

LBA Financial Audit Report Summary:

Department of Safety, Revenues Collected By The Division Of Motor Vehicles, Audit Report For The Year Ended June 30, 1999

The reporting entity and scope of this audit and audit report was the \$94 million of revenue collected by the Division of Motor Vehicles of the New Hampshire Department of Safety for the year ended June 30, 1999. The Division of Motor Vehicles was established under RSA 21-P:8 to administer State laws governing motor vehicles and their operators. Not included in the scope of this audit and audit report was the revenue collected on behalf of the Division by the New Hampshire Court System and the revenue collected by the Road Toll Bureau, which was reported by the Department's Division of Administration.

Motor Vehicles is one of six divisions within the Department of Safety under the direction of the Commissioner of Safety. The Division of Motor Vehicles is headed by a director appointed by the Commissioner of Safety. The Division of Motor Vehicles consists of the Bureau of Licensing, the Bureau of Registration, the Bureau of Title, and the Bureau of Financial Responsibility.

The main offices of the Division are located in the Hayes Building on Hazen Drive in Concord. The Division also performs registration, licensing, and title transactions at substations and municipal agents located throughout the state.

Division responsibilities include overseeing the operation of motor vehicle substations, road testing of drivers, the issue and renewal of driver licenses, the issue and renewal of motor vehicle registrations, vehicle safety inspections, maintaining motor vehicle records and reports, plea by mail court fines program, the international registration plan program, emissions program, special projects, department copy and microfilming services, the pupil transportation program, driver education, and motorcycle rider training program.

The revenues of the Division of Motor Vehicles are accounted for in the General and Highway Funds of the State of New Hampshire. Estimated restricted revenue combined with supplemental warrants and balances forward resulted in anticipated fiscal year 1999 restricted revenue of \$9,845,381 in the General Fund and \$1,014,443 in the Highway Fund. Fiscal year 1999 estimated unrestricted revenue totaled \$10,898,000 in the General Fund and \$65,402,700 in the Highway Fund. The actual revenues of the Division as reported in the General and Highway Funds for the year ended June 30, 1999, are summarized in the following table.

Summary Of Division Revenues
Year Ended June 30, 1999
(expressed in thousands)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Total</u>
Unrestricted Revenues	\$ 13,983	\$ 66,250	\$ 80,233
Restricted Revenues	<u>10,689</u>	<u>3,274</u>	<u>13,963</u>
Total Revenues	<u>\$ 24,672</u>	<u>\$ 69,524</u>	<u>\$ 94,196</u>

The audit report included auditor's reports on compliance and on internal control over financial reporting and on management issues. A list of the report comments follows.

Internal Control Comments

Reportable Condition

- Formal Fraud Deterrence And Detection Program Should Be Established
- Formal Fraud Reporting Policy Should Be Established
- Management Information Reports Should Be Better Utilized To Review Division Activity
- Clerk Procedure Manuals Should Be Updated Or Established As Necessary
- System And User Documentation Should Be Updated Or Established As Necessary
- Clerk Access To Database Functions Should Be Limited
- Clerks Should Not Fee Adjust Their Own Work
- Computer Access Controls Should Not Be Bypassed
- Processing No-Fee Transactions Should Be Better Documented
- Database Design Should Promote Accurate, Complete, And Efficient Transaction Postings
- Requests For Changes To The Division's Database Should Be Completely Documented
- Refunds Policy Needs To Be Established
- Clerk Close-Out Procedures Need To Be Monitored And Enforced
- Accountability For Receipts Delivered To The Vault Should Be Improved
- Close-Out Documentation For Concord Office Clerks Should Be Made Consistent
- Controls Over Access To The Vault Need To Be Reestablished
- Procedures To Process Atypical Receipts Timely Need To Be Established
- Unprocessed Checks Should Be Secured
- Control Processes Need To Be Secured To Remain Effective
- Controls Over Petty Cash Should Be Enhanced
- Employees Should Not Have Access To State Funds During Off-Duty Hours
- Security Of Change Funds Should Be Reviewed
- Registration Procedures Should Be Revised To Make Accounting For Plate And Decal Inventory A Reliable Control Process
- Procedures For Recording The Issuance Of Overweight Trailer Decals Should Be Revised

- Inventory Status Of Registration Decals And Inspection Stickers Should Be Recorded In A Timely Manner
- International Registration Plan (IRP) Fees Calculated By VISTA Should Be Reconciled To Recorded Fee Revenue
- Procedures To Ensure Receipt Of International Registration Plan (IRP) Revenues Due The Division Could Be Improved
- The Division Should Use Analytic Procedures To Review Revenues And Division Operations For Reasonableness

Compliance Comment

State Compliance

- The Division's Organizational Structure Should Be As Described In Statute

Management Issues Comments

- The Division Should Encourage More Municipal Agents To Process Transactions On-Line
- The Division Should Consider Developing A Formal Customer Service Plan
- Documentation And File Maintenance Practices Should Be Reviewed

The auditor's report on the Division's financial statement was unqualified.