

Attestation Report of the Nebraska Department of Motor Vehicles July 1, 2004 through June 30, 2005

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Report Highlights

Issued October 2005



The Department of Motor Vehicles, which was created in 1957, administers laws pertaining to motor vehicle drivers and the operation of motor vehicles. The Department is organized into the following divisions: Administration, Information Systems, Motor Carrier Services, Driver and Vehicle Services, Financial Responsibility, Driver License Examining, Legal, and Highway Safety.

Our report included 10 Comments and Recommendations as summarized below.

1. Monitoring of County Receipts: The Department did not have procedures in place to verify the portion of fees received from the counties each month was reasonable. In fiscal year 2005, the Department received \$12,506,623 from the counties for the issuance of driver's licenses, vehicle registrations, titles, and plates.

2. Reconciliation of Distributive Funds to NIS: The Department processed and distributed in excess of \$90 million in fees through the Motor Carrier Services System for the International Registration Plan and the International Fuel Tax Agreement during fiscal year 2005. We noted there was no reconciliation between the Motor Carrier System and the Nebraska Information System (NIS). We also noted several optional liability accounts with large balances for which there was no activity on NIS for the fiscal year.

3. Vehicle Titling and Registration System: Department staff had supervisory access to all counties' data fields in the State. In addition, IMS programmers also had access to the menus on the Vehicle Titling and Registration System (VTR) with supervisory authority, enabling programmers to access the complete system. There was no written disaster recovery plan for the county systems.

4. Motor Carrier Services Programmer Access: We noted the programmer responsible for the Motor Carrier Services System had access to live data. This would allow the programmer to change data after it had been entered and verified.

5. Lack of Segregation of Duties - Revenues: We noted a lack of segregation of duties in the Driver and Vehicle Records Division for the processing of VINS, sample plates, and requests for drivers records. The total amount received at the Department during fiscal year 2005 was \$6,980 and \$80,526, respectively. We also noted the Driver and Vehicle Records Division did not have adequate procedures over the voiding of receipts. All five voids tested were not approved by appropriate personnel and four of the five did not have adequate documentation to support the reason for the void.

6. Payroll: Three of fifteen employees tested did not complete timesheets to document forty hours of work

each week. One employee was able to perform all payroll functions, including changes to pay rates, entering of hours worked and leave used, and review of the payroll register. One employee had 16 hours of vacation leave in excess of the maximum allowed which was not lapsed at calendar year end. We also noted substantiating evidence was not on file for two of eighteen employees with sick leave of more than eighty hours in a single month.

7. Travel: All five expense reimbursement documents tested contained reimbursements for meal expenses without adequate documentation, or provided reimbursement for a meal when the same meal was paid for and provided by the conference or was an unreasonable meal expense. Reimbursements for meals without adequate documentation ranged from \$90 to \$143.

8. Capital Assets: We noted an independent review was not performed of the Additions and Retirements Report to ensure changes to assets were appropriate. We also noted several items were not being depreciated correctly based on the assigned item code. The Department had a total of 1,093 assets as of June 30, 2005 and, of those, 129 had the incorrect asset account.

9. Reconciliation of Bingo Stamps: No reconciliation was performed between the amounts received for Bingo Stamps and the number of Bingo Stamps issued. The Department collected \$28,051 and the Nebraska Interstate Registration Agent collected \$79,582, for a total received during fiscal year 2005 for bingo stamps of \$107,633.

10. Reconciliation of Bank Records to the Nebraska Information System: The Department of Administrative Services' reconciliation process is still not done in a timely manner and continues to reflect unknown variances.

The complete report is available on the Auditor of Public Accounts Web site: www.auditors.state.ne.us.

