

**ATTESTATION REPORT
OF THE
NEBRASKA DEPARTMENT OF MOTOR VEHICLES
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

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Issued on July 11, 2011

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Amy Hock, Auditor-In-Charge

Diane Holtorf, CPA, Auditor

Erica Kellogg, CPA, Auditor II

Crystal Goldsmith, CPA, CFE, Auditor II

Joan Arnold, Auditor II

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NEBRASKA DEPARTMENT OF MOTOR VEHICLES

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NEBRASKA DEPARTMENT OF MOTOR VEHICLES

BACKGROUND

The Department of Motor Vehicles (DMV), which was created in 1957, administers laws pertaining to motor vehicle drivers and the operation of motor vehicles. The DMV is organized into the following seven divisions: Administration, Information Systems, Motor Carrier Services, Driver and Vehicle Records, Financial Responsibility, Driver Licensing Services, and Legal.

Administration – Houses the office of the Director and oversees the operations of the other six divisions. Administration also includes the Deputy Director, Accounting and Finance Manager, Human Resources Manager, and support staff.

Information Systems (IS) – IS is responsible for the development, installation, maintenance, and support of all DMV related business applications.

Motor Carrier Services (MCS) – MCS administers a variety of programs relating to the trucking industry, including the International Registration Plan (IRP) program that collects and distributes registration fees between member states and the International Fuel Tax Agreement (IFTA) program that requires the equitable distribution of fuel tax between member states. MCS issues certificates of titles for apportioned vehicles and audits IRP and IFTA returns.

MCS also participates in the Unified Carrier Registration (UCR) program which requires individuals and companies that operate commercial motor vehicles in interstate commerce to register their business and pay an annual fee based on fleet size.

Driver and Vehicle Records (DVR) – DVR is responsible for maintaining the Motor Vehicle Insurance Database and for the administration of the statewide Vehicle Titling and Registration System (VTR). VTR is used by all 93 counties for the titling and registration of Nebraska's motor vehicles. VTR is also the system through which all motor vehicle taxes, motor vehicle fees, motor vehicle registration fees, sales tax, wheel tax, and other assorted fees are collected. The division is responsible for the State's license plate program and handicapped parking permits.

DVR is also responsible for the database that maintains the records of licensed drivers and State ID card holders and the Digital Driver License System used by the counties to issue documents. The DVR Help Desk provides technology and business support for the county officials and the general public. DVR also houses a Fraud Unit that investigates identity theft, driver license fraud, and title and odometer fraud.

Financial Responsibility (FR) – FR identifies those individuals who do not drive safely and assists them in becoming safe drivers. FR denies driving privileges via disqualification (CDL licenses), suspends or revokes driver licenses of those who cannot or will not drive safely, and reinstates driver licenses. FR is the point of contact for issuance of employment drive and medical hardship permits, as well as ignition interlock restricted licenses. The division also aids in the collection of traffic fines and child support order payments through revocation/suspension of drivers licenses.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

BACKGROUND

(Continued)

Driver Licensing Services – Driver Licensing Services is responsible for ensuring that individuals meet Nebraska’s licensing standards and requirements for issuance of driver permits, licenses and State ID cards. The division utilizes three systems to effectively administer its programs: the Interactive Driver License System, the Digital Driver License System, and the Automated Testing System and the CDL 3rd Party Tester Database.

The division certifies and audits Driver Training Schools, Driver Safety Schools, Commercial Driver License (CDL) Third Party Testers, and Commercial Driver License Examiners. There are 97 exam offices and 100 employees located throughout the State who help individuals obtain nine different types of permits and six types of license and State ID cards.

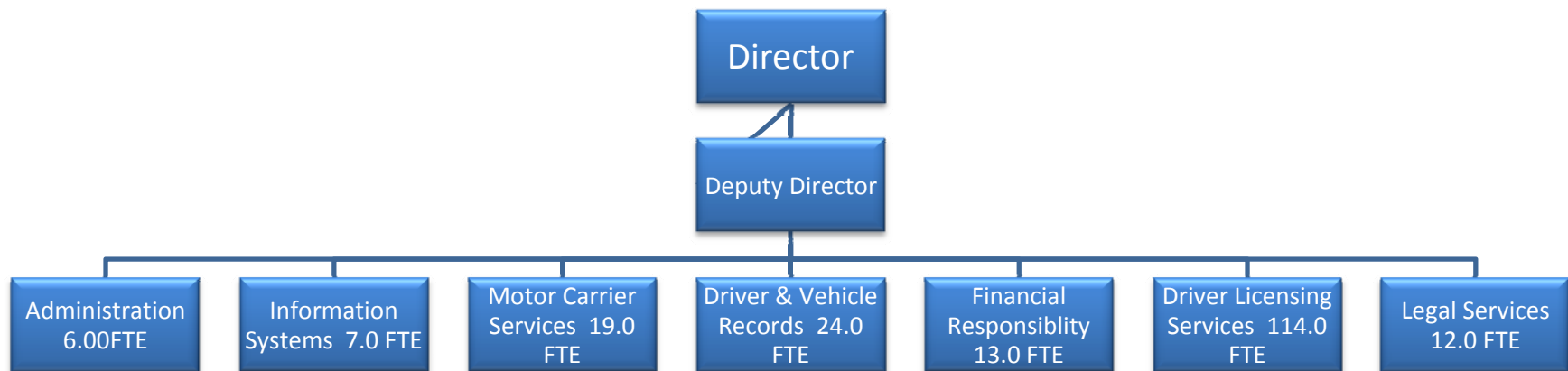
Legal – Primary duties of the Legal division involve administrative hearings, management of the Administrative License Revocation (ALR) program, legal advice, rules and regulations, legal documents, intoxilyzer training, manufacturer’s warranty duties, 15-year license revocation reprieves, claims board, and the health advisory board. Legal’s largest program is conducting hearings for administrative license revocation.

MISSION STATEMENT

The mission of the Department of Motor Vehicles is to promote public safety through education and regulation of drivers and motor vehicles, and to collect revenues that provide resources for state and local government operations.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

ORGANIZATIONAL CHART



NEBRASKA DEPARTMENT OF MOTOR VEHICLES

EXIT CONFERENCE

An exit conference was held June 22, 2011, with the DMV to discuss the results of our examination. Those in attendance for the Department of Motor Vehicles were:

NAME	TITLE
Beverly Neth	Director
Pat Phillips	Deputy Director
Gary Ryken	Accounting Manager

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

SUMMARY OF COMMENTS

During our examination of the Department of Motor Vehicles (DMV), we noted certain deficiencies in internal control and other operational matters that are presented here.

These comments and recommendations are intended to improve the internal control over financial reporting or result in operational efficiencies in the areas as follows:

1. ***Holiday Leave Policy:*** During payroll testing we noted employees who were receiving over, and in some cases under, the standard eight hours of holiday pay. Variances ranged from two hours over the standard eight hours of holiday pay to one and one half hours under the standard eight hours of holiday pay.
2. ***Fixed Assets:*** We noted a lack of segregation of duties over fixed assets as well as the DMV's failure to review the Additions and Retirements Report and the Passed Transactions Report. Additionally, during our testing of fixed assets we noted one asset which was tagged but not on the fixed asset listing, one asset which was not tagged, and one asset which had the wrong tag number.
3. ***Fees:*** We noted title, lien, and duplicate fees were incorrectly split between the Motor Carrier Division Fund and the Motor Vehicle Cash Fund. All fees should have been deposited to the Motor Carrier Division Fund per State statute.
4. ***Miscoding of Receipts:*** Two of 15 deposit documents tested included receipts that were coded to the wrong fund. We also noted during other testing two additional miscoding errors.
5. ***VTR System Voids:*** During testing of Driver and Vehicle Records (DVR) division voids we noted Vehicle Titling and Registration (VTR) system voids were not approved by a supervisor or adequately explained.
6. ***Nebraska Interactive Monthly Statement Reconciliation:*** The DMV was not able to verify the funds received from Nebraska Interactive were accurate and complete.
7. ***Monitoring of County Receipts:*** The DMV performed high-level reviews of county deposits for reasonableness; however, no verification was performed to ensure the individual counties were depositing the correct amounts to the DMV funds.
8. ***SAS 70 Review:*** The DMV was not reviewing and obtaining the SAS 70 reports for the International Registration Plan (IRP) Clearinghouse and Nebraska Interactive.
9. ***Liability Balances:*** During our testing we noticed liability balances in the General Fund and the Highway Safety Fund which were not adequately supported or could not be adequately explained by the DMV. Liability balances totaled \$2,416,723 in the General Fund and \$143,050 in the Highway Safety Fund.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

SUMMARY OF COMMENTS

(Continued)

10. **System Access:** During testing we noted some employees with program access which did not appear necessary for their job function and some employees that had not accessed the program for 90 days or longer.
11. **Change Management Procedures:** The DMV did not have formalized change management procedures in place for the Motor Carrier Services (MCS), the Vehicle Titling and Registration (VTR), and the Traffic Safety Information (TSI) applications.
12. **Password Settings:** The DMV password settings did not meet the minimum requirements of the Nebraska Information Technology Commission (NITC) Standards.
13. **Application Support:** Only one programmer with the necessary business knowledge and programming skill set supported the MCS application. This is also an issue for the VTR and TSI applications and sub-applications. Currently, no backup plan is in place should these programmers be unable to provide programming support.
14. **Motor Vehicle Fees:** During testing we noted the DMV's rules and regulations, which are used to charge motor vehicle fees, did not follow State statute requirements for calculating motor vehicle fees.
15. **Distributive Fund Reconciliation:** The DMV processed approximately \$80 million in fees for the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA) during calendar year 2010. We noted there was no reconciliation between the Motor Carriers system and the State accounting system.

More detailed information on the above items is provided hereafter. It should be noted that this report is critical in nature as it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any accounting strengths of the Nebraska Department of Motor Vehicles.

Draft copies of this report were furnished to the DMV to provide them an opportunity to review the report and to respond to the comments and recommendations included in this report. All formal responses received have been incorporated into this report. Responses have been objectively evaluated and recognized, as appropriate, in the report. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next examination.

We appreciate the cooperation and courtesy extended to our staff during the course of the examination.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

1. **Holiday Leave Policy**

Title 273 Nebraska Administrative Code (NAC) 10-003.06 states, “Full-time employees shall receive holiday compensation equal to one-fifth of their normal scheduled work week for each paid holiday.” While the Nebraska Association of Public Employees (NAPE) contract does not specifically address holiday leave hours, State Personnel Rules and Regulations should be applied consistently for NAPE employees as discussed with the Department of Administrative Services (DAS) State Personnel Division (State Personnel). In addition, a good internal control plan would require employees be paid for actual time worked and recorded as well as ensuring all State employees are paid the same number of hours for a State holiday. Per discussion with the Chief Negotiator for State Employee Relations, although not specifically stated in the NAPE contract, it has historically been their interpretation and the Legislature’s intent that NAPE employees only get eight hours of holiday pay per holiday.

The DMV has an informal, undocumented policy that allows employees to receive holiday pay for the number of hours they were regularly scheduled to work on the holiday. Most of the DMV’s employees receive the standard eight hours of holiday leave; however, four Driver and Vehicle Records (DVR) division employees and 32 Driver License Examiners receive more, or in some cases, less than the standard eight hours of holiday pay. DVR employees, who are under State Personnel Rules and Regulations, work four ten-hour days each week and thus receive an additional two hours of holiday pay each holiday. Driver License Examiners, who are under the NAPE contract, work fluctuating schedules ranging from six and one half to nine and one half hours per day. These employees could either receive up to an additional one and one half hours per holiday or could be shorted up to one and one half hours per holiday depending on the day of the week the holiday fell.

For three of 17 employees tested, we noted the employee’s timesheet did not agree to the hours paid per the pay stub due to the DMV’s holiday leave policy. One of the three employees was a DVR employee whose timesheet showed only 70 hours of time worked, yet this employee was paid for 72 hours due to the additional two hours of holiday pay. The other two employees were Examiners who both normally worked eight and a quarter hours on the day of the holiday and thus they received an additional quarter hour of pay over what had been recorded on their timesheet.

When State employees receive more than eight hours of holiday pay, the DMV is not in compliance with NAC 10-003.06.

We recommend the DMV work with State Personnel and NAPE to determine a policy regarding holiday leave that would ensure all employees are paid in a consistent and fair manner for holiday hours worked. We also recommend the DMV work with State Personnel and NAPE to determine if any action is necessary for past discrepancies in holiday leave pay.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

1. **Holiday Leave Policy** (Concluded)

DMV's Response: DMV is now calculating holiday pay based upon the standard eight hours. This was effective for the Arbor Day holiday in April 2011.

2. **Fixed Assets**

A. Lack of Segregation of Duties Over Fixed Assets

A good internal control plan would require an adequate segregation of duties over fixed assets so that no one employee is in a position to perpetuate or conceal fraud or irregularities without adequate supervisory review. A good internal control plan would also require a correcting entry be recorded in a timely manner for any passed exceptions to the Unposted Fixed Asset Report in order to ensure all assets are properly recorded with the appropriate asset costs assigned.

There was a lack of segregation of duties over fixed assets as the employee responsible for fixed assets could add, maintain, and dispose of assets without additional compensating controls, such as the review of the Additions and Retirements Report being performed by another individual. Per discussion with DMV staff, there was a review performed of the Additions and Retirements Report as well as various other Asset Integrity Reports in order to compensate for the segregation of duties issue. However, upon further review it was noted that the Additions and Retirements Report had not been reviewed since fiscal year 2008 and there was no documentation of the review of the various other Asset Integrity Reports. This was a finding in our prior audit report. In addition, the DMV was not running or reviewing the Passed Transaction Report. This report lists exceptions that showed up on the Unposted Fixed Asset Report which were subsequently "passed" on. As a result of the lack of review of this report, there was one passed exception reviewed during testing that did not yet have the correcting journal entry performed to post the assets costs even though the transaction occurred in October 2010.

Without the elements of a good internal control system described above, there is an increased risk of assets becoming lost or stolen.

We recommend the DMV implement procedures to ensure an adequate segregation of duties over fixed assets is achieved. This should include having a supervisor review the Additions and Retirements Report, Passed Transaction Report, and the various other Asset Integrity Reports on a regular basis and documenting that review. In addition, we recommend the DMV ensure correcting journal entries are performed within a timely manner after any exceptions are passed on from the Unposted Fixed Asset Report.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

2. Fixed Assets (Concluded)

B. Physical Inventory

Neb. Rev. Stat. § 81-1118.02(3) (Reissue 2008) states, "Each such executive, department, commission, or other state agency shall indelibly tag, mark, or stamp all such property belonging to the State of Nebraska, with the following: Property of the State of Nebraska." A good internal control plan requires all assets be tagged and properly entered into the asset record with the corresponding tag number and other identifying information.

During our physical inventory testing, we noted the following:

- One of 12 physical assets observed and in use could not be located in the asset records in the State accounting system. Although the asset was tagged, the corresponding tag number or serial number could not be located in the State accounting system.
- One of 12 physical assets observed and in use was not properly tagged and noted as "Property of the State of Nebraska."
- One of 12 assets tested had an incorrect tag number on the physical asset.

Without the elements of a good internal control system described above, there is an increased risk of assets becoming lost or stolen. In addition, the DMV is not in compliance with State statute.

We recommend the DMV implement procedures to ensure that all assets are tagged with the correct tag number and properly included in the fixed asset records in the State accounting system.

DMV's Response: Fixed asset reports including Additions and Retirement Reports, Passed Transaction Reports, and other Asset Integrity Reports will go through a documented supervisor review. Proper care will be given to ensure future asset transactions will be processed timely.

3. Fees

Neb. Rev. Stat. § 60-154(2) (Reissue 2010) states, "For each original certificate of title issued by the department for a vehicle except as provided in section 60-159.01, the fee shall be ten dollars, which shall be remitted to the State Treasurer for credit to the Motor Carrier Division Cash Fund."

Neb. Rev. Stat. § 60-155(2) (Reissue 2010) states, "For each notation of a lien by the department, the fee shall be seven dollars, which shall be remitted to the State Treasurer for credit to the Motor Carrier Division Cash Fund."

Neb. Rev. Stat. § 60-156(2) (Reissue 2010) states, "For each duplicate certificate of title issued by the department for a vehicle, the fee shall be fourteen dollars, which shall be remitted to the State Treasurer for credit to the Motor Carrier Division Cash Fund."

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

3. Fees (Concluded)

Title, lien, and duplicate fees collected by the DMV are split between the Motor Carrier Division Fund and the Motor Vehicle Cash Fund; however, these fees should all be deposited into the Motor Carrier Division Cash Fund. Four dollars of the total fee amounts noted above were deposited into the Motor Vehicle Cash Fund.

Five of 15 documents tested included fees collected by the DMV and deposited in the Motor Vehicle Cash Fund that should have been deposited in the Motor Carrier Division Cash Fund per State statute. Based on this testing it was determined, the DMV had been miscoding these fees since the Motor Vehicle Certificate of Title Act (Act) began in 2005. The auditors had the DMV review their records back to the effective date of the Act and it was determined the total amount coded to the Motor Vehicle Cash Fund in error through December 31, 2010, was \$476,676.

When fees monies are incorrectly deposited, there is an increased risk the DMV will expend fee money for purposes other than their intended use.

We recommend the DMV ensure fees are deposited into the proper fund in accordance with State statute and correct all past coding errors in the amount of \$476,676 by transferring this amount to the Motor Carrier Division Cash Fund.

DMV's Response: The Motor Vehicle Certificate of Title Act (2005) was the result of the recodification of Nebraska's statutes Chapter 60 Articles 1 and 3. In 2005, LB 274 and 276 were introduced, the bills recodified the Motor Vehicle Registration Act and Titling Act respectively. Legislative history associated with these two bills is clear that neither bill contained substantive law changes – they were rewrites of the existing Acts. LB 275 was introduced at the same time. LB 275 was the bill that contained substantive law changes in both the titling and registration acts. Unfortunately, and unbeknownst to both the DMV and the Revisor of Statutes, an error in drafting occurred that changed the Titling Act, specifically N.R.R.S. § 60-156(2) which is the subject of this comment. The DMV and the Legislature never intended to amend N.R.R.S. § 60-156(2). The DMV was simply unaware the drafting error had occurred. That said the DMV has made the requested transfer of funds to the Motor Carrier Division Cash Fund. The DMV will seek legislation to correct the error to restore N.R.R.S. § 60-156(2) to the language prior to LB 276 (2005).

4. Miscoding of Receipts

Neb. Rev. Stat. § 60-4,177 (Reissue 2010) states, "Each application for a new or renewal school license shall be accompanied by a fee of fifty dollars, and each application for a new or renewal instructor's license shall be accompanied by a fee of ten dollars. The license fees shall be placed in the state treasury and by the State Treasurer credited to the General Fund."

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

4. **Miscoding of Receipts** (Concluded)

Neb. Rev. Stat. § 60-3,119(3) (Reissue 2010) states, “An application for renewal of a license plate previously approved and issued shall be accompanied by a fee of forty dollars. County treasurers or designated county officials collecting fees pursuant to this subsection shall remit them to the State Treasurer. The State Treasurer shall credit twenty-five percent of the fee to the Highway Trust Fund and seventy-five percent of the fee to the Department of Motor Vehicles Cash Fund.”

Good business practice requires procedures to ensure receipts are recorded correctly.

One of 15 deposit documents tested included amounts coded to the Motor Vehicle Cash Fund that should have been coded to the General Fund. One of 15 deposit documents tested included an amount coded to the Motor Vehicle Cash Fund that should have been deposited to the Highway Trust Fund. It was also noted receipts for three driver training schools and one third party commercial driver license (CDL) instructors were coded to the Motor Vehicle Cash Fund but should have been deposited in the General Fund per State statute.

We also noted the Access database used to calculate the split of fees between various funds for the deposit document is maintained by the same staff preparing and approving the deposit documents. The deposit documents are reviewed prior to approval; however, this review focuses mainly on the larger dollar amounts and does not always include the smaller fees that are often split between multiple funds. A monthly review for reasonableness may not reveal such errors as noted above.

Without good accounting procedures to ensure receipts are accurately recorded, there is an increased risk of noncompliance and inaccurate reporting.

We recommend the DMV review and improve procedures to ensure receipts are recorded accurately, including a more in-depth review of all fees split between funds. We also recommend the DMV improve procedures to maintain the Access database by documenting and approving all changes to the database.

DMV's Response: DMV will look to improve the receipting review processes to ensure deposits are recorded properly. A log for changes to the Access database used to create the deposit documents in EnterpriseOne will also be implemented.

5. **VTR System Voids**

A good internal control plan requires procedures be in place to ensure voids are properly approved by a supervisor and the reason for the void be adequately explained.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

5. VTR System Voids (Concluded)

The Driver and Vehicle Records (DVR) division has two types of voids: cash register voids and Vehicle Titling and Registration (VTR) system voids. During testing of DVR division voids, we noted the VTR system voids were not approved by a supervisor or adequately explained. This was a finding in our prior audit report.

Without adequate explanation or supervisor approval to support voided receipts, there is an increased risk of loss or misuse of State funds and undetected errors or irregularities.

We recommend the DMV implement procedures to ensure all voids are adequately explained and approved by a supervisor.

DMV's Response: DMV concurs with the Auditor's comments and has implemented a process that requires staff to notate the reason for a voided document produced through VTR, initial the document and present to a supervisor for approval.

6. Nebraska Interactive Monthly Statement Reconciliation

A good internal control plan requires procedures to ensure amounts remitted are accurate and the DMV receives all funds due to them for services provided.

The DMV did not reconcile the number of record searches performed and remitted by Nebraska Interactive to the number of searches performed according to the VTR application. The VTR application currently does not have the ability to count the number of searches performed by Nebraska Interactive in order to provide a one-to-one match up with the search counts billed. The total remitted by Nebraska Interactive in 2010 for driver record searches performed by Nebraska Interactive for their subscribers, third party vendors, and monitoring services for insurance companies was \$2,295,591.

When a reconciliation of searches is not performed, there is an increased risk the DMV is not receiving all the funds due to them.

We recommend the DMV implement procedures to reconcile the search activity to the funds received by Nebraska Interactive for the searches performed.

DMV's Response: DMV conducts a reasonableness review of the monthly Payment Statements provided by Nebraska Interactive. After a review of possible changes to the DMV computer systems we have determined that there is not an automated solution available, within our current system, to perform a full reconciliation without the addition of at least one FTE. Such a solution is not cost effective considering the fact that the DMV only receives approximately 9% of the total remittance.

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COMMENTS AND RECOMMENDATIONS

(Continued)

6. **Nebraska Interactive Monthly Statement Reconciliation** (Concluded)

DMV's Response, Concluded: Further, the following requirements in the Nebraska Interactive contract with the Nebraska State Records Board provide assurances that the proper financial processes are in place to ensure full payment for services provided:

- Nebraska Interactive is contractually responsible for collecting and remitting all electronic access fees to the State of Nebraska on the last business day of the month.*
- Nebraska Interactive is required to provide to the State of Nebraska, on an annual basis, an audited financial statement that discloses any discrepancies in their charges, billings or financial records.*
- All of Nebraska Interactive books, records and documents directly relating to work performed or monies received and paid under its contract with the Nebraska State Records Board shall be subject to inspection and or audit by the APA.*

APA Response: The DMV should try to ensure they are receiving all money due to them from Nebraska Interactive. Although system changes to track searches may be too cost prohibitive at this time, the DMV should consider implementing procedures in the interim to monitor searches and monetary receipts on a monthly basis via a spreadsheet. This spreadsheet could be used to identify trends or significant and/or unusual items over time.

7. **Monitoring of County Receipts**

Neb. Rev. Stat. § 60-391 (Reissue 2010) states, "Each county treasurer or designated county official shall make a report to the department of the number of original registrations of motor vehicles or trailers registered in the rural areas of the county and of the number of original registrations of motor vehicles or trailers registered in each incorporated city and village in the county during each month, on or before the twenty fifth day of the succeeding month."

Neb. Rev. Stat. § 60-3,202(2) (Reissue 2010) states, "On or before the last day of each quarter of the calendar year, the State Treasurer shall distribute all funds in the Motor Vehicle Tax Fund to the county treasurer or designated county official of each county in the same proportion as the number of original apportionable vehicle registrations in each county bears to the total of all original registrations within the state in the registration year immediately preceding."

A good internal control plan requires procedures be in place to ensure the money remitted by the counties each month is correct and the DMV receives all the money due to them. It also requires procedures be in place to ensure the vehicle registration information reported each month by the counties is accurate.

The DMV does not review the electronically filed Monthly Report of Vehicles Registered by each county. The number of registered vehicles is used in determining the transfers the State Treasurer makes between the Motor Vehicle Tax Fund and each individual County Treasurer. It was also noted the DMV does not have procedures in place to verify the portion of fees received

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COMMENTS AND RECOMMENDATIONS

(Continued)

7. **Monitoring of County Receipts** (Concluded)

from the counties each month is accurate. A review for reasonableness was performed by the Finance and Accounting Manager; however, this was for financial totals only. The number of titles, registrations, licenses, and plate transactions are recorded in the VTR application. This information is available at the individual county level but the total for the DMV was not available. The total deposited for registrations and titles by the counties for 2010 was \$11,913,627. This was a finding in our prior audit report.

Per discussion with the DMV, fee inconsistencies have specifically been noted in the Douglas County Monthly Reports of Vehicles Registered. For example, the DMV noted instances where fee remittances had odd cents when the amount should have been an even dollar amount or fifty cents. The DMV also noted cases where two fee types, which should be the same amount, were not equal. The DMV has asked Douglas County as to why these inconsistencies exist; however, Douglas County has not provided an explanation.

Without adequate procedures to ensure the correct number of original registrations is reported and used for the allocation of funds from the Motor Vehicle Tax Fund, there is an increased risk counties may receive excess allocations. Without adequate procedures in place to ensure the correct amount of money is remitted by the counties, there is an increased risk of loss or misuse of State funds.

We recommend the DMV implement procedures to ensure the motor vehicle registrations reported are accurate and the correct deposits are remitted by the counties. We further recommend the DMV continue the reasonableness review being performed but also consider testing a sample of the counties to ensure the DMV is receiving all the monies due to them. Furthermore, we recommend the DMV continue to work with Douglas County to determine what may be causing these inconsistencies.

DMV's Response: DMV concurs with the Auditor's comments and has implemented a monthly document review process that reconciles the county monthly VTR reports with the State Treasurer Deposit reports.

8. **SAS 70 Review**

Statement on Auditing Standards (SAS) Number 70 provides guidelines for a service center audit to be performed and reviewed to evaluate any third party service centers which are relied upon for transaction processing to ensure controls are operating as intended. SAS 70 reports provide valuable information to any users of the service organizations under review. The reports not only describe issues found when performing the in-depth audit of the organization, they also provide specific controls that users of the service organization should have in place to ensure a proper internal control structure is present. A good internal control plan and sound business practices require SAS 70 reports for third party servicers be reviewed by user organizations.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

8. **SAS 70 Review** (Concluded)

Nebraska Interactive, a subsidiary of NIC Inc., provides online portal management services to the State of Nebraska. The State of Nebraska utilizes the NIC payment engine (TPE) for processing on-line payments for various services provided to individuals. In addition, the State of Nebraska is a member jurisdiction of the International Registration Plan (IRP) Clearinghouse. The purpose of the Clearinghouse is to provide other jurisdictions the vehicle registration data electronically and to facilitate a faster turn-around time when transmitting IRP registration fees to other jurisdictions. As third party service centers, both TPE and the IRP Clearinghouse receive a SAS 70 report; however, the DMV was not obtaining or reviewing either of these SAS 70 reports. The Auditor of Public Accounts (APA) also noted bulk driver and vehicle record searches performed by Nebraska Interactive are not processed through TPE and have not been subject to a SAS 70 review.

When SAS 70 reports are not obtained and reviewed, there is an increased risk third party servicer control findings and user controls will not be accounted for by the user organization.

We recommend the DMV request and review SAS 70 reports from all third party service centers utilized by the DMV. We also recommend the DMV consider the risks associated with the lack of a SAS 70 review over the processes used to bill, collect, and disburse funds related to bulk driver and vehicle record searches.

DMV's Response: DMV will inquire of third-party providers if they have current SAS 70 reports and will review the reports when received.

9. **Liability Balances**

A good internal control plan and sound business practice requires procedures be in place to ensure liability balances are substantiated.

During our testing we noticed liability balances in the General Fund and the Highway Safety Fund which were not adequately supported or could not be adequately explained by the DMV.

- The General Fund liability balance was \$2,416,723 at December 31, 2010. It appears \$2,051,924 of this liability balance relates to the Single State Registration System (SSRS) program and the Unified Carrier Registration (UCR) program which replaced SSRS in 2007. The remaining \$364,799 may also relate to SSRS/UCR; however, this portion of the balance has not seen any activity since the inception of the State's current accounting system in 2002. We additionally noted that the UCR liability balance at December 31, 2010, did not agree to the amount distributed in March 2011. The variance between the liability balance and the amounts actually distributed totaled \$90,898.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

9. **Liability Balances** (Concluded)

- Program 644 (the Nebraska Office of Highway Safety) was originally under the DMV; however, this program, with the exception of the Motorcycle Safety Act, was transferred to the Department of Roads effective July 1, 2009. Some balances remained in the assets and liabilities accounts of this fund, primarily in the cash account and the due to and due from other fund accounts. Per discussion with the DMV, when the Highway Safety program began back in the 1980's, the Motor Vehicle Cash Fund transferred some cash to the Highway Safety Fund. Since the Federal funds were on a reimbursement basis, the DMV needed to loan the Federal funds some cash to pay expenses while waiting for Federal reimbursements. Several journal entries were performed in February 2010 to attempt to zero out the accounts. A total of \$1,232,000 was transferred to the Motor Vehicle Cash Fund from the Federal funds. Of this amount, \$290,000 was not adequately supported. After the journal entries were performed, the following balances remained in the Highway Safety Fund: \$72 Deposits with Vendors and \$143,050 Due to Fund – Short Term.

When account balances are not adequately supported or followed up on, there is an increased risk that these balances are not accurate. Also, when adequate documentation is not maintained to support transfers, there is an increased risk of fraud, error, or abuse.

We recommend the DMV work with DAS State Accounting to resolve these liability balances. We also recommend the DMV work with DAS State Accounting to determine whether the entire \$1,232,000 cash transfer should have gone to the Motor Vehicle Cash Fund or if a portion was actually due to another fund. We further recommend the DMV work with the appropriate Federal agency to ensure they agree with the transfer back to the Motor Vehicle Cash Fund.

DMV's Response: The DMV will continue to work with DAS Accounting to resolve the liability account issues.

10. **System Access**

Nebraska Information Technology Commission (NITC) Standards and Guidelines, Information Security Policy 8-101, Section 7, Access Control states, in part, "Data owner(s) are responsible for determining who should have access to information and the appropriate access privileges (read, write, delete, etc.). The 'Principle of Least Privilege' should be used to ensure that only authorized individuals have access to applications and information and that these users only have access to the resources required for the normal performance of their job responsibilities. Agencies or data owner(s) should perform annual user reviews of access and appropriate privileges."

COMMENTS AND RECOMMENDATIONS

(Continued)

10. System Access (Continued)

A good internal control plan requires logical access to systems be commensurate with a user's job responsibilities and a user's access be removed promptly following their termination. When users are granted access that is not appropriate, significant information resources may be modified inappropriately, disclosed without authorization, and/or unavailable when needed.

During our testing we noted:

- The DMV reuses their Resource Access Control Facility (RACF) IDs. This ID is the unique identifier for several users of the Traffic Safety Information (TSI) application. Since this ID is the only way to track user activity within the application, reassigning these IDs when a user has terminated employment can create activity tracking problems.
- Three hundred eight of the 1,207 VTR user IDs had a previous sign-on date which was prior to January 1, 2011. The majority of these users would no longer have access as their IDs would have been revoked after 60 days. One of the 308 users was a current employee who had not signed on since June 2007 but still had access as they had a non-expiring password. Additionally, 21 VTR users had a non-expiring password. The DMV did not complete the Office of the Chief Information Officer (OCIO) "Non-Expiring Password Request" form as required by NITC Standard 8-301 for these users. Many of the user IDs were created prior to the implementation of NITC Standard 8-301 in September 2007. Since these users did not have approval from the OCIO for their non-expiring status, they should be in compliance with NITC 8-301 Password Construction requirements. Specifically, these users should be changing their passwords every 90 days. Seventeen of the 21 users had not changed their password in over 90 days. One of the 17 had never logged into the application.
- Two hundred twenty-seven of the 352 Motor Carrier Services (MCS) user IDs had a previous sign-on date which was prior to January 1, 2011. The majority of these users would no longer have access as their IDs would have been revoked after 90 days. One of the 227 users had terminated employment with the Nebraska State Patrol in November 2010 and had not signed on since October 2010 but still had access as they had a non-expiring password. Additionally, 24 MCS users had a non-expiring password. The DMV did not complete the OCIO "Non-Expiring Password Request" form as required by NITC Standard 8-301 for these users. Many of the users IDs were created prior to the implementation of NITC Standard 8-301 in September 2007. Since these users did not have approval from the OCIO for their non-expiring status, they should be in compliance with NITC 8-301 Password Construction requirements. Specifically, these users should be changing their passwords every 90 days. None of these users had changed their password in over 90 days. Two of the 24 had never logged into the application.
- One user of the TSI application had the ability to void reinstatement fees and did not require this access to perform their function.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

10. System Access (Continued)

- One of five users with access to the VTR Menu Utility does not appear to require this access to perform their job function. Menu Utility grants users the ability to manipulate user access within the application.
- One of eight users with Group Special access in RACF does not appear to require this access to perform their job function. Group Special access allows users the ability to alter user access to mainframe applications.
- One of 17 users had access to the Motor Vehicle Value Exception file, which contains MSRP data, and given their job function did not require this access.
- One of four users with access to MCS Menu Utility does not appear to require this access to perform their job function. Menu Utility grants users the ability to manipulate user access within the application.
- Eighteen of 22 users with the ability to change IRP fee tables within the MCS application do not appear to require this access. These users require view only access to the fee tables; however, the application is set up to provide update access only. No view only access is available. Two of the 18 IDs were generic and could potentially be used by multiple individuals.
- Eight of 14 users with the ability to change IFTA tax table within the MCS application do not appear to require this access. These users require view only access to the rate table; however, the application is set up to provide update access only. No view only access is available.
- Eight of 11 users with the ability to change the UCR fee table within the MCS application do not appear to require this access. These users require view only access to the fee table; however, the application is set up to provide update access only. No view only access is available.
- Two OCIO employees had access to develop, promote, and approve changes made to the DMV's mainframe applications. Per discussion with these OCIO employees, they do not develop, promote, or approve changes to the DMV applications on a regular basis, thus they do not require this access.

When an individual's access is not commensurate with their job responsibilities, there is an increased risk for unauthorized changes or transactions that could result in the loss of State funds. Without periodically reviewing user access to an application, there is an increased risk users may gain unauthorized access.

We recommend the DMV periodically request AS400 user listings for VTR and MCS applications from the OCIO Mid-Range Team and review it for appropriateness. We also recommend the DMV periodically review those users with elevated privileges within the application to ensure access is appropriate based on the user's job

COMMENTS AND RECOMMENDATIONS

(Continued)

10. System Access (Concluded)

responsibilities. Furthermore, we recommend the DMV review all users with non-expiring passwords and complete the necessary forms from the OCIO for their continued use. Additionally, we recommend the DMV consider modifying the MCS application to allow for view only access to the IRP, IFTA, and UCR fee/rate tables. We also recommend the DMV no longer reuse RACF IDs. Finally, we recommend the DMV remove user access, which allows individuals to develop, promote, and approve changes to their mainframe applications, from those individuals who do not require it on a regular basis.

DMV's Response: The DMV will review its password and user ID process for improvement where possible and necessary. The agency will also institute an annual review of user authorization levels.

11. Change Management Procedures

NITC Standards and Guidelines, Information Security Policy 8-101, Section 9, System Development and Maintenance states, in part, "To protect information systems and services, a formal change management system must be established to enforce strict controls over changes to all information processing facilities, systems, software, or procedures. Agency management must formally authorize all changes before implementation and ensure that accurate documentation is maintained. These change control procedures will apply to agency business applications as well as systems software used to maintain operating systems, network software, hardware changes, etc."

A good internal control plan requires all changes to an application include documentation to support which user requested a change, developed the change, tested the change, and approved the change to be promoted to production.

The DMV did not have formalized change management procedures in place to include a request, test documentation, and management approval for the change to be promoted into the production environment for the MCS, VTR, and TSI applications. We noted the following:

- Three developers have the ability to make changes to the VTR application and ultimately promote those changes to the point where the OCIO moves the changes into production.
- Two developers have the ability to make changes to the TSI code as it relates to the interface between VTR and TSI. These two individuals are able to ultimately promote the change to the point where the OCIO moves the changes into the production environment.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

11. **Change Management Procedures** (Concluded)

- Two developers have the ability to develop changes to the mainframe and approve the change for movement into the production environment.
- One developer has the ability to make changes to the MCS application and ultimately promote those changes into the production environment.

We also noted the DMV did not have formalized change management procedures in place for changes made to the VTR and TSI databases. Description and approval of the changes made were not documented.

When changes are not properly and consistently documented, there is an increased risk changes to the database or application may be completed without the required approvals and these changes may be inconsistent with management's intentions.

We recommend the DMV develop and implement a formalized change management process for the MCS, VTR, and TSI applications. We also recommend the DMV develop and implement a formalized change management process for VTR and TSI database changes. The formalized process should include documented change requests, testing procedures, and approval to implement the change into production.

DMV's Response: The DMV will review its existing change management process to identify and implement improvements to the process where necessary.

12. **Password Settings**

NITC Standards and Guidelines, Password Standard 8-301, Section 2.1, Password Construction, requires the following minimum password requirements be met by users:

- Must contain at least eight (8) characters
- Must not repeat any character sequentially more than two (2) times
- Must contain at least three (3) of the following four (4):
 - At least one (1) uppercase character
 - At least one (1) lowercase character
 - At least one (1) numeric character
 - At least one (1) symbol
- Must change at least every 90 days
- Cannot repeat any of the passwords used during the previous 365 days.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

12. **Password Settings** (Concluded)

The DMV password settings did not force users to meet the minimum requirements of the NITC Standard above as follows:

- The DMV's current Active Directory settings allow a user to repeat passwords, have a five character minimum length, and do not require password complexity.
- VTR AS400 and MCS AS400 current password settings allow a user to repeat passwords and have a five character minimum length. The VTR and MCS AS400s are maintained by the OCIO Mid-Range Team. The OCIO Mid-Range Team are the only individuals who can change the AS400 security settings.

Weak password settings increase the risk an unauthorized user could gain access to the DMV's network and/or confidential information and key financial data. When strong password settings are not enforced, there is an increased risk system users will not meet the password requirements established in the NITC Password Standards due to a lack of diligence or NITC Standard knowledge.

We recommend the DMV implement password settings that force users to be compliant with NITC Standards. We also recommend the DMV work with the OCIO to implement password settings for the VTR and MCS AS400s that are compliant with NITC Standards.

DMV's Response: The Department's Information Security Plan adopts the NITC Standards and Guidelines for passwords. The DMV is currently developing the necessary training modules that are needed to implement the password standards agency-wide.

13. **Application Support**

The MCS application supports the IRP, IFTA, and the UCR programs. Approximately \$80 million flowed through this application during calendar year 2010.

The DMV contracts with an outside entity to provide programming support for the MCS application. Currently, the owner of the outside entity is the only programmer supporting the application. This individual has both the business knowledge and programming skill set required to support the MCS application.

Since the programmer is the only individual with the knowledge and ability to support this application, there is a concern the application and the business processes it supports would suffer if this one individual were no longer able to perform their programming duties. Through discussion with the DMV, we learned there is currently no backup plan in place should the programmer be unable to support the application. The DMV stated they would have to request

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

13. **Application Support** (Concluded)

assistance from the OCIO and possibly contact former employees who have done some programming work on the application in the past, but the business knowledge could take years to acquire. The DMV also stated the programmer's absence could potentially cause disruption of services provided by the Motor Carrier Services division should the application require serious fixes. Good business practices require the DMV to provide services without any unnecessary interruptions and back up plans should be in place to ensure any interruptions encountered are minimal.

We also noted similar situations for the VTR and TSI applications and sub-applications of having only one programmer with the necessary business knowledge and programming skill set to support each application. Currently, no backup plan is in place should any of the three programmers, one for VTR, one for TSI, and one for a TSI sub-application be unable to provide programming support.

When only one person is trained to support an application that processes millions of dollars each year, there is an increased risk should that person not be available, that services supported by the application may be disrupted.

We recommend the DMV evaluate the risks associated with relying on one individual to provide programming support for their applications or sub-applications. We also recommend the DMV consider training additional staff to support the MCS, VTR, and TSI applications and sub-applications.

DMV's Response: The agency is keenly aware that its limited application support resources exposed the agency to risks in its three main applications – VTR, TSI, and MCS. The DMV is not in a position to train additional staff to support the system, because no such additional staff exists within the agency. Support for additional application support staff will have to come from the legislative and budgeting processes.

APA Response: While the DMV is not in a position to train additional staff at this time to support the MCS application and the VTR and TSI applications and sub-applications, the DMV should at a minimum have written procedures documenting their contingency plans for these applications in case the programmers are unable to perform their jobs.

14. **Motor Vehicle Fees**

Neb. Rev. Stat. § 60-3,190(1) (Cum. Supp. 2010) imposes a motor vehicle fee “on all motor vehicles registered for operation in this state.” Subsection (3) of that statute provides: “The motor vehicle fee schedules are set out in this subsection and subsection (4) of this section. Except for automobiles with a value when new of less than \$20,000, and for assembled automobiles, the fee shall be calculated by multiplying the base fee times the fraction which corresponds to the age category of the automobile as shown in the following table . . .”

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

14. Motor Vehicle Fees (Continued)

According to that table, a fraction of .35 is applicable to all automobiles eleven years or older.

Subsection 4(b) of the same statute establishes a base fee of \$20 for automobiles “with a value when new of \$20,000 through \$39,000[.]”

State statute offers no exceptions or alternatives to any of the above requirements.

We examined how the DMV has been calculating the motor vehicle fee set out under § 60-3,190. In doing so, we tested the fee collected for a 1997 Ford F-250. According to a previous registration, this vehicle has a manufacturer’s suggested retail price (MSRP) of \$21,855.

Following the express directives contained in § 60-3,190, we calculated the correct motor vehicle fee for the vehicle tested to be \$7. That result was achieved as follows: 1) The vehicle tested has an MSRP of \$21,855, so a base fee of \$20 was assigned to it, per § 60-3,190(4)(b); 2) the vehicle is more than 11 years old, so the base fee of \$20 was multiplied by .35, per § 60-3,190(3); and 3) thirty-five percent of \$20 is \$7. As noted above, neither § 60-3,190 nor any other statute offers an exception or alternative to this exact method of calculation.

A comparison of calculations revealed that the DMV charged a fee of only \$5 for the vehicle tested – two dollars, or some 28%, less than the \$7 calculated by the APA. Upon further investigation, it was learned that the DMV charged this lesser amount in compliance with its own rules and regulations, which diverge from the explicit requirements of § 60-3,190. Rather than adhere to the formula set out under that statute, Title 252 NAC 2-009.02B states: “The fee for fourteen (14) years old or older passenger cars, trucks, utility motor vehicles, and vans, up to and including seven (7) tons, shall be five dollars (\$5).”

When questioned about the apparent discrepancy between § 60-3,190 and Title 252 NAC 2-009.02B, the DMV explained that the current department rules and regulations were adopted more than 11 years ago. At that time, the DMV lacked a database for determining the MSRP of any vehicle 14 years or older. Unable to establish a base fee under § 60-3,190(4)(b) without an accurate MSRP, the DMV could not perform the percentage calculation required by § 60-3,190(3). The DMV was compelled by necessity, therefore, to establish an arbitrary fee in its rules and regulations.

The DMV rules and regulations should be consistent with law and must not conflict with or be contrary to the provisions of the statutes that they seek to effectuate. Thus, a department rule may not modify, alter, or enlarge upon an enabling statute. Some leeway is granted for a reasonable rule or regulation promulgated under an ambiguous statute – unless, of course, such rule or regulation is manifestly contrary to that statute. An administrative rule or regulation that does conflict with an unambiguous statute or a clear expression of legislative intent is invalid.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

14. Motor Vehicle Fees (Concluded)

At the same time, the DMV rules or regulations properly adopted and filed with the Nebraska Secretary of State (SOS) have the effect of statutory law. The Administrative Procedure Act, which is found at Neb. Rev. Stat. §§ 84-901 to 84-920 (Reissue 2008, Cum. Supp. 2010), sets out the formal process for promulgating department rules and regulations. Based upon the documentation that the DMV provided to the APA, it appears that the rule in question was properly promulgated.

Among other things, Title 252 NAC Chapter 2 was reviewed and approved by the Attorney General (AG) on December 9, 1999, as provided under § 84-905.01. Likewise, those rules and regulations were signed by the Governor on February 22, 2000, per § 84-908, and filed with the SOS on February 23, 2000, as required by § 84-906(1). All of this is sufficient to give rise to a rebuttable presumption that Title 252 NAC 2-009.02B was duly and legally adopted and, therefore, has the effect of valid and enforceable statutory law.

It should be noted that the copy of Title 252 NAC Chapter 2 currently on file with the SOS bears an issue date of December 10, 1998. Due to the age of that particular version of the rules and regulations, the statutes cited as authority for the various code sections contained therein are no longer valid. For instance, Section 009, which is the focus of this comment, references Neb. Rev. Stat. § 60-3007. That particular statute was repealed in 2005, some seven years after the issue date.

Also worth mentioning is the fact that the conditions occasioning the implementation of Title 252 NAC 2-009.02B no longer exist – at least, not to the same extent as more than a decade ago. Although not unlimited, the DMV’s ability to determine a vehicle’s MSRP now extends far beyond the prior 14-year barrier. Thus, the present version of that administrative rule is something of an anachronism. Moreover, charging the \$5 flat fee permitted by Title 252 NAC 2-009.02B, as opposed to realizing higher fees under the calculations mandated at § 60-3,190, not only causes concern regarding the propriety of continued reliance upon that particular administrative rule but also risks an ongoing loss of revenue in motor vehicle fees that might otherwise be collected by the DMV.

We recommend the DMV ensure the SOS has the most current version of its rules and regulations and that those rules and regulations reflect accurately the statutory authority for the various code sections contained therein. We recommend also that the DMV review Title 252 NAC 2-009.02B and, with the possible guidance of the AG, consider taking amendatory action to ensure that the administrative rule is as consistent as practicable with the provisions of § 60-3,190.

DMV’s Response: DMV concurs and has worked with the SOS to ensure that they have the most current version of 252 NAC 2. In addition, 252 NAC 2 has been amended to more accurately reflect the statutory provisions of § 60-3,190.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

COMMENTS AND RECOMMENDATIONS

(Continued)

15. **Distributive Fund Reconciliation**

A good internal control plan requires a reconciliation between an agency's internal accounting system and the State accounting system.

The State of Nebraska is a member of the IRP, IFTA, and UCR programs. As a member, the Motor Carrier Services division of the DMV is responsible for collecting registration fees and fuel tax fees from Nebraska-based carriers for distribution to other jurisdictions. These fees were receipted and distributed on the Motor Carrier computer system. The DMV processed approximately \$80 million in fees through the system for the calendar year ended December 31, 2010.

During our review of the distribution of these fees, we noted the DMV reconciled the receipts and distributions for each month between the Motor Carrier computer system and the State accounting system, but did not have a procedure to reconcile the balance on the State accounting system in the distributive fund. This was a finding in our prior audit report. We also noted several Distributive Fund liability accounts with large beginning and ending balances. The DMV does not have support for these individual liability account balances.

Without an adequate reconciliation of the Motor Carrier computer system to the State accounting system, there is an increased risk the data in the State accounting system is inaccurate.

We recommend the DMV implement procedures to reconcile the amounts to be distributed per the Motor Carrier computer system to the accounts available for distribution per the State accounting system. We also recommend the DMV work with DAS State Accounting to ensure liability balances are proper.

DMV's Response: The DMV concurs that no reconciliation to the fund balance is performed but we disagree that there is no reconciliation done. A monthly reconciliation is performed comparing reports and totals generated from the MCS system to the reports generated from the State accounting system. Errors are identified, if they exist, and corrected or documented depending on the circumstances. DMV believes that any differences in the fund balances are many years old and would be difficult if not impossible to reconcile at this point in time.

APA Response: The DMV should work on determining the differences between these two systems. If the DMV cannot determine what is causing the differences, they may need to consider writing off the current fund balances and starting with new fund balances with the review and approval of DAS State Accounting.



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.state.ne.us

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

INDEPENDENT ACCOUNTANT'S REPORT

Department of Motor Vehicles
Lincoln, Nebraska

We have examined the accompanying schedule of revenues, expenditures, and changes in fund balances of the Department of Motor Vehicles (DMV) for the calendar year ended December 31, 2010. The DMV's management is responsible for the schedule of revenues, expenditures, and changes in fund balances. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, included examining, on a test basis, evidence supporting the schedule of revenues, expenditures, and changes in fund balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the revenues, expenditures, and changes in fund balances of the Department of Motor Vehicles for the calendar year ended December 31, 2010, based on the accounting system and procedures prescribed by the State of Nebraska Director of the Department of Administrative Services as described in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the schedule of revenues, expenditures and changes in fund balances and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the schedule of revenues, expenditures, and changes in fund balances is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over the schedule of revenues, expenditures, and changes in fund balances or on compliance and other matters; accordingly we express no such opinions. Our examination disclosed no findings that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the DMV, and the appropriate Federal and regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Signed Original on File

July 1, 2011

Mike Foley
Auditor of Public Accounts

NEBRASKA DEPARTMENT OF MOTOR VEHICLES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2010

	State General Fund 10000	Records Management Cash Fund 20930	Spirit Plate Proceeds Fund 21280	Motorcycle Safety Fund 21340	Property Assessment Cash Fund 21550	Organ/Tissue Donor Awareness Fund 22010	Nebraska EMS Operations Fund 22030
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Sales & Charges	3,135,507	20,713	62,609	245	257,857	-	1,390
Miscellaneous	-	-	-	23,587	-	3,160	-
TOTAL REVENUES	3,135,507	20,713	62,609	23,832	257,857	3,160	1,390
EXPENDITURES:							
Personal Services	-	-	-	-	-	-	-
Operating	-	-	-	415	-	-	-
Travel	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Government Aid	-	-	-	142,725	-	-	-
TOTAL EXPENDITURES	-	-	-	143,140	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,135,507	20,713	62,609	(119,308)	257,857	3,160	1,390
OTHER FINANCING SOURCES (USES):							
Sales of Assets	-	-	-	1,268	-	-	-
Deposits to General Fund	(3,135,507)	-	-	-	-	-	-
Deposits to/from Common Funds	-	(20,713)	(62,609)	-	(257,857)	(3,160)	(1,390)
Operating Transfers In	-	-	-	233,716	-	-	-
Operating Transfers Out	-	-	-	(17,085)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,135,507)	(20,713)	(62,609)	217,899	(257,857)	(3,160)	(1,390)
Net Change in Fund Balances	-	-	-	98,591	-	-	-
FUND BALANCES, JANUARY 1, 2010	3,263	-	-	589,984	-	-	-
FUND BALANCES, DECEMBER 31, 2010	\$ 3,263	\$ -	\$ -	\$ 688,575	\$ -	\$ -	\$ -
FUND BALANCES CONSIST OF:							
General Cash	\$ 2,417,244	\$ -	\$ -	\$ 688,575	\$ -	\$ -	\$ -
Petty Cash	40	-	-	-	-	-	-
Non-Sufficient Funds (NSF) Items	-	-	-	-	-	-	-
Deposits with Vendors	14,145	-	-	-	-	-	-
Accounts Receivable Invoiced	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-
Due to Vendors	(10,922)	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Due to Funds	(2,417,244)	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 3,263	\$ -	\$ -	\$ 688,575	\$ -	\$ -	\$ -

(Continued)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2010

	Motor Carrier Division Fund 22430	License Plate Cash Fund 22440	Motor Vehicle Cash Fund 22450	Road Operations Cash Fund 22700	Highway Cash Fund 22710	Recreation Road Fund 26720	DMV Federal Operations Fund 42410
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	17,700	-	-	-	189,685
Sales & Charges	205,925	-	15,775,752	-	294,367	4,158	-
Miscellaneous	8,383	102,987	561,665	12	-	-	-
TOTAL REVENUES	214,308	102,987	16,355,117	12	294,367	4,158	189,685
EXPENDITURES:							
Personal Services	1,073,723	-	8,639,181	-	-	-	6,028
Operating	265,147	7,404,269	6,308,043	-	-	-	158,046
Travel	1,750	-	258,856	-	-	-	3,075
Capital Outlay	-	-	170,684	-	-	-	24,881
Government Aid	-	-	-	-	-	-	40,411
TOTAL EXPENDITURES	1,340,620	7,404,269	15,376,764	-	-	-	232,441
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,126,312)	(7,301,282)	978,353	12	294,367	4,158	(42,756)
OTHER FINANCING SOURCES (USES):							
Sales of Assets	-	-	316	-	-	-	-
Deposits to General Fund	-	-	-	-	-	-	-
Deposits to/from Common Funds	-	-	-	(12)	(294,367)	(4,158)	-
Operating Transfers In	1,165,000	11,769,500	-	-	-	-	-
Operating Transfers Out	-	-	(1,397,577)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,165,000	11,769,500	(1,397,261)	(12)	(294,367)	(4,158)	-
Net Change in Fund Balances	38,688	4,468,218	(418,908)	-	-	-	(42,756)
FUND BALANCES, JANUARY 1, 2010	89,396	674,273	15,553,442	-	-	-	(1,070)
FUND BALANCES, DECEMBER 31, 2010	\$ 128,084	\$ 5,142,491	\$ 15,134,534	\$ -	\$ -	\$ -	\$ (43,826)
FUND BALANCES CONSIST OF:							
General Cash	\$ 285,992	\$ 5,142,491	\$ 15,085,783	\$ -	\$ -	\$ -	\$ 84,410
Petty Cash	300	-	360	-	-	-	-
Non-Sufficient Funds (NSF) Items	-	-	3,989	-	-	-	-
Deposits with Vendors	5,554	-	17,068	-	-	-	-
Accounts Receivable Invoiced	-	-	2,559	-	-	-	-
Due From Other Funds	-	-	157,800	-	-	-	-
Due From Other Governments	-	-	249	-	-	-	-
Due to Vendors	(3,479)	-	(82,470)	-	-	-	(3,236)
Deposits	-	-	-	-	-	-	-
Due to Funds	(160,283)	-	(50,804)	-	-	-	(125,000)
TOTAL FUND BALANCES	\$ 128,084	\$ 5,142,491	\$ 15,134,534	\$ -	\$ -	\$ -	\$ (43,826)

(Continued)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2010

	Highway Safety Federal Fund 42420	Highway Trust Fund 61240	Motor Vehicle Tax Fund 61250	Financial Responsibility Trust Fund 62410	Motor Carrier Service Division Fund 72410	Totals (Memorandum Only)
REVENUES:						
Taxes	\$ -	\$ 6,406,530	\$ -	\$ -	\$ -	\$ 6,406,530
Intergovernmental	(890)	-	-	-	-	206,495
Sales & Charges	-	20,257,523	8,337,383	-	-	48,353,429
Miscellaneous	-	300,829	-	-	-	1,000,623
TOTAL REVENUES	(890)	26,964,882	8,337,383	-	-	55,967,077
EXPENDITURES:						
Personal Services	-	-	-	-	-	9,718,932
Operating	-	-	-	-	-	14,135,920
Travel	-	-	-	-	-	263,681
Capital Outlay	-	-	-	-	-	195,565
Government Aid	-	-	-	-	-	183,136
TOTAL EXPENDITURES	-	-	-	-	-	24,497,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	(890)	26,964,882	8,337,383	-	-	31,469,843
OTHER FINANCING SOURCES (USES):						
Sales of Assets	-	-	-	-	-	1,584
Deposits to General Fund	-	-	-	-	-	(3,135,507)
Deposits to/from Common Funds	-	(26,964,882)	(8,337,383)	-	-	(35,946,531)
Operating Transfers In	8,307	-	-	-	-	13,176,523
Operating Transfers Out	(8,307)	-	-	-	-	(1,422,969)
TOTAL OTHER FINANCING SOURCES (USES)	-	(26,964,882)	(8,337,383)	-	-	(27,326,900)
Net Change in Fund Balances	(890)	-	-	-	-	4,142,943
FUND BALANCES, JANUARY 1, 2010	(142,088)	-	-	46,612	-	16,813,812
FUND BALANCES, DECEMBER 31, 2010	\$ (142,978)	\$ -	\$ -	\$ 46,612	\$ -	\$ 20,956,755
FUND BALANCES CONSIST OF:						
General Cash	\$ -	\$ -	\$ -	\$ 38,093	\$ 25,056,958	\$ 48,799,546
Petty Cash	-	-	-	-	-	700
Non-Sufficient Funds (NSF) Items	-	-	-	-	-	3,989
Deposits with Vendors	72	-	-	-	-	36,839
Accounts Receivable Invoiced	-	-	-	-	-	2,559
Due From Other Funds	-	-	-	-	-	157,800
Due From Other Governments	-	-	-	-	-	249
Due to Vendors	-	-	-	-	-	(100,107)
Deposits	-	-	-	8,519	-	8,519
Due to Funds	(143,050)	-	-	-	(25,056,958)	(27,953,339)
TOTAL FUND BALANCES	\$ (142,978)	\$ -	\$ -	\$ 46,612	\$ -	\$ 20,956,755

(Concluded)

The accompanying notes are an integral part of the schedule.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

NOTES TO THE SCHEDULE

For the Year Ended December 31, 2010

1. Criteria

The accounting policies of the Department of Motor Vehicles (DMV) are on the basis of accounting as prescribed by the State of Nebraska Department of Administrative Services (DAS).

Per Neb. Rev. Stat. § 81-1107(2) (Reissue 2008), the State of Nebraska Director of the Department of Administrative Services duties include “The keeping of general accounts and the adoption and promulgation of appropriate rules, regulations, and administrative orders designed to assure a uniform and effective system of accounts and accounting, the approval of all vouchers, and the preparation and issuance of warrants for all purposes.”

In accordance with Neb. Rev. Stat. § 81-1111(1) (Reissue 2008), The State Accounting Administrator has prescribed the system of accounts and accounting to be maintained by the State and its departments and agencies and has developed necessary accounting policies and procedures. The prescribed accounting system currently utilizes EnterpriseOne to maintain the general ledger and all detailed accounting records. Policies and procedures are detailed in the Nebraska State Accounting Manual published by DAS State Accounting Division (State Accounting) and are available to the public. The financial information used to prepare the schedule of revenues, expenditures, and changes in fund balances was obtained directly from the general ledger and fund balance information maintained on EnterpriseOne. As transactions occur, the agencies record the accounts receivables and accounts payable in the general ledger. As such, certain revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. The expenditures and related accounts payables recorded in the general ledger as of December 31, 2010, include only those payables posted in the general ledger before December 31, 2010, and not yet paid as of that date. The amount recorded as expenditures as of December 31, 2010, **does not** include amounts for goods and services received before December 31, 2010, which had not been posted to the general ledger as of December 31, 2010.

Other liabilities (primarily in the Distributive Fund Type) are recorded in accounts titled Due to Vendors and Due to Funds for the DMV. The assets in these funds are being held by the State as an agent and will be used to pay those liabilities to individuals, private organizations, other governments, and/or other funds. The recording of those liabilities reduces the fund balance/equity. For further information of the activity recorded to those accounts for the calendar year ended December 31, 2010, see Note 6.

The DMV had accounts receivable not included in the schedule of \$377,369 from IFTA, on-line payments, transcript fees, and requests for driver/vehicles records. State Accounting did not require the DMV to record their receivables on the general ledger and these amounts are not reflected in revenues or fund balances on the schedule. The DMV also had \$6,667,159 in registrations receivable due to IRP at December 31, 2010, for calendar year 2011. Most of this receivable amount was collected in January and February of 2011. Liabilities for accrued payroll and compensated absences are not recorded in the general ledger.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

NOTES TO THE SCHEDULE

(Continued)

1. **Criteria** (Continued)

The fund types established by the State that are used by the DMV are:

10000 – General Fund – accounts for activities funded by general tax dollars and related expenditures and transfers.

20000 – Cash Funds – account for revenues generated by specific activities from sources outside of State government and the expenditures directly related to the generation of the revenues. Cash funds are established by State statutes and must be used in accordance with those statutes.

40000 – Federal Funds – accounts for the financial activities related to the receipt and disbursement of funds generated from the federal government as a result of grants and contracts. Expenditures must be made in accordance with applicable federal requirements.

60000 – Trust Funds – account for assets held by the State in a trustee capacity. Expenditures are made in accordance with the terms of the trust.

70000 – Distributive Funds – account for assets held by the State as an agent for individuals, private organizations, other governments, and/or other funds.

The major revenue account classifications established by State Accounting used by the DMV are:

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. Taxes recorded as revenue for the DMV consists of motor fuel tax and vehicle sales tax.

Intergovernmental – Revenue from other governments in the form of grants, entitlements, shared revenues, payments in lieu of taxes, or reimbursements.

Sales & Charges – Income derived from sales of merchandise and commodities, compensation for services rendered, and charges for various licenses, permits, and fees.

Miscellaneous – Revenue from sources not covered by other major categories, such as investment income.

The major expenditure account classifications established by State Accounting used by the DMV are:

Personal Services – Salaries, wages, and related employee benefits provided for all persons employed by the DMV.

Operating – Expenditures directly related to a program's primary service activities.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

NOTES TO THE SCHEDULE

(Continued)

1. **Criteria** (Concluded)

Travel – All travel expenses for any state officer, employee, or member of any commission, council, committee, or board of the State.

Capital Outlay – Expenditures which result in the acquisition of or an addition to capital assets. Capital assets are resources of a long-term character, owned or held by the government.

Government Aid – Payment of Federal and/or State money to governmental subdivisions, State agencies, local health and welfare offices, individuals, etc., in furtherance of local activities and accomplishment of State programs.

Other significant accounting classifications and procedures established by State Accounting and used by the DMV include:

Assets – Resources owned or held by a government that have monetary value. Assets include cash accounts, deposits with vendors, and receivable accounts. Accounts receivable are recorded as an increase to revenues resulting in an increase to fund balance on the schedule. Cash accounts and deposits with vendors are also included in fund balance and are reported as recorded in the general ledger.

Liabilities – Legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. Accounts payable transactions are recorded as expenditures resulting in a decrease to fund balance. Other liabilities recorded in the general ledger for the DMV's funds at December 31, 2010, included amounts recorded in Due to Funds. The activity of these accounts are not recorded through revenue and expenditure accounts on the schedule of revenues, expenditures, and changes in fund balances. The activity processed on the general ledger through these accounts is summarized in Note 6.

Other Financing Sources – Operating transfers and proceeds of fixed asset dispositions.

2. **Reporting Entity**

The Department of Motor Vehicles is a State agency established under and governed by the laws of the State of Nebraska. As such, the DMV is exempt from State and Federal income taxes. The schedule includes all funds of the DMV included in the general ledger.

The Department of Motor Vehicles is part of the primary government for the State of Nebraska.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

NOTES TO THE SCHEDULE

(Continued)

3. Totals

The Totals "Memorandum Only" column represents an aggregation of individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information because interfund balances and transactions have not been eliminated.

4. General Cash

General cash accounts are under the control of the State Treasurer or other administrative bodies as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council that maintains an operating investment pool for such investments. Interest earned on those investments is allocated to funds based on their percentage of the investment pool.

5. Capital Assets

Capital assets include land, buildings, equipment, improvements to buildings, construction in progress and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Under State Accounting policies, expenditures for such capital assets are not capitalized as an asset in the funds used to acquire or construct them. Rather, costs of obtaining the capital assets are reflected as expenditures in the general ledger and are reported as such on the Schedule.

However, State Accounting does adjust such expenditures and reports the capital assets as assets for the State of Nebraska in the Comprehensive Annual Financial Report (CAFR). In addition, the DMV takes an annual inventory and accounts for all equipment that has a cost of \$1,500 or more at the date of acquisition and all electronic equipment with a cost over \$150 in the State Accounting System.

For the CAFR, the State requires the DMV to value all capital assets at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Generally, equipment that has a cost of \$5,000 or more at the date of acquisition and has an expected useful life of two or more years is capitalized. Depreciation expenses are reported in the CAFR in the funds used to acquire or construct them for the State of Nebraska. The cost of normal maintenance and repairs that does not add to the value of the asset or extend the asset's life is not capitalized.

Equipment is depreciated in the CAFR using the straight-line method with estimated useful lives of two or more years.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

NOTES TO THE SCHEDULE

(Continued)

5. Capital Assets (Concluded)

Capital asset activity of the DMV recorded in the State Accounting System for the calendar year ended December 31, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets:				
Equipment	\$ 952,735	\$ 191,134	\$ 31,396	\$ 1,112,473
Less accumulated depreciation for:				
Equipment				838,201
Total capital assets, net of depreciation				\$ 274,272

6. Changes in Due to Funds

Fund	Balance January 1, 2010	In	Out	Balance December 31, 2010
State General Fund 10000	\$ (97,794)	\$ (2,431,324)	\$ 111,874	\$ (2,417,244)
Motor Carrier Division Fund 22430	(277,562)	(1,312,824)	1,430,103	(160,283)
Motor Vehicle Cash Fund 22450	24,196	(75,000)	-	(50,804)
DMV Federal Operations Fund 42410	(125,000)	-	-	(125,000)
Highway Safety Federal Fund 42420	(1,728,150)	(92,900)	1,678,000	(143,050)
Motor Carrier Service Division Fund 72410	(29,441,900)	(77,956,609)	82,341,551	(25,056,958)

Activity for the funds noted above consists primarily of monies collected for the International Registration Plan (IRP), International Fuel Tax Agreement (IFTA), and the Unified Carrier Registration (UCR) programs as well as State sales tax, city sales tax, tire fees, penalties, and interest collected for trucks. This money was collected by the DMV and paid out to other jurisdictions, to other funds, and to motor carriers.

7. Transfers

2009 Neb. Laws LB 315, § 281, authorized the State Treasurer to transfer \$4,425,000 in the fiscal year ended June 30, 2010, and \$7,344,500 in the fiscal year ended June 30, 2011, to the License Plate Cash Fund to cover expenses of manufacturing license plates. 2009 Neb. Laws LB 315, § 281, further authorized the State Treasurer to transfer \$430,000 in the fiscal year ended June 30, 2010, and \$735,000 in the fiscal year ended June 30, 2011, from the Highway Trust Fund to the Motor Carrier Division Cash Fund to operate the Motor Carrier Division.

2009 Neb. Laws LB 1, § 228, authorized the State Treasurer to transfer \$1,174,344 in the fiscal year ended June 30, 2010, and \$328,407 in the fiscal year ended June 30, 2011, from the Motor Vehicle Cash Fund to the General Fund.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

NOTES TO THE SCHEDULE

(Continued)

7. Transfers (Concluded)

Transfers on the schedule of revenues, expenditures, and fund balance are reported on a calendar year; however, transfer legislation is passed on a State fiscal year.

8. Deposits to/from Common Funds

Deposits to other agencies include the collection of fees for vehicle titles, registrations, licenses, plates, and driver records that are credited to the Highway Trust Fund, Motor Vehicle Tax Fund, Property Assessment Cash Fund, Nebraska EMS Operations Fund, Recreation Road Fund, Highway Cash Fund, Spirit Plate Proceeds Fund, Records Management Cash Fund, and the Organ/Tissue Donor Awareness Fund per State statutes 60-3,202; 60-3,156; 60-3,203; 60-3,128; 60-483; and 60-495.

9. Fees for On-line Services

The Nebraska State Records Board has contracted with Nebraska Interactive to provide web hosting for Nebraska government sites, including the State's portal (www.nebraska.gov). Individuals may use these government sites to pay for on-line services such as license plate renewals, driver license reinstatements, driver record searches, driver license renewals, IFTA tax, and IRP renewals. Nebraska Interactive charges a fee to individuals who pay on-line to cover the cost of providing these services. Nebraska Interactive will retain a percentage of this fee and remit the remainder back to the State Agencies in accordance with the State's agreement with Nebraska Interactive. The fee amount retained by Nebraska Interactive is not recorded in the State's accounting system and therefore would not be reflected in the schedule of revenues, expenditures, and fund balances which is prepared directly from EnterpriseOne. For calendar year 2010, Nebraska Interactive collected \$1,235,381 in fees for on-line services related to the DMV.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

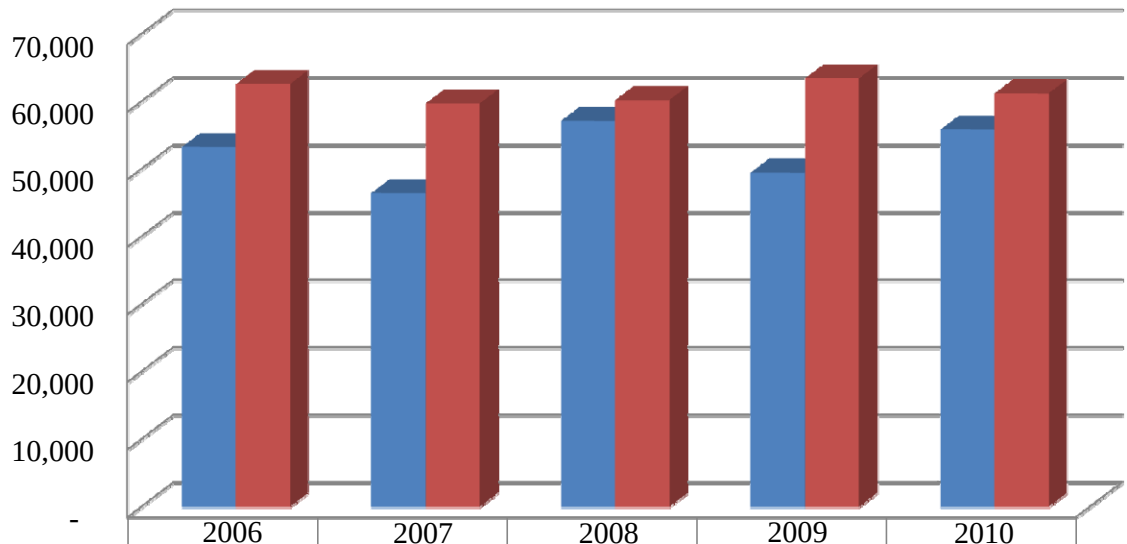
SUPPLEMENTARY INFORMATION

Our examination was conducted for the purpose of forming an opinion on the schedule of revenues, expenditures, and changes in fund balances. Supplementary information is presented for purposes of additional analysis. Such information has not been subjected to the procedures applied in the examination of the schedule of revenues, expenditures, and changes in fund balances, and, accordingly, we express no opinion on it.

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

Reinstatements and Suspensions/Revocations

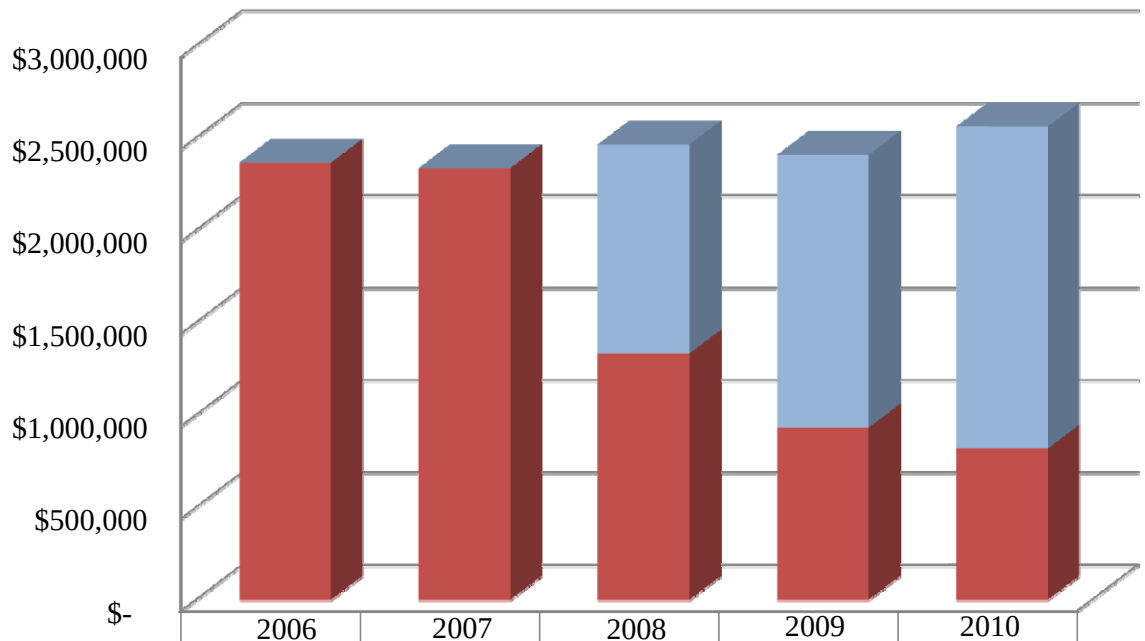
For Calendar Years 2006 through 2010



■ Reinstatements	53,256	46,443	57,150	49,487	55,842
■ Suspensions/Revocations	62,588	59,715	60,227	63,420	61,226

Driver License Reinstatement Revenue

For Calendar Years 2006 through 2010

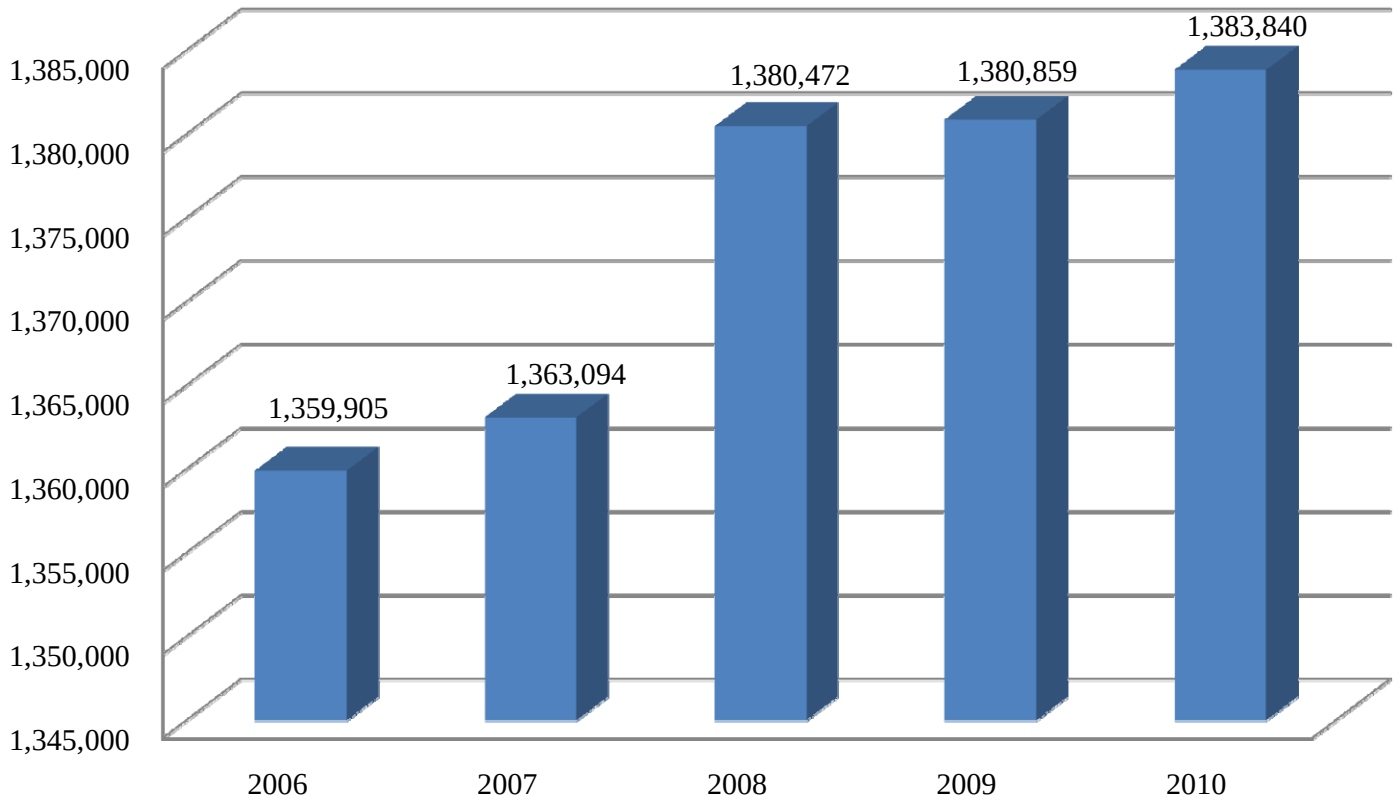


■ Online Reinstatement Revenue	\$-	\$-	\$1,131,900	\$1,476,275	\$1,743,150
■ Over-the-Counter Reinstatement Revenue	\$2,366,069	\$2,336,580	\$1,332,810	\$931,385	\$818,355

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

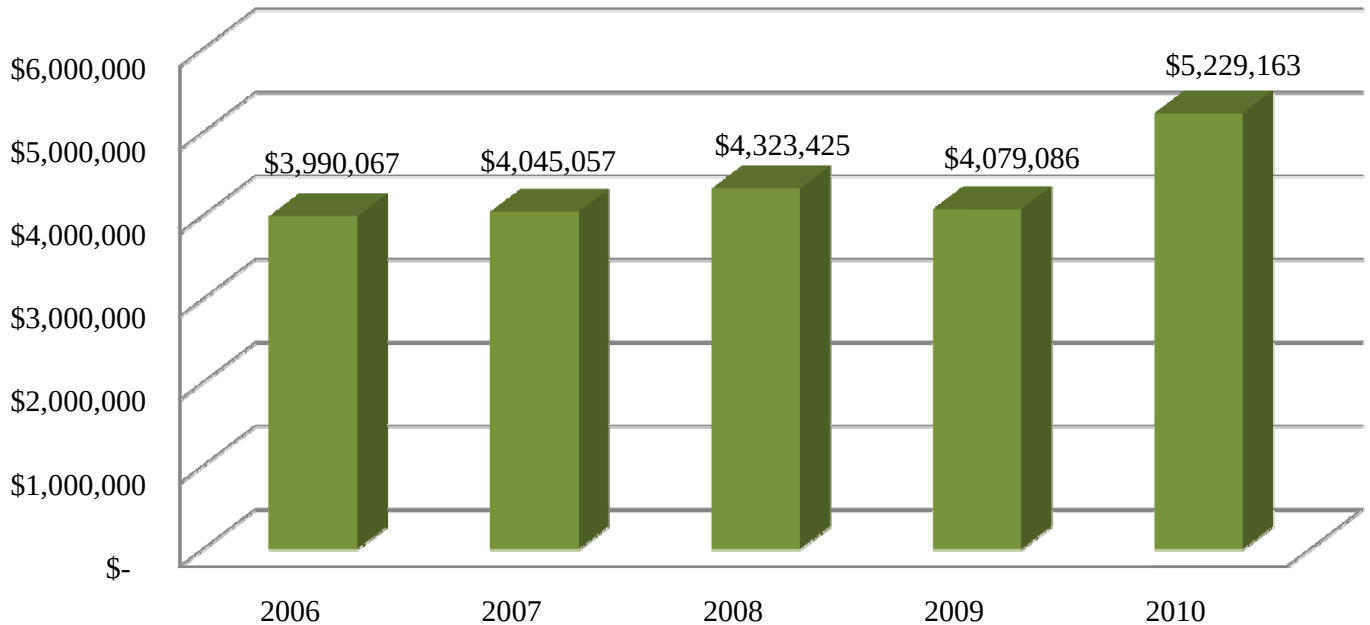
Licensed Drivers

For Calendar Years 2006 through 2010



Driver License Revenue

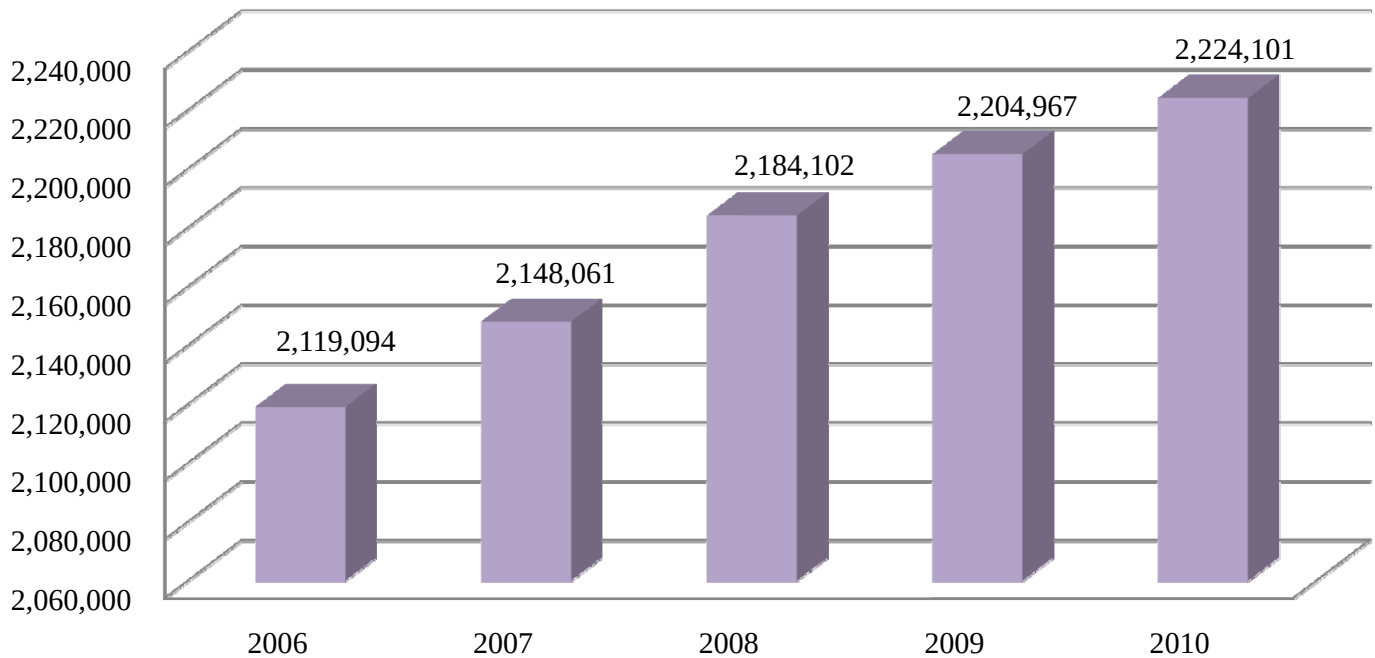
For Calendar Years 2006 through 2010



NEBRASKA DEPARTMENT OF MOTOR VEHICLES

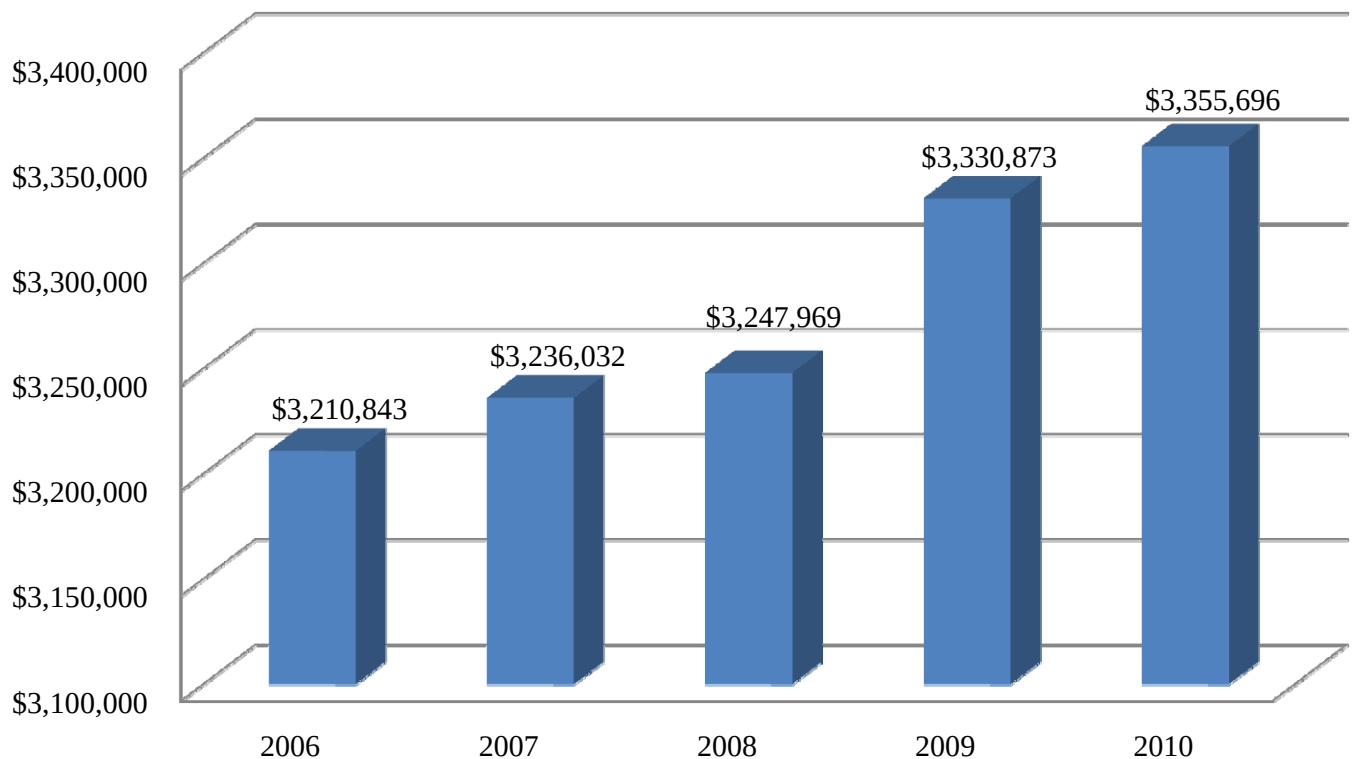
Vehicles Registered

For Calendar Years 2006 through 2010



Vehicle Registration Revenue

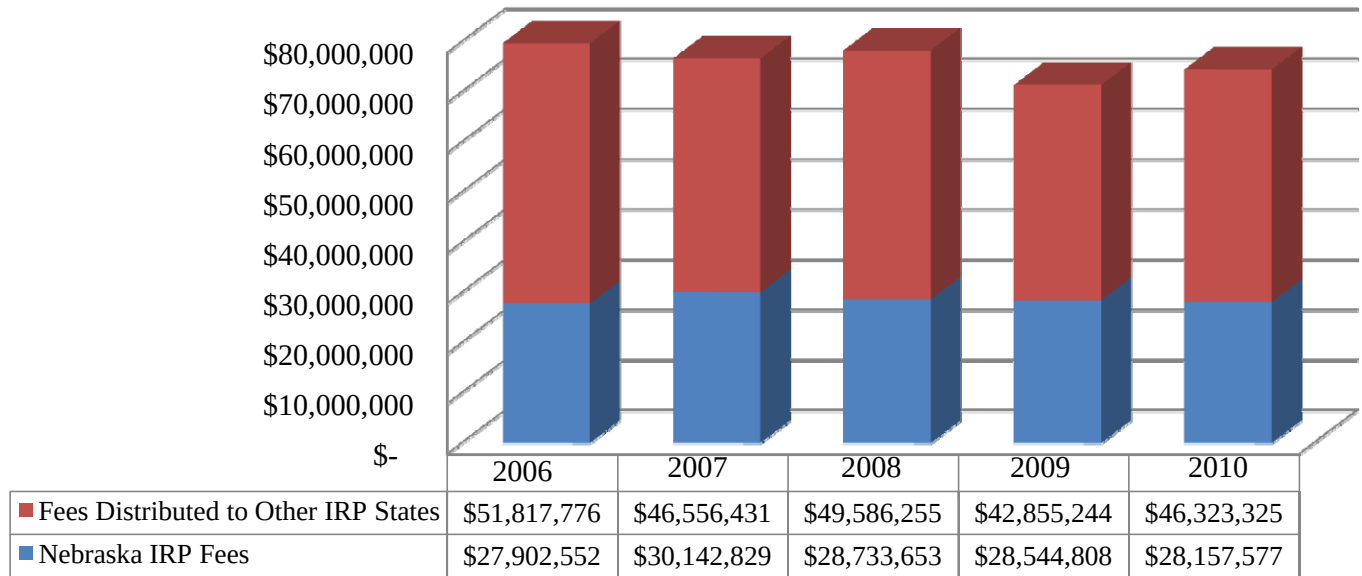
For Calendar Years 2006 through 2010



NEBRASKA DEPARTMENT OF MOTOR VEHICLES

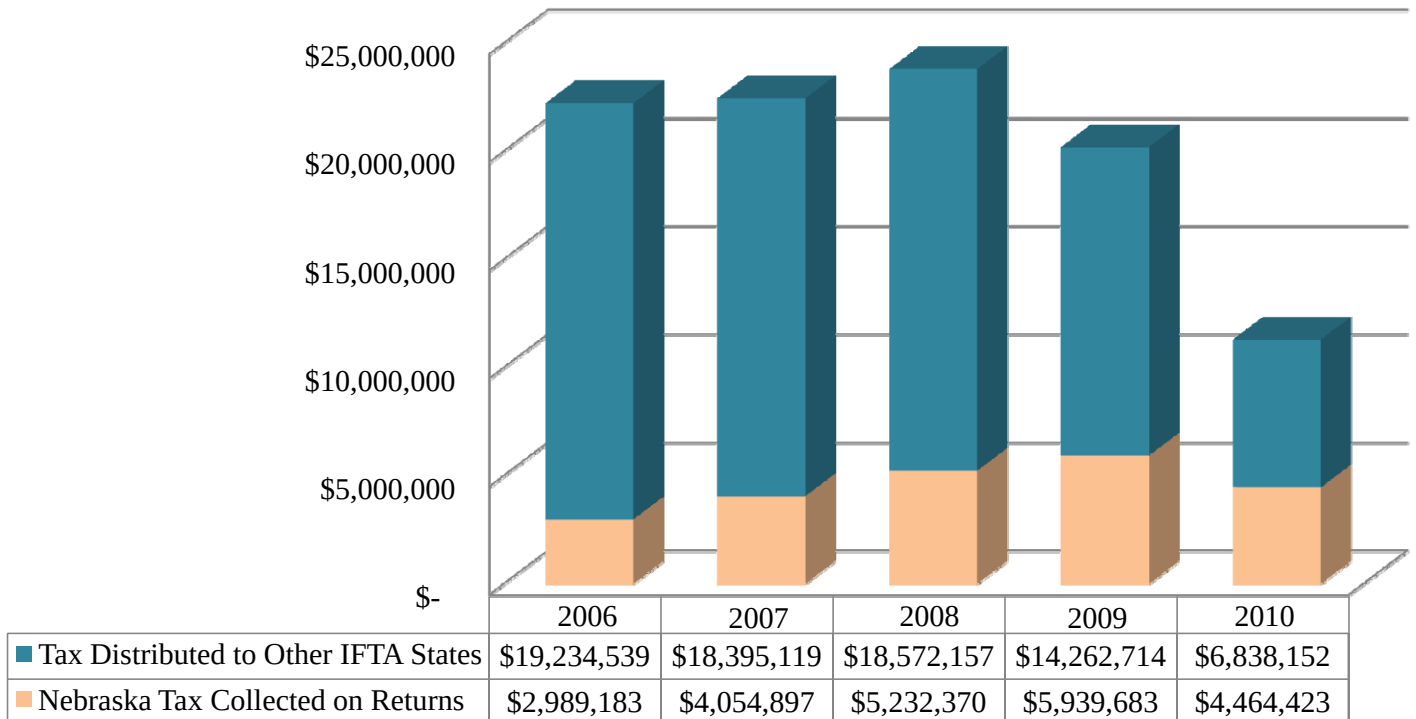
International Registration Plan (IRP)

For Calendar Years 2006 through 2010



International Fuel Tax Agreement (IFTA)

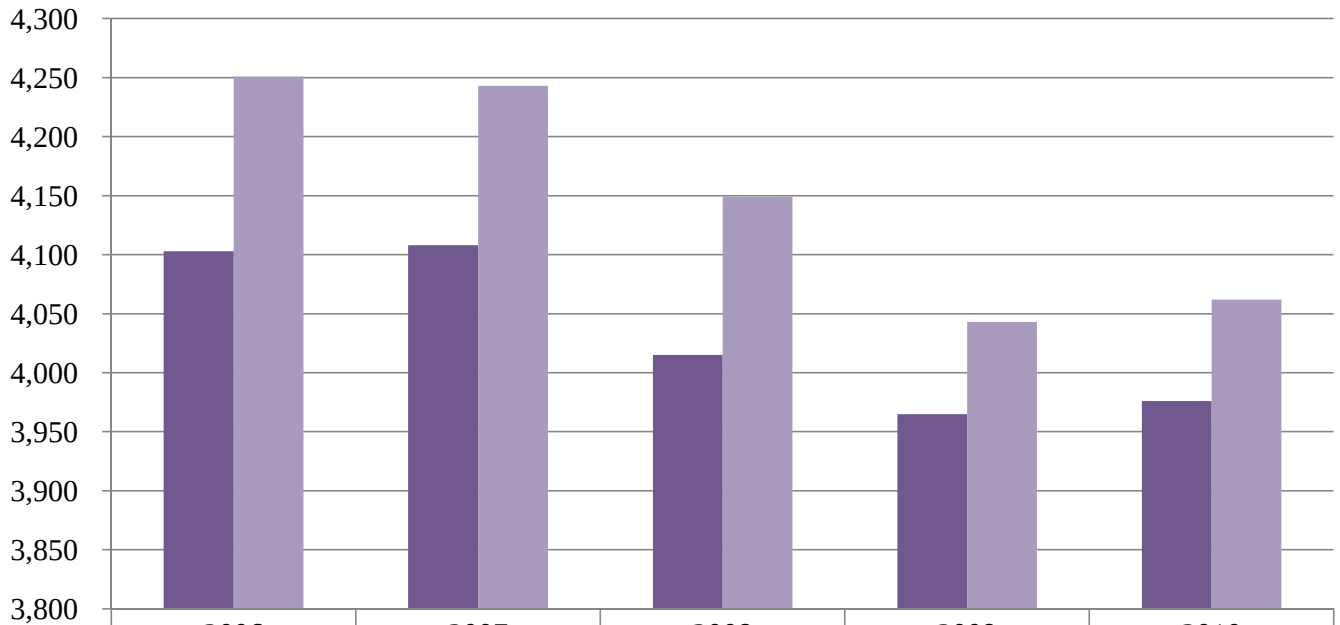
For Calendar Years 2006 through 2010



NEBRASKA DEPARTMENT OF MOTOR VEHICLES

IRP & IFTA Carriers

For Calendar Years 2006 through 2010



	2006	2007	2008	2009	2010
IRP Carriers	4,103	4,108	4,015	3,965	3,976
IFTA Carriers	4,251	4,243	4,149	4,043	4,062

NEBRASKA DEPARTMENT OF MOTOR VEHICLES
ON-LINE PAYMENTS
For Calendar Year 2010

	Driver License Renewal	Driver Records- Secretary of State (SOS)	Driver Records	IFTA	IRP	Reinstatement	Plates/ Registrations
Total State Accounting System Amount	\$ 5,229,163	\$ 2,394,813	\$ 67,966	\$ 11,301,006	\$ 66,655,604	\$ 2,561,505	\$ 5,147,310
On-line (Excluding Nebraska Interactive Fee)	\$ 547,783	\$ 2,110,115	\$ 13,052	\$ 360,549	\$ 5,349,219	\$ 1,767,122	\$ 235,840
Nebraska Interactive Fee Retained	\$ 27,215	\$ 1,102,556	\$ 6,576	\$ 3,756	\$ 14,368	\$ 66,204	\$ 14,706
% Processed On-line	10.48%	88.11%	19.20%	3.19%	8.03%	68.99%	4.58%