



# **California and Utah's Audit Programs**

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# California Profile

- Registered Vehicles: 33 Million
- Driver Licenses & ID Cards: 30 Million
- Annual Budget: \$1 Billion
- Annual Revenue Collections: \$7.6 Billion
- Over 200 Field Office Locations
- Conduct over 600 audits annually
- Six Audit Managers and 39 Audit Staff

# Utah Profile

- Registered Vehicles: 3 million
- Annual Budget: \$18 million
- Annual Revenue Collections: \$460 million
- Thirty-seven Branch Office Locations
- Over 700 Third Party Partners
- Conduct over 200 reviews annually
- Audit Manager and three Staff Auditors

# Audit Program



**WHAT IS YOUR  
RESPONSIBILITY?**

# Audit Program

- State assets are protected
- Fiduciary responsibility to ensure policy, procedures, regulations, and statutes are followed
- Financial and management information is reliable
- Organization and programs are operating effectively and efficiently
- Independent and objective assessment of operations
- Audit for financial integrity, program performance, information technology, & compliance

# Audit Program

- Meet any financial integrity and state manager's accountability acts in place in your state.
- Follow Government Auditing Standards (GAS) for all government audits as prescribed by the U.S. Government Accountability Office
- Follow Generally Accepted Auditing Standards as required by the American Institute of Certified Public Accountants
- The Single Audit Act of 1984 established requirements for audits of States, local governments, and Indian tribal governments that administer Federal financial assistance programs. In 1985, the Office of Management and Budget (OMB) issued OMB Circular A-128, "Audits of State and Local Governments," to provide implementing guidance. In 1990, OMB administratively extended the single audit process to non-profit organizations by issuing OMB Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Organizations."
- Identify potential problem areas before the state or legislative auditors arrive.
- **Ensure that your department is not on the front page of your local newspaper, L.A. Times, N.Y. Times or USA Today.**

# Audit Program



## TYPES OF AUDITS

# Audit Program

- Internal Audits
  - Compliance with Government Code
  - Operational policies and regulations
- External Audits
  - International Registration Plan Program
  - Adherence of government, commercial and business partners to agreements



# Audit Program



## WHO DO WE AUDIT?

## Internal Audits



- Field Office & Call Center operations
- Driver License and Vehicle Registration Operations
- Auto Clubs, Driver Safety Offices, and Industry Business Centers

## External Audits

- International Registration Plan
  - Mandated to audit 3% of fleets based in your jurisdiction
- Government and Commercial Requesters
  - Government agencies, third party agents, attorneys, insurance carriers/agents, private investigators, etc.
- External Partners
  - Registration Services, first line business partners, car dealerships, etc.



# Audit Program



WHAT ARE WE LOOKING FOR?

# Internal Audits

- Written desk procedures
- Adherence to policies and procedures
  - Employee vehicle transactions
- Physical Inventory of Accountable/Controlled Items
- Process/Office Efficiency Evaluations
- Separation of duties/functions
- Timely deposit of monies/Bank deposit procedures are followed
- Timely transfer of funds
- Timely changing of safe and keypad combinations when when an employee leaves
- Securing and properly destroying of Personally Identifiable Information
- Vehicle Vessel Registration/Driver License
  - Field Office Managers review and retain VR & DL transaction information as required
- Information Systems Controls
  - Employee record change requirements are maintained



# External Audits

- International Registration Plan (California)
  - Distance traveled does not reflect reported distance traveled
  - Recorded distance includes accrued vehicles not apportioned in the fleet
  - Reported purchase price does not reflect the actual cost of the vehicle
- Government and Commercial Requesters
  - Unauthorized use of DMV information
  - Authorized user listing not maintained
  - Lack of log of inquiries and supporting documentation
- Business Partners (California)
  - DMV documentation not stored on-site as required
  - Unable to provide required reports
  - Lack of established written policies and procedures



# External Audits

- Third Party Business Partners (Utah)
  - Verify controlled inventory and security
  - Adherence to policy and procedures
- Government and Commercial Requesters
  - Unauthorized use of DMV information
  - Authorized user listing not maintained
  - Lack of log of inquiries and supporting documents
- Business Partners
  - DMV documentation not stored on-site as required
  - Unable to provide required reports
  - Lack of established written policies and procedures



# California Audit Findings

- Lack of written procedures
- Bank deposit procedures not followed
- Lack of separation of duties
- VR/DL application review lists procedures not followed
- Physical inventory not conducted
- System controls not followed
- Unauthorized use of DMV information
- Lack of logs and supporting documentation





# Utah Audit Findings

- Employee Misuse of Position
  - Falsifying safety and emission information
  - Selling of replacement decals
  - Altering title documents and obtaining loans
  - Manipulating the system on cash transactions in order to steal funds
- Training Issues
- System Issues
- Unauthorized Use of MV Information

# Audit Program



**WHAT ARE CONSEQUENCES OF NOT  
HAVING A RIGOROUS AUDIT PROGRAM?**

# Audit Program

- Embezzlement
- Fraud
- Collusion
- Bribery
- Negligence
- Loss of grant funds
- Misuse of information
- Identity theft

# Audit Program

Thank You!!!