
Department of Licensing (DOL)

Agency: 240

Audit Report: 1000778

Finding Number: 001

Finding: The Department of Licensing does not have adequate controls over cash receipting at selected license service offices.

Resolution: While the Department currently has controls in place over cash receipting and revenue reconciliation, it acknowledges that there is always room for improvement. In light of this finding, the following actions have been taken:

- The Department clarified its cash receipting policy to strengthen controls and assign increased responsibilities for management oversight. As a result, district managers (DMs) now perform spot checks to verify compliance with the policy requirements, including check/cash composition of the deposits, as they routinely visit the license service offices (LSOs). Information on these spot checks is documented in their bi-weekly reports to the driver's licensing examination administrator.
- The Department developed a new monthly report to assist in monitoring "no fee transactions." The report pulls a minimum of five driver's license transactions for each office in which a "no fee transaction" has occurred and identifies the licensing service representative (LSR) that completed the transaction by individual badge number. DMs receive a report for their district monthly and are responsible for verifying that LSRs followed department procedures in handling "no fee transactions."
- The Department generates a report that identifies voided transactions by LSO and badge number. Staff was reminded of the policy requirement that supervisors complete the trend reports daily, the employee signs off on the trend report monthly, and the DM reviews and signs off on the trend reports. In addition, a new DM audit process that includes a review of voided transactions was adopted in 2009. Information from these audits is reviewed semiannually to identify and address problem areas or compliance concerns.
- On April 15, 2009, an operations memo was sent by headquarters notifying all field staff and supervisors of the changes to the cash receipting policy and reminding staff of policy requirements on deposits, "no fee transactions," and voided transactions.

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Agency: 240

Audit Report: 1000778

Finding Number: 002

Finding: The Department of Licensing does not adequately monitor contracts with county auditors and subagents to ensure proper administration of vehicle licensing.

Resolution: The Department partially disagrees with this condition. Several controls are currently utilized that monitor fees and tax collections including employee reviews of operations, field audits, fraud unit activities, and county audits. The amount identified by the auditors as potential uncollected sales tax appears to be overstated based upon the Department's research. That said, in light of the finding, the following actions were taken:

- Copies of the contracts are maintained by the Finance and Administration contracts office (electronically) and by Liaison and Support Services in the corresponding agent/subagent file (hard copy). An internal manual spreadsheet documents insurance and bonding compliance for each agent or subagent office. Updating the spreadsheet is an ongoing effort since the insurance and bonds, in most cases, are renewed annually. Offices found to be out of compliance are contacted by Liaison and Support Services. Issues are escalated as appropriate through management if noncompliance continues.
- The Department completed the entire state audit cycle of agents and subagents in June 2009 and started the next three-year cycle that will cover all agents and subagents. The Department recruited for an additional permanent auditor in the Field Audit and Compliance Unit, and this position was filled on November 1, 2009.
- The Department is reviewing voided transaction reports to determine high-risk transactions. Potential issues are being researched further. Thirty days of transactions are reviewed for each office every six months. Results suggest less than 5% of transactions require additional verification work, and this equates to an accuracy rate of greater than 95% for all transactions.
- A spreadsheet for monitoring inventory reporting is updated monthly by the Liaison and Support Services staff. Offices that are late reporting are contacted and reminded of their responsibility as outlined in policy. Appropriate actions per contract are initiated if noncompliance continues.

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