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Missouri State Auditor

REVENUE

Motor Vehicle and Drivers License Processes

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Office of
Missouri State Auditor
Susan Montee, CPA

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The following report is our audit of the Department of Revenue, Motor Vehicle and Drivers License Processes.

The Department of Revenue's practice of allowing contract agents to use validation systems other than the Titling and Registration Intranet Processing System (TRIPS) could result in the misappropriation of funds that may not be detected on a timely basis or at all by the department. In addition, there is no supervisory review or approval required before manual voids and overrides are made to daily accounting reports. In addition, documentation is not always available to demonstrate that manual voids and overrides are reviewed by field coordinators. Failure to properly supervise and monitor accounting report manual voids and overrides increases the possibility that misappropriation of funds will not be detected on a timely basis.

The DMV Academy's (DMVA) field coordinators do not always adequately document procedures performed during visits to contract offices, and reports prepared by field coordinators have not been consistently reviewed for over a year. In addition, the department does not have a reliable method to ensure the local sales tax rate assessed when titling motor vehicles is always accurate.

The TRIPS Miscellaneous Accounting inventory posting function provides the opportunity for misappropriation of certain motor vehicle inventory transactions. There is currently no function in the TRIPS that will reconcile the related posted inventory to the monies validated by the Miscellaneous Accounting function to ensure all inventory transactions are properly posted and that all inventory transactions posted are valid. Additionally, it does not appear some contract offices are performing reconciliations of semi-annual physical inventories to perpetual inventory records, as required by DMVA policy and the contract agent agreement.

The department does not always solicit proposals for selection of contract agents in the state's motor vehicle and drivers licensing offices. Between September 2006 and November 2007 proposals were solicited for the selection of three contract agents; however, during the same time period six contract agents were appointed without soliciting proposals. Department management indicated that there was no documentation (either paper or electronic) supporting the decision to appoint agents without soliciting proposals, or the actual selection of the appointed contract agents. Also, the department does not have a policy which establishes minimum requirements for contract agents, including experience and educational; however, experience was included in the evaluation criteria of the proposals.

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YELLOW SHEET

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Omar Davis, Director
Department of Revenue
Jefferson City, Missouri

We have audited the Department of Revenue, Motor Vehicle and Drivers License Processes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2007, 2006, and 2005. The objectives of our audit were to:

1. Determine if the department has adequate internal controls over significant management and financial functions.
2. Determine if the department has complied with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.
4. Determine the extent to which recommendations included in our prior Department of Revenue, Division of Motor Vehicle and Drivers Licensing audit report issued for the two years ended June 30, 2001, as well as applicable findings in our prior Department of Revenue, Branch Office Conversion audit report issued for the calendar year 2005, were implemented.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Revenue, Motor Vehicle and Drivers License Processes.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Motor Vehicle Processing Procedures

The Department of Revenue's contract agent agreement allows the use of validation systems other than the Titling and Registration Intranet Processing System (TRIPS) to account for motor vehicle monies received by contract agent offices. This practice could result in misappropriations by contract agents. There is no required supervisory review of manual voids and overrides made to daily business (accounting) reports, and documentation is not retained in some cases to show that the changes are reviewed by field coordinators. In addition, field coordinators do not always adequately document procedures performed during visits to contract offices. Furthermore, the department cannot ensure the local sales tax rate assessed when titling motor vehicles is always accurate.

The department contracts with agents throughout the state to operate offices which provide licensing services to Missouri residents. Contract agents are provided with the TRIPS, which is both a processing and accounting system. As of December 2006, the TRIPS was fully functional in all contract offices to account for (validate) monies received for all types of motor vehicle transactions. However, as of November 2007, the TRIPS still could not be used to process certain types of complex title and registration transactions, such as abandoned vehicles or repossession titles. For these types of transactions, the monies can be validated in the TRIPS by the contract offices and documentation is then forwarded to the department to be keyed into a computer system which updates the General Registration System (GRS).

The DMV Academy's (DMVA) field coordinators are responsible for monitoring the motor vehicle and drivers licensing contract offices located throughout the state.

During our review of motor vehicle processing procedures, we noted the following:

- A. The use of validation systems other than the TRIPS provided by the department could result in the misappropriation of funds that may not be detected on a timely basis or at all by the department.

Although the TRIPS is capable of validating all motor vehicle transactions, the department contract agent agreement allows contract offices to continue to use other systems to validate transactions for up to one year from the date of contract. When a contract agent validates motor vehicle transactions on another system, the transactions, by type, must be independently posted to the TRIPS. In the event a titling transaction is validated on a system other than TRIPS, and the contract agent fails to post state and local taxes and fees associated with the transaction to

TRIPS, it is likely that the title could be processed and the department would not identify if monies have not been deposited and accounted for.

Allowing the use of a system other than TRIPS to validate motor vehicle transactions, increases the possibility that misappropriations may occur and not be detected.

B. There is no supervisory review or approval required before manual voids and overrides are made to daily accounting reports. In addition, documentation is not always available to demonstrate that manual voids and overrides are reviewed by field coordinators.

1) The department does not have a policy requiring supervisory approval or periodic reviews of manual voids and overrides to ensure they are valid and accurately recorded.

The contract agent agreement requires offices to make a deposit of each day's collections on a daily basis, but no later than the close of the second banking day following receipt. In addition, the agreement requires the agent to transmit daily accounting reports to the department on a daily basis, but no later than the next business day after deposit. However, if the daily accounting report and deposit totals do not reconcile when a shipment is closed, the department allows the contract agents to manually void transactions and permits overrides of the system to balance the report and the deposit amount at a later date.

When a customer titles a vehicle, sales taxes and a title fee must be paid, which can be substantial. If a contract office employee manually voids a transaction in the TRIPS, the monies will not be included on the daily accounting report or in the deposit. However, if the required information to stop the title from processing is not keyed, it is possible for the contract office employee to retain the sales taxes and fee collected for the transaction without being detected. In this situation, the daily accounting report and deposit would reconcile and the title will be processed through the GRS system and provided to the customer.

Our review noted two instances where contract office employees did not key, or incorrectly keyed, the required information to stop the processing of a title when a title transaction was manually voided.

2) The DMVA field coordinators have been informed by DMVA management to review manual void documentation during monthly contract office reviews. However, our review of 15 daily accounting reports that included manual voids found that in several instances adequate documentation was not retained by the respective contract offices and there was not always documentation that field coordinators reviewed manual void documentation as part of the monthly contract office visits.

Failure to properly supervise and monitor accounting report manual voids and overrides increases the possibility that misappropriation of funds will not be detected on a timely basis.

C. The DMVA field coordinators do not always adequately document procedures performed during visits to contract offices, and reports prepared by field coordinators have not been consistently reviewed for over a year.

1) Field coordinators document procedures performed and concerns noted during monthly and quarterly visits to contract offices on standardized report forms. Many of the field coordinator reports we reviewed were incomplete or appeared inaccurate. There was no indication on some reports that essential monitoring procedures were performed. In addition, there were inconsistencies in how some yes or no questions on the field coordinator reports were addressed.

2) The current forms used by the field coordinators became effective in October 2006. Prior to establishment of the current forms, the field coordinator reports were submitted to the Customer Assistance Bureau (CAB) and entered into a tracking system for monitoring purposes. However, due to the changes made to the forms, the CAB was unable to enter the information into the tracking system. As a result, the field coordinator reports have not been consistently reviewed since October 2006. The field coordinators were moved to the DMVA in May 2007 and the DMVA is currently in the process of developing new review forms.

Failure to ensure complete and accurate field representative reporting provides less assurance that field office monitoring is effective in preventing or identifying misappropriation of funds.

D. The department does not have a reliable method to ensure the local sales tax rate assessed when titling motor vehicles is always accurate.

The department collects state and local sales taxes for the registration of motor vehicles. The state rate is 4.225 percent of the net purchase price of the vehicle; however, the local tax rates assessed vary and are based on the residence of the customer. The application for a Missouri title and license does not require the customer to document the locality in which the customer resides. Although the application requires the customer's mailing address, this address is not always the locality to which the taxes are due. For example, we noted a transaction where a customer with an Affton mailing address was assessed the local sales tax rate for Affton, Missouri; however, the customer's actual taxing jurisdiction was Marlborough, which has a higher tax rate than Affton.

During our review of forty applications for motor vehicle titles, we noted five instances where contract offices assessed the incorrect local sales tax rate based on the customer's address. These five instances resulted in an undercharge of

local sales taxes totaling approximately \$650. In addition, the monies were distributed to the incorrect locality.

The current system available to the contract offices, DSAL, allows contract offices to enter the customer's physical address to determine the locality of the address. However, this system is not always accurate. Without a reliable system in place to ensure local sales tax rates assessed are accurate, the department cannot guarantee the correct amounts are collected and subsequently distributed to Missouri's localities.

WE RECOMMEND the department:

- A. Revise current contract agent agreements to require the use of the TRIPS system for the validation of all types of motor vehicle transactions.
- B.1. Develop a written policy requiring supervisory approval and periodic review of manual voids and overrides.
 - 2. Develop a written policy to require contract offices to retain supporting documentation for manual voids and overrides and require the DMVA's field coordinators to review the manual voids and overrides.
- C. Require field representatives to perform and document all essential monitoring procedures.
- D. Continue to investigate ways to ensure local sales tax rates are accurately assessed.

AUDITEE'S RESPONSE

- A. *The Department partially concurs. Prior to the implementation of TRIPS in 2006, contract offices relied solely on the separate (validation) counter systems, which do not provide the same level of internal controls that the TRIPS does. The Department will continue transitioning from the separate (validation) counter systems to TRIPS.*
- B.1. *The Department concurs. A policy requiring supervisory approval and review of manual voids was implemented in January 2008.*
 - 2. *The Department concurs. A written policy was implemented in January 2008. The Department also agrees with the importance of requiring DMVA field coordinators to review manual voids. This requirement has been a field coordinator responsibility since November 2007.*
- C. *The Department concurs. The DMVA field coordinators currently perform essential monitoring of the contract offices and communicate/document areas of concern.*

- D. *The Department concurs. All reasonable efforts are exercised to ensure local sales tax rates are accurately applied.*

2. Inventory Procedures

The TRIPS Miscellaneous Accounting inventory posting function provides the opportunity for misappropriation of certain motor vehicle inventory transactions. In addition, it does not appear some contract offices are performing reconciliations of semi-annual physical inventories to perpetual inventory records, as required by the contract agent agreement.

Motor vehicle inventory records for all licensing offices are maintained by the Customer Services Division (division) on the Department of Motor Vehicle Inventory (DMVI) System, a computerized inventory system. All inventory items, including license plates, permits, decals, placards, and tabs issued to the contract offices are recorded in the DMVI System. When a motor vehicle transaction is processed in which inventory is sold, the inventory information is entered into the TRIPS, which in turn updates the DMVI System. During our review of inventory procedures, we noted the following:

- A. The TRIPS Miscellaneous Accounting inventory posting function provides the opportunity for misappropriation of certain motor vehicle inventory transactions.

The Miscellaneous Accounting function must be used to validate monies in the TRIPS for complex transactions, such as salvage titles or permanent placards. However, when inventory is sold related to a Miscellaneous Accounting transaction, the inventory detail must be separately posted in the TRIPS to adequately update the DMVI System. There is currently no function in the TRIPS that will reconcile the posted inventory to the monies validated by the Miscellaneous Accounting function to ensure all inventory transactions are properly posted and that all inventory transactions posted are valid.

Without a function in the TRIPS to reconcile inventory sold through the Miscellaneous Accounting function to the inventory that is separately posted as sold, the system lends itself to possible misappropriation of both monies and inventory by contract offices throughout the state.

- B. It does not appear some contract offices are performing reconciliations of semi-annual physical inventories to perpetual inventory records, as required by DMVA policy and the contract agent agreement.

Our review of five semi-annual inventory reconciliations noted 15,629 adjustments totaling approximately \$510,000 made by the DMVA auditors during the course of the reconciliation process. Final charges for the inventory items that could not be accounted for after the DMVA auditor's investigations were complete totaled approximately \$10,000. In addition, we observed auditors

spending significant amounts of time researching inventory item discrepancies on the inventory reconciliation, reviewing correspondence from the contract offices regarding the inventory discrepancies, and making adjustments to the DMVI System. The contract agent agreement requires the contract offices to reconcile their physical inventories to perpetual records prior to submitting the physical inventories to the DMVA auditors. A letter is also issued by the DMVA every six months to the contract offices explaining the required reconciliation procedures. Had the contract offices performed these reconciliations, many of the discrepancies may have been identified and corrected prior to the inventory reconciliations performed by the DMVA auditors.

Failure of the contract offices to reconcile physical inventory reports to perpetual records results in the use of state resources to identify discrepancies which should have been identified by the contract offices.

WE RECOMMEND the department:

- A. Consider developing an interface between the TRIPS Miscellaneous Accounting function and inventory posting.
- B. Enforce the DMVA contract agent agreement requiring field offices to reconcile inventory records.

AUDITEE'S RESPONSE

- A. *The Department concurs that the interface recommended by the State Auditor would be beneficial. Based on available resources, this recommendation will be taken under further consideration.*
- B. *The Department concurs and has consistently enforced the DMVA contract agent agreement requiring field offices to reconcile inventory records.*

3.

Selection of Contract Agents

The department does not always solicit proposals for selection of contract agents in the state's motor vehicle and drivers licensing offices. In addition, the department has not established minimum experience and educational requirements for contract agents. As a result, there is no assurance the contract agents who would provide the best quality of service to Missouri taxpayers are always selected.

- A. The department does not always solicit proposals for selection of contract agents in the state's motor vehicle and drivers licensing offices. Between September 2006 and November 2007, the department solicited proposals for the selection of three contract agents. However, it was also noted that during this same time period six contract agents were appointed by the department without soliciting

proposals, which has been a long-standing practice within state government. According to department management, the department reviews each position individually to determine whether soliciting proposals or appointing a contract agent without soliciting proposals is in the best interest of Missouri taxpayers. We requested all documentation (both paper and electronic) regarding the appointed contract agents. However, department management indicated there was no documentation supporting the decision to appoint contract agents without soliciting proposals or the actual selection of the contract agents for which proposals were not solicited.

- B. The department does not have a policy which establishes minimum requirements, such as experience and educational requirements, for contract agents. The Requests for Proposals (RFP) for contract agents did not include minimum experience and educational requirements; however, experience was included in the evaluation criteria of the proposals.

By soliciting proposals and establishing minimum experience and education requirements, the department can better evaluate and select contract agents that will provide the best service to Missouri taxpayers.

WE RECOMMEND the department solicit proposals for contract agents to be selected through a competitive evaluation process. In addition, the department should establish minimum requirements that must be met to be considered as a contract agent.

AUDITEE'S RESPONSE

The Department concurs, only to the extent that Missouri taxpayers are best served. Following the statutory authority provided, the Department will continue to assess the best avenue for selecting contract agents. Criteria considered related to the contract offices referenced by the State Auditor included, but was not limited to: experience, knowledge, ability for taxpayers to be served by other offices in the region during the competitive bid process, and community involvement.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Revenue (department) on findings in the Management Advisory Reports (MAR) of our prior Department of Revenue, Division of Motor Vehicle and Drivers Licensing audit report issued for the two years ended June 30, 2001, as well as all applicable findings in our prior Department of Revenue, Branch Office Conversion audit report issued for the calendar year 2005. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the department should consider implementing those recommendations.

DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING

1. Motor Vehicle Processing (MVP) Section Examiner and Auditor Procedures

- A. There was not always documentation that alterations to critical items on transaction applications, such as validation, purchase calculation, inventory items sold, or fees and taxes paid, were investigated.
- B.1. Due to inadequate information on the title application, the MVP section examiners do not review local sales taxes charged to customers residing in metropolitan areas which have numerous localities.
- 2. Several transactions reviewed included incorrect sales tax calculations. MVP procedures required examiners to review the local sales tax rates charged for most cities in the state; however, these errors were not noted by the examiners.
- C. Transactions that did not meet legal or technical requirements were not always rejected as required by MVP section procedures.
- D. Two of three transactions reviewed which included "other credits", totaling \$1,400, did not have documentation supporting the credits.
- E. Written procedures for auditing shipment reports and maintaining inventory records were inadequate and outdated.

Recommendation:

The department:

- A. Follow procedures to review field office transactions for alterations to critical items, such as validation, purchase calculation, inventory items sold, or fees and taxes paid. Alterations should be investigated and resolved in a timely manner.
- B.1. Redesign the application for Missouri title and license so that the locality in which the customer lives is clearly documented.
 - 2. Ensure examiners are following established procedures for reviewing local sales taxes collected.
- C. Reject all transactions that do not meet legal or technical requirements as required by MVP section procedures. If it is not deemed cost effective to reject transactions with certain types of errors, such errors should be tracked and discussed with field officers.
- D. Ensure all transactions involving "other credits" contain adequate supporting documentation.
- E. Update written auditor procedures and ensure the appropriate personnel are aware of such procedures.

Status:

- A. Partially implemented. With the implementation of the Title and Registration Intranet Processing System (TRIPS), contract offices are no longer required to use the transaction applications to validate fees and taxes paid, calculate purchase price, or document inventory sold. However, not all offices use the TRIPS to validate all types of transactions. The DMV Academy (DMVA) field coordinators are required to review transactions during their monthly visits to monitor these areas; however, our review of monthly visit documentation noted concerns in the area of monitoring. See MAR finding number 1.
- B.1. Not implemented. See MAR finding number 1.
 - 2. This is no longer applicable. The department no longer has MVP examiners who review transactions. However, see MAR finding number 1 for comments relating to local sales tax rates assessed on motor vehicle titling transactions.
- C. Not implemented. Our audit work noted one transaction that did not meet legal requirements but was not rejected. Although not repeated in the current MAR, our recommendation remains as stated above.

- D. Transactions reviewed including "other credits" contained adequate supporting documentation.
- E. Implemented.

2. Customer Assistance Bureau (CAB) Procedures

- A. Although the CAB's function was to monitor the field offices, the CAB provided significant resources directly to the fee agents by employing approximately fifty revenue licensing technicians who processed drivers license transactions in the fee offices. In addition, numerous field representative reports indicated field representative performed fee agent duties, such as processing motor vehicle and drivers license transactions and answering the telephone.
- B. There were no written guidelines for determining the frequency of field visits to each office.
- C.1. Many field representative reports were incomplete.
 - 2. There was not always documentation that concerns noted on field representative reports were investigated and resolved by the field representative or the CAB.
- D. Field representatives were required to perform surprise cash counts in field offices on an annual basis. Cash counts were not performed for some offices reviewed and there was no documentation that the CAB investigated concerns noted during cash counts.
- E. The CAB did not follow-up on late deposits made by fee agents. In addition, the fee agent contract provided a late charge of \$50 for each day a deposit was late; however, the CAB did not enforce the late deposit penalty.
 - F.1. The CAB did not enforce the late charge for unresolved short balances.
 - 2. Field representatives did not investigate significant items comprising the field office long/short balance. Field representatives were provided with a monthly report of the long/short balance of each office; however, they were not provided with details of the transactions included in the long/short balance.
- G. There was no documentation that the field representatives performed follow up procedures on recommendations made by the department's Internal Audit Section for the fourteen audit reports we reviewed.
- H. Unidentified monies were ultimately retained by the fee agents instead of the department.

- I. The CAB field procedure manual documenting procedures to be followed by field offices and field representatives was incomplete and outdated.

Recommendation:

The department:

- A. Discontinue the practice of providing state employees to perform fee agent duties.
- B. Develop guidelines for determining the frequency of field office visits by field representatives.
- C. Require field representatives to perform and document all essential monitoring procedures. In addition, concerns noted by field representatives should be investigated and resolved in a timely manner. Documentation of follow up procedures should be maintained.
- D. Establish procedures to ensure periodic cash counts are performed. In addition, concerns noted during cash counts should be investigated and resolved in a timely manner. Documentation of follow up action should be maintained.
- E. Ensure late deposits are investigated and resolved in a timely manner. Penalties for late deposits should be assessed as provided in the fee agent contract.
- F. Develop procedures to ensure short balances are investigated and resolved in a timely manner. In addition, detailed information regarding long/short balances should be provided to field representatives to assist them in more effectively monitoring field offices.
- G. Establish procedures to ensure follow up on internal audit report findings is performed and documented on a timely basis.
- H. Develop procedures for accounting for unidentified monies collected by the fee offices. In addition the division should consult legal counsel to determine the appropriate disposition of these monies.
- I. Ensure the CAB field procedure manual is complete and maintained on a current basis.

Status:

Effective May 1, 2007, duties that were previously the responsibility of the CAB were transferred to the newly created DMVA; CAB no longer exists. Therefore, the status of recommendations listed below addresses procedures adopted by both the CAB and the DMVA. In addition, "field coordinators" were previously referred to as "field representatives".

- A. Implemented. The DMVA created new guidelines for field coordinator visits to contract offices. Field coordinators can assist contract offices with training needs, but are no longer allowed to process transactions. Our review of selected field coordinator field visit reports identified no instances where field coordinators indicated they processed transactions.
- B. Partially implemented. According to DMVA personnel, guidelines were established for monthly and quarterly visits by the field coordinators; however, the guidelines are not written. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. See MAR finding number 1.
- D. This recommendation is no longer applicable. Field coordinators are no longer required to perform cash counts.
- E-G. Implemented.
- H. Implemented. In three of 16 internal audit reports reviewed, the Internal Compliance Bureau (ICB) noted fee agents were not depositing unidentified monies into the department bank account. However, effective March 1, 2007, the Customer Services Division instituted a new policy requiring excess funds to be included in the deposit to the department account. The three audit reports reviewed were all issued prior to the effective date of this policy, and our review of transaction processing after this date found no instances of excess fees not being deposited to the department accounts.
- I. Not implemented. Some written procedures are in place; however, written procedures for the contract offices are not complete. See MAR finding number 1.

3. Unreported Transaction Procedures

- A. The division did not compare transactions sent in for processing to transaction summary reports. During our review, we noted transactions submitted for processing which were not reported on the transactions summary reports or identified through the delinquent fee process. In addition, we noted transactions which were sent in for processing, but were reported on a subsequent transaction summary report and inventory items which were not accurately reported on the transaction summary reports.
- B. There were no written procedures outlining the process to investigate and resolve potential unreported transactions.

Recommendation:

The department:

- A. Develop procedures to ensure transactions are accurately recorded on transaction summary reports.
- B. Develop written procedures to be followed for potential unreported transactions. These procedures should require the applicable parties to trace the transaction to the transaction summary reports and to ensure the transactions are recorded on the General Registration System (GRS), if necessary.

Status:

- A. Partially implemented. With the implementation of the TRIPS, contract offices are no longer required to submit transaction applications to the department. Instead, all information can be keyed into the TRIPS to validate and create a receipt for the customer. However, not all offices use the TRIPS to validate all types of transactions. DMVA field coordinators are required to review transactions during their monthly visits to monitor these areas; however, our review of field visit documentation noted concerns in the area of monitoring. See MAR finding number 1 for related comments.
- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above. In addition, see MAR finding number 1 for comments related to potential unreported transactions.

4. Inventory Procedures

- A. Numerous errors were made on daily inventory reports submitted by the field offices. The CAB field procedures manual required the field offices to reconcile physical inventory reports to perpetual records prior to submitting the physical inventory to the division; however, this was apparently not always done.
- B. The division did not monitor field offices to ensure license plates and tabs were issued in numerical sequence. The CAB procedures did not require field representatives to review for inventory items sold out of sequential order. In addition, the MVP Section auditors did not routinely review for items sold out of sequential order and inventory items sold out of sequential order were not investigated and resolved.
 - C.1. The division did not investigate field offices with significant inventory charges.
 - 2. Adjustments could be made to field office inventory charges at the discretion of the CAB without adequate supporting documentation.

- D. Instances were noted in which field offices were misusing the ability to code inventory items as missing.

Recommendations:

The department:

- A. Enforce the CAB policy requiring field offices to reconcile their inventory records.
- B. Develop and implement procedures to monitor the sequential issuance of inventory items.
- C.1. Review field offices with high inventory charges.
 - 2. Ensure adequate documentation is maintained to support reductions to inventory charges.
- D. Review field offices with an unusual number of inventory items reported as missing.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Not implemented. The TRIPS has the capability to automatically assign the next sequential inventory number to each transaction. However, according to department management, many contract offices do not utilize this function because all clerks in those offices issue the same sequential stock of inventory with each processing clerk signed in separately to the TRIPS, resulting in individual cashier reports for each clerk. Therefore, in many offices the clerks physically enter the inventory number of each item issued. Although not repeated in the current MAR, our recommendation remains as stated above.
- C.1.
&D. Implemented. DMVA field coordinators receive copies of contract office charge reports and are required to follow up on significant charges.
 - 2. Implemented. DMVA auditors are required to receive appropriate supporting documentation prior to adjusting any field office's inventory charges; however, this is not a written procedure.

5. Motor Vehicle Lease/Rental Companies

- A. The Division of Taxation and Collection could not effectively monitor whether sales or use taxes were recovered for the companies claiming exemption twelve (lease/rental companies choosing to collect and submit sales or use taxes on the amount charged for each rental or lease agreement rather than paying sales or use taxes at the point of registration) on title applications.
- B. The division did not always ensure that companies claiming exemption twelve on title applications had an active sales tax account.
- C. Some lease/rental locations for companies reviewed were not correctly coded as lease/rental locations by the Division of Taxation and Collection, which resulted in incorrect distribution of sales taxes.

Recommendation:

The department:

- A. Review companies claiming exemption twelve on a test basis to determine whether the state is recovering sales or use taxes by allowing lease/rental companies to collect and submit taxes on the amount charged for each rental or lease agreement. If the results of the review reveal sales or use taxes are not recovered, a change in the law should be pursued.
- B. Ensure companies claiming exemption twelve have an active sales tax account.
- C. Properly code lease/rental companies to ensure appropriate distribution of sales and use tax monies.

Status:

- A. Partially implemented. According to department management in a letter dated July 31, 2003, a study was conducted which looked at the Motor Vehicle Title Listing to determine if cars titled under exemption twelve could be traced back to the seller and location in the Missouri Integrated Tax System (MITS), as well as the Motor Vehicle Dealer's Listing to determine if the dealers were properly registered for sales tax. Based on the review performed by the department, it was determined that the department could not readily determine how tax was being remitted for a particular leased vehicle. The department indicated the only way to determine this with certainty was through direct audit of motor vehicle leasing companies. The department's Field Compliance Bureau can perform audits of motor vehicle companies, which would include reviewing for the proper collection and remittance of tax on leased vehicles. Because the results of the study were inconclusive, the department did not plan to pursue legislation, but rather rely on field audits. Current department management indicated the

department's position on this issue remains the same as documented in the July 31, 2003 letter. Although not repeated in the current MAR, our recommendation remains as stated above.

B&C. Implemented. According to department management in a letter dated July 31, 2003, the department has procedures in place to register new motor vehicle leasing companies and maintenance is routinely conducted when motor vehicle leasing companies add locations, the department attempted to contact the one taxpayer cited in the audit as not having an active sales tax account to determine whether the tax is being reported under a different sales tax account, but repeated attempts to contact them failed, and the department corrected all accounts noted during the audit that were improperly coded. In addition, current department management indicated a monthly process is now in place to verify lease rental companies claiming exemption twelve have an active sales tax account.

6. General Registration System (GRS)

Information on the GRS was not always accurate and up-to-date. As of July 28, 2001, approximately 549,000 motor vehicle transactions were on the Error File and, as a result, were not recorded on the GRS.

- A.1. During the years ended June 30, 2001 and 2000, approximately nine and twenty-four percent, respectively of title applications entered by MVP section personnel were posted to the Error File.
- 2. Approximately 306,000 of the transactions on the Error File were at least ten months old.
- B. The mainframe system's internal edit checks could detect instances where a license plate number was recorded as issued to two different customers. However, if the expiration year recorded for each customer was different, the transactions were not recorded on the Error File and the incorrect transaction was posted to the GRS.
- C. Missing, voided, and defective license plates were not being recorded on the GRS.

Recommendation:

The department:

- A. Establish procedures to reduce the number of transactions posted to the error file. In addition, all transactions on the error file should be corrected on a timely basis.

- B. Ensure edit checks identify all duplicate license plate numbers recorded on the GRS. In addition, duplicate license plate numbers currently on the GRS should be researched and resolved.
- C. Ensure that field offices submit invalid license plate reports for missing, voided, and defective license plates as required by CAB policy.

Status:

- A. Implemented. During the prior audit, all transactions were manually keyed into a separate computerized system which interfaced with the GRS resulting in numerous data entry errors. With the implementation of the TRIPS, the GRS is automatically updated for all transactions that can be processed through the TRIPS. Only those transactions that cannot be processed in the TRIPS must be manually entered. Our review found as of June 1, 2007, there were approximately 42,000 errors on the GRS, with only approximately 15,000 of the errors waiting to be researched. Of the 15,000 errors waiting to be researched, 76 percent were less than two weeks old, while the oldest error was less than two months old.
- B. Implemented. According to department management, a 2005 program edit was implemented to identify duplicate plates recorded on the GRS. These are now identified on the Error File and researched.
- C. Implemented.

BRANCH OFFICE CONVERSION

2. Business Practices

- A. Four contract agents were allowed to operate without a contract signed by both the contract agent and the department.
- B. One contract agent did not comply with the contract agreement requirements to register and remain in good standing with the Secretary of State.
- C. Each contract agent was required by the contract agreement to prepare and submit a business plan in a format prescribed by the Director of Revenue within 24 days of appointment. The Kansas City office's contract agent's appointment date was September 20, 2005, which was 23 days after the agent began operations on August 29, 2005. This contract agent did not submit a business plan until October 19, 2005.
- D. Electronic telephone answering services at two contract agent offices did not provide an option to speak with office personnel. According to the contract agreement, if the contract agent used an electronic telephone answering service, such service must have provided the option to speak with office personnel. If

office personnel were not available to take the call, an option must have been provided to leave a message that would be responded to no later than the next business day.

Recommendation:

The department:

- A. Ensure contract agreements are signed by all necessary parties prior to the time the contract becomes effective.
- B. Ensure each contract agent is registered with the Secretary of State prior to conducting business, as required by state law.
- C&D. Ensure each contract agent complies with all of the requirements of the contract agent agreement.

Status:

- A. Implemented. Our review of two contracts awarded during fiscal year 2007 found both contracts were signed by all necessary parties prior to the time the contracts became effective.
- B. Implemented. Our review of two contracts awarded during fiscal year 2007 found both contract agents were registered with the Secretary of State, as required by state law.
- C&D. Not implemented. Our review of two contracts awarded during fiscal year 2007, found no exceptions related to the submittal of business plans or electronic answering devices. However, instances of failure to comply with provisions of the contract related to inventory were noted. See MAR finding number 2.

5. Selection and Oversight of Contract Agents

- A. The DOR had not established criteria or solicited proposals for selection of contract agents.
- B. The DOR may not have had adequate resources to thoroughly and effectively monitor the 11 converted high volume offices and the other 172 offices that were operated by contract agents.

Recommendation:

The department:

- A. Consider establishing minimum experience and educational requirements for potential candidates. In addition, the DOR should consider soliciting proposals to maintain an acceptable level of service and support legislation that requires contract agents to be selected through a competitive evaluation process.
- B. Ensure resources are available to adequately and effectively monitor the operations of all the state's contract fee agents.

Status:

- A. Partially implemented. The department solicited proposals for three contract agent offices between September 2006 and November 2007. However, during this same time period, six contract agents were appointed by the department without soliciting proposals. In addition, the department has not established minimum experience and educational requirements for agents. House Bill 1336, 93rd General Assembly, included a reference to a competitive bidding process for contract offices; however, the legislation was not successful. See MAR finding number 3.
- B. Partially implemented. The number of field coordinator positions has increased from 10 to 14, and field coordinators are required to perform monthly and quarterly reviews of each office in their respective designated region. However, our review of field coordinator reports identified concerns related to the effectiveness of contract agent monitoring. See MAR finding number 1 for related comments.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Department of Revenue was created by Article IV, Section 12, of the Missouri Constitution. The Department of Revenue was given authority and responsibility to collect all monies due to the government of Missouri as provided by law. The Department of Revenue is headed by the director of revenue who is appointed by the governor with the advice and consent of the Senate. The laws governing some of the duties of the director of revenue are set forth in Section 136.030(2), RSMo. This section, in brief, provides that the director of revenue shall make provisions for the collection of motor vehicle registration fees, driver license fees, motor vehicle sales and use tax and all other income and business taxes. The Customer Services Division (CSD) facilitates the registration of each motor vehicle, trailer, and marine craft in the state, the licensing of all operators of motor vehicles residing in this state, as well as tax collection.

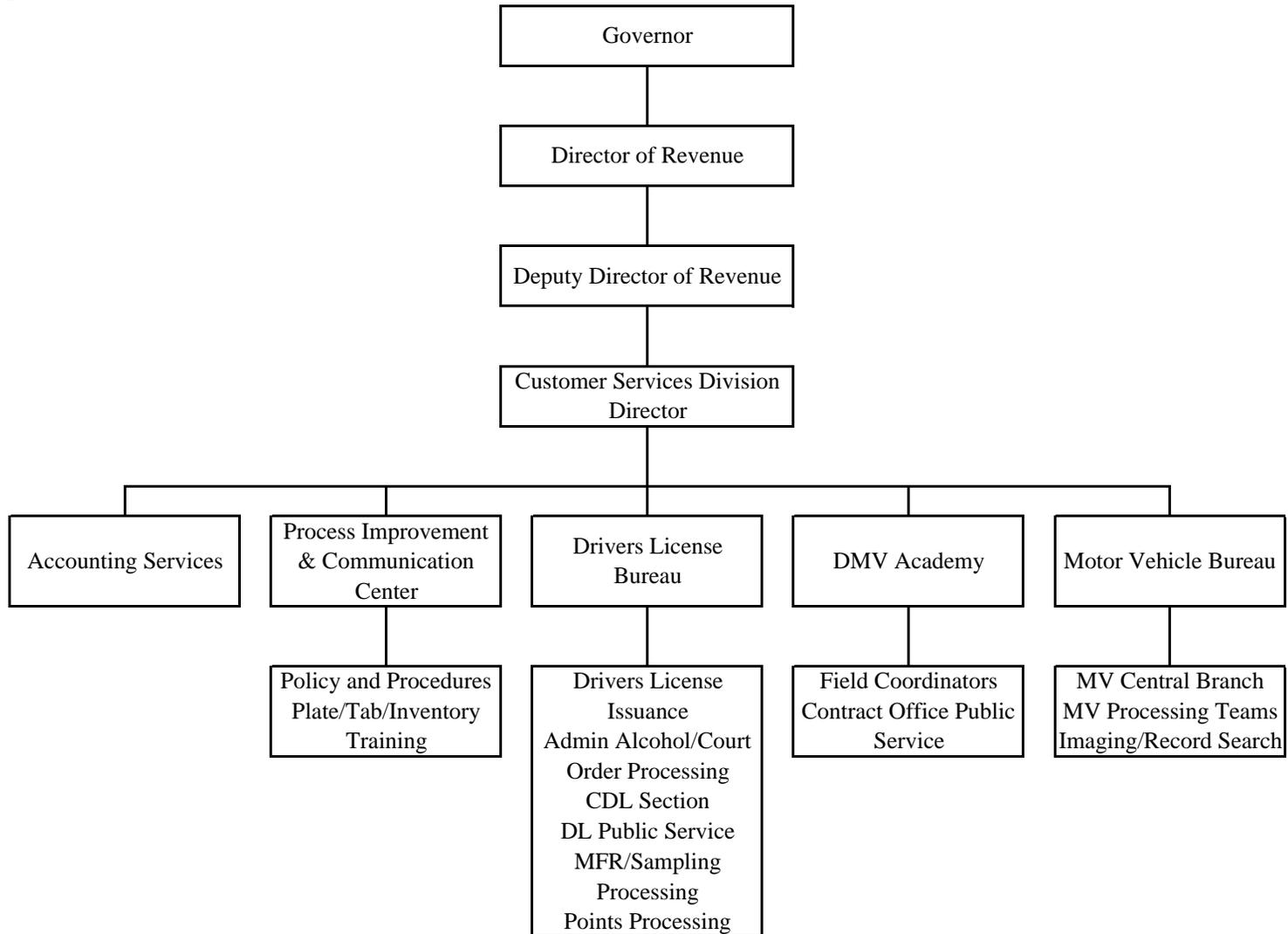
The CSD motor vehicle and driver license operations are set forth in Chapters 301, 302 and 306, RSMo. To accomplish the CSD's statutory responsibilities, the DMV Academy is responsible for administering the operation of 183 contract offices throughout the state to provide license, title, and registration services. Historically, such contracts have been awarded on a sole-source basis to individuals, not-for-profit entities, and civic organizations pursuant to Section 136.055. The Department, for the first time, began seeking to award contracts through full and open bid competition, awarding the first contract on January 1, 2007.

The CSD issues titles for all Missouri motor vehicles, trailers, and marine craft; and issues and sells over 500 different types of license plates which can be classified into six major categories: passenger, truck, trailer, motorcycle, bus, and dealer. Customers may obtain a multi-year plate that is renewed annually or bi-annually with the issuance of tabs. Dealer and three-year trailer plates are renewed by the issuance of a new plate. The personalized license plate was also made available to the public in 1978 for an additional charge of \$15 per year.

The division issues five basic types of driver licenses: Intermediate License (GDL), Class F (Operator), Class E (For-Hire), Class A, B, and C (Commercial), and Class M (Motorcycle). All applicants must show proof of lawful presence, proof of identity, and proof of residency before a driver license, nondriver license, or permit can be issued. The driver license process also includes allowing customers to contribute to the organ donor program or blind awareness fund, register with the selective services, add endorsements or restrictions to licenses, and an opportunity to register to vote. The CSD is also responsible for administering the suspension or revocation of driver licenses for violations of state laws, and collecting driver license reinstatement fees.

An organization chart follows:

DEPARTMENT OF REVENUE
 MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
 ORGANIZATION CHART
 JUNE 30, 2007



Appendix A

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
COMPARATIVE SCHEDULE OF TRANSACTIONS AND COLLECTIONS
MOTOR VEHICLE BUREAU

	Year Ended June 30,					
	2007		2006		2005	
	Number of Transactions *	Collections	Number of Transactions*	Collections	Number of Transactions*	Collections
TAXES						
Sales Tax (State, Education, Conservation, Parks/Soil)	793,573	\$ 350,261,999	680,366	\$ 292,929,864	782,058	\$ 334,084,782
Local Taxes	979,098	237,206,143	1,074,443	187,073,335	1,247,683	209,541,157
Highway Use Taxes	503,977	71,563,994	396,443	50,489,080	465,887	60,712,243
DECALS						
Motor Fuel Tax-LP	1,054	111,541	1,438	147,484	1,296	135,442
Marine	33,986	117,477	25,512	88,908	30,900	102,275
ATV	39,962	410,424	31,478	321,853	34,913	356,509
Water Craft	131,039	4,640,941	85,120	1,423,650	112,094	1,863,253
REGISTRATIONS						
Passenger	3,528,940	88,658,042	3,180,141	80,675,816	3,376,144	84,902,250
Truck	1,486,684	60,977,746	1,377,793	56,810,818	1,447,979	57,857,930
Title	2,203,386	18,433,323	1,857,135	15,527,495	2,085,939	17,271,528
Trailer	359,972	7,103,389	329,307	6,311,598	333,409	6,334,254
Motorcycle	142,721	1,191,271	110,350	919,120	112,532	945,865
Bus	11,924	412,451	10,821	378,530	11,246	378,227
Documented vessel	2,290	18,877	2,424	24,837	2,356	22,296
Dealer	105,356	2,794,909	103,186	2,813,401	103,439	2,783,709
Water Patrol	1,376	90,083	1,629	50,703	1,604	50,139
PLATES AND TABS						
Plate reservations	175,934	2,597,876	161,077	2,401,838	171,414	2,573,564
Replacement plates and tabs	80,327	590,200	71,321	515,932	83,059	606,127
MISCELLANEOUS						
Motor vehicle transactions	878,123	3,002,165	873,166	3,713,778	1,266,960	4,125,480
Marine transactions	26,705	50,059	24,490	51,267	28,012	52,875
ATV transactions	9,048	858,891	7,666	558,154	8,727	589,484
MFG Home transactions	3,866	202,628	5,002	178,086	5,383	172,468
OTHER RECEIPTS						
Motor vehicle permits	532,193	3,838,406	538,154	3,897,070	549,780	3,987,636
Title and renewal penalties	751,645	21,138,169	629,285	17,397,564	642,650	18,514,438
Documented vessel in lieu tax	1,411	2,884,165	1,587	3,326,103	1,524	3,215,488
Information sales	1,064,936	500,333	1,032,149	483,858	1,023,101	479,517
Fax fees	28	28	36	36	27	27
Childrens Trust Fund donations	6,516	214,688	6,859	184,528	7,645	203,540
WWII Memorial Trust Fund donations	2,534	23,367	1,975	18,445	1,451	12,670
Blindness Awareness Trust Fund donations	16,293	17,101	5,311	6,010	14,367	15,989
Organ Donor Fund	19,849	22,255	6,941	7,870	13,311	14,004
Criminal Record Check	11,792	59,246	12,191	61,170	13,305	66,589
Emblem/Logo Use Fees	384	4,589	148	3,334	86	2,620
DOR Specialty Plate Fund	10	10,200	6	29,750	0	0
General Revenue	2	50	1	16	0	0
Total	13,906,934	\$ 880,007,026	12,644,951	\$ 728,821,301	13,980,281	\$ 811,974,375

* One process may include multiple transactions. For example, titling of a motor vehicle may include state and local sales tax transactions, a titling fee transaction, and a processing fee transaction.

Appendix B

DEPARTMENT OF REVENUE
 MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
 COMPARATIVE SCHEDULE OF TRANSACTIONS AND COLLECTIONS
 DRIVERS LICENSE BUREAU

	Year Ended June 30,					
	2007		2006		2005	
	Number of Transactions	Collections	Number of Transactions	Collections	Number of Transactions	Collections
LICENSES AND PERMITS						
Operators licenses	783,437	\$ 9,572,863	825,631	\$ 10,005,075	686,253	\$ 8,180,536
Chauffeurs licenses	59,303	1,685,670	71,281	1,979,180	54,214	1,531,945
Commercial licenses	53,391	2,071,939	59,862	2,226,825	47,431	1,808,895
Motorcycle licenses	156	2,075	471	1,952	407	1,507
Duplicate licenses	243,561	2,027,935	270,142	1,983,320	293,428	2,239,061
Valid without photo	1	3	0	0	1	15
Instruction permits	161,166	229,109	155,558	222,904	161,819	228,260
School bus permits	1	3	(1)	(3)	6,451	19,356
Student permits	6,350	6,350	8,550	8,550	8,485	8,485
Identification cards	194,447	1,166,665	200,988	1,006,868	236,543	1,159,882
Service charges	402	4,063	393	3,893	708	7,009
Commercial written and skills tests	38,222	955,498	39,454	986,355	38,036	950,818
Total receipts from licenses and permits	1,540,437	17,722,173	1,632,329	18,424,919	1,533,776	16,135,769
Reinstatement fees	85,780	3,146,140	82,572	3,059,578	84,661	3,113,870
Drivers record checks	866,537	1,174,728	810,716	1,099,047	859,242	1,352,422
Third party tester application fees	44	4,400	40	4,000	48	4,800
Overages	659	48,192	582	46,477	770	56,641
Blindness Awareness Fund donations	67,080	67,081	59,223	59,223	75,042	75,042
Organ donor contributions	97,998	97,998	86,659	86,659	114,252	113,659
Processing fees	4,720	22,152	4,474	22,614	357,550	1,449,222
Miscellaneous	219,000	41,759	137,588	48,304	168,902	72,816
Total	2,882,255	\$ 22,324,623	2,814,183	\$ 22,850,821	3,194,243	\$ 22,374,241

Note: The processing fees shown above relate only to state run branch offices. The department does not track processing fees collected by contract agents for drivers license transaction processing. During the majority of fiscal year 2005, the department had 11 state run branch offices and the Jefferson City Mini Branch that provided drivers license transaction processing. However, during calendar year 2005, the department closed the 11 state run branch offices and converted them into contract agent offices. The decrease in the total amount collected for processing fees between fiscal years 2005 and 2006 reflects the closing of these 11 state run branch offices.

Appendix C

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE AND OTHER
MOTOR VEHICLE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions *	Collections
AAA St. Louis	42,559	\$ 3,511,396
Affton	101,817	7,951,232
Alton	13,536	558,099
Arnold	81,930	6,616,849
Aurora	35,308	2,198,513
Ava	29,869	1,602,193
Belton	104,317	9,444,586
Bethany	22,138	1,365,444
Blue Springs	158,713	13,375,976
Bolivar	62,817	3,602,857
Bonne Terre	52,878	3,429,390
Boonville	36,186	2,598,749
Bowling Green	21,539	1,478,503
Branson	70,718	5,784,719
Bridgeton	83,881	7,279,480
Brookfield	32,278	1,976,094
Buffalo	41,071	2,378,679
Butler	38,757	2,657,008
Cabool	9,780	598,452
California	25,556	1,751,901
Camdenton	104,755	7,946,891
Cameron	28,199	2,018,370
Cape Girardeau	84,768	6,742,896
Carrollton	22,976	1,546,995
Carthage	83,956	5,179,835
Caruthersville	38,518	2,779,529
Cassville	55,182	3,432,080
Chaffee	38,875	2,530,387
Charleston	28,756	2,109,054
Chesterfield	109,689	13,328,042
Chillicothe	37,493	2,395,259

Appendix C

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE AND OTHER
MOTOR VEHICLE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions *	Collections
Clayton	130,397	13,646,441
Clinton	56,301	3,508,249
Columbia	240,301	19,682,146
Crane	18,691	1,003,005
Creve Coeur	116,792	10,975,061
Cuba	28,217	1,730,553
De Soto	51,343	3,511,541
Deer Creek	151,258	14,501,781
Des Peres	114,247	12,073,769
Dexter	63,113	4,407,273
Doniphan	42,646	1,956,553
Edina	12,698	800,944
Eldon	72,830	5,233,419
Ellington	14,811	756,952
Elsberry	7,305	506,430
Eminence	15,065	634,475
Excelsior	58,331	4,499,246
Farmington	87,882	5,922,625
Fayette	16,942	1,196,085
Ferguson	139,614	6,357,498
Florissant	156,403	13,375,064
Forsyth	38,016	2,486,644
Fredericktown	27,988	1,641,789
Fulton	56,750	3,666,264
Gainesville	20,503	1,137,295
Gallatin	15,615	1,118,780
Gladstone	149,453	12,159,451
Glenstone (Springfield)	151,133	10,557,111
Grandview	149,444	13,167,144
Grant City	5,135	299,750
Greenfield	17,559	1,107,161

Appendix C

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE AND OTHER
MOTOR VEHICLE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions *	Collections
Greenville	27,639	1,399,601
Hannibal	41,089	2,901,202
Harrisonville	80,087	5,916,080
Hartville	16,843	822,336
Harvester	165,101	15,792,167
Hermann	20,924	1,450,579
Hermitage	29,022	1,487,945
High Ridge	130,430	8,923,254
Houston	25,713	1,447,598
Imperial	73,694	6,135,959
Independence	151,960	12,615,990
Ironton	26,103	1,413,318
Jackson	68,637	4,780,335
Jefferson City	181,892	12,929,647
Joplin	187,935	12,934,582
Kahoka	19,116	1,079,394
Kansas City	111,494	9,708,156
Kennett	49,682	3,032,263
Keytesville	13,912	1,000,641
Kingston	15,851	1,116,148
Kirksville	49,301	2,960,175
Lakeview	50,737	3,863,103
Lamar	31,229	1,943,042
Lancaster	9,560	521,359
Lebanon	89,810	5,274,644
Lee's Summit	192,663	20,441,219
Lexington	52,226	4,128,508
Liberty	201,316	16,372,091
Licking	18,439	902,039
Linn	19,709	1,251,433
Louisiana	14,749	1,013,174

Appendix C

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE AND OTHER
MOTOR VEHICLE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions *	Collections
Macon	34,188	2,438,293
Malden	37,103	2,001,077
Marble Hill	27,386	1,555,726
Marshall	47,788	3,313,819
Marshfield	70,253	4,562,029
Maryville	37,988	2,657,846
Maysville	11,587	780,171
Memphis	11,029	676,424
Mexico	48,993	3,542,195
Milan	15,936	940,215
Moberly	440,994	3,992,432
Monett	39,990	2,459,832
Monroe City	12,969	821,545
Montgomery City	25,592	1,720,666
Monticello	18,810	1,282,556
Mound City	11,668	894,030
Mount Vernon	28,754	1,821,584
Mountain Grove	33,326	1,927,194
Mountain View	26,316	1,427,712
Neosho	73,833	4,437,465
Nevada	49,113	2,789,361
New London	19,658	1,377,292
New Madrid	25,746	1,848,128
Nixa	79,086	6,108,645
North County	136,997	10,537,249
North Kansas City	128,316	11,378,276
Northside	48,008	2,622,858
O'Fallon	148,948	14,634,928
Oakville	81,312	6,480,460
Olivette	101,599	8,675,030
Osceola	20,401	929,815

Appendix C

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE AND OTHER
MOTOR VEHICLE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions *	Collections
Overland	57,932	4,034,054
Owensville	33,511	2,005,958
Ozark	86,921	6,045,007
Pacific	60,438	4,757,411
Palmyra	20,270	1,394,873
Paris	13,183	834,515
Parkville	89,516	8,902,342
Perryville	45,034	2,952,032
Pineville	42,450	2,848,039
Platte City	97,622	6,010,474
Plattsburg	31,622	2,047,805
Poplar Bluff	103,500	6,310,903
Potosi	46,832	2,855,075
Princeton	9,971	700,673
Raytown	182,600	14,664,606
Republic	117,771	7,657,923
Richmond	33,456	2,340,987
Rock Port	16,665	1,150,684
Rock Road	(2)	(33,687)
Rolla	91,207	5,560,773
Salem	37,004	2,039,872
Sarcoxie	13,164	737,094
Savannah	43,141	3,513,355
Sedalia	106,609	7,312,384
Shelbina	15,535	1,112,471
Sikeston	66,848	4,914,963
South County	161,621	14,249,855
South Fremont (Springfield)	237,131	14,559,854
South Kingshighway	117,547	8,757,737
Springfield	90,491	5,728,774
St. Charles	197,656	15,574,861

Appendix C

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE AND OTHER
MOTOR VEHICLE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions *	Collections
St. Clair	34,136	2,161,011
St. Joseph	168,210	12,514,300
St. Louis City Hall	78,783	6,889,380
Stanberry	15,302	1,014,464
Ste Genevieve	34,017	2,322,819
Steelville	17,639	1,027,840
Stockton	27,270	1,534,488
Sugar Creek	76,765	5,206,484
Sullivan	38,833	2,693,983
Thayer	10,939	599,512
Trenton	22,685	1,518,232
Troy	97,070	7,428,546
Twin City	89,406	6,553,045
Union	60,629	4,224,451
Unionville	12,739	793,615
Van Buren	14,320	790,865
Vandalia	8,481	538,310
Versailles	47,431	2,788,371
Viburnum	7,298	477,749
Vienna	20,867	1,242,206
Warrensburg	92,764	6,899,810
Warrenton	55,567	4,063,648
Warsaw	47,465	2,878,912
Washington	53,004	4,279,682
Waynesville	91,858	6,366,805
Wentzville	104,972	10,234,745
West County	133,375	11,996,853
West Plains	73,866	4,207,580
Willow Springs	13,979	766,516

Appendix C

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE AND OTHER
MOTOR VEHICLE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions *	Collections
Returned Items Corrections	(17,590)	(1,803,914)
Returned Items Collections	16,925	1,319,489
JC Direct Mail	1,078,089	17,086,175
JC Central-TRIPS	182,131	5,091,490
Lien Internet Filing Exchange (LIFE)	741,656	354,843
Missouri Online Registration Exchange (MORE)	102,659	2,420,272
	13,906,934	\$ 880,007,026

* One process may include multiple transactions. For example, titling of a motor vehicle may include state and local sales tax transactions, a titling fee transaction, and a processing fee transaction.

Appendix D

DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE
AND OTHER
DRIVERS LICENSE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions	Collections
AAA St. Louis	11,113	\$ 107,170
Affton	15,248	167,717
Alton	1,252	13,295
Arnold	18,514	171,216
Aurora	4,401	45,203
Ava	3,651	37,756
Belton	15,783	152,664
Bethany	2,671	29,827
Blue Springs	21,416	226,247
Bolivar	7,974	82,505
Bonne Terre	7,059	70,834
Boonville	6,720	54,876
Bowling Green	3,559	33,286
Branson	12,939	121,051
Bridgeton	21,330	236,109
Brookfield	4,737	40,644
Buffalo	4,649	50,232
Butler	4,752	44,463
Cabool	1,082	12,572
California	2,802	29,594
Camdenton	12,935	119,505
Cameron	3,861	39,993
Cape Girardeau	15,249	154,531
Carrollton	2,771	30,324
Carthage	9,469	107,317
Caruthersville	5,431	50,849
Cassville	5,953	66,408
Chaffee	3,803	40,532
Charleston	3,344	36,167
Chesterfield	15,638	168,783
Chillicothe	6,199	53,647

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DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE
AND OTHER
DRIVERS LICENSE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions	Collections
Clayton	16,392	169,120
Clinton	6,662	71,703
Columbia	51,227	474,662
Crane	1,672	18,292
Creve Coeur	18,022	175,262
Cuba	4,085	46,456
De Soto	6,764	71,208
Deer Creek	38,623	361,034
Des Peres	25,123	181,687
Dexter	7,590	74,215
Doniphan	4,398	46,629
Edina	1,379	14,798
Eldon	9,534	88,069
Ellington	1,443	15,397
Elsberry	1,143	8,516
Eminence	1,376	15,112
Excelsior	7,960	85,501
Farmington	10,740	111,812
Fayette	1,815	20,891
Ferguson	18,004	157,000
Florissant	36,237	335,937
Forsyth	4,277	37,741
Fredericktown	3,630	40,847
Fulton	9,467	79,466
Gainesville	2,148	24,029
Gallatin	1,969	21,495
Gladstone	29,724	283,408
Glenstone (Springfield)	28,779	298,351
Grandview	27,014	269,865
Grant City	727	6,736
Greenfield	2,249	22,253

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DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE
AND OTHER
DRIVERS LICENSE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions	Collections
Greenville	2,728	29,090
Hannibal	7,292	68,209
Harrisonville	12,880	124,108
Hartville	2,172	21,055
Harvester	23,785	267,985
Hermann	2,846	25,437
Hermitage	3,490	27,909
High Ridge	16,726	184,224
Houston	3,127	33,850
Imperial	16,666	124,237
Independence	41,075	423,164
Ironton	3,207	31,838
Jackson	7,737	83,786
Jefferson City-Contract	35,218	284,362
Joplin	40,678	330,437
Kahoka	1,982	23,157
Kansas City	48,679	405,428
Kennett	7,898	67,147
Keytesville	1,710	16,763
Kingston	1,894	19,310
Kirksville	10,445	80,114
Lakeview	5,504	59,938
Lamar	3,655	40,104
Lancaster	904	10,399
Lebanon	12,098	118,249
Lee's Summit	37,989	348,011
Lexington	5,742	63,499
Liberty	23,283	236,116
Licking	1,706	20,644
Linn	2,412	21,119
Louisiana	1,662	17,332

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DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE
AND OTHER
DRIVERS LICENSE BUREAU
YEAR ENDED JUNE 30, 2007

<u>Contract Offices and Other</u>	<u>Number of Transactions</u>	<u>Collections</u>
Macon	4,309	45,119
Malden	5,208	59,992
Marble Hill	2,998	29,366
Marshall	7,584	67,623
Marshfield	8,106	89,703
Maryville	6,722	62,432
Maysville	1,178	13,160
Memphis	1,253	15,096
Mexico	6,537	73,154
Milan	1,686	17,546
Moberly	7,872	85,063
Monett	4,823	49,823
Monroe City	1,524	16,509
Montgomery City	4,070	33,168
Monticello	1,977	23,264
Mound City	1,408	14,564
Mount Vernon	3,637	37,245
Mountain Grove	4,254	45,538
Mountain View	2,595	29,356
Neosho	10,663	99,430
Nevada	6,234	66,917
New London	1,811	20,248
New Madrid	3,045	30,529
Nixa	10,638	112,584
North County	36,245	363,251
North Kansas City	26,137	250,123
Northside	29,466	258,512
O'Fallon	21,647	243,040
Oakville	14,101	145,747
Olivette	15,758	162,317
Osceola	2,214	20,210

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DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE
AND OTHER
DRIVERS LICENSE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions	Collections
Overland	10,882	106,640
Owensville	3,945	41,628
Ozark	9,239	100,224
Pacific	7,270	81,531
Palmyra	3,503	36,698
Paris	1,129	12,991
Parkville	17,868	154,777
Perryville	5,472	59,441
Pineville	4,962	52,106
Platte City	8,715	87,623
Plattsburg	4,804	39,812
Poplar Bluff	13,624	140,301
Potosi	6,208	59,695
Princeton	1,506	13,652
Raytown	49,618	447,193
Republic	13,253	142,288
Richmond	4,557	44,291
Rock Port	2,247	21,236
Rolla	14,233	143,579
Salem	4,213	46,203
Sarcoxi	1,229	13,010
Savannah	4,445	45,530
Sedalia	14,529	156,556
Shelbina	1,695	18,780
Sikeston	11,919	116,172
South County	25,714	274,462
South Fremont (Springfield)	23,898	252,351
South Kingshighway	43,300	414,163
Springfield	34,836	328,107
St. Charles	42,926	361,858
St. Clair	4,806	47,725

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DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE
AND OTHER
DRIVERS LICENSE BUREAU
YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions	Collections
St. Joseph	30,550	286,152
St. Louis City Hall	14,488	100,510
Stanberry	2,017	20,706
Ste Genevieve	3,824	39,305
Steelville	2,415	20,927
Stockton	2,798	29,722
Sugar Creek	12,399	114,748
Sullivan	5,512	54,155
Thayer	1,190	14,158
Trenton	3,031	31,948
Troy	12,846	142,925
Twin City	13,983	143,043
Union	10,296	87,853
Unionville	1,544	16,662
Van Buren	1,193	14,046
Vandalia	835	9,966
Versailles	4,568	48,222
Viburnum	652	6,647
Vienna	2,009	21,372
Warrensburg	17,727	151,190
Warrenton	10,073	83,500
Warsaw	5,306	50,062
Washington	10,130	90,896
Waynesville	12,397	110,587
Wentzville	13,595	157,020
West County	32,882	268,045
West Plains	9,444	100,834
Willow Springs	1,584	17,768
Returned Items Collections	1,327	16,519
Returned Items Corrections	(1,543)	(15,444)

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DEPARTMENT OF REVENUE
 MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
 SCHEDULE OF TRANSACTIONS AND COLLECTIONS BY OFFICE
 AND OTHER
 DRIVERS LICENSE BUREAU
 YEAR ENDED JUNE 30, 2007

Contract Offices and Other	Number of Transactions	Collections
Jefferson City Central-Reinstatement	59,145	2,640,078
Jefferson City Mini Branch	6,199	47,129
Jefferson City-Central Print	60,002	9
Jefferson City-Mail In	5,018	35,269
Jefferson City-Missouri State Highway Patrol	6,861	0
Jefferson City-Student Permits	6,750	6,750
Jefferson City-Third party Tester	700	8,290
Record Check	822,595	1,081,972
	2,882,255	\$ 22,324,623

Appendix E

DEPARTMENT OF REVENUE
 MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
 SCHEDULE OF CONTRACT AGENT TRANSACTIONS AND
 FEES BY CONTRACT OFFICE
 YEAR ENDED JUNE 30, 2007

<u>Contract Offices</u>	<u>Number of Transactions</u>	<u>Contract Agent Fees</u>
AAA St. Louis	24,428	\$ 62,197
Affton	52,764	182,128
Alton	7,856	22,511
Arnold	38,100	126,941
Aurora	16,211	57,071
Ava	16,103	54,223
Belton	47,561	173,059
Bethany	12,807	42,061
Blue Springs	51,763	218,009
Bolivar	31,864	107,184
Bonne Terre	28,179	96,389
Boonville	20,531	70,280
Bowling Green	12,172	40,584
Branson	27,903	98,124
Bridgeton	42,097	142,899
Brookfield	18,829	62,884
Buffalo	19,094	62,974
Butler	20,662	70,688
Cabool	5,027	16,748
California	15,378	51,496
Camdenton	48,701	164,604
Cameron	13,067	43,248
Cape Girardeau	37,324	138,296
Carrollton	12,487	43,984
Carthage	43,443	147,378
Caruthersville	19,630	63,774
Cassville	27,810	95,748
Chaffee	19,871	67,043
Charleston	15,082	50,529
Chesterfield	58,206	201,999

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DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF CONTRACT AGENT TRANSACTIONS AND
FEES BY CONTRACT OFFICE
YEAR ENDED JUNE 30, 2007

<u>Contract Offices</u>	<u>Number of Transactions</u>	<u>Contract Agent Fees</u>
Chillicothe	20,918	71,138
Clayton	71,803	230,319
Clinton	26,636	90,529
Columbia	112,879	402,868
Crane	9,623	34,053
Creve Coeur	49,983	202,604
Cuba	13,990	47,892
De Soto	26,715	91,677
Deer Creek	85,365	292,323
Des Peres	60,836	214,473
Dexter	30,038	107,793
Doniphan	12,996	42,440
Edina	7,789	26,466
Eldon	35,576	126,094
Ellington	7,774	26,772
Elsberry	4,173	14,096
Eminence	7,835	25,786
Excelsior	33,965	111,871
Farmington	43,843	149,937
Fayette	9,096	30,588
Ferguson	32,732	109,742
Florissant	80,335	284,787
Forsyth	20,427	67,393
Fredericktown	14,627	49,078
Fulton	30,673	102,435
Gainesville	11,284	38,110
Gallatin	9,545	31,333
Gladstone	71,796	248,691
Glenstone (Springfield)	74,852	258,050
Grandview	61,587	232,527
Grant City	2,968	9,931

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DEPARTMENT OF REVENUE
 MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
 SCHEDULE OF CONTRACT AGENT TRANSACTIONS AND
 FEES BY CONTRACT OFFICE
 YEAR ENDED JUNE 30, 2007

<u>Contract Offices</u>	<u>Number of Transactions</u>	<u>Contract Agent Fees</u>
Greenfield	9,696	32,421
Greenville	13,725	45,969
Hannibal	22,390	75,543
Harrisonville	39,022	130,891
Hartville	8,482	28,202
Harvester	86,352	292,290
Hermann	12,079	40,426
Hermitage	15,830	52,573
High Ridge	67,273	227,475
Houston	14,103	46,809
Imperial	31,901	110,121
Independence	81,254	270,503
Ironton	14,329	47,078
Jackson	33,305	117,720
Jefferson City	107,711	356,497
Joplin	101,881	351,420
Kahoka	10,348	34,621
Kansas City	23,310	153,152
Kennett	24,031	79,210
Keytesville	8,396	28,344
Kingston	9,403	31,333
Kirksville	24,432	81,312
Lakeview	24,122	88,910
Lamar	15,724	52,855
Lancaster	5,013	16,827
Lebanon	46,409	150,344
Lee's Summit	73,298	335,915
Lexington	26,755	91,364
Liberty	65,752	286,850
Licking	9,856	32,302
Linn	10,688	35,880

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DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF CONTRACT AGENT TRANSACTIONS AND
FEES BY CONTRACT OFFICE
YEAR ENDED JUNE 30, 2007

<u>Contract Offices</u>	<u>Number of Transactions</u>	<u>Contract Agent Fees</u>
Louisiana	8,459	28,446
Macon	19,507	65,587
Malden	19,394	63,875
Marble Hill	14,434	48,150
Marshall	26,437	88,602
Marshfield	37,594	124,929
Maryville	21,888	73,505
Maysville	6,317	21,009
Memphis	6,962	23,334
Mexico	28,213	94,292
Milan	8,364	27,950
Moberly	31,430	103,990
Monett	21,953	78,348
Monroe City	7,663	25,808
Montgomery City	14,388	48,820
Monticello	10,067	33,866
Mound City	6,556	22,325
Mount Vernon	15,569	52,362
Mountain Grove	19,296	63,381
Mountain View	13,496	44,633
Neosho	35,089	115,483
Nevada	26,566	91,044
New London	10,777	36,291
New Madrid	13,291	44,611
Nixa	36,171	130,988
North County	66,621	227,974
North Kansas City	60,390	201,858
Northside	22,206	74,726
O'Fallon	68,283	270,378
Oakville	42,992	148,570
Olivette	44,022	149,961

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DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF CONTRACT AGENT TRANSACTIONS AND
FEES BY CONTRACT OFFICE
YEAR ENDED JUNE 30, 2007

<u>Contract Offices</u>	<u>Number of Transactions</u>	<u>Contract Agent Fees</u>
Osceola	10,476	35,565
Overland	31,164	105,322
Owensville	18,729	62,896
Ozark	49,318	157,676
Pacific	34,201	114,134
Palmyra	11,648	39,754
Paris	7,735	26,164
Parkville	49,209	163,539
Perryville	22,578	78,248
Pineville	22,335	74,797
Platte City	44,020	190,931
Plattsburg	14,960	51,345
Poplar Bluff	43,568	177,720
Potosi	23,124	75,343
Princeton	5,928	19,857
Raytown	97,802	325,520
Republic	62,670	215,347
Richmond	17,458	58,193
Rock Port	9,263	30,661
Rolla	44,616	142,626
Salem	22,403	72,467
Sarcoxi	6,803	22,842
Savannah	22,429	78,072
Sedalia	41,685	186,937
Shelbina	8,764	29,403
Sikeston	32,051	107,268
South County	73,244	246,411
South Fremont (Springfield)	123,048	400,359
South Kingshighway	58,438	196,645
Springfield	47,355	157,971
St. Charles	87,399	293,441

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DEPARTMENT OF REVENUE
 MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
 SCHEDULE OF CONTRACT AGENT TRANSACTIONS AND
 FEES BY CONTRACT OFFICE
 YEAR ENDED JUNE 30, 2007

<u>Contract Offices</u>	<u>Number of Transactions</u>	<u>Contract Agent Fees</u>
St. Clair	18,433	60,911
St. Joseph	78,258	272,239
St. Louis City Hall	31,810	105,684
Stanberry	8,792	29,400
Ste Genevieve	16,745	61,060
Steelville	8,719	29,795
Stockton	14,054	48,610
Sugar Creek	38,484	145,625
Sullivan	20,569	68,894
Thayer	5,780	18,991
Trenton	12,256	40,844
Troy	56,007	184,796
Twin City	46,618	161,208
Union	33,227	117,103
Unionville	7,977	26,341
Van Buren	7,982	25,714
Vandalia	4,883	16,654
Versailles	23,081	78,331
Viburnum	3,976	13,233
Vienna	10,846	35,952
Warrensburg	45,632	154,535
Warrenton	31,094	103,062
Warsaw	24,385	80,504
Washington	27,064	91,230
Waynesville	45,843	148,780
Wentzville	48,468	168,996
West County	52,966	206,367

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DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVERS LICENSE PROCESSES
SCHEDULE OF CONTRACT AGENT TRANSACTIONS AND
FEES BY CONTRACT OFFICE
YEAR ENDED JUNE 30, 2007

<u>Contract Offices</u>	<u>Number of Transactions</u>	<u>Contract Agent Fees</u>
West Plains	37,952	125,136
Willow Springs	7,262	24,302
	<u>5,602,458</u>	<u>\$ 19,478,813</u>

Note: The total number of transactions and collections presented above do not include all contract agent fees collected and retained by contract agents. The department tracks only those contract agent fees related to Motor Vehicle Bureau transactions that are validated in the TRIPS. The department does not track contract agent fees related to Drivers License Bureau transactions. In addition, fees are not received by the department, but are retained by the contract agents.