



State of Rhode Island and Providence Plantations

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December 20, 2013

Mr. Anthony J. Silva  
Administrator  
Division of Motor Vehicles  
600 New London Avenue  
Cranston, RI 02920-3024

Dear Administrator Silva:

The Bureau of Audits has completed its audit of the Division of Motor Vehicles cash controls over fees, licenses, and services during the time period of July 1, 2012, through August 31, 2013. Our audit was conducted in accordance with Rhode Island General Laws §35-7-3. The findings and recommendations included herein have been discussed with members of management, and we considered their comments in the preparation of our report.

RIGL §35-7-3(b), entitled "Audits performed by bureau of audits," states that "Within twenty (20) days following the date of issuance of the final audit report, the head of the department, agency or private entity audited shall respond in writing to each recommendation made in the final audit report..." Pursuant to RIGL §35-7-3 (b), the Bureau may follow up on recommendations included in our reports within one year following the date of issuance of the report.

We would like to express our appreciation to management and staff of the Division of Motor Vehicles and the Division of Taxation for the cooperation extended to the members of our staff during the course of this review.

Respectfully,

Dorothy Z. Pascale  
Chief, Bureau of Audits

c- Richard A. Licht, Director, Department of Administration  
Rosemary Booth Gallogly, Director, Department of Revenue  
Honorable Daniel DaPonte, Chairperson, Senate Committee on Finance  
Honorable Helio Melo, Chairperson, House Finance Committee  
Dennis Hoyle, CPA, Auditor General  
Peter Marino, Director, Office of Management and Budget



## AUDIT Executive Summary

### Why the Bureau Did This Review

As part of our risk-based audit assessment, the Bureau of Audits performed a risk assessment of cash controls across executive branch state agencies. The Division of Motor Vehicles (DMV) was selected as a high-risk agency regarding cash controls due to the volume and various locations which handle currency.

### Background Information

RIGL §42-142 entitled "Department of Revenue" establishes the Registry of Motor Vehicles, now known as the Division of Motor Vehicles, as a division within the Department of Revenue. The DMV collects approximately \$73 million annually.

The following bullets detail the cash collections associated with each unit of the DMV, or third party, which were reviewed as part of this audit.

- Registration and Licensing
- Operator Control
- AAA Southern New England
- Rhode Island Interactive
- Safety and Emissions
- Commercial Driver Licensing
- Enforcement Office
- Sales Tax Office

### What the Bureau Found

- \* Segregation of Duties Weaknesses
- \* Operational Procedure and Policy Weaknesses
- \* Third-Party Revenue Collection Control Weaknesses

### The Bureau Recommends:

- Defining the responsibilities of cashiers' office
- Resolve cashier's office supervisor vacancy
- Divide operator control cashier tasks to promote segregation of duties
- Develop and implement cash control policies which include addressing overages/shortages
- Enforce third-party cash remittance timeframes

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## Objective and Scope

The Bureau of Audits ("Bureau") conducted a limited scope audit of the Division of Motor Vehicles (DMV) revenues collected for licenses, fees, and services for the period of July 1, 2012, through August 31, 2013. The purpose of this engagement was to determine if adequate cash controls are in place at the DMV.

## Methodology

As part of our audit work, we gained an understanding of existing cash controls and reviewed the receipt and recording procedures utilized. To address our audit objective, we performed the following:

- Interviewed DMV management and staff
- Reviewed applicable state and federal laws, regulations, and department policies
- Gained an understanding of procedures governing the processing and recording of receipts
- Tested transactions from various revenue accounts pertaining to licenses, fees, and services

## Introduction

DMV was established by Rhode Island General Law (RIGL) §31-2-1 with the primary mission to administer and enforce all laws pertaining to the operation and registration of motor vehicles, and to collect all fees mandated by state statutes in the most efficient and timely manner, to bring an expanded, more efficient level of service to the public. RIGL §42-142 entitled "Department of Revenue" establishes the Registry of Motor Vehicles, now known as the Division of Motor Vehicles, as a division within the Department of Revenue. The following bullets detail the cash collections associated with each section or third party as it pertains to this cash controls audit:

- **Registration and Licensing** regulates motor vehicle registration, testing, and licensing of motor vehicle operators, and issues state IDs. Licensing and Registration transactions can be processed at the Cranston DMV headquarters or any of the five DMV branch locations.
- **Operator Control** addresses license and registration suspensions. It also provides certified driving records, coordinates court ordered driver retraining, and oversees the Medical Advisory Board. Operator Control also provides information about out-of-state suspensions or those suspensions that may be remedied via mail.

- **AAA of Southern New England** provides vehicle registration and license services to its members per an agreement with the DMV. AAA collects payments and obtains information based on the fee schedule provided by the DMV. AAA transmits the information to the DMV and deposits the fees into an account designated by the DMV, based upon the agreement.
- **Rhode Island Interactive (RII)**, also known as RI.gov, provides the internet service portal which allows DMV customers to process a number of transactions via the internet, such as: license and registration renewal, vanity plate reservations, driving record abstract, and title inquiry. RII transmits weekly payments received and processed to the DMV-designated bank account using ACH; this activity is reported in a format acceptable to the DMV and memorialized in the agreement.
- **Safety and Emissions** collects fees for inspections, stickers, station permits, and school bus inspections. The unit also oversees the inspection program and fees collected by the third-party vendor, SysTech International. The Road Test Office, which is a division of Safety and Emissions, collects fees for driver road tests and other licensing activities.
- **Sales Tax Office** provides customer support regarding sales taxes owed from the purchase of a new or used vehicle, which may include calculating the amount of sales tax due. Although, no cash is collected by the Sales Tax Office. Sales tax payments are collected by the Licensing and Registration Unit.
- **Commercial Driver License (CDL)** unit is responsible for testing and licensing of commercial drivers and chauffeurs and collecting the associated fees. These transactions can only be processed at the Cranston DMV Headquarters.
- **Enforcement Office** at the DMV performs several functions involving cash receipts. The office approves and collects fees related to: bailee plates, flashing light permits, salvage inspections, transporter plates, and “in-transit” plates.

## Recommendations and Management's Response

### Segregation of Duties Weakness Noted

Segregation of duties is a basic building block of sustainable risk management and internal controls. The principle is based upon sharing key process responsibilities and critical functions to more than one person or department. Without this separation in key processes or critical functions, the risk of fraud or error is more likely to occur.

The concept of segregation of duties is to separate the major responsibilities of authorizing transactions, custody of assets, recording of transactions and reconciliation/verification of transactions for each business process. Optimum degree of segregation of duties is not always possible due to limited staffing. In those circumstances the department should strive for an acceptable level of segregation of duties, which when combined with compensating controls, will minimize the impact of control deficiencies and exposure to errors or irregularities. Without adequate segregation of duties cash receipts are not properly safeguarded, and there is an increased risk of cash being misappropriated.

The Bureau found different sections within the Division of Motor Vehicles that did not have sufficient segregation of duties over cash. These instances are discussed in detail below.

#### Cashiers' Office has Inadequate Segregation of Duties

The Cashiers' Office is responsible for all cash receipts at the DMV Cranston location with the exception of Operator Control. The duties of this office are counting, preparing, and depositing cash, and preparing the daily journal entry to record the activity in the state accounting system. The section is staffed with three full-time FTEs:

- one supervisor
- two cashiers

At the time of the Bureau's review, the supervisor was out on leave, requiring the Financial Management Administrator to occasionally perform the daily count of cash, complete the reconciliation, prepare the deposit, and enter the journal entry for cash receipts. By allowing the same employee to collect cash, perform the reconciliation, and prepare the journal entry, weak internal controls over the safeguarding of cash asset result.

The DMV does not have defined responsibilities for the three cash office employees to provide adequate segregation of duties and oversight. The absence of the supervisor weakens controls and increases the risk of cash being misappropriated due to deficient segregation of duties.

### **Recommendations**

1. Define the responsibilities of the Cashiers' Office staff to provide adequate segregation of duties and oversight.
2. Resolve the supervisor vacancy to allow for appropriate staffing.

**Management's Responses**

The DMV has hired a new Financial Management Officer (FMO) on Dec. 2, 2013. Under the new FMO, collection of cash, reconciliations, and journal entries will be performed by the Senior Teller and FMO to ensure segregation of duties. At no time, will these be performed by one (1) employee.

*No Segregation of Duties over Operator Control Funds*

There is a lack of segregation of duties over the handling of Operator Control funds. The Operator Control Cashier performs the following functions:

- I. Collects the funds related to Operator Control activities
- II. Reconciles cash receipts daily to the transaction report
- III. Creates the deposit
- IV. Documents the journal entry amounts to be recorded

By allowing the same employee to collect cash, perform the reconciliation, and prepare the journal entry, weak internal controls over the safeguarding of cash asset result. A mitigating control would be for the Financial Management Administrator to enter the journal entry and review/validate the information. The Financial Management Administrator enters the journal entry into the state accounting system, but does not complete a detailed review.

Procedures being followed regarding the collection, deposit, and journalizing of Operator Control funds activity does not account for proper segregation of duties. This may result in potential misappropriation of assets.

**Recommendations**

- 3. The Operator Control Cashier should cease performing steps 2, 3, and 4 noted above. The Cashiers' Office should reconcile the cash collected to the transaction report and create the deposit ticket, consistent with all other cash collected at the DMV Cranston Headquarters.
- 4. The Financial Management Administrator should be responsible for creating and posting the journal entry from the support provided by Operator Control.

**Management's Responses**

Under the direction of the newly appointed Fiscal Management Officer (FMO) the collection of funds (cash), reconciling of daily cash receipts, creation of deposits and journal entries will be segregated. As recommended, the Senior Teller in the Cashier's office will reconcile the cash collected to the transaction report and create the deposit ticket. The FMO will be responsible for creating and posting the journal entry from the support provided by Operator Control. The process will become effective immediately.

*Conflicting Duties for Supervisors at DMV Branch Locations*

There are five DMV branch locations, including: Woonsocket, Warren, Westerly, Middletown, and Wakefield. The Road Test Office located at Melrose Street, Providence also operates in a similar fashion as the five branch locations. Branch supervisors complete the following tasks at the locations mentioned:

- 1. Service customers
- 2. Perform a second count of funds collected by customer service representatives

3. Complete the daily reconciliation
4. Prepare the daily deposit
5. Complete the receipt journal entry

There is an operational need for supervisors to perform all levels of duties related to cash, since there is limited staffing and no cashier office at the branch locations. Each branch office operates independently with minimal oversight from upper management; management is located at the DMV Headquarters. The risk of funds being unaccounted for increases due to the deficient segregation of duties noted at the branch locations.

#### **Recommendation**

5. The Cranston location Cashiers' Office should review the daily reconciliations, deposit detail, and journal entries from the branches as a compensating control. This would increase management oversight, bring any abnormalities to management's attention in a timely manner, and allow for closer monitoring of cash variances.

#### **Management's Response**

Under the direction of the new FMO, there will be a review of daily reconciliations, deposit detail, and journal entries conducted by the Cranston Cashier's Office. In addition, the new FMO will be required, as part of regular duties, to conduct random unannounced visits to all branch locations to assess and count imprest cash, and ensure that cash management policies are being followed. As a result, management oversight will increase significantly thereby ensuring that potential abnormalities will be detected in a timely manner and allow for quicker monitoring of cash variances. This process will be in place by January 31, 2014.

#### **Safety and Emissions Office Lacks Proper Controls to Safeguard Cash**

Safety and Emissions consists of two units, the Road Test Office and the Safety and Emissions Office. The Road Test Office collects payments for road tests, licenses, and registrations. These transactions are recorded in the legacy system similar to other DMV locations. The Safety and Emissions Office collects payments for various inspections and stickers. Unlike other DMV activities, the Safety and Emissions transactions are recorded and maintained in an access database.

The Safety and Emissions Office does not have the proper controls in place to safeguard cash, for example:

- The facility has an overall lack of security
- The daily cash reconciliation sheet is not signed or verified
- No verification (double count) of daily deposit is performed
- Senior teller has access to the Safety and Emissions database for inspections and stickers
- Senior teller prepares both the deposit and journal entry

The risk of theft and/or misappropriation is increased at the Safety and Emissions Office because of the lack of controls noted above.

#### **Recommendations**

6. Develop and use a count sheet for the Safety and Emissions cash drawer that includes dual counting, verification, and identifies individuals performing these functions.

Ensure proper segregation of duties and increase supervision of the senior teller.

### **Management's Responses**

Security issues are being investigated and a plan is being developed to address/rectify them. As recommended, a count sheet will be created and used in the Safety and Emissions unit that includes dual counting, verification of counts performed, and lists/identifies the employees conducting these functions. It will be the responsibility of the FMO to ensure that segregation of duties is followed and that a policy of supervising the Senior Teller is practiced and enforced. This new process will be put in place by January 31, 2014.

### **Operational Procedure and Policy Weaknesses**

No Monitoring of Customer Service Representative Overage or Shortage less than \$25

Cash reconciliations are completed on a daily basis by the Cashiers' Office at the Cranston DMV Headquarters. Any variance, in excess of \$25, between the cash collected and the cash reported on the daily transaction report is investigated by the supervisors to determine the cause. If the amount is less than \$25, then no further review or investigation occurs; and the variance is not tracked.

There is no policy in place to determine a course of action if a Customer Service Representative (CSR) is consistently short or over by amounts less than \$25. The policy gap results in management's inability to detect possible misappropriation of cash receipts.

### **Recommendations**

7. A formal written policy should be established and communicated which clearly identifies the course of action to be taken if a Customer Service Representative is consistently over or short. This policy should address actions taken if the variance is over \$25 and if the variance is under \$25.
8. Management should note and track individuals who are regularly over or short an amount under \$25 to determine if there is transactional processing trends.

### **Management's Responses**

DMV Management is in the process of creating and implementing an updated cash variance policy. We have reviewed cash management policies in other progressive DMV states as a guide. New policy will dictate appropriate action to be taken when overages/shortages occur. The Financial Management Administrator is currently tracking all overages and shortages. This duty will be handed to the new FMO in the near future. (It should be noted that the tracking and documentation of overages/shortages has been a long-standing policy, however due to the FMO vacancy, six month period, discrepancies were visually reviewed but not documented.) This policy will be effective January 31, 2014 or sooner.

### **Voided Transactions Require Additional Support**

The Legacy System does not allow a transaction to be voided once it has been assigned a transaction identification number (TIN). Since the system is unable to void a transaction (once a TIN has been assigned), a "cancel transaction" is processed in lieu of a void. The canceled transaction is presented on the daily transaction report as if completed, and as if the money was collected. This results in a control weakness, since a lack of transaction verification (voided/canceled) and support for the canceled transaction is not included with the daily reconciliation.

This control weakness is consistent across the sections of licensing and registration, AAA, operator control, and online dealers and may lead to possible misappropriation of revenue and/or cash.

### **Recommendation**

9. As a mitigating control, a screen shot of the canceled transaction should be attached to the daily reconciliation for all transactions that are “voided.”

### **Management’s Response**

The DMV is in the process of creating and implementing a comprehensive cash management policy, based on nationwide DMV best practices, which will require, at a minimum, a screen shot or similar document attached to the daily reconciliation for all voided transactions. This policy will become effective January 31, 2014 or sooner.

Exempted Fee Driver Abstract Requests are not Submitted to Operator Control Cashier for Reconciliation  
Driving record abstracts are obtained through Operator Control. Rhode Island General Law §31-2-10  
Abstracts of operator's records states:

*The administrator shall collect for each certificate the sum of sixteen dollars (\$16.00); however, if the request for the certificate is made by any governmental agency, bureau, or department for use in its official capacity, the administrator shall collect no fee.*

Cash is collected for the driver abstracts at the Operator Control operations area on the first floor of the DMV Headquarters. The Operator Control cashier, however, is located on the third floor. The Operator Control Cashier completes the reconciliation for driver abstracts but does not receive support for “no fee” driver abstracts. Request for no fee abstracts are normally received via mail or fax. The requests are retained at the Operator Control operations area for a period of three months.

There is no policy or procedure to provide the detail support to the Operator Control Cashier for reconciliation purposes. Without proper documentation, the Cashier is unable to validate that the abstracts were properly classified as no fee and reconcile the cash payments to abstracts generated. This control weakness may result in lost revenues or misappropriation of funds.

### **Recommendation**

10. Establish and communicate a policy and procedure that requires the Operator Control operations staff to provide documentation of the “no fee” operator control abstract requests to the Operator Control Cashier each day for reconciliation.

### **Management’s Response**

A comprehensive Cash Management policy is currently being developed for implementation that will require documentation when a “no fee” abstract is issued in accordance with RIGL 31-2-10. Additionally, the “Cashier” currently located on the third floor is being relocated in a planned move to a first floor window in Operator Control. This move will facilitate improved customer service, improved security, and improved access to Operator Control operations. This policy and office relocation will be effective January 31, 2014 or sooner.

Motor Vehicles Sales Tax Reconciliation not Performed

Rhode Island sales tax laws related to the sale or transfer of a motor vehicle must be followed properly to ensure that the proper amount of tax revenue is collected by the DMV. The Taxpayer Assistant Representative (TAR), a full-time employee of the Division of Taxation located at DMV headquarters,

assist customers and CSRs with any questions they may have regarding the sales tax due from the purchase of a vehicle. The majority of the TAR's time is spent assisting customers; however, the TAR is also responsible for auditing the sales tax transactions performed at the DMV and training the CSRs regarding sales tax collection rules and regulations.

Sales tax is calculated in the system based on the purchase price of a vehicle or the approved vehicle pricing guide. The CSR enters the purchase price into the system from the sales tax slip. The sales tax slip is included with the daily reconciliation and cash from each CSR. No reconciliation procedure is currently followed to track the customer sales tax slip collected by the Taxpayer Assistant to the sales tax amount noted in the system.

Since the purchase information of the vehicle is manually entered into the legacy system, data entry errors may occur. The system reports detail sales tax collected (a calculation from the manually entered purchase information) which, in turn, will agree to the transaction report used to reconcile the CSR cash drawers. The procedure results in sales tax errors going undetected. Incorrect information (i.e., vehicle purchase price or exemption) entered into the system may result in potential loss of revenue.

#### **Recommendation**

11. The Cashiers' Office should tally the sales tax receipts and reconcile the total to the daily transaction report to identify discrepancies in a more efficient manner. Discrepancies should be given to the Taxpayer Assistant Representative for further investigation.

#### **Management's Response – Division of Taxation**

Taxation will work with DMV management to have both the legacy system transaction reports and sales tax slips forwarded to Taxation for review to determine common errors which will be billed and discussed in future instruction seminars.

#### **Management's Response – Division of Motor Vehicles**

DMV administration is aware that this reconciliation is not being performed. To do as recommended would require an additional fulltime employee (FTE) as the process of tallying daily sales tax receipts and reconciling to the daily transaction report is a tedious and time consuming process. An average of 40-50 CSR's "cash bags" are reconciled each day in the cash office with each bag containing 15-30 sales tax receipts. Reconciliation, as recommended, would require the daily review of 1,000 sales tax receipts on average and considerable additional time if a discrepancy is identified. The DMV will continue to review this recommendation with the Director of the Department of Revenue and the Director of the Bureau of Audits.

#### *Opportunity to Reduce Sales Tax Errors has been Overlooked*

The Taxpayer Assistant Representative does not currently track or record sales tax errors found during the motor vehicle sales tax audit. Errors identified during the audit procedure are referred to the Division of Taxation field auditor for further investigation and recoupment but are not segregated from other tax-related cases in the tax database. There is no way to measure sales tax errors or recoveries specific to the DMV.

Further, there is no policy or procedure in place to track and record sales tax errors found during Division of Taxation audit of DMV tax transactions. This lack of quantifiable information regarding common errors made by CSRs allows the errors to continue. By quantifying and monitoring the common errors, training and communication is achievable and should result in fewer errors going forward.

**Recommendation**

12. The Taxpayer Assistant Representative should track errors identified during a sales tax audit. The discrepancies should be communicated to DMV management to identify opportunities for additional training to prevent common and/or reoccurring errors.

**Management's Response – Division of Taxation**

Sales tax slips shipped to Taxation will be audited and reviewed in a timely manner and common errors will be discussed with DMV management. Seminars and training sessions (for new hires) will be held with CSR's to discuss and correct common errors.

**Management's Response – Division of Motor Vehicles**

The DMV will request the Division of Taxation develop and implement a policy to track errors that are identified during a sales tax audit. DMV will request that this policy be forwarded/communicated to the DMV Financial Administration with a goal of recognizing opportunities that will maximize training and ensure that errors will not occur.

**Salvage Inspection Revenue not Reconciled**

Vehicles which have been determined to be a total loss require a salvage inspection (after repair) to be allowed back on the roads for safety reasons. Salvage inspections are normally scheduled in advance, with payment and applications mailed to the Cranston headquarters location. Salvage inspections are conducted at the DMV garage located on Melrose Street, Providence. Sometimes, a salvage inspection will take place which has not been scheduled; those payments are received when the inspection is performed.

Checks are processed by the Cashiers' Office at the DMV headquarters after inspections are completed. The applications to apply for and schedule an inspection are maintained in a paper file at the Enforcement Unit located at Cranston headquarters. The Cashiers' Office does not reconcile payments to inspections performed. This lack of a reconciliation results in a control weakness because the DMV is unable to ensure all payments were received for inspections performed.

**Recommendation**

13. The salvage inspection schedule should be documented in the scheduling database maintained at the Melrose Street garage to allow for reconciliations between inspections performed and fees collected. The reconciliation should be performed by the Cashier's Office.

**Management's Response**

A policy will be instituted requiring the scheduling of all salvage vehicle inspections be documented in the schedule database at the Melrose Street Garage. Policy will also require the Cashier's office conduct reconciliation between the total number of inspections performed and the total fees collected. This policy will be in place by January 31, 2014 or sooner.

No Policy Regarding Flag Decal Inventory or Revenue

According to Rhode Island General Law § 31-3-76 Special license plate decal states:

*Upon the registration or renewal of a motor vehicle registration, the division of motor vehicles shall provide the owner the option to purchase for five dollars (\$5.00), the American flag decal.*

The DMV has the responsibility of selling and distributing the flag decals to customers, but they have not adopted a policy and/or procedure to track flag decal inventory or the related revenue. Without a process to track inventory and revenue received for flag decals, DMV is unable to verify all flag decal revenue is transferred to the Military Staff.

### **Recommendations**

14. Establish a policy for maintaining an inventory of flag decals.
15. Establish a process to track the money received from the sale of the decals to ensure all funds are properly accounted and reconciled.
16. Ensure compliance to transfer funds collected to the Military Staff as required under RIGL§ 31-3-76.

### **Management's Responses**

A policy is in the process of being written that establishes guidelines for maintaining an inventory of flag decals. This policy will establish the following:

- Tracking of all funds (monies) received from the sale of decals to ensure that all funds are properly accounted and reconciled.
- Ensure that all funds collected are properly transferred to the Military Staff as required under RIGL 31-3-76.

This policy will be in place by January 31, 2014 or sooner.

### **Third-Party Revenue Collection Control Weaknesses**

The DMV has contracted with third parties to process select DMV transactions. These contracts alleviate some of the congestion at the DMV headquarters and branch locations. Specifically, DMV has contracted with:

- AAA to allow processing of license and registration transactions for AAA members
- Dealers who can register purchased vehicles through the system without going to a physical location
- Rhode Island Interactive to process a variety of DMV transactions online through the ri.gov website

#### AAA and Online Dealers Not Complying with Agreed Upon Fee Remittance Timeframe

AAA and online dealers are required by contract to deposit the payments collected for all fees by the fifth business day following the date on which service was provided. The funds collected by AAA and

online dealers for the DMV are not always deposited within the five-day period as required by the agreement. DMV is not adequately monitoring the AAA and online dealer revenue deposits to ensure funds are received within five business days, which increases the risk of lost revenue and interest earnings.

### **Recommendations**

17. Increase oversight of AAA and online dealer revenues remitted to ensure compliance with the requirement of five business days per the contracts.
18. Reiterate contractual requirements to the parties and enforce contract obligation; take appropriate action to those who are repeat offenders.

### **Management's Responses**

The DMV Administrator will send letters to AAA Management and online Dealers, no later than January 31, 2014, to ensure compliance with the contractual five (5) business day requirement. Contractual requirements will be outlined with a goal of enforcing these obligations and appropriate action will be taken with repeat offenders.

### **No Reconciliation between Rhode Island Interactive Activity and the DMV System**

DMV prepares the revenue journal entry for fees collected for online payments based on information emailed from RII. There is no reconciliation between the DMV system to the RII portal transaction activity and merchant account. Account and transaction activity provided to the DMV by RII cannot be verified to the activity on the DMV system. DMV financial management does not currently run reports that would be useful to reconcile the RII weekly activity.

### **Recommendation**

19. Reconcile transactions processed through the RII portal to the DMV system to ensure completeness.

### **Management's Response**

RII interfaces with the DMV Legacy system but is not directly connected like AAA and Dealerships. Therefore, DMV is unable to run RII reports that would enable us to reconcile transactions. Programming in the Legacy system would be required that would be expensive and time-consuming. Additionally, the process of producing reports will be different when the RIMS project is completed and DMV will be able to conduct reconciliations at that time as recommended in this report. Presently, the Financial Administrator receives daily spreadsheets from RII that are used to reconcile RII weekly deposits.