



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Cash Receipts and Branch Office Customer
Service
Department of State

Report Number:
231-0200-08

Released:
May 2009

The Department of State's responsibilities include administering and enforcing sections of the Michigan Vehicle Code (Act 300, P.A. 1949, being Sections 257.1 - 257.923 of the Michigan Compiled Laws) pertaining to the registration of vehicles, the licensure of vehicles and operators, and the collection of related fees and taxes. The Department's mission is to deliver modern, efficient, cost-effective, and convenient service to the citizens of Michigan.

Audit Objective:

To assess the effectiveness of the Department's efforts in establishing controls over its cash receipts operations to ensure the proper safeguarding of assets.

Audit Conclusion:

The Department's efforts in establishing controls over its cash receipts operations to ensure the proper safeguarding of assets were moderately effective. We noted three reportable conditions (Findings 1 through 3).

Reportable Conditions:

The Department did not establish sufficient controls over user access to its Branch Office System to ensure proper accountability for the transactions processed by each employee (Finding 1).

The Department did not establish sufficient controls over access to its Revenue Processing System to ensure appropriate segregation of duties among users (Finding 2).

The Department did not establish sufficient controls to ensure that branch office employees properly documented and approved void transactions (Finding 3).

~ ~ ~ ~ ~

Audit Objective:

To assess the effectiveness of the Department's efforts to ensure that appropriate fees are charged to customers and are collected and recorded in an accurate and timely manner.

Audit Conclusion:

The Department's efforts to ensure that appropriate fees are charged to customers and are collected and recorded in an accurate and timely manner were moderately effective. We noted two reportable conditions (Findings 4 and 5).

Reportable Conditions:

The Department had not established sufficient controls to ensure the accuracy of new vehicle registration fees charged to customers. In addition, the Department needs to improve its controls over the

processing of fee adjustments and refunds.
(Finding 4)

The Department did not implement controls to help ensure that it suspended operator or chauffeur licenses in a timely manner when non-sufficient funds checks were returned (Finding 5).

~ ~ ~ ~ ~

Audit Objective:

To assess the effectiveness of the Department's efforts in providing efficient customer service at branch offices.

Audit Conclusion:

The Department's efforts in providing efficient customer service at branch offices were effective. Our report does not include any reportable conditions related to this audit objective.

~ ~ ~ ~ ~

Agency Response:

Our audit report contains 5 findings and 6 corresponding recommendations. The Department's preliminary response indicated that it agrees with all of the recommendations and has complied or will comply with them.

~ ~ ~ ~ ~

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General