



Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Farmington Contract License Office

Background	The Department of Revenue (DOR) has appointed 182 contract agents to operate contract license offices. These offices issue driver licenses; titles for motor vehicles, trailers, and marine craft; and license plates. Contract agents are compensated through transaction-based processing fees. Under a state law, which became effective in 2009, the State Auditor may audit contract license offices.
Sales Price Credits	Taxes for registering a vehicle are based upon the purchase price of the vehicle less any credits for selling or trading in another vehicle, or if a prior vehicle was declared a total loss. Our review of 44 transactions with a credit amount applied found 3 transactions (7 percent) had no documentation to support the credit. In 2011, the DOR determined an employee had misappropriated funds and avoided detection, in part, by manipulating the net purchase price of vehicles registered and increasing trade-in and tax credit amounts above actual amounts. The employee pleaded guilty in August 2013, was given a suspended sentence, placed on 5 years of supervised probation, and ordered to pay restitution of \$48,150.
Accounting Controls and Procedures	The license office did not always accurately record the method of payment (cash, check, or credit card) and did not reconcile the composition of monies received to deposits. Our review of three deposits found cash payments recorded as check and/or credit card payments, check payments recorded as credit card and/or cash payments, and credit card payments recorded as cash and/or check payments.
No Fee Identification Log	The license office issues no fee IDs to replace illegible or misspelled IDs, but it does not always list these no fee IDs on the log as required.

In the areas audited, the overall performance of this entity was **Fair**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our website: <http://auditor.mo.gov>