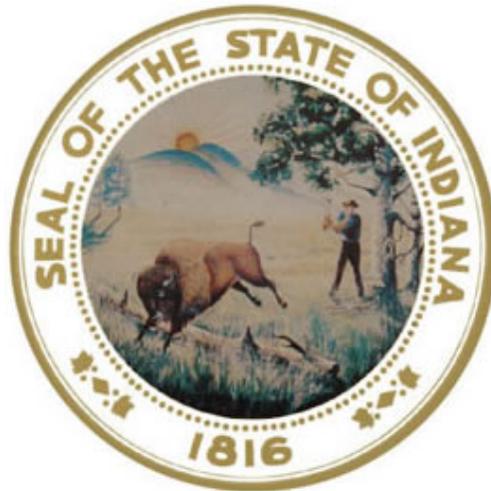


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

REVIEW REPORT
OF

BUREAU OF MOTOR VEHICLES,
BUREAU OF MOTOR VEHICLES COMMISSION,
AND ALL INDIANA LICENSE BRANCHES
STATE OF INDIANA

January 1, 2011 to December 31, 2011



FILED
09/14/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Agency Officials	2
Independent Accountant's Report.....	3
Review Comment: Late Payment Penalty	4
Exit Conference.....	5
Official Response	6-7

AGENCY OFFICIALS

Office

Official

Term

Commissioner of the Bureau
of Motor Vehicles and
Chairman of the Bureau of
Motor Vehicles Commission

R. Scott Waddell

10-08-10 to 01-13-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BUREAU OF MOTOR VEHICLES, BUREAU OF MOTOR VEHICLES COMMISSION, AND ALL INDIANA LICENSE BRANCHES

We have reviewed the activities related to the receipts, disbursements, and assets of the Bureau of Motor Vehicles, Bureau of Motor Vehicles Commission, and All Indiana License Branches for the period of January 1, 2011 to December 31, 2011. Bureau of Motor Vehicles, Bureau of Motor Vehicles Commission, and All Indiana License Branches' management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports. Federal programs are included in the scope of our statewide single audits as reflected in the Statewide Single Audit Reports.

Based on our review, nothing came to our attention that caused us to believe that the activities related to the receipts, disbursements, and assets of the Bureau of Motor Vehicles, Bureau of Motor Vehicles Commission and All Indiana License Branches are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, and applicable laws and regulations except as stated in the review comment.

The Bureau of Motor Vehicles, Bureau of Motor Vehicles Commission, and All Indiana License Branches' response to the Review Comment identified in our review is described in the accompanying section of the report entitled Official Response. We did not review the Bureau of Motor Vehicles, Bureau of Motor Vehicles Commission, and All Indiana License Branches' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Bureau of Motor Vehicles, Bureau of Motor Vehicles Commission and All Indiana License Branches' management, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office reviewed.

STATE BOARD OF ACCOUNTS

July 12, 2012

BUREAU OF MOTOR VEHICLES,
BUREAU OF MOTOR VEHICLES COMMISSION,
AND ALL INDIANA LICENSE BRANCHES
REVIEW COMMENT
DECEMBER 31, 2011

LATE PAYMENT PENALTY

Auditor of State accounting records reflect late payment penalties paid to vendors and charged to accounts of the Bureau of Motor Vehicles (Bureau) and the Bureau of Motor Vehicles Commission (Commission) as a result of untimely payment of claims. Total penalties for the calendar year 2011 were \$2,160.85 for the Bureau and \$3,546.17 for the Commission. These penalties are an unnecessary use of public funds.

Indiana Code 5-17-5 requires a state agency to ". . . pay a late payment penalty at a rate of one percent (1%) per month on amounts due on written contracts for public works, personal services, goods and services, equipment, and travel whenever the state agency . . . fails to make timely payment."

Payment of penalties and interest due to late payments to vendors may be the obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines for State and Quasi Agencies, 6.4.7.4)

Each agency, department, quasi, institution, or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. (Accounting and Uniform Compliance Guidelines for State and Quasi Agencies, Organizational Overview - General Guidelines and Policy, IV. Summary of Agency Accounting Responsibilities)

BUREAU OF MOTOR VEHICLES,
BUREAU OF MOTOR VEHICLES COMMISSION,
AND ALL INDIANA LICENSE BRANCHES
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2012, with R. Scott Waddell, Commissioner; Shawn Walters, Chief of Staff; and Harold Day, Controller. The official response has been made a part of this report and may be found on pages 6 and 7.



STATE OF INDIANA

Mitchell E. Daniels, Jr., Governor

R. Scott Waddell, Commissioner
Bureau of Motor Vehicles
100 North Senate Avenue
Indianapolis, Indiana 46204
(888) 692-6841

August 20, 2012

Mr. Bruce Hartman
State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, IN 46204

Dear Mr. Hartman:

This letter serves as our response to the State Board of Accounts (SBOA) Review Report for the Bureau of Motor Vehicles (BMV) and the Bureau of Motor Vehicles Commission (BMVC) covering the period beginning January 1, 2011 and ending December 31, 2011. On behalf of the BMV/C management team and all BMV/C employees, I want to express my appreciation to the members of the SBOA audit team for their professionalism and constructive observations throughout the audit engagement.

With the exception of one "review comment," the report confirms the efficient and ongoing efforts of the BMV/C by stating that "nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Bureau of Motor Vehicles, Bureau of Motor Vehicles Commission and all Indiana License Branches are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines manual for State Agencies."

Concerning the Late Payment Penalty review comment, we concur that this is an unnecessary use of public funds. The BMV/C is now enhancing existing policies to ensure compliance with specific procedures that minimize any exposure to late payment penalties, including the proper method for filing a "good faith dispute" and the retraining of personnel concerning their specific job duties. We are confident that these steps will result in an effective remedy.

The Vision (Promise) of the Bureau of Motor Vehicles continues to be: ***We are committed to providing responsive service, accurate records and customers' choices that are fast, secure and easy to use.*** The agency strives to achieve this goal by enhancing the customer experience and utilizing a common sense approach to conducting the business of government. Development of

user-friendly alternatives to the traditional branch visits such as the myBMV.com website and the "one call, one resolution" philosophy in our Customer Contact Center, serves to both enhance customer satisfaction and reduced BMV/C operating costs. These efforts, combined with the agency's principal responsibility to maintain accurate and secure vehicle, driver and identity

records, have produced an improved overall customer experience. Our successes have been validated by the American Association of Motor Vehicle Administrators (AAMVA) which has presented the *International Award for Customer Service* to the Indiana BMV for the third time in the past five years.

Please accept my personal gratitude for the diligent audit process and know that we look forward to continued collaboration with the SBOA and upholding the BMV's Promise to the citizens of the State of Indiana.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Scott Waddell', written in a cursive style.

R. Scott Waddell
Commissioner