



# CITIZENS SUMMARY

## Findings in the audit of the Sugar Creek Contract License Office

Background	The Department of Revenue (DOR) has appointed 178 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.
Prepayment Void Transactions	Prepayment void transactions occur when transactions are voided before payment is made, such as when the customer lacks sufficient funds or the entry has incorrect information. DOR procedures require customer acknowledgement if a new transaction is not completed or is for a lesser amount, but office staff did not obtain customer acknowledgement for 2 of 8 (25 percent) such transactions between March 10 and March 12, 2014.
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. The composition of receipts did not match the composition of deposits for 5 deposits reviewed, 4 checks on hand were not restrictively endorsed, and 6 manual receipt slips did not include the method of payment.
Contract Compliance	License office staff did not properly maintain the inventory records for 3 of 25 items reviewed. We found 3 items that were not listed in the inventory records. In addition, a total of 9 items could not be located during the last two semi-annual inventories, for which the DOR required a \$166 reimbursement.
No Fee Identification Log	No fee IDs are issued at no cost to the ID holder to replace previously purchased IDs that printed illegibly or contained a misspelled name. Our review found 2 of the 19 no fee IDs issued between January 15 and April 21, 2014, were not listed on the office log, as required by the DOR.

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.