
**Thomas P. DiNapoli
COMPTROLLER**



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**OFFICE OF THE
NEW YORK STATE COMPTROLLER**

**DIVISION OF STATE
GOVERNMENT ACCOUNTABILITY**

**DEPARTMENT OF MOTOR
VEHICLES**

**REVENUE COLLECTION
AND REPORTING**

Report 2007-S-52

AUDIT OBJECTIVE

Our objective was to determine whether the Department of Motor Vehicles has taken all the steps it can to account for the revenue it collects and provide accurate and timely reports of accountability over the receipts.

AUDIT RESULTS - SUMMARY

The Department of Motor Vehicles (Department) collects more than 140 different types of fees and fines at more than 150 offices across the State. In the year ended December 31, 2006, these revenues totaled \$1.329 billion. After the revenues are deposited into local bank accounts by the collecting offices, they are transferred to a centralized account managed by the Office of the State Comptroller (OSC) and distributed to various State funds specified by law. Nearly half the revenues go to funds supporting highway and bridge capital projects. The revenue distributions are made on the basis of monthly accountability reports provided by the Department.

We examined whether the revenue-collecting offices have established adequate accountability over their collections and reported the collections accurately to the Department's Revenue Accountability Unit. In performing our audit tests, we visited a total of 35 revenue-collecting offices across the State. We found that these offices established adequate accountability over their collections and reported the collections accurately to the Revenue Accountability Unit.

If the revenues collected by the Department are to be distributed promptly and accurately, the Department's monthly revenue certifications to OSC must be submitted on time (i.e., by the 15th of the following month) and they must accurately reflect the types and

amounts of revenue collected that month. We found that, during 2007, the Department generally submitted the certifications on time, as it was significantly late with only one certification. We also tested two of the monthly certifications against detailed supporting documentation and found that, in both months, the certifications agreed with the supporting documentation.

However, we identified certain weaknesses in the Department's practices that can lead to delays in the distribution of the revenues. In particular, some of the collecting offices are slow to deposit their collections into their bank accounts. As a result, the monthly certifications include amounts that are not actually deposited until the following month. This delays the revenue distribution process, because the distributions generally cannot be made until the amounts reported by the Department agree with the amounts in the bank.

Further delays may be caused by inefficiencies in processing checks and complexities arising from reconciling transactions in five different Department revenue-reporting systems and more than 170 local bank accounts. We recommend the Department reduce its delays in depositing collections, use available technology to expedite its processing of checks, determine whether its revenue-reporting systems can be consolidated, and consolidate its local bank accounts.

Department officials generally agreed with our recommendations, but point out factors that could limit their ability to implement some of them. We encourage the Department to take appropriate steps to expedite improvements to the revenue certification process.

This report, dated June 19, 2008, is available on our website at: <http://www.osc.state.ny.us>. Add or update your mailing list address by contacting us at: (518) 474-3271 or Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

BACKGROUND

The Department of Motor Vehicles (Department) collects more than 140 different types of fees and fines at more than 150 offices across New York State. For example, the Department collects vehicle registration fees, vehicle title fees, driver license fees, automobile dealer registration fees, automobile inspection station registration fees, and fees for custom license plates. The Department also collects certain fines and surcharges on non-criminal moving violations.

The Department collects this revenue at 18 different Central Office units, 27 district offices, 102 county offices (operated by County Clerks as agents for the Department), and 11 Traffic Violations Bureau offices. The Traffic Violations Bureau offices are responsible for collecting traffic fines in one county (Suffolk) and three cities (New York City, Buffalo, and Rochester). In the State's other counties and cities, these traffic fines are collected by local courts.

The Department records its revenue transactions in five different electronic systems, as well as manually. Most revenue transactions, such as the issuance of vehicle registrations and driver licenses, are recorded on Windows Information System Environment (WISE), the Department's main computerized transaction-processing system. The district and county offices, and some Central Office units, use WISE to record

transactions at the cashier's terminal. Another electronic system, known as Glory, is used to record traffic fines and surcharges at the Traffic Violations Bureau offices. Three other electronic systems are used by certain Central Office units for special revenue collection purposes.

In calendar year 2006, the Department reported that it collected a total of \$1.329 billion in revenue. The Central Office units collected \$264 million, the district offices \$707 million, the county offices \$229 million, and the Traffic Violations Bureau offices \$129 million. Each office is responsible for depositing its revenues into a designated local bank account, and reporting the revenues to the Department's Revenue Accounting Unit. The Revenue Accounting Unit is responsible for ensuring that all revenues are accounted for and reported properly.

The revenues are transferred electronically from the local bank accounts into a centralized account that is managed by the Office of the State Comptroller (OSC). The transfers are made by OSC. OSC's Cash Management Unit is responsible for the centralized account. The Cash Management Unit daily amasses State revenues from their sources and disburses the funds in accordance with requirements and needs.

Most of the revenues from the Department are distributed pursuant to various State laws. In the fiscal year ended March 31, 2007, as shown in Exhibit A, \$639.7 million of this revenue (48 percent) was designated for two trust funds supporting pay-as-you-go financing for the State's current five-year, \$5.5-billion highway and bridge capital plan. In addition, about \$158 million (11.8 percent) was designated for the State's General Fund, \$139 million (10.5 percent) was the State's share of sales tax collections (from vehicle

sales), and \$106 million (7.9 percent) was the localities' share of use tax collections.

The remaining funds were to be either retained by the Department for various specified purposes or distributed to different State agencies for various specified purposes (see Exhibits A, A-1, and A-2 for the agencies and purposes). For example, the custom plate fee for Olympic Spirit license plates is to be distributed to the Department of Economic Development and used to support the services and expenses of the Lake Placid Olympic Center Training Fund.

Each month, the Department's Revenue Accounting Unit prepares a report specifying how the Department's revenue collections are to be distributed. The Revenue Accounting Unit submits the monthly report, known as a certification, to OSC. OSC is then responsible for ensuring that the funds are recorded properly and are disposed of pursuant to law.

In audit report 2007-S-15, we reported separately on the Department's internal controls over the receipt of revenue at its various collection points. In this report, we focused on the Department's accountability for the revenue once it has been collected and on the accuracy and timeliness of its revenue reports to OSC.

AUDIT FINDINGS AND RECOMMENDATIONS

Accountability over Revenue Collections

The New York State Finance Law and the New York State Accounting System User Procedures Manual (Manual) contain requirements for the receipt and deposit of State monies. According to the Manual (section 3.0210), State agencies are required to keep records of cash receipts and to deposit

funds daily, but not less than once a week, into authorized bank accounts.

The Manual includes other requirements that are intended to help ensure that revenues received are properly recorded, deposited, and safeguarded against loss. For example, the Manual (section 4.012) requires agencies to reconcile, on a monthly basis, the bank and book balances of all accounts. The reconciliation must be done by an employee not involved in either cash handling or approving or recording receipts and disbursements. In addition, all bank account reconciliations must be documented and approved by management.

To determine whether the revenue data reported by the various collection offices to the Department's Revenue Accounting Unit is accurate, we reviewed the controls over revenue accountability and reporting at each type of office (i.e., Central Office unit, district office, county office, and Traffic Violations Bureau office). We did this by visiting all 18 Central Office units, 6 of the 27 district offices, 8 of the 102 county offices, and 3 of the 11 Traffic Violations Bureau offices.

We also traced the revenues collected by the offices on the days of our visits to the revenues that were reported to the Department's Revenue Accounting Unit. To perform this test, at each office, we verified the day's cash receipts against the office's (1) daily reconciliation of those receipts, (2) bank deposit records, and (3) revenue reports to the Department's Revenue Accounting Unit.

For example, at the district and county offices, an independent control report is prepared in WISE for each cashier. The report lists each check and the number of each denomination of currency turned in by the cashier at the end of his or her shift. WISE reconciles the total value of the checks, cash,

and credit card transactions in the cashier's control report to the business transacted by the cashier. Once the daily cash report reconciles to collections, the information is transmitted electronically to the Department's Revenue Accounting Unit. In our tests at these offices, we verified the day's cash receipts against the cashiers' control reports, the revenue totals transmitted electronically to the Revenue Accounting Unit, and the bank deposit records.

We found that the controls over revenue accountability and reporting were generally adequate at each type of office. We also found that, on the days we visited, the revenues reported by the offices to the Department's Revenue Accounting Unit could generally be reconciled to the offices' records of cash collections and deposits. There were some overages and shortages for individual cashiers, but the amounts were not significant.

We note that some Central Office units do not deposit cash or submit revenue reports on a daily basis. These control weaknesses are discussed in detail in the following section of this report.

Reporting Revenue Collections

The revenues collected by the Department are to be distributed to two highway/bridge capital trust funds and various other specified recipients. If the revenue distributions are to be prompt and accurate, the Department's monthly revenue certifications to OSC must be submitted on time and they must accurately reflect the types and amounts of revenue collected that month.

The monthly revenue certifications are to be submitted to OSC by the 15th of the following month (e.g., the certification for June is to be submitted by July 15). We examined whether

the Department was submitting the certifications in a timely manner. We did this by assessing the timeliness of the certifications that were submitted for the 2007 calendar year.

We found that 7 of the 12 monthly certifications were clearly submitted on time (i.e., by the 15th of the following month), 2 were effectively submitted on time (the 15th was a Saturday or Sunday and the certifications were submitted on the 16th), 2 were submitted less than a week late, and 1 (the certification for April) was submitted more than 30 days late. Therefore, we conclude that, with the exception of the April certification, the Department was generally timely in its submission of revenue certifications during 2007.

We also tested the accuracy of the Department's certification process. We did this by verifying the April 2006 and April 2007 certifications against detailed supporting documentation. We found that, in both months, the certifications agreed with the supporting documentation.

However, we identified certain weaknesses in the Department's practices that can lead to delays in the distribution of the revenues. In particular, certain Department offices are slow to deposit their revenue collections into their bank accounts. As a result, the monthly certifications include amounts that are not actually deposited until the following month. This delays the revenue distribution process, because the distributions generally cannot be made until the amounts reported by the Department agree with the amounts in the bank.

Further delays may be caused by Department inefficiencies in processing checks and the complexities involved in reconciling transactions in 5 different computerized

accounting systems and more than 170 different bank accounts. We recommend the Department reduce its delays in depositing collections, use available technology to expedite its processing of checks, determine whether its accounting systems can be consolidated, and consolidate its bank accounts.

Timing of Deposits

Most of the offices we visited deposit a day’s collections on the next business day. For example, the county and district offices typically hold the day’s collections overnight. On the following business day, the staff count the funds, reconcile the amount collected to the business transacted, and prepare the bank deposit.

However, as is shown in the following table, some offices wait two or three days before depositing their collections and some Central Office units take longer.

Type of Office	Range of Days Until Deposit	Average Days Until Deposit
District	1 to 3	2.5
County	1 to 3	1.6
Central Office Units	1 to 15	3.5
Traffic Violations Bureau	2 to 3	2.3

We note that 2 Central Office units took 8 days and another Central Office unit took 15 days to make their deposits. We also note that, at some district offices, an additional day of delay was caused by the offices’ armored car services, because they picked up the deposit the next business day, stored it at their facility overnight, and delivered it to the bank the following day (two business days after receipt).

If a deposit is delayed near the end of the month, the funds may be included in the Department’s certification for that month but may not actually be deposited until the

following month. The distribution of the revenue would then be delayed until the discrepancy was resolved in the following month. If the Department reported its “deposits in transit” on the monthly certification, such discrepancies could be reduced, but the Department does not do that.

We recommend the Department take steps to eliminate the delays in depositing revenue collections, especially at the Central Office units. We also recommend the Department work with OSC to develop and implement revenue-reporting procedures that would minimize OSC’s need to reconcile differences between the Department’s reported revenue collections and the amounts deposited in the Department’s local bank accounts.

Department officials responded that they will review their operations to determine whether additional steps can be taken to minimize deposit delays. The officials also stated that they have met with various Central Office units to stress the importance of timely deposits.

Delays in Processing Checks

When the Department deposits its revenue collections, the collections in check form are delayed until the individual checks clear and are available for transfer. This delay could be reduced if the Department made use of certain available technology. Specifically, banks are allowed by law to process an image of a check, commonly referred to as an Image Replacement Document, instead of the actual paper check. The scanned image of the check can be created from a desktop computer with the use of a Remote Deposit Capture system.

If the Department had such a system, it could scan its checks at the end of the business day and submit them electronically for deposit at that time, thus shortening the overall

processing time. We recommend the Department implement such a system, which it does not have at present. We note that it could also reduce the Department's banking costs; a paper check typically costs about 25 cents to process, but an electronic image of a check typically costs between 8 and 10 cents to process. There would be an initial cost for the imaging machines, but this cost would eventually be offset by the lower processing costs.

Department officials responded that they will evaluate the use of the Remote Deposit Capture system and assess their program areas to determine where the greatest efficiency may be realized through this system, and will consider implementing a pilot program.

We also identified additional delays in the processing of certain checks. Specifically, one of the Central Office units (the Bad Check Unit) is responsible for recording, reconciling, and collecting on checks returned by banks for insufficient funds. The collection offices are supposed to refer their bad checks to the Bad Check Unit as soon as they are identified as such.

However, we found that the county offices allow 30 to 45 days for the bad checks to be resolved before referring them to the Bad Check Unit. Also, contrary to the Department's procedures, the Ulster County office does not send notification letters to the customers when their checks are returned for insufficient funds. Instead, the Ulster County office waits for the customers to contact them. To reduce these unnecessary delays in the processing of bad checks, we recommend the Department instruct the county offices to follow the required procedures for handling them.

Revenue Reporting and Accounting

The Department records its revenue transactions in five different electronic systems, as well as manually. Most of the collection offices use the WISE or Glory systems. However, certain Central Office units use three other electronic systems for their special revenue collections; and nine Central Office units record either some (five units) or all (four units) of their transactions manually. Department officials stated that they plan to automate the Central Office units that still report revenue transactions manually.

Gathering and summarizing information from five electronic systems and manual reports increases the likelihood that errors and omissions will be made in compiling the information for the monthly certification, especially since the Department is responsible for collecting so many different types of fees. For example, the certification did not properly account for all revenues from October 2005 through October 2006 because more than \$30 million in credit card revenue from the Department's Vehicle Safety Unit had not been credited to the correct account. The Department discovered this oversight in November 2006 when OSC's Accounting Operations Bureau inquired about the level of revenue reported. A single, consolidated revenue reporting system would reduce the likelihood of such errors and make it easier for the Department to compile the monthly certification.

Department officials responded that they recognize the benefits of a single reporting system, but believe such a system could be difficult to implement given the diverse transaction base and complexity of the various and numerous systems employed. The officials also responded that they are working to expand the WISE audit module to include Central Office units and will continue

to work with OSC on the timeliness and accuracy of the certification process.

We acknowledge that it would be a major undertaking for the Department to consolidate its various revenue reporting systems into a single system. However, we believe it would be worthwhile for the Department to at least formally assess the costs and benefits of such a consolidation. We also note that, as an alternative, the Department could begin to reconcile its revenues for each reporting system one at a time, to improve the certification process.

We also found that some Central Office units do not always submit their revenue reports to the Revenue Accounting Unit on a daily basis. For example, one unit submits its revenue reports twice per month. Department officials told us that if a unit does not report to the Revenue Accounting Unit on time, its transactions may not be included in the monthly certification until the following month, thus delaying the distribution of the revenue.

We also identified inconsistencies in revenue reporting practices among the different offices. For example, while most offices report the date their collections were received, two Central Office units report only the month of receipt. We attribute some of the inconsistent practices to a lack of written procedures among Central Office units regarding the recording, depositing, and reporting of revenue. Eight of the units do not have such written procedures and two units have only partial procedures.

The lack of consistent procedures increases the risk of discrepancies between the revenue reported on the certification and the amount of funds deposited. We recommend that complete written revenue-reporting procedures be developed for all Central

Office units. Department officials responded that they are formalizing the Central Office unit procedures.

Multiple Bank Accounts

Department offices across the State deposit their revenue collections into more than 170 different bank accounts at several different banks. The large number of bank accounts makes the account management process more complicated and cumbersome. If fewer banks, and fewer accounts at those banks, were used for the deposits, the account management process would be simplified.

We note that the Department has consolidated its accounts at one bank, where it has a main account and three sub-accounts. However, at other banks, it has not consolidated its accounts; instead, it simply maintains numerous unrelated accounts there. As a result, it is more complicated for the Department to summarize its monthly activity at banks without consolidated accounts.

The banking fees are also higher at the banks with unrelated accounts, because a separate monthly fee is charged for each individual account and for each electronic transfer from that local account to OSC's centralized bank account. We estimated that, if the accounts were consolidated at 1 bank, where the Department has 32 separate accounts, the State could save about \$17,600 a year in banking fees.

We recommend the Department consolidate its various local bank accounts. Department officials responded that they are exploring the opportunities for such consolidation.

Recommendations

1. Take steps to eliminate deposit delays such as working with armored car services

to complete the deposits on the same day as the pick-up.

(Department officials replied to our draft report that they will take steps to ensure deposits are made as timely as possible. However, they indicated that implementing the recommendation requires certain changes that may not be doable and may not result in more-timely deposits.)

Auditor's Comments: Department officials focused their response on the example of same-day deposits by the armored car services; however, as noted in our report, the average length of time until deposit by a district office was 2.5 days. We believe that the district offices can take corrective action that would result in timelier deposits, particularly when the bank deposit is prepared early in the work day. In addition, the Department could shorten its processing time if it used a Remote Deposit Capture system to scan its checks.

2. Work with OSC to develop and implement revenue-reporting procedures that would minimize OSC's need to reconcile differences between the Department's reported revenue collections and the amounts deposited in the Department's local bank accounts.
3. Implement a Remote Deposit Capture system to improve the timeliness of deposits for checks.
4. Instruct county offices to follow the required procedures when bad checks are received, and monitor the offices to ensure that they do so.
5. Make a formal assessment of the costs and benefits of consolidating the existing

revenue-reporting systems into a single computerized system.

6. Reconcile and report revenue by the type of system (e.g., WISE, Glory, etc.) used to account for each type of revenue.

(Department officials replied to our draft audit report that they are not clear on the benefits of implementing this recommendation because it would require the Department to submit multiple monthly certifications rather than one consolidated report.)

Auditor's Comments: As we note on page eight of the report, this is presented as an interim measure to be taken until the Department can consolidate its revenue reporting systems into a single system, and revenues and deposits can be reconciled each month. In the meantime, if the revenue and deposits in transit for a portion of the revenue systems could be determined and reported, it would help the State Comptroller's Office ensure that revenues are distributed accurately.

7. Ensure that all offices report their revenue collections to the Revenue Accounting Unit on a daily basis.
8. Develop and implement complete written procedures for revenue recording and reconciliation at all Central Office units that receive revenue.
9. Consolidate the Department's various local bank accounts.

AUDIT SCOPE AND METHODOLOGY

We conducted our performance audit in accordance with generally accepted government auditing standards. We audited the Department of Motor Vehicles' revenue

collection and reporting practices for the period from April 1, 2006, through September 5, 2007. To accomplish our objective, we met with Department officials to confirm and enhance our understanding of their practices for receiving, recording, and reporting revenue to the Office of the State Comptroller. In addition, we interviewed the Office of the State Comptroller's Accounting Operations staff and Cash Management Unit staff to identify their practices for revenue reporting and the transferring of the Department's revenue collections to the State's centralized bank account.

Between April 16, 2007, and July 10, 2007, we visited a judgmental sample of 6 of the Department's 27 district offices, 8 of the 102 county offices, and 3 of the 11 Traffic Violations Bureau offices to identify their practices for receiving, recording, and reconciling revenue to cash deposits. The district and county offices were selected based on their geographic location and the audit coverage provided by the Department's internal audit unit (Audit Services). The results of the Audit Services audits were also taken into account in making the selections. In addition, some county offices were selected because they had a mobile unit. The Traffic Violations Bureau offices were selected based on their location and the volume of transactions at the offices. We also visited all 18 Central Office units that receive revenue.

During our visits to these offices, we observed their cashing out procedures at the end of the day and the preparation of their bank deposits. We also traced the day's deposits to the bank statements. In addition, we reviewed the Department's 74 internal audit reports relating to district and county office operations for the period April 1, 2005, through March 27, 2007, and the last available internal audit report for the Central Office units, which was issued in 2004. We

also reviewed the Department's internal control assessments for our audit period.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

AUTHORITY

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution and Article II, Section 8, of the State Finance Law.

REPORTING REQUIREMENTS

A draft copy of this report was provided to Department officials for their review and comment. Their comments were considered in preparing this final report, and are included as Appendix A.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Motor Vehicles shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to

implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

CONTRIBUTORS TO THE REPORT

Major contributors to this report include Carmen Maldonado, Robert Mehrhoff, Stephen Goss, Deb Spaulding, Kelly Evers

Engel, Emily Wood, Sarah J. Miller, Anthony Carbonelli, Joseph Smith, Nancy Zgaljardic, Jay Gwak, Phillip Kwok, and Dana Newhouse.

Exhibit A

Department of Motor Vehicles Reported Revenue Distribution For the Fiscal Year Ended March 31, 2007		
Fund	Amount	Percent
Highway and Bridge Trust Fund and Dedicated Mass Transit Trust Fund	\$639,705,697	48.0
General Fund State Purposes Account	157,731,612	11.8
State Sales Taxes	139,189,260	10.5
Local Sales Taxes	105,829,900	7.9
Special Revenue Fund Fees (see Exhibit A-1 for details)	104,996,527	7.9
Justice Court Fund	66,593,841	5.0
Other Department of Motor Vehicles Sole Custody Accounts	49,894,245	3.7
Special Revenue Fund Taxes (see Exhibit A-2 for details)	49,628,680	3.7
Department of Motor Vehicles Agency Funds and Taxes	49,488,170	3.7
Environmental Protection Transportation Account	155,934	0.0
Total Reported Revenues	\$1,363,213,866	102.4
Fees Retained by Counties (Note 1)	-31,858,444	-2.4
Total Distributed (Note 2)	\$1,331,355,422	100.0
Note 1: These revenues are retained by the counties at the time the motor vehicle transactions occur.		
Note 2: There is a difference between the amount distributed and revenues collected because collections are reported on a calendar year and distributions are based on fiscal year.		

Department of Motor Vehicles Reported Distribution of Special Revenue Fund Fees* For the Fiscal Year Ended March 31, 2007		
Fund	Agency	Amount
Criminal Justice Improvement	Crime Victims Board	\$61,567,825
Compulsory Insurance	Department of Motor Vehicles	43,387,697
Motor Vehicle Theft and Insurance Fraud Act	Division of State Police	41,005
Total		\$104,996,527
*Revenue generated by fines and fees charged for violations.		

Department of Motor Vehicles Reported Distribution of Special Revenue Fund Taxes* For the Fiscal Year Ended March 31, 2007		
Fund	Agency	Amount
Mobile Source Account - Clean Air Fund	Department of Motor Vehicles	\$48,398,842
Motorcycle Safety Act	Department of Motor Vehicles	979,933
Prostate/Testicular Cancer	Department of Health	77,725
Animal Population Control	Department of Agriculture and Markets	56,325
Lake Placid Training	Department of Economic Development	14,355
Marketing Account	Department of Economic Development	11,160
Arts Capital Revolving Fund	Council on the Arts	10,830
Marine/Coastal Conservation, Education and Research	Department of Environmental Conservation	10,555
Agriculture in the Classroom	Department of Agriculture and Markets	9,500
Motor Vehicle Theft and Insurance Fraud Act	Division of State Police	9,190
Autism Awareness and Research	Department of Health	7,700
Drive Out Diabetes	Department of Health	7,605
Conservation Fund	Department of Environmental Conservation	6,075
Keep Kids Drug Free	Office of Alcoholism and Substance Abuse Services	5,500
Domestic Awareness Fund	Office for Preventing Domestic Violence	4,600
Life Pass It On Trust Fund	Department of Health	4,390
Love Your Library Fund	State Education Department	4,275
Multiple Sclerosis Research	Department of Health	4,075
New York State Dental Association	Department of Motor Vehicles	3,760
Erie Canal Museum Fund	Division of Budget	1,000
World University Games	Department of Economic Development	500
New York Water Rescue Team	Office of Parks, Recreation and Historic Preservation	425
8 th Airforce Historical Society	Division of Veterans' Affairs	360
Discover Queens Fund	Department of Economic Development	0
Breast Cancer Research	Department of Health	0
Indigent Legal Services	Justice Court	0
I Love NY Water Vessel Access	Office of Parks, Recreation and Historic Preservation	0
Total		\$49,628,680
* Revenue generated by charges to the public to operate a motor vehicle.		

APPENDIX A - AUDITEE RESPONSE



DAVID J. SWARTS
Commissioner

NEW YORK STATE DEPARTMENT OF MOTOR VEHICLES AUDIT SERVICES

EDWARD J. WADE
Director of Audit Services

April 22, 2008

Ms. Carmen Maldonado, Audit Director
Office of the State Comptroller
123 William Street - 21st Floor
New York, NY 10038

Re: 2007-S-52 Draft Audit Report

Dear Ms. Maldonado:

This letter is in reference to the New York State Comptroller's draft audit findings which address the Department of Motor Vehicle's revenue collection and reporting.

Please note the following concerning the audit recommendations:

1. Take steps to eliminate deposit delays such as working with armored car services to complete the deposits on the same day as the pick up.
Response: The Department will take steps to ensure that deposits are made as timely as feasible.

However, there are a few factors that may impact the feasibility of the recommendation to require armored car services to deposit the funds the same day as the pick up. First, in order for armored car companies to pick up deposits early enough in the day to make the deposit cutoff, there may be a need for cashiers to 'cash out' multiple times. This would place a significant burden on the operational resources in the offices. Additionally, to accommodate multiple 'cash outs', significant system changes would need to be made to our WISE Accounting Module (WAM) in order to maintain the level of accountability we have in place for reconciling individual cashiers and office totals.

Another factor is the location of our banks and money centers with which we currently have banking agreements. To accomplish the recommendation we would need the approval and assistance from the Office of the State Comptroller in order to change to other banking institutions. Even with changes in banking agreements, we are not confident that all deposits could be made before the daily deposit cutoff time based on the number and locations of our offices, and the distances to deposit sites.

2. Work with OSC to develop and implement revenue-reporting procedures that would minimize OSC's need to reconcile differences between the Department's reported revenue collections and the amounts deposited in the Department's local bank accounts.
Response: The Department has been successful in submitting timely Monthly Revenue Certifications to the Office of the State Comptroller. Revenue Accounting has established an internal goal of providing the Certification to OSC by the 10th of each month.

This step, in addition to other measures taken to ensure that deposits are made and reported on a daily basis, should minimize this issue.

3. Implement a Remote Deposit Capture system to improve the timeliness of deposits for checks.
Response: The Department will explore Remote Deposit Capture system alternatives and will seek to identify Program Areas in which to pilot and/or implement this technology.

We have visited another state agency to view their Remote Deposit Capture System and we have since hosted banking institution representatives for a demonstration of how their product could be utilized by our Department. We will continue to explore remote deposit options and implement where feasible.

4. Instruct county offices to follow required procedures when bad checks are received, and monitor the offices to ensure that they do so.
Response: The Department will clarify with the County Offices the procedures for receiving bad checks and will subsequently monitor compliance with the procedures.
5. Make a formal assessment of the costs and benefits of consolidating the existing revenue-reporting systems into a single computerized system.
Response: The Department will prepare an assessment of all Program Areas in which revenue is collected, the processing application(s) used in each program area and the platform in which the applications were developed. The assessment developed will be used to determine if it is feasible to consolidate all systems into a single revenue reporting system.

Another issue we have to consider is the pending implementation of the Statewide CAS and FMS systems. We are concerned about pursuing what could be very costly changes to our revenue reporting systems without knowledge of how we will be expected to interface with the statewide systems.

- 6. Reconcile and report revenue by the type of system (e.g., WISE, Glory, etc.) used to account for each type of revenue.

Response: The Department is not clear on how this will be beneficial to us or the Office of the State Comptroller. This recommendation would require the Department to submit multiple monthly certifications rather than one consolidated report. As mentioned above, the Department has been timely in providing monthly Certifications which should alleviate the need for this recommendation.

- 7. Ensure that all offices report their revenue collections to the Revenue Accounting Unit on a daily basis.

Response: The Department will take steps to ensure that offices report revenue collections are reported to Revenue Accounting on a daily basis.

- 8. Develop and implement complete written procedures for revenue recording and reconciliation at all Central Office units that receive revenue.

Response: The Department will develop and communicate written Central Office procedures for revenue recording and reconciliation.

- 9. Consolidate the Department's various local bank accounts.

Response: The Department will review existing bank accounts to identify accounts that can be consolidated. We will also need to balance the need of our county office partners.

We did note a minor issue in the first paragraph of column two on page three of the draft report. The first sentence mentions \$1.329 billion in revenue in calendar year 2006. We believe that figure applies to fiscal year 06-07 (as stated on page two of the report)

We will continue to look for improvement opportunities such as these and always welcome a chance to better serve the citizens of this State. If you have any questions concerning this matter, please contact me at (518) 474-0881.

* Comment

Sincerely,



Edward J. Wade
Director of Audit Services

* State Comptroller's Comment: We have revised the report to reflect the Department's response.