc.	11/30/08
X000918	Experian Automotive	11/30/08
X000919	Statistical Surveys, Inc.	12/17/08

Recommendation 3

Deposit checks timely, even when they are associated with contracts that have not yet been formally approved.

The narrative in the Agency Oversight section of the findings states:

“We also found that the Department was not depositing checks timely while waiting for contracts to be approved. The Office of the State Comptroller’s Contracts Unit suggests the Department place the funds into a separate account until a contract is approved, then return any interest earned on that money to the contractor. Not depositing the checks timely increases the risk that funds may be misappropriated or lost.”

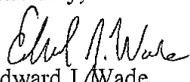
Department Comments:

The Department has received conflicting information from the Office of the State Comptroller on this topic. Upon receipt of an official OSC policy supporting this recommendation, the Department will comply.

*See State Comptroller’s Comments, page 25

We will continue to look for improvement opportunities such as these and always welcome a chance to better serve the citizens of this State. If you have any questions concerning this matter, please contact me.

Sincerely,


Edward J. Wade
Director of Audit Services

State Comptroller's Comments

1. We acknowledge that the Department shared its methodology for setting prices, and that specific market factors may influence prices differently than the overall Consumer Price Index. For some of the lower-demand files, this appears to explain the price decreases we cite in the report. However, we found no written support that showed precisely how the Department considered cost-of-living price increases especially for its Vehicle Registration and Title file which by far is the most valuable information commodity marketed by the Department. Moreover, the demand for this file appears consistent as the same two bidders have obtained the file over several bid cycles. Adjusting the contract amount on this file to reflect the Consumer Price Index accounts for over \$410,000 of the \$460,000 we cite in the report as potential additional revenue. As the Department points out, the Consumer Price Index rose 13.2 percent over the period from 2004 to 2008. Our audit calculation of savings was based on applying the increases in this period to the invitations for bids during this period.
2. We do not understand the conundrum. The Department continued to incur costs and to deliver the data files as if the original contract was in effect. In addition, the vendor continued to take possession of and use the files. Therefore, the Department should have continued obtaining (and depositing) payments as if the original contract remained in effect. Deferring these payments resulted in lost interest to the Department and the State.
3. We maintain that our report observation about Invitations for Bids being issued after existing contracts expired is accurate. With regard to the Department's observation that taking up to two months to review and approve a contract was an unusually long approval time that contributed to the timeliness issue, it should be noted that agencies are advised that the review process can take up to 90 days.