

STATE OF NEVADA

Audit Report

Department of Motor Vehicles

2012



Legislative Auditor
Carson City, Nevada

Audit Highlights



Highlights of Legislative Auditor report on the Department of Motor Vehicles issued on February 2, 2012. Report # LA12-11.

Background

The Department of Motor Vehicles (DMV) is a multi-functional agency with responsibilities that include the collection and timely distribution of certain Highway Fund revenue and improving traffic safety through licensing, registration, monitoring and intervention programs. The Department is comprised of eight divisions: Director's Office, Administrative Services, Field Services, Central Services and Records, Compliance Enforcement, Motor Carrier, Management Services and Programs, and Motor Vehicle Information Technology.

Total revenues collected by the Department during fiscal year 2011 exceeded \$1 billion which is distributed to the federal government, State Highway Fund, local governments, State General Fund, and other recipients. The Department maintains 18 field offices statewide and has contracted with seven rural counties to perform certain DMV functions. The Department also offers access to certain services through alternate sources including its website and 27 kiosks located in DMV offices and partner locations statewide.

Purpose of Audit

The purpose of this audit was to determine whether sufficient controls are properly functioning over certain Department revenues and assets, and evaluate the reliability and adequacy of performance measures. The audit included a review of control activities over certain assets and revenues from July 1, 2009, to December 31, 2010, and prior fiscal years in some areas. Additionally, we reviewed performance measures for fiscal years 2008 to 2010.

Audit Recommendations

This audit report contains 16 recommendations to improve administrative controls. These recommendations are needed to account for registration decals; improve reconciliations; and enhance controls over driver licenses, DMV system access, and administrative citations. Furthermore, the Department should enhance its performance information.

The Department accepted the 16 recommendations.

Recommendation Status

The Department's 60-day plan for corrective action is due on April 26, 2012. In addition, the six-month report on the status of audit recommendations is due October 29, 2012.

Department of Motor Vehicles

Summary

The Department needs to improve its administration of controls over certain processes to ensure its revenues and assets are properly safeguarded and accounted for. We found the Department can improve its control procedures over vehicle registration decals and reconciliations of its internal records to the state accounting system. Additionally, improvements are needed to controls over the issuance of driver licenses and allowing access to the DMV information system. Enhancements in these areas will help reduce risks of loss, fraud, and abuse.

The Department should also enhance its performance management system to include more outcome oriented measures and better align its measures with programs and goals. Additionally, documentation supporting reported performance measures needs to be better maintained. These improvements should benefit the Department in evaluating the success of its programs.

Key Findings

Enhancements are needed to the Department's controls over vehicle registration decals to ensure they are properly accounted for and safeguarded. We found records used to account for decals were inaccurate and unreliable in 13 of 14 months tested and some decals could not be readily accounted for. Additionally, forecasts used to determine future decal needs were inaccurate and contributed to overproduction of decals. Department records indicated more than 1 million decals were overproduced at a cost of about \$250,000 for fiscal years 2008 through 2011. The Department can enhance its processes and related policies and procedures to increase accountability for decals and reduce the risk of overproduction and undetected decal loss. (page 6)

Improvements are needed to the reconciliations of the Department's internal accounting records to the state accounting system. Reconciliations were not accurate or complete with unreconciled balances as high as \$2.5 million and unsupported adjustments of more than \$1.3 million. Additionally, some reconciliations were not reviewed timely and procedures were not always sufficiently developed to support the reconciliation process. Although we identified no evidence of missing funds, improvements to the reconciliation process and procedures would enhance the Department's ability to ensure revenues are properly recorded and distributed. (page 11)

Improvements are needed to the controls over monitoring certain transactions in field offices. Specifically, controls over the review of driver license applications and supporting documentation need to be formalized to ensure the integrity of licenses issued. Additionally, controls need to be enhanced to ensure vehicle registration tax exemptions are only issued to qualified individuals. (page 14)

Criminal history background checks were not always completed before individuals were allowed to access and perform transactions in the DMV information system. Two of eight individuals we tested in county branch offices were granted access to the system by Department personnel without having a background check. Allowing access without verification of qualification could result in unqualified individuals accessing sensitive customer information. (page 18)

The Department's Motor Carrier Division has not assessed administrative fines timely on some motor carriers. As of December 31, 2010, the backlog of citations was more than 1,500 valued at an estimated \$600,000 in billable assessments. Improved timeliness in issuing assessments should result in increased probability of collections. (page 19)

The Department could enhance its performance information through better coordination and alignment of its strategic planning process. First, an increase in the number of outcome oriented measures would enhance the Department's ability to measure the success of its programs. Next, the Department could enhance its alignment of performance measures with key program activities and goals. Finally, it would benefit from consolidating pertinent strategic planning information into a single planning document. These steps should help management better measure the performance of its programs and determine whether its goals are being reached. (page 21)

Key performance measures reported in the Executive Budget were not reliable. We selected a sample of eight performance measures reported in the Department's Executive Budget. Our testing found that five of the eight measures lacked supporting documentation. The remaining three measures had an inaccurate description and were based on unsound methodologies. Performance measures must be reliable to ensure proper budgetary and policy decisions are made by Legislative and Department decision makers. (page 25)

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This report contains the findings, conclusions, and recommendations from our completed audit of the Department of Motor Vehicles. This audit was conducted pursuant to the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This report includes 16 recommendations to improve controls over the administration of vehicle registration decals, reconciliations, driver licenses, administrative fines to motor carriers, computer system access, and performance measures. We are available to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul V. Townsend".

Paul V. Townsend, CPA
Legislative Auditor

January 17, 2012
Carson City, Nevada

Department of Motor Vehicles Table of Contents

Introduction	1
Background.....	1
Scope and Objectives	5
Controls Over Vehicle Registration Decals Need Significant Improvement	6
Decal Records Not Reliable	6
Some Decals Not Readily Accounted For	8
Decal Production Forecasts Inaccurate.....	9
Reconciliations of Revenues and Distributions Not Adequate	11
Reconciliations to State Accounting System Need Improvement.....	11
Electronic Fund Reconciliations Not Reviewed	12
Monitoring of Transactions Could Be Improved.....	14
Driver License Application Review Process Needs Improvement.....	14
Registration Exemptions Not Always Reviewed Sufficiently	16
System Access Controls Could Be Improved	18
Administrative Fines Not Assessed Timely on Some Motor Carriers	19
Backlog of Citations Needs to Be Addressed	19
Controls Over Citation Logs Not Sufficient	19
More Outcome Measures and Better Coordination Would Enhance Performance Information.....	21
More Outcome Focused Performance Measures Needed.....	21
Improved Alignment of Programs, Goals, and Measures Needed	23

Department of Motor Vehicles Table of Contents (continued)

Benefits of Consolidated Strategic Planning Document.....	24
Performance Measures Not Always Reliable	25
Supporting Documentation Not Retained	25
Unsound Methodologies Used to Measure Results	25
Appendices	
A. Audit Methodology.....	27
B. Response From the Department of Motor Vehicles	31

Introduction

Background

The Department of Motor Vehicles (DMV) is a multi-functional agency with responsibilities that include the collection and timely distribution of certain Highway Fund revenue and improving traffic safety through licensing, registration, monitoring and intervention programs.

The Department's mission is:

- Providing progressive and responsive service delivery to citizens;
- Maintaining the highest controls to ensure the accurate collection and timely distribution of all revenues;
- Improving safety of those driving on our highways through our licensing, monitoring, and intervention practices;
- Assisting Nevada in meeting its federally-mandated air quality standards;
- Protecting state consumers and businesses against fraud and unfair business practices; and,
- Ensuring the integrity and privacy of our records.

The Department is organized into eight divisions with the following responsibilities:

Director's Office – The Office sets overall policy and direction of the agency along with public outreach and education, employee training, personnel services, and internal review functions.

Administrative Services – The Division performs all accounting for revenue collection and disbursement, bad debt collections, budgeting, contract management, and support services including purchasing, payroll, facilities management, warehousing and mail.

Field Services – The Division is responsible for direct customer service operations at 18 offices statewide that issue vehicle titles, insurance reinstatements, vehicle registrations, and driver licenses. It also oversees eight branch offices contracted out to and operated by county officials in seven counties that perform registration services.

Central Services and Records – The Division maintains records and provides information and alternative services through mail, web, kiosks, and third party vendors for customers regarding driver licenses, registrations, titles, and license plates. It also is responsible for the Nevada LIVE insurance verification program.

Compliance Enforcement – The Division licenses and regulates businesses including auto shops, car rental agencies, body shops, salvage and wrecking yards, emission inspection stations, and driving schools. They also investigate cases of fraud and identity theft particularly as they relate to the issuance of driver licenses and vehicle titles.

Motor Carrier – The Division issues vehicle registration and fuel licenses for interstate trucking firms and other businesses that operate heavy equipment. It collects all Nevada fuel taxes; licenses motor carriers; and audits motor carriers, fuel users, and businesses engaged in the sale or distribution of motor and other special fuels.

Management Services and Programs – The Division is responsible for the development of regulations, fiscal notes, desk manuals, request for proposals, and policies and procedures for the Department. It also supports other divisions in strategic planning, research, and legislative interaction.

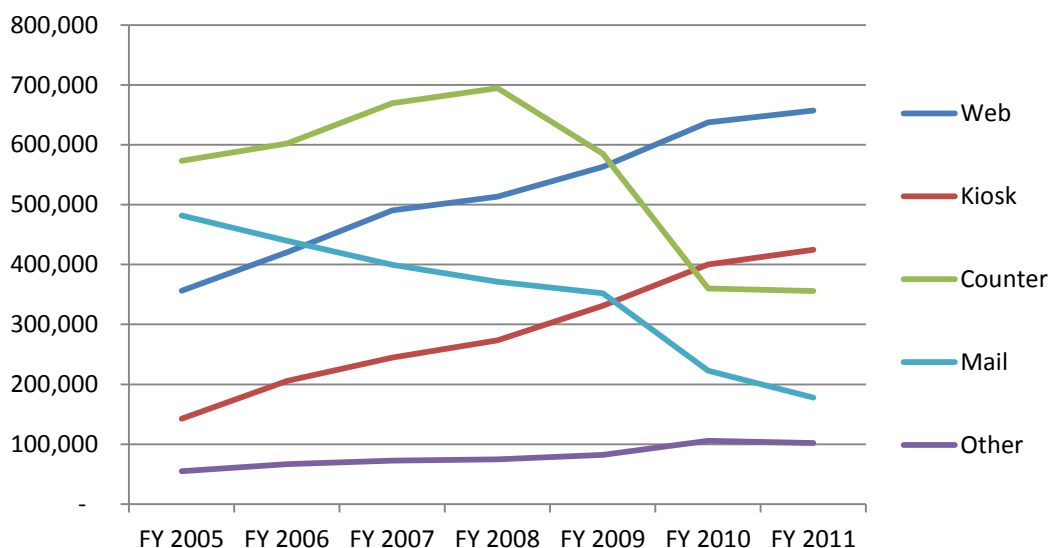
Motor Vehicle Information Technology – The Division provides data processing services including applications programming, network support, and operations support.

The Department continues to enhance the use of alternative technologies by providing citizens with the option of conducting various routine transactions, such as vehicle registration renewals,

through the internet and kiosks. Exhibit 1 demonstrates the trend in how people conduct vehicle registration renewal transactions.

Vehicle Registration Renewal Transactions Fiscal Years 2005 to 2011

Exhibit 1



Source: Department management reports.

As of September 2011, the Department operates 27 kiosks statewide to facilitate renewals of vehicle registrations and to provide driver history reports. Seventeen kiosks are located in 11 DMV offices and 10 are located in partner locations. The Department indicated it intends to expand the number of kiosks around the state in the near future. This expansion was facilitated by Senate Bill 441 in the 2011 Legislative Session, which allows the Department to contract with a kiosk provider and permits the collection of a convenience fee from customers who choose to use a kiosk. Previously, the Department bore the cost of the kiosk transactions.

Funding

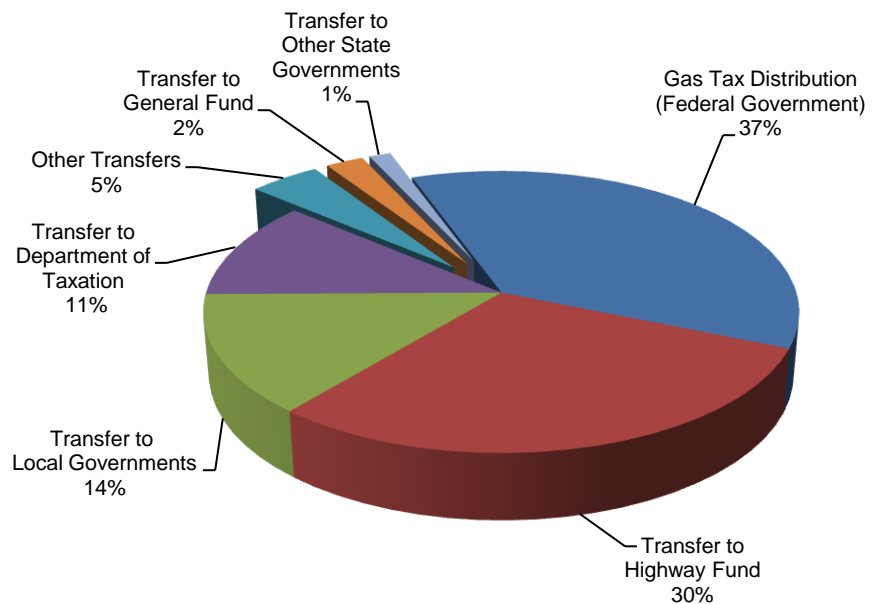
For fiscal years 2010 and 2011, legislative approved funding totaled \$254.4 million representing a \$34.1 million decrease over fiscal years 2008 and 2009. Highway Fund support for the Department totaled \$89.6 million, \$13.9 million less than the amount approved in the prior biennium. The Department's expendable revenues are capped at 22% of the fees it collects

and deposits into the Highway Fund per NRS 408.235. General Fund support for the biennium was limited to about \$40,000.

Pursuant to the revenue shortfalls experienced by the State, the Legislature eliminated 135 vacant authorized full-time equivalent positions between fiscal year 2008 and 2011. In addition, the Reno and Sparks express offices and the Gardnerville field services office were closed.

Total revenues collected by the Department during fiscal year 2011 exceeded \$1 billion. These revenues are distributed to various entities including the federal government, State Highway Fund, local governments, State General Fund, and others. Exhibit 2 shows the distribution percentages of funds collected through the Department's motor vehicle revenue account.

Distribution of Revenues for Fiscal Year 2011 **Exhibit 2**



Source: State accounting system.

Budget and Staffing

The Department maintains 18 field offices statewide with its headquarters located in Carson City. Local government County Assessors or Recorders in seven counties are contracted as agents in performing vehicle registrations services on behalf of the

Department. The Department was authorized 1,124.5 full-time equivalent positions for fiscal years 2010 and 2011.

Scope and Objectives

This audit is part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission, and was made pursuant to the provisions of NRS 218G.010 to 218G.350. The Legislative Auditor conducts audits as part of the Legislature's oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

We reviewed control activities related to certain revenues and assets from July 1, 2009, to December 31, 2010, and prior fiscal years in some areas. Additionally, this audit included a review of the Department of Motor Vehicles' performance measures for fiscal years 2008 to 2010. The objectives of our audit were to:

- Determine whether sufficient controls are properly functioning over certain Department revenues and assets.
- Evaluate the reliability and adequacy of performance measures.

Controls Over Vehicle Registration Decals Need Significant Improvement

Enhancements are needed to the Department's controls over vehicle registration decals to ensure they are properly accounted for and safeguarded. We found records used to account for decals were inaccurate and unreliable and some decals could not be readily accounted for. Additionally, forecasts used to determine future decal needs were inaccurate and contributed to overproduction of decals. The Department can enhance its processes and related policies and procedures to increase accountability for decals and reduce the risk of overproduction and undetected decal loss.

Decal Records Not Reliable

A vehicle registration decal is issued for a vehicle and affixed to the license plate indicating the vehicle is registered in the state for 1 year. When a customer obtains a registration decal through the Department's website, a DMV kiosk, or the mail; the registration decal is printed with the vehicle's license plate number. In contrast, decals issued over the counter at DMV field offices and county branch offices are preprinted with a unique serial number. The serial number is assigned to the specific vehicle in the Department's database when the decal is physically issued to the customer. The serial number decals are produced in Carson City by the DMV and distributed to the field offices based upon a forecast derived from decal usage information from the prior year. Unused decals are to be returned to the Central Services and Records Division at the Department's headquarters in Carson City. Our review focused on the decals issued to the DMV's field and county branch offices.

The Department's records used to track vehicle registration decals were inaccurate and unreliable. Each office has a standardized

monthly decal inventory control spreadsheet designed to maintain a record of the registration decals received, assigned to and returned from technicians, and returned unused to Carson City. Decal inventory control spreadsheets at five DMV field offices and two county branch offices were not accurate or reliable for 13 of 14 months we tested. The spreadsheets are critical to ensure decals are properly accounted for; however, offices were not adequately maintaining these records.

The following are examples of the types of inaccuracies we identified in the 14 monthly inventory control spreadsheets that we tested:

- The number of decals shipped to and received by field and branch offices in nine spreadsheets were not properly recorded in the spreadsheets or supported by decal tracking forms used to track decal shipments. For example, in 1 month an office did not record more than 10,600 decals it received according to the decal tracking forms. In another office, 1,000 decals were recorded as received but there was no record of these decals being shipped to that office.
- Decals were recorded as assigned to “unknown” or left blank rather than to the name of the specific technician in nine spreadsheets even though Department policy requires offices to track the issuance of decals to technicians. For example, one field office did not record which technicians received 1,675 decals in one month. Additionally, the two county branch offices we reviewed did not assign decals to individual technicians. As a result, the accountability for decals is lessened.
- Unused decals returned by the offices to the Central Services and Records Division in Carson City were not recorded correctly in 12 spreadsheets. For example, one office recorded zero decals returned to Carson City in a monthly inventory spreadsheet when decal return records indicated that almost 10,800 decals were returned.

Even though procedures require field offices to use monthly decal inventory control spreadsheets to record the receipt, issuance to technicians, and return of expired decals to the Central Services and Records Division, the errors noted above indicate offices are not properly accounting for decals. When decal inventory records

are not properly maintained, the Department is unable to determine how many decals are available for use in each office, how many were assigned to a specific technician, and how many were issued to customers.

Decal Monitoring Procedures are Inadequate

Policies and procedures need to be enhanced to ensure decals are properly safeguarded and accounted for. For example, procedures do not define how oversight will be maintained over field and county branch offices to ensure all decals are being properly recorded in the decal inventory control spreadsheets. Additionally, procedures do not define specific accountability steps that the field and branch offices should follow. Furthermore, procedures do not address the need to adequately record the exchange of decals between field offices or between a department warehouse and a field office. Enhanced policies and procedures in these areas would help the Department hold offices responsible for maintaining an accurate and reliable record of the decal activity.

**Some Decals
Not Readily
Accounted For**

The Department does not have a process in place to verify whether decals assigned to technicians were issued and recorded to vehicles. We could not determine the disposition of 386 or 5% of nearly 7,400 decals tested based upon available Department records. Although the 5% of decals not readily accounted for may have been issued to customers or inadvertently rendered unusable by technicians, sufficient records were not readily available to determine their disposition. An improved monitoring process would help the Department determine whether decals were properly used in the course of business.

In the absence of a process to verify decal dispositions, decals could be lost or stolen without the Department's knowledge. For example, under the current process a technician could be assigned 200 decals, issue 180 to customers, and lose or misplace 20 decals. The Department would not be aware any decals were missing because they do not compare decals assigned to technicians to decals recorded to vehicles in its database. One DMV field office recently experienced a loss of decals and the Department did not discover the missing decals

through its decal accountability control procedures. Stolen decals could be used to avoid paying vehicle registration fees and insurance, and evade being pulled over by law enforcement for having an expired registration decal.

We worked with Department staff to develop a query of its database to identify specific decals assigned to vehicles. The Department could develop a similar process to monitor select technicians' decal usage to provide better control and help ensure the security of decals.

Decal Production Forecasts Inaccurate

Inaccurate projections of decal usage resulted in overproduction of decals. The Department uses a decal forecast spreadsheet to determine the number of decals used in the year to estimate the amount needed the following year. We found the amount of decals issued to the offices in the forecast spreadsheets did not agree to the supporting decal tracking forms in 11 of 14 months tested. Additionally, the number of decals returned unused by offices in the forecast spreadsheet did not agree to supporting records in 8 of 14 months tested. Finally, we identified decals not returned timely in one of seven offices thus further impacting the accuracy of the forecast process.

We also found the Department overproduced more than 1 million decals for fiscal years 2008 through 2011, at a cost of about \$250,000. Although it is reasonable that DMV would produce more decals than are actually used to avoid shortages when customers register vehicles, the amount overproduced is unreasonable. For example, in fiscal year 2010 Department records indicated about 1.26 million decals were produced for use in field offices and about 300,000 or 24% of those decals were returned unused. Part of this overproduction can be attributed to the errors in the forecast spreadsheets and untimely reporting of decals by offices to the Central Services and Records Division. As a result, the information in the forecast spreadsheets could not be relied upon to accurately determine decal usage and project future needs.

Sufficient review procedures are not in place to ensure all decal activity is properly recorded into the decal forecast spreadsheets.

There are no policies and procedures defining the forecast process or requiring that forecast data be verified against supporting records. Additionally, if field offices accurately maintained the decal inventory control spreadsheets, staff would be able to compare the forecast spreadsheet to the field offices' records of decal usage.

Print-on-Demand Option May Be Beneficial

Another option the Department should consider is transitioning to a print-on-demand decal production format where decals are printed at each office for each specific registration transaction. This is in contrast to the current format whereby decals issued by field offices are produced at a central location in Carson City and distributed to field offices. Such a program could significantly reduce the need for monitoring decal inventory and accounting for decals assigned to technicians. The Department indicated they were considering the costs and benefits of such a program.

Recommendations

1. Enhance monitoring practices and related policies and procedures to ensure vehicle registration decals are accurately accounted for and safeguarded.
2. Improve the decal forecasting process through verification of supporting decal tracking forms and offices' decal inventory control sheets.
3. Investigate the financial viability and potential benefits of implementing a print-on-demand vehicle registration decal program.

Reconciliations of Revenues and Distributions Not Adequate

Improvements are needed to the Department's processes for reconciling its financial activities. Specifically, reconciliations of the Department's internal accounting records to the state accounting system were not accurate or complete. Additionally, some reconciliations were not reviewed timely and procedures were not always sufficiently developed to support the reconciliation process. Improvements to the reconciliation process and procedures would enhance the Department's ability to ensure revenues and distributions are properly recorded and distributed.

Reconciliations to State Accounting System Need Improvement

Revenues received and distributed by the Department in its internal accounting system were not adequately reconciled to the state accounting system. Significant unreconciled monthly balances as high as \$2.5 million existed in fiscal years 2010 and 2011. As a result, we could not definitely determine whether all revenues were properly distributed. Improved accuracy and supervisory review are needed to ensure that reconciliations are complete and accurate.

In addition to the unreconciled balances, monthly reconciliations also contained unsupported and improper adjustments. We identified unsupported adjustments totaling \$1.3 million used to artificially balance the internal accounting records with the state accounting system for fiscal year 2010. The Department made revisions to the reconciliations after we brought this to their attention, but a year-end unreconciled balance of \$181,000 still existed. We also identified a \$933,000 adjustment to the Department's revenue balance in a reconciliation during fiscal year 2011 that the Department could not readily support. The

Department, in response to our request for support, determined that the balance should have been \$2.3 million, a difference of \$1.4 million. Although our analysis did not identify evidence of missing funds, improved reconciliations of accounting records are needed to determine whether all funds are properly accounted for.

Finally, these reconciliations were not always completed, reviewed, or approved by a supervisor timely. At the time of our test work, the Department was about 6 months behind. Incomplete reconciliations of the DMV internal accounting system to the state accounting system reduce the assurance that all amounts collected are properly distributed. Improvements to the reconciliation process and enhanced procedures are needed to ensure the reconciliations are complete, accurate, and timely.

Prior Audit Recommendation

In our audit of the Department in 2002, we issued a recommendation that the Department implement controls over the distribution of tax and fee revenue, including the reconciliation of revenue collected to revenue distributed. While the Department has multiple reconciliation processes used to determine whether revenues collected are distributed properly, we found further improvements, as noted above, can be made to the processes.

Electronic Fund Reconciliations Not Reviewed

Electronic fund reconciliations were not reviewed and approved timely. The Department's reconciliation of its records of electronic funds received from debit, credit, and other electronic fund transactions had not been subjected to supervisory review and approval for more than a year, as of May 2011. Timely supervisory review is needed to ensure reconciliations are accurate and discrepancies are identified and rectified timely.

The Department does not have formal procedures for this reconciliation process. We found employees had created informal handwritten procedures which may not be reflective of the actual process. In the event of employee turnover, the lack of procedures could result in lost time and inefficiencies. In contrast, formalized procedures and timely review help ensure funds are properly recorded.

Recommendations

4. Improve the reconciliation process and enhance procedures accordingly to ensure reconciliations of the Department and state accounting systems are complete, accurate, and timely.
5. Formalize written procedures and perform timely supervisory review and approval of monthly electronic fund reconciliations.

Monitoring of Transactions Could Be Improved

Driver License Application Review Process Needs Improvement

Improvements are needed to the controls over monitoring certain transactions in field offices. Specifically, controls over the review of driver license applications and supporting documentation needs to be formalized to ensure the integrity of licenses issued. Additionally, controls need to be enhanced to ensure vehicle registration tax exemptions are only issued to qualified individuals.

Improvements are needed in monitoring the issuing of driver licenses. Specifically, the Department needs to better document its expectations for offices to conduct reviews of driver license applications and eligibility documentation provided by applicants (e.g. birth certificate, certificate of naturalization or citizenship, passport, etc...). Additionally, the Department can improve its oversight of field offices to ensure all offices are monitoring driver license transactions consistent with management's expectations.

In May 2011, a DMV employee was arrested for issuing numerous fraudulent driver licenses. According to the US Department of Justice, the employee allegedly issued authentic driver licenses to individuals who were not entitled to the licenses, primarily illegal immigrants. The employee completed fraudulent paperwork and did not require the customer to provide identifying documents of proof of eligibility. However, the employee recorded in the Department's system that sufficient documentation was reviewed.

Subsequent to this fraud, the Department reinstated a secondary review process for driver license applications. The secondary review process had been in place in the past but was not a control procedure used at the time of the fraud. The first technician processes the application and reviews eligibility documents. A second technician then conducts an additional review of the application and eligibility documentation before allowing the

applicant's photo to be taken and temporary license to be issued. The formal license is then produced at an offsite facility and mailed to the applicant.

After the Department reinstated the secondary review process, we reviewed the new controls and found areas for improvement. Specifically, management's directive to reimplement the secondary review process did not clearly define specific requirements for the secondary review. Consequently, we found differences in how the five offices we tested implemented the secondary review process. For example, one office did not implement an adequate secondary review process. As a result, an employee in this office could potentially perpetrate the same fraud identified above. Furthermore, another office used the DMV's database to review the applicant's drive history and record in the system while others only physically reviewed the application and identifying documentation. Clearly defined, written instructions would help ensure that each office is performing the review procedures that are consistent with management's expectations.

Finally, the Department could improve its process of monitoring field offices' implementation of secondary review procedures. Currently, a weekly narrative is sent to Field Services Division management to describe each office's monitoring of work efforts. However, the brief description is not sufficiently detailed for management to know how each office is actually performing its monitoring procedures. For example, one office reported 100% monitoring in its weekly report after the new secondary review procedures were supposed to be in place. However, this office was not subjecting driver license applications and identifying documentation to the secondary review required by management.

Improved documentation of management's directive and expectations will help offices and management ensure each office location is performing sufficient control procedures to prevent potential fraud or abuse. Furthermore, enhanced monitoring procedures will assist management in determining whether offices continue to perform the desired controls.

Registration Exemptions Not Always Reviewed Sufficiently

A registration exemption is relief from part or all of the Governmental Services Tax paid as part of a vehicle registration. Exemptions are primarily issued by County Assessor Offices in the form of an exemption voucher that is presented at the DMV when registering or renewing a vehicle registration. Customers that qualify for the exemptions through a County Assessor include veterans with wartime service, disabled veterans and surviving spouses, and the blind. Using a Department exemption application, active duty military members who are residents in another state but stationed in Nevada and Native American tribal members who reside on tribal lands may also qualify for exemptions. Customers must present their county voucher or appropriate application and support when registering a vehicle to obtain the exemption benefit.

Improved controls are needed to ensure vehicle registration tax exemptions issued to customers are properly supported. Two of the five field offices and both county branch offices we tested were not adequately verifying that all exemptions issued in the Department's information system were supported by appropriate documentation in a post-transaction review process. The two field offices' review processes would not identify an unsupported exemption in the system. Although we found no instances of unsupported exemptions in our testing, improved procedures would help ensure exemptions are only granted when customers are legitimately qualified.

A solution to the insufficient review process is readily available. A daily system exemption report is available to all offices showing all exemptions issued by technicians. The offices should compare the information in this report to the exemption support collected from customers to identify any unsupported exemptions in the system. Even though three of the five offices were using this report to properly verify exemptions, only one of these three maintained a record to document regular completion of this review.

The insufficient review processes over these exemptions occurred in part because there are no policies and procedures requiring offices to use the system exemption report and document

completion of such review. Insufficient review of exemptions increases the possibility that exemptions could be improperly granted.

Recommendations

6. Enhance written monitoring procedures to define management's expectations for transaction monitoring and ensure consistent and effective review procedures are performed at each office.
7. Develop procedures to require verification that all registration exemptions recorded in the DMV information system are properly supported.

System Access Controls Could Be Improved

Criminal history background checks were not always completed before individuals were allowed to access and perform transactions in DMV's information system. Specifically, two of eight individuals we tested in county branch offices were granted access to the system by Department personnel without verifying whether a criminal history background check was completed and the individual qualified to process DMV transactions. Allowing access without verification of qualification could result in unqualified individuals accessing sensitive customer information.

In addition, DMV system logins and passwords were being shared in both county branch offices we reviewed. Individual system identifications and passwords are issued to each user to ensure accountability. Multiple individuals using the same login and password dilutes the Department's ability to determine who is responsible for each transaction performed and limits the ability to identify responsible parties for errors or missing funds. Although county branch office configurations and circumstances may differ from those in DMV field offices, the Department can do more to ensure that its contracted agents are following Department control procedures.

Recommendations

8. Improve procedures to ensure individuals pass criminal history background checks before being granted access to the DMV information system.
9. Work with county branch offices to improve controls over the use of shared access to the DMV information system.

Administrative Fines Not Assessed Timely on Some Motor Carriers

The Department's Motor Carrier Division has not assessed administrative fines timely on some motor carriers. These assessments are separate DMV fines associated with citations issued by the Nevada Highway Patrol (NHP). Improved timeliness in issuing assessments should result in increased probability of collections.

Backlog of Citations Needs to Be Addressed

The Motor Carrier Division assesses administrative penalties and fines against motor carriers for violations of certain state statutes and regulations. These violations include the improper use of dyed diesel, failure to have a proper trip permit, overweight violations, and certain fuel tax and motor carrier registration violations. The NHP issues a citation to the motor carrier as part of their duties. Copies of the citations are provided by the NHP to the Department to assess the motor carriers for separate administrative fines associated with the violations.

On December 31, 2010, there were more than 1,500 citations in the possession of the Motor Carrier Division that had not been processed. This represented a backlog of about 1 year. As a result, the administrative fines associated with this backlog valued at an estimated \$600,000 in potential assessments were delayed in being billed. Delayed assessments are likely to result in lower collection rates considering that the original NHP citations were often issued to the motor carrier more than a year before the separate DMV fine is issued.

Controls Over Citation Logs Not Sufficient

Improved controls are needed to ensure citations are only removed from the backlog for legitimate purposes. We identified citations that were entered into the Department's log of unprocessed citations that were deleted without any record.

During 2010, about 11% of the citations were removed from the log without documentation. Removal may be appropriate when it is determined that the citation in the log does not qualify for a DMV administrative fine. However, when they are removed without sufficient controls, citations could be removed for improper reasons.

Department staff indicated that they have dedicated their resources to other larger fuel tax and registration-based audits. These audits are required based on membership to national organizations that regulate the sharing of fuel tax and registration revenues between states. However, more attention is needed to the NHP citations to ensure that these billings are sent out timely to increase the probability of collection.

Recommendations

10. Develop an approach to improve the timeliness of processing administrative fines and fees associated with motor carrier citations.
11. Develop procedures to control the removal of citations from the Department's unprocessed citations log.

More Outcome Measures and Better Coordination Would Enhance Performance Information

The Department could enhance its performance information through better coordination and alignment of its strategic planning process. First, an increase in the number of outcome oriented measures would enhance the Department's ability to measure the success of its programs. Next, the Department could enhance its alignment of performance measures with key program activities and goals. Finally, it would benefit from consolidating pertinent strategic planning information into a single planning document. These steps should help management better measure the performance of its programs and determine whether its goals are being reached.

More Outcome Focused Performance Measures Needed

Most of the Department's performance measures reported to the Legislature were not outcome based measures. Only 7 of the 47 performance measures reported in the Executive Budget were outcome oriented. The seven outcome oriented measures were reported by three of the Department's eight divisions; five divisions did not report any outcome measures.

Outcome oriented measures help show measurement of progress toward department and division goals. They also can be used to evaluate the success of a program and make budget and policy decisions. While other types of measures may be useful to management, outcome measures provide more valuable information to decision makers, such as the Legislature and Governor, in making budget decisions regarding a program's budget and policies.

The Department of Administration’s Budget and Planning Division identifies six different types of performance measures. Exhibit 3 lists these types and related definitions:

Types of Performance Measures **Exhibit 3**

Type	Definition
Outcome	Measures the result (impact) of your efforts.
Input	Measures the resources used to provide a service.
Output	Measures what comes out of the agency’s efforts.
Efficiency	Ratio of outputs or outcomes produced to inputs used or how quickly a service is provided.
Effectiveness	Ratio of units of output to total output (or input).
Quality	Measures customers’ opinions of the services provided or goods produced.

Source: Department of Administration’s Division of Budget and Planning.

The following are examples of Department measures that could be enhanced to be more outcome oriented:

- The Compliance Enforcement Division has a measure entitled “Caseload – cases closed”. This output measure identifies the number of cases closed but does not indicate whether the program is meeting its objective. A potential outcome oriented measure could include: “Number of license suspensions and cancellations resulting from fraud investigations”. This type of measure might help management determine whether the enforcement program is meeting the Division’s mission to provide public protection by detecting and deterring fraudulent uses of the Department’s processes.
- The Central Services and Records Division reported two output measures “Suspensions processed” and “Reinstatements processed” which relate to the vehicle registrations suspended for lack of insurance and related reinstatements. A more outcome oriented measure could be: “Percentage of registered vehicles that meet the state’s minimum insurance requirements”. By measuring this, the agency would be able to show whether their Nevada LIVE insurance verification program is successfully resulting in lower percentages of uninsured motorists.

Outcome oriented measures are the preferred measurement type for reporting to the Legislature. The preference for outcome measures is also emphasized in the state's budget instructions and in the executive summary of the Priorities and Performance Budget. Furthermore, Department policy requires each division to develop and report outcome oriented measures. More outcome oriented performance measures increases the Department's and decision makers' ability to measure the impact a program is having on a stated issue or problem. This can be accomplished by enhancing the Department's process of analyzing and revising its performance measures.

Improved Alignment of Programs, Goals, and Measures Needed

Performance measures did not always sufficiently align with division goals or address all key program activities. Performance measures were not clearly aligned with 35 of the 49 (71%) division goals identified. Alignment of programs, goals, and performance measures will help management coordinate and allocate resources toward achieving a common mission. State strategic planning documentation indicates there should be at least one performance measure for each goal.

In addition, performance measures did not address all key program activities. In total, 25 of the Department's 49 key program activities identified were not supported by a performance measure. Examples of Department activities without a performance measure include the following:

- Non-Metropolitan Field Offices: Existing measures only address customer wait times at metropolitan offices. The performance of offices like Elko, Ely, Fallon, Laughlin, Mesquite, Pahrump and other rural areas is not reported.
- Facial Recognition Program: Helps prevent fraud and identity theft by preventing people from fraudulently obtaining a Nevada driver license.
- Nevada Out of State Registration Reporting System (NORRS): Identifies people residing in Nevada but have their vehicles registered in another state.

Without performance measures, important activities cannot be measured to determine success.

Benefits of Consolidated Strategic Planning Document

The Department could better coordinate and align their strategic planning process. The Department has developed many of the basic elements of a strategic plan; however, those elements are located in several different documents. Even though the Department published a strategic plan on their website, this plan listed only goals and strategies. Other key strategic planning elements include mission statements, goals, and performance measures. While these basic elements were found in various other documents such as the Priorities and Performance Budget, Executive Budget, and Biennial Reports, they were not captured in a single strategic planning document.

The Department could improve its strategic planning process through improved development and analysis of the existing performance measures, goals, programs, and strategies. This could help the program ensure its resources are being used efficiently and effectively to carry out the mission of the Department and determine the success of its programs. Furthermore, these enhancements would improve the decision makers' insight into the Department when making budget and policy decisions.

Recommendations

12. Evaluate and revise performance measures to increase the percentage of measures that are outcome oriented.
13. Develop a process to evaluate and revise performance measures to ensure proper alignment of measures with strategic goals and key activities.
14. Develop a single strategic planning document to coordinate the Department and its divisions' strategic plan including critical components such as mission statements, goals, strategies, objectives, and performance measures.

Performance Measures Not Always Reliable

Key performance measures reported in the Executive Budget were not reliable. We selected a sample of eight performance measures reported in the Department's Executive Budget. Our testing found that five of the eight measures lacked supporting documentation. The remaining three measures had an inaccurate description and were based on unsound methodologies. Performance measures must be reliable to ensure proper budgetary and policy decisions are made by Legislative and Department decision makers.

Supporting Documentation Not Retained

Sufficient supporting documentation was not available for five of the eight performance measures tested. All five of the measures were for programs in the Central Services Division. The State Administrative Manual and Department policy require supporting documentation be maintained for 3 years. Without sufficient records, we were unable to determine the mathematical accuracy, soundness of calculation methodology, and accuracy of the description of these measures.

Unsound Methodologies Used to Measure Results

Performance measures are reliable when the reported results are calculated using a sound methodology. The calculation methodologies used in the remaining three performance measures tested were not sound. Consequently, the descriptions did not accurately reflect the underlying calculation. For example:

- The calculation for the performance measure "Delinquent revenue collected" includes some non-delinquent revenues. Non-delinquent revenues accounted for 37% of the total reported delinquent revenues collected in fiscal year 2009.
- The performance measure "Percent of project requests completed in the agreed upon time frame" included projects counted as completed on time even though there

was no due date associated with them. These projects with no due date accounted for 25% of the total on-time projects reported for fiscal year 2010.

Improvements to the Department's process should include enhanced analysis of existing measures to ensure retention of supporting documentation in compliance with the state requirements and to ensure sound methodologies and descriptions are used.

Recommendations

15. Ensure documentation to support performance measures is maintained consistent with state requirements.
16. Evaluate and revise performance measure calculation methodologies and descriptions and align with supporting calculations and documentation.

Appendix A

Audit Methodology

To gain an understanding of the Department of Motor Vehicles, we interviewed Department staff and reviewed statutes, regulations and policies and procedures significant to the Department's activities. We also reviewed financial information, prior audit reports, budgets, and legislative committee minutes. Furthermore, we documented and reviewed the Department's internal controls and administrative procedures related to revenue collections and related reconciliations, vehicle registration decals, motor carrier administrative citations, and fuel tax calculations.

To determine if the Department has effective controls to ensure security of vehicle registration decals, we judgmentally selected five full-service field offices and two county branch offices. We selected the offices based on transaction volume and geographic location. Selections included three field offices in Southern Nevada and two field offices and two county branch offices in Northern Nevada. We randomly selected a sample of 2 months for each of the seven selected offices from the 18-month period ending December 31, 2010. We obtained the decal inventory control spreadsheet for each month selected and compared them to the source documents including decal tracking sheets, decal return logs, and decal sign-out sheets to determine the accuracy and reliability of the spreadsheets.

Next, to determine whether decals assigned to technicians were used in the course of business, we selected two technicians with the highest use of decals for each selected office and month. For county offices, we tested all decals for the selected months. We traced the decals issued to the Department's system or decal return log to determine whether decals issued to technicians could be readily accounted for.

Finally, to determine if the decal production forecasts were reasonable, we obtained the decal forecast spreadsheets for fiscal years 2008 through 2011. We agreed the decal shipment and return documents from the selected offices and compared them to the information in the forecast spreadsheet. We then calculated the cost of decals returned and disposed of during this period.

To determine whether the reconciliations of revenues and distributions are adequate, we obtained the records of the most recently completed reconciliation of the Department's internal accounting system to the state accounting system (November 2010). We reviewed this reconciliation for reasonableness, mathematical accuracy, and unsupported figures or formulas. We also obtained and reviewed the completed monthly reconciliations for fiscal years 2010 and 2011 for unreconciled balances and unusual or unsupported items.

To determine whether sufficient controls are in place to mitigate the risk of fraud or abuse by Department personnel related to registration exemptions and driver license issuances, we observed and documented the related controls in the five selected field offices. For registration exemptions, we compared the DMV system's registration exempting report with the 10 most recent exemption transactions at the 5 field offices and determined whether each office's review process was adequate. We also observed and documented the system controls in place to mitigate the risk of a technician improperly lowering a vehicle MSRP in the registration process.

For each of the two local government offices selected for testing, we observed whether there were proper cash handling procedures. We also determined whether the individuals with access to the DMV system had received required background checks and determined whether logins and passwords were being shared between individuals.

To calculate the current backlog of citation audits and potential value of unprocessed citations, we reviewed the citation logs and completed citations database and calculated the average time spent to complete the assessments and assessment value of

completed audits. Next, we identified gaps in the citation backlog for the period July 1, 2009, to December 31, 2010, and determined whether authorization for citation removal was documented. We also reviewed related policies and procedures for adequacy.

To determine whether performance measures were adequate and reliable, we discussed the fiscal years 2008 to 2010 performance measures with each of the division administrators. We compared the divisions' programs and activities to existing performance measures and identified key program activities without measures. We also reviewed how the components of the Department's strategic goals and plans were documented. Furthermore, we reviewed relevant performance measures in other states.

To determine the reliability of measures, we judgmentally selected eight measures and determined whether sufficient supporting documentation was maintained and whether the description and calculation methodology were sound for the reported results for fiscal years 2008 to 2010. Selection was based on type and significance of measures. We also tested the reliability of the underlying data for applicable measures.

Our audit work was conducted from October 2010 to August 2011. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In accordance with NRS 218G.230, we furnished a copy of our preliminary report to the Director of the Department of Motor Vehicles. On January 4, 2012, we met with agency officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix B which begins on page 31.

Contributors to this report included:

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Appendix B

Response From the Department of Motor Vehicles

Brian Sandoval
Governor



Bruce H. Breslow
Director

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Telephone 775-684-4368
www.dmvnv.com
January 13, 2012

Paul V. Townsend, CPA, Legislative Auditor
State of Nevada Legislative Counsel Bureau
Legislative Building
401 South Carson Street
Carson City, Nevada 89701-4747

Dear Mr. Townsend:

We respectfully submit our written statement of explanation in reference to an audit of the Department of Motor Vehicles conducted by the Legislative Counsel Bureau. The Department accepts the 16 recommendations to improve controls over the administration of vehicle registration decals, reconciliations, driver licenses, administrative fines to motor carriers, computer system access, and performance measures. Please find detailed responses to each recommendation below.

Recommendation #1

Enhance monitoring practices and related policies and procedures to ensure vehicle registration decals are accurately accounted for and safeguarded

- Field Services Division will hold office managers and supervisors accountable for data entry through a quarterly report provided by each office.
- A service request will be submitted to Management Services and Programs to enhance policy and procedure to include quarterly audit procedures for each office.

Recommendation #2

Improve the decal forecasting process through verification of supporting decal tracking forms and offices' decal inventory control sheets

- The Field Services Division will request a report be created by Motor Vehicle Information Technology whereas decal information is captured in the DMV information system and retrieved by each office for validation. If feasible, this would include a report posted on the DMV Intranet so it is automatically updated and accessible to all offices.

Recommendations #1 and #2

- Management Services and Programs received a service request in June of 2011 to revise policy and procedure VP-B35 Decal Accountability in order to address the following:
 1. Specific time frames for Field offices to return unused decals to the Central Services Division/Data Integrity Section.
 2. Modification of the Decal Return Log to include recording of decals retained as sub-decals.
 3. Electronic submittal by Field Services branch offices of the Decal Return Log as an e-mail attachment using a DMV global e-mail address.

4. A standard methodology for Central Services to annually project the decal requirements of each Field Services office.
 5. Improvements to decal tracking and accountability procedures within each Field Services office, including decal distribution to individual DMV technicians and Assessors, accurate tracking of decals received and returned, and verification of decal issuance.
- The policy and procedure was distributed for a pre-review in July 2011 in order to gather initial comments on these issues from key employees in the affected divisions; Central Services and Field Services. Comments were received and incorporated into a draft revision of the policy and procedure. The policy revision was then put on hold due to plans to pursue a decal print-on-demand program that would significantly change the decal accountability process and resolve most if not all of the audit findings concerning decals. However, since the process of acquiring a print-on-demand system may take some time (see response to Recommendation #3) the Department is now moving forward with the policy revision outlined above.

Recommendation #3

Investigate the financial viability and potential benefits of implementing a print-on-demand vehicle registration decal program

- The Department has initiated internal meetings to discuss the feasibility and costs associated with implementing a print-on-demand system for registration decals. Further research is required to determine if the Department currently has the networking infrastructure necessary to support a print-on-demand system, as well as the costs associated with potential upgrades and equipment. In addition, the Department has asked State Purchasing to determine if the decal contract with the current vendor can be modified and extended to allow the print-on-demand system to be implemented. As indicated in the audit, the Department is aware of the benefits of a print-on-demand system and will work towards transitioning to this format.

Recommendation #4

Improve the reconciliation process and enhance procedures accordingly to ensure reconciliations of the Department and state accounting systems are complete, accurate, and timely

- Since the audit, the Department's Administrative Services Division's Revenue staff has updated and enhanced the procedures for reconciliations of the Department and state accounting systems and is now able to more completely and accurately identify discrepancies in a timely manner.

Recommendation #5

Formalize written procedures and perform timely supervisory review and approval of monthly electronic fund reconciliations

- Since the audit, the Department's Administrative Services Division's Revenue staff has completed written procedures for performing timely supervisory review and approval of monthly electronic fund reconciliations. Performance of these reviews will be added to the supervisor position's Work Performance Standards to ensure compliance.

Recommendation #6

Enhance written monitoring procedures to define management's expectations for transaction monitoring and ensure consistent and effective review procedures are performed at each office

- Field Services currently has a policy and procedure in place that is being followed by Field Services staff.
- In addition, monitoring of all drivers license applications at the capture station prior to the processing of the license has been included.
- A monitoring system for the procedure will be added to the existing policy.

Recommendation #7

Develop procedures to require verification that all registration exemptions recorded in the DMV information system are properly supported

- The Field Services Division will submit a service request to Management Services and Programs to create a policy and procedure for the Department regarding the processing of registration exemptions. The policy will include the requirement for each office to utilize the report currently on the Intranet as a cross reference to the form submitted by the customer at the time of registering the vehicle.
- The Department is working with the County Assessor's Offices to automate the exemption process.

Recommendation #8

Improve procedures to ensure individuals pass criminal background checks before being granted access to the DMV information system

- Personnel will work with Motor Vehicle Information Technology (MVIT) to complete criminal history background checks before individuals are allowed to access and perform transactions in the DMV's information system.
- The Department will be exploring our options and changing the procedure for both the County Assessor's Offices and DMV employees.

Recommendation #9

Work with county branch offices to improve controls over the use of shared access to the DMV information system

- Field Services will work with Motor Vehicle Information Technology (MVIT) to ensure the proper computer protocol is being used by County Assessor Offices. MVIT has made programmatic changes to ensure that County Branch Offices have access to only those transactions contractually approved. These offices must contact the Reno Galletti office if additional assistance is required for any other transaction. In addition, system changes have been made to eliminate the need for password sharing.

Recommendation #10

Develop an approach to improve the timeliness of processing administrative fines and fees associated with motor carrier citations

- The Motor Carrier Division prioritizes and utilizes the Division's audit resources to audit high-risk taxpayers, which are Nevada's licensed fuel suppliers. These fuel suppliers import and sell hundreds of millions of gallons of fuel each year in Nevada. The next high-risk audit priority is the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA) which mandate that 3% of all carriers are audited each calendar year to remain in compliance with those international agreements. With the Division's limited audit resources, the lower risk audits, which include citation audits, fall behind and result in this backlog. The 1,500 count citation backlog noted represents 1 to 1 ½ FTE's of auditor production lost through required furlough days and position vacancies through the prior 18 month cycle. This backlog is addressed by reprioritizing, reassigning, and spreading the 1 ½ FTE workload within the existing audit section along with utilizing other Division and Department resources to bring current the backlog of citation audits. Additionally, one (1) FTE Auditor position has been reassigned to work on and track the citation backlog and program. All of the Divisional auditors have been assigned and are working the incoming and most current citations while assisting with a share of the backlog. The Division's audit section has also re-

evaluated and increased the amount of citation audits each auditor is expected to complete on a monthly basis to keep the program current. As of December 19, 2011, the backlog has been reduced from 1,500 to 1,077. The Division's audit section, with the above measures in place, is projecting the backlog of citation audits to be current and manageable by June 30, 2012.

Recommendation #11

Develop procedures to control the removal of citations from the Department's unprocessed citations log

- The Division is currently in the process of updating our Citation Audit Policy and Procedure, MCD 10.03, to include the control of citation removal from the Department's unprocessed citation log. The updated policy and procedure is expected to be completed in January 2012.

Recommendation #12

Evaluate and revise performance measures to increase the percentage of measures that are outcome oriented

- The Department is currently in the process of revising its strategic plan. As a part of this process, divisions are reviewing and revising goals, key activities and priorities as required ensuring that they align with the strategic plan. New and/or revised performance measures will also be addressed as a part of this process to increase the number of measures for the Department that are outcome oriented. These items will be completed and presented in the Agency Request budget for the 2014 – 2015 biennia.

Recommendation #13

Develop a process to evaluate and revise performance measures to ensure proper alignment of measures with strategic goals and key activities

- The Department is currently in the process of revising its strategic plan. As a part of this process, divisions are reviewing and revising mission statements, goals, objectives, key activities and priorities as required ensuring that they align with the strategic plan. New and/or revised performance measures will also be addressed as a part of this process to increase the number of measures for the Department that are outcome oriented. These items will be completed and presented in the Agency Request budget for the 2014 – 2015 biennia.

Recommendation #14

Develop a single strategic planning document to coordinate the Department and its divisions' strategic plan including critical components such as mission statements, goals, strategies, objectives, and performance measures

- When the Department has completed the process outlined in the responses to recommendations #12 and #13, a single strategic planning document will be available.

Recommendation #15

Ensure documentation to support performance measures is maintained consistent with state requirements

- Through policies/procedures and work performance standards, the Department will work to ensure all back-up documentation will be maintained in accordance with the State retention schedule.

Recommendation #16

Evaluate and revise performance measure calculation methodologies and descriptions and align supporting calculation and documentation

- As performance measures are created and/or revised, calculation methodologies and descriptions will be addressed, revised and created as appropriate.

If any further information or detail is required, please do not hesitate to contact me at 775-684-4661.

Sincerely,

A handwritten signature in black ink, appearing to read 'Breslow', written in a cursive style.

Bruce Breslow, Director

Department of Motor Vehicles

Department of Motor Vehicles' Response to Audit Recommendations

<u>Recommendations</u>	<u>Accepted</u>	<u>Rejected</u>
1. Enhance monitoring practices and related policies and procedures to ensure vehicle registration decals are accurately accounted for and safeguarded.....	<u> X </u>	<u> </u>
2. Improve the decal forecasting process through verification of supporting decal tracking forms and offices' decal inventory control sheets.....	<u> X </u>	<u> </u>
3. Investigate the financial viability and potential benefits of implementing a print-on-demand vehicle registration decal program.....	<u> X </u>	<u> </u>
4. Improve the reconciliation process and enhance procedures accordingly to ensure reconciliations of the Department and state accounting systems are complete, accurate, and timely	<u> X </u>	<u> </u>
5. Formalize written procedures and perform timely supervisory review and approval of monthly electronic fund reconciliations	<u> X </u>	<u> </u>
6. Enhance written monitoring procedures to define management's expectations for transaction monitoring and ensure consistent and effective review procedures are performed at each office.....	<u> X </u>	<u> </u>
7. Develop procedures to require verification that all registration exemptions recorded in the DMV information system are properly supported	<u> X </u>	<u> </u>
8. Improve procedures to ensure individuals pass criminal history background checks before being granted access to the DMV information system	<u> X </u>	<u> </u>
9. Work with county branch offices to improve controls over the use of shared access to the DMV information system	<u> X </u>	<u> </u>
10. Develop an approach to improve the timeliness of processing administrative fines and fees associated with motor carrier citations	<u> X </u>	<u> </u>
11. Develop procedures to control the removal of citations from the Department's unprocessed citations log	<u> X </u>	<u> </u>
12. Evaluate and revise performance measures to increase the percentage of measures that are outcome oriented.....	<u> X </u>	<u> </u>
13. Develop a process to evaluate and revise performance measures to ensure proper alignment of measures with strategic goals and key activities	<u> X </u>	<u> </u>

Department of Motor Vehicles' Response to Audit Recommendations (continued)

14. Develop a single strategic planning document to coordinate the Department and its divisions' strategic plan including critical components such as mission statements, goals, strategies, objectives, and performance measures	<u> X </u>	<u> </u>
15. Ensure documentation to support performance measures is maintained consistent with state requirements	<u> X </u>	<u> </u>
16. Evaluate and revise performance measure calculation methodologies and descriptions and align with supporting calculations and documentation	<u> X </u>	<u> </u>
TOTALS	<u> 16 </u>	<u> 0 </u>