NEWS RELEASE

Auditor of State Mary Mosiman today released a report on a review of the Department of Transportation (DOT) Automated Registration and Title Software system (DOT system) used by DOT and County Treasurers' Offices for the period January 1, 2014 through April 30, 2016. The review was conducted as a result of investigative reports previously issued by the Office of Auditor of State which identified control weaknesses related to the use of the DOT system which allowed staff to divert collections from DOT and certain counties. These reports involved registrations and titles processed by the County Treasurers' Offices in Mills County, Iowa County, and Cerro Gordo County.

The DOT system, implemented in 2005, is used by staff in County Treasurers' Offices to process and account for registration and title transactions, including calculating the taxes owed on the purchases of recently sold vehicles and annual registration fees. The system also calculates the amount each county is to remit to DOT and the Department of Revenue each month, as well as the amount to be retained by the county. DOT officials oversee and frequently review registration and title transactions processed by the DOT system, and have frequently upgraded the DOT system to increase controls and accuracy of the system. Reports from the DOT system listing all registration and title transactions are reviewed by DOT personnel for reasonableness.

Mosiman reported the review identified several control weakness related to the administration of the DOT system at both the DOT and county levels. Specifically, DOT performs only desk review monitoring and does not perform on-site monitoring procedures to determine if the counties are complying with DOT policies and procedures for processing transactions using the DOT system. Mosiman recommended DOT implement procedures requiring periodic on-site visits of all County Treasurers' Offices on a cyclical basis to ensure the counties are in compliance with DOT policies and procedures.

Mosiman also reported duties were not properly segregated at the 10 counties visited as part of the review, including the initial recording of transactions, voiding or adjusting transactions, and reconciling the amounts recorded in the DOT system to the amounts recorded in the counties' accounting systems and subsequently deposited in the counties' bank accounts. Counties did not consistently maintain supporting documentation for all voided transactions, replacement titles,

corrected titles, or vehicles placed in storage. As a result of these weaknesses in the counties' internal controls over processing vehicle transactions, county staff may be able to manipulate the DOT system to misappropriate collections

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at https://auditor.iowa.gov/reports/1560-6450-B0P3.

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**REPORT ON A REVIEW OF THE
AUTOMATED REGISTRATION AND TITLE SOFTWARE SYSTEM
ADMINISTERED BY THE DEPARTMENT OF TRANSPORTATION AND
COUNTY TREASURERS' OFFICES**

**FOR THE PERIOD
JANUARY 1, 2014 THROUGH APRIL 30, 2016**

Table of Contents

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Mary Mosiman, CPA
Auditor of State

Auditor's Transmittal Letter

To the Governor, Members of the General Assembly,
  and the Director of the Department of Transportation:

In conjunction with our audit of the financial statements of the State of Iowa and in accordance with Chapter 11 of the *Code of Iowa*, we have conducted a review of the Department of Transportation (DOT) Automated Registration and Title Software system (DOT system) for the period January 1, 2014 through May 1, 2016. The DOT system is used by DOT and County Treasurers' Offices to process and account for vehicle titles and registrations. The review was conducted to determine if users of the DOT system complied with applicable sections of the *Code of Iowa*, the Iowa Administrative Code (Administrative Rules), and DOT policies and procedures. In conducting our review, we performed the following procedures:

(1)   Reviewed applicable sections of the *Code of Iowa*, Administrative Rules, DOT policies and procedures and interviewed DOT personnel to gain an understanding of how vehicle registrations and titles should be processed and recorded in the DOT system.

(2)   Evaluated internal controls over the processing of vehicle transactions to determine whether adequate policies and procedures were in place and operating effectively.

(3)   Interviewed personnel from DOT to obtain an understanding of established policies and procedures related to the administration of the DOT system and changes implemented as a result of previous investigative reports.

We also performed the following procedures at selected counties:

(1)   Interviewed county officials to determine how county staff process and record motor vehicle registrations and titles in the DOT system.

(2)   Evaluated internal controls over the processing of vehicle transactions to determine whether adequate policies and procedures were in place and operating effectively.

(3)   For certain vehicle transactions recorded as voided, replacements, or corrected, we examined registration renewals, titles, and supporting documentation to determine if the transactions were properly recorded, proper fees were collected, and collections were subsequently deposited.

(4)   Reviewed selected transactions for vehicles recorded in the DOT system as in storage to determine the propriety of the fees assessed and if the fees were properly supported.

(5)   Reviewed selected daily reconciliations of the DOT system completed by staff at certain County Treasurers' Offices to determine if the amounts recorded in the DOT system as collected were reconciled to the amounts deposited and the deposits recorded in the counties' accounting systems.

Based on these procedures, we identified weaknesses in the counties' internal controls over processing vehicle transactions in the DOT system, which may allow county staff to conceal misappropriated collections. We also identified improvements needed in DOT's policies and procedures for monitoring the DOT system.

We have developed certain recommendations and other relevant information we believe should be considered by the Governor, the General Assembly, and the Department of Transportation.

We extend our appreciation to the officials and personnel of the Department of Transportation and the County Treasurers' Offices for the courtesy, cooperation, and assistance provided to us during our review.

MARY MOSIMAN, CPA
Auditor of State

March 27, 2017

Introduction

We previously released reports on special investigations of vehicle registrations and titles processed by the County Treasurers' Offices in Mills County, Iowa County, and Cerro Gordo County. **Table 1** summarizes the period for each investigation, the total amount of undeposited collections and uncollected fees identified, and the number of transactions which were not properly processed. The undeposited collections shown in the **Table** represent registration and title fees which were received but not properly deposited by the county. The uncollected fee transactions were processed by a county staff member in a way which allowed an automobile dealer to avoid paying first time registration (use tax) and title fees.

Table 1

County	Date Issued	Period	Undeposited Collections	Uncollected Fees	Number of Transactions
Mills	06/29/12	01/01/05 - 03/31/11	$ 36,349.75	-	182
Iowa	11/30/14	01/01/05 – 06/30/11	55,303.96	-	205
Cerro Gordo	06/27/16	01/01/13 – 06/30/15	-	283,867.60	152^
		Total	$ 91,653.71	283,867.60	

^ - The report identified 152 vehicles where the first time registration fees and title fees were not properly collected.

As shown by the **Table**, we identified $91,653.71 of undeposited collections and $283,867.60 of fees which were not properly collected because county staff were able to circumvent controls in the DOT system to improperly void transactions or waive the fees required to be collected.

The reports also included findings and recommendations related to DOT and each county. The findings in the reports related to DOT include:

- The DOT system allows a registration statement to be voided without the vehicle registration also being voided.

- When a transaction is voided, it is removed from the "Cash Drawer" report used to balance at the end of the day. This does not allow the reconciler to identify any transaction voided during the day.

- The DOT system allows the user to enter a reason for an adjustment or a void of a transaction, but does not require an explanation be provided. Without the explanation, sufficient information is not available to determine if the adjustment or void was proper.

- County staff indicated they have not received adequate training to properly identify and use reports which can be generated from the DOT system to help identify irregular transactions.

The findings in the reports related to the counties include:

- Segregation of duties – Several staff have the ability to both process and void registration statements and vehicle registrations. As a result, staff may improperly void registration statements and/or vehicle registrations and not properly deposit the related collections.

- Voided registration statements – We identified voided registration statements which were not maintained with the day's business. In several instances, the check received for the voided registration was substituted for cash collected for other transactions.

- Passwords – We determined in 2 of the 3 counties visited staff shared their user name and password and in 1 county all staff used the same password. This allowed staff to process transactions under user names which were not their own.

- Replacement titles – Automobile dealers and individuals who apply for a replacement title are required to pay a fee for the title. The fee may be waived under specific conditions with adequate supporting documentation. County Treasurer staff waived the replacement title fee without proper support to identify the reason for waiving the fee. As a result, fees were not collected or fees were recorded in the DOT system as waived.

- One report also addressed a concern expressed by a County Treasurer related to charging the proper fee when issuing corrected, replacement, or salvaged titles, and for registering a vehicle which was taken out of "storage."

As a result of these reports, DOT implemented changes to the Automated Registration and Title Software system (DOT system) used to account for all motor vehicle transactions processed by staff in the County Treasurers' Offices.

DOT Administration

DOT has 6 divisions including the Motor Vehicle Division. The Motor Vehicle Division administers and enforces federal and state motor vehicle laws and regulations, including the testing, licensing, and appropriate sanctioning of all drivers. The Motor Vehicle Division also maintains driver history files for over 2.1 million Iowa citizens as well as approximately 1 million records for out of state and unlicensed drivers. According to DOT's website, the Motor Vehicle Division is responsible for:

- Issuing identification credentials and cooperating with other jurisdictions in exchanging data concerning driver's licenses and identity.

- Maintaining and updating crash reports and information.

- Administering financial responsibility laws, driver improvement and motorcycle rider programs; suspending or revoking driving privileges of drivers who have committed operating while intoxicated or other problem-driver offenses and lift suspension or revocation when compliance is achieved.

- Issuing titles and registering vehicles that operate interstate.

- Routing over-dimension vehicles on Iowa's primary and interstate highways.

- Administering fuel tax and unified carrier registrations for Iowa-based carriers; issuing intrastate authority to for-hire carriers and trip permits for temporary travel in Iowa; and enforcing federal motor carrier safety standards and hazardous materials regulations and size, weight, authority, fuel, and registration laws.

- Peace officers with the Division's Motor Vehicle Enforcement office inspect and regulate commercial motor vehicle laws related to the size, weight, and registration.

- Investigating title and odometer fraud, resolving failure to transfer title complaints, perform salvage and vehicle theft examinations, investigating driver's license and vehicle title applications, providing seminars to retail and liquor establishment personnel and local law enforcement concerning driver license fraud and related identify theft.

- Issuing titles and registrations for all official vehicles, issue all red-light certificates for all privately owned emergency vehicles, approving and processing abandoned vehicle reports for all law enforcement agencies, and processing surety bonds for vehicles missing supporting ownership documents.

- Administering county-based registration and refunds for non-interstate vehicles; overseeing license plate production and inventory, issuing special and personalized license plate.

- Regulating all dealer, manufacturer, wholesaler, recycler, and leasing licensing programs including revocations and suspensions, administering and issuing persons with disabilities permits, and regulating and issuing all vehicle registration fees through rate book programs so counties are aware of vehicle registration fees.

Section 321.31 of the *Code of Iowa* states, "The department shall install and maintain a records system which shall contain the name and address of the vehicle owner, current and previous registration number, vehicle identification number, make, model, style, date of purchase, registration certificate number, maximum gross weight, weight, list price or value of the vehicle as fixed by the department, fees paid and date of payment."

In order to comply with the *Code of Iowa* and to process transactions related to the purchase, registration, and sale of motor vehicles, the DOT system was implemented in 2005. **Table 2** summarizes the number of transactions, registration statements, and voided statements processed in the DOT system from fiscal year 2013 through 2016. The **Table** also includes the percentage of statements voided.

Table 2

Fiscal Year	Transactions	Registration Statements~	Voided Statements	Percent Voided
2013	5,286,935	4,737,832	8,140	.17%
2014	5,348,293	4,803,043	8,788	.18%
2015	5,405,577	4,873,213	12,902	.26%
2016	5,465,981	4,948,622	13,753	.28%

~ - Registration statements may contain more than 1 transaction.

The **Table** shows the State processes over 5 million transactions each year related to motor vehicles. The number of transactions does not include titles and registrations issued for official government vehicles. These transactions are recorded in the DOT system and are issued only by DOT. The increase in the percent voided from fiscal year 2014 to 2015 is in part due to a change in the DOT system which was changed to allow a transaction to be partially voided.

The DOT system includes subsystems referred to as the "Vehicle Title and Registration System" (Registration System), and the "Financial System." The Registration System records all activity related to a specific vehicle identification number and license plate number. The Registration System allows DOT and other authorized users to determine if a vehicle with Iowa license plates has a current registration and/or title. The Registration System is updated automatically whenever a financial transaction is entered into the Financial System, except for a voided transaction.

The Financial System is used by county staff to process financial transactions, such as the receipt of title fees, new vehicle registration fees, annual registration fees, and storage fees. County staff also use the Financial System to record voided transactions and record adjustments to fees collected. A void or adjustment is recorded anytime an adjustment needs to be made after the original transaction has been recorded. Examples of the most common reasons for processing a void include:

- when an individual decides not to register a vehicle or trailer after the initial transaction has been processed,

- when a data entry error occurs which results in an incorrect fee being assessed, such as when an amount for the purchase price of a vehicle is transposed (i.e. $15,000 is recorded as $51,000),

- the wrong person's name is used on the registration and title, and

- when penalties are removed.

The DOT system calculates the taxes owed on the purchase of each vehicle recently sold, annual registration fees, penalties, and interest. When a transaction is processed, the DOT system calculates the amount the county is to remit to DOT, the Department of Revenue for the fee for new registration (use tax), and the amount to be retained by the county processing the transaction.

Section 321.152 of the *Code of Iowa* allows County Treasurers "to retain 4% of the total collections, excluding the amount of any fee for new registration, for each annual or semiannual vehicle registration and each duplicate registration card or plate issued." The remaining 96% is to be remitted to the Treasurer of State for the Road Use Tax Fund. In addition, the county is allowed to retain $1.00 for each new registration and $2.50 for each new title issued. The fees collected for the State by County Treasurers are to be electronically transferred by the 10th day of each month for the preceding month's collections.

DOT staff assign access rights to system users based on requests submitted by the County Treasurers. Each County Treasurer determines who will process motor vehicle transaction in the DOT system within his/her office and the level of authority the user will be granted. Once DOT officials receive a request, they assign each user access rights based on the duties specified by the County Treasurer.

Most county staff are assigned only basic access rights which allows them to process and record registrations and titles in the DOT system. However, some users are assigned a supervisory level of authority which allows them to also make corrections and void transactions.

DOT policies require each user to create a unique password, keep the password secure, and not share passwords with other staff. DOT officials also instruct users to not allow others access to their user name and password to process a transaction. It is each County Treasurer's responsibility to notify DOT when an employee with access rights to the DOT system leaves employment or when the Treasurer determines the individual's access rights should be changed or terminated.

DOT provides training to County Treasurers and staff each year, including implementing strong internal controls, how to effectively operate the DOT system, policy/procedural changes, and new reports available from the DOT system. At the request of a County Treasurer, DOT will provide additional on-site training for county staff.

Throughout the year, DOT makes changes (updates) to the DOT system. In order to test the updates, DOT created a "User Acceptance Testing Team." The team consists of 8 representatives from various counties who are appointed by the Executive Board of the Iowa State County Treasurer's Association. Team members usually meet each month to test the updates and help identify improvements to the DOT system.

To determine if county staff are processing transactions in accordance with DOT policies and procedures, DOT staff generate and review reports from the DOT system each month. Reports can be run on a statewide basis, by county, or by a specific user name. Examples of the reports generated include the number of voided and partially voided transactions, transactions processed after normal business hours (after 4:30 pm), the number of fee adjustments processed, and the number of vehicles recorded as tax exempt. These reports are run for a specific period of time or comparative reports may be run for multiple periods. DOT staff review the reports and follow up

with county staff to resolve any questionable transactions or items which do not appear to follow DOT policies and procedures.

As previously stated, DOT staff will provide on-site training to county staff who use the DOT system at the request of a County Treasurer. The training includes reviewing how transactions are entered into the DOT system, reports which can be generated from the system, a review of DOT policies and procedures, and a discussion on maintaining the security of user name and passwords.

County Administration

The DOT system is used by County Treasurers' Offices to record and account for motor vehicle transactions. According to DOT officials, DOT is continually upgrading the DOT system to improve controls and accuracy of the system. Prior to implementation of the DOT system, records were processed manually and retained by the County Treasurers' Offices.

The Treasurers' Offices issue vehicle titles and registrations, collect the required fees, record the transaction in the DOT system and the counties' accounting system, and deposit the collections in the counties' bank account for the county share and the amount to be remitted to the State.

In accordance with DOT policies and procedures, the county retains a set amount from the various fees collected each month. By the 10th day of each month, the county is required to certify to the DOT a full and complete statement of all fees and penalties received by the County Treasurer during the prior calendar month. Once certified, DOT sweeps the State's share of the fees collected from the bank account established by the county at a local bank.

The *Code of Iowa* requires registration renewals to be processed "on or after the first day of the month prior to the month of expiration of registration and up to and including the last day of the month following the month of expiration of registration." If a registration is paid after the due date, a penalty of 5% of the annual registration fee shall be added to the annual registration fees not paid by that date and an additional penalty of 5% shall be added the first day of each succeeding month, until the fee is paid. A penalty shall not be less than $5.00.

Vehicle registration, title, and other fees are collected at walk-up windows in the office, by mail, and on-line. In order to process a vehicle transaction, the county employee must log into the DOT system and enter the required information for the transaction based on the records provided by the individual.

The records consist of the title, purchase agreement, and registration renewal statements. Section 321.31 of the *Code of Iowa* establishes record retention requirements for DOT and the counties. The *Code* requires county records "shall be maintained in a manner approved by the department" (DOT). DOT allows documents retained by the county to be scanned into an electronic records management system. If the county uses an electronic system, the system should consist of information from the certificate of title, including the date of perfection and cancellation of security interest, and information from the registration receipt. The *Code of Iowa* allows DOT to destroy certificates of title 7 years after issuance and the County Treasurer to destroy certificates of title which are delinquent for 5 or more consecutive years. DOT is currently archiving all electronic records, including scanned images done at the DOT indefinitely. The counties are responsible for maintaining the supporting documentation for the transactions entered at the county in accordance with the record retention requirements

When the transaction is recorded, the employee's user name is automatically recorded in the DOT system. After the information is entered and the record is updated, the DOT system automatically calculates the fees owed by the customer and a vehicle registration statement is created. Once the registration statement is created, the user records the type of payment (cash, check, debit, or credit card) in the DOT system and completes the transaction. The fees collected are placed in the

cash drawer assigned to the employee processing the transaction or the cash drawer assigned to the Motor Vehicle Department if employees don't have individual cash drawers.

The registration statement showing the type of fee, the amount paid, and the type of payment is then printed. The vehicle title or registration form is printed for the customer, including the colored tag to be placed on the vehicle's license plate. The resulting vehicle documents are provided to the customer waiting at the window or mailed. When the user closes the transaction, a transaction number is recorded in the DOT system.

In order to void a transaction which has already been entered into the DOT system, county staff must void the transaction in the DOT Financial System and then access the DOT Registration System to void the transaction for the specific vehicle. As previously stated, when a registration or title is originally processed, the Registration System is updated and the required approvals are applied, the information is electronically transferred to the Financial System and the registration tag, the sticker placed on the license plate, is issued and the registration statement showing the fees charged and collected is printed for the customer.

DOT and county policies and procedures require reconciliations be performed between the amounts recorded as collected in the DOT system and the amounts recorded in the county accounting system and the amount deposited to the county bank account. As previously stated, each month DOT sweeps the State's share of the fees collected from the bank account established by the county at a local bank. The county's share is retained and recorded in the appropriate county fund.

Also as previously stated, the Office of Auditor of State previously released investigative reports on vehicle registrations and titles processed in several counties which identified registration and title fees were not properly deposited by certain County Treasurers' Offices. These reports also contained recommendations to the Department of Transportation (DOT) and the counties to improve controls over the DOT system. After the release of the reports, DOT made certain changes and implemented new controls to the DOT system. After discussing the changes to the DOT system with DOT staff, we performed the procedures listed in the Auditor of State report to determine if DOT and the counties have improved controls over processing voided transactions, securing passwords, and reviewing information recorded in the DOT system for propriety.

Objectives, Scope and Methodology

Our review was conducted to determine if:

- DOT administers the DOT system and provides oversight to the County Treasurers' Offices in accordance with applicable laws, Administrative Rules, and DOT guidelines.

- County staff are safeguarding access to the system by not sharing passwords and user names and properly accounting for and maintaining adequate documentation for registrations and title transactions, including voided transactions.

- The DOT system is adequately recording registration and title transactions and is properly safeguarded to prevent misuse.

- DOT is monitoring activity processed by the DOT system and is performing on-site monitoring at the county level to determine if counties are in compliance with DOT policies and procedures.

To gain an understanding of registration and title procedures, we met with DOT officials and performed site visits at 10 counties varying in population size from approximately 8,600 to 220,000 residents. During the site visits we:

- Reviewed the counties' internal controls to determine whether adequate policies and procedures were in place and operating effectively.

- Examined voided statements for propriety and to determine if adequate supporting documentation was maintained for voided transactions.

- Examined selected replacement and corrected title transactions for propriety and to determine if adequate supporting documentation was maintained.

- Examined selected transactions for vehicles recorded as in storage for any fees assessed, the propriety of the fees, and to determine if the fees were properly supported.

- Tested records to determine if daily reconciliations of the DOT system to the deposit and the deposit to the ledger were completed and if the reconciliation duties were properly segregated.

Detailed Findings

As previously stated, we released 3 special investigative reports related to the processing of vehicle registrations and titles at 3 counties. As shown in **Table 1,** the reports identified undeposited registration and title fees of $91,653.71 and uncollected fees of $283,867.60. These reports contained recommendations to DOT and the counties to improve controls over voiding titles and registrations, issuing replacement titles, securing passwords, and reconciling activity recorded in the DOT system. After the release of our reports, DOT reviewed our recommendations, made changes, and implemented new controls in the DOT system.

We performed the procedures listed in the Auditor of State's report to determine if the changes made by DOT and the counties addressed the findings in our previous reports and if the changes improved DOT and the counties oversight of transactions processed in the DOT system. The following sections discuss the findings, changes, and status of the changes made by DOT and the counties to address the findings identified in our previous reports.

DOT Administration

As previously stated DOT is responsible for maintaining the DOT system used to record motor vehicle transactions, developing policies and procedures for processing transactions, granting access rights, and monitoring compliance with DOT policies and procedures.

Voiding transactions – Also as previously stated, the DOT system automatically updates the Registration System when a new title or annual registration payment is received and recorded in the Financial System. However, voided transactions are not automatically updated in the Registration System. In order to void a transaction, county staff must void the transaction in the Financial System and then access the Registration System and void the transaction for the specific vehicle in the Registration System.

In investigative reports previously issued, we identified several internal control findings at the counties and within the DOT system which allowed county staff to divert collections or not collect the required fees. The issues included:

- County staff improperly voided the vehicle registration and/or title in the Financial System and left the vehicles registration as valid in the Registration System. Because the registration shows as valid in the Registration System, if the individual was stopped for a traffic violation or was to sell the vehicle, the DOT system would show the vehicle had a valid registration.

- Instances where both the registration statement and the vehicle registration were improperly voided. In these instances, if an individual was stopped for a traffic violation, the DOT system showed the vehicle did not have a valid registration; but the documents printed and given to the owner showed the registration fees had been

paid and the registration was valid. When the owner discussed this with the county staff, they were told "it was a glitch in the system."

When a transaction was voided by the staff person, the voided transaction was no longer included in the "Cash Drawer" report. The "Cash Drawer" report is generated by the DOT system when staff close their drawer for the day and begin to reconcile to the fees collected to the amount recorded in the DOT system. However, because the voided transaction was not included in the "Cash Drawer" report, it appears as if the transaction never occurred and any funds collected would not be shown as collected and subsequently voided. As a result, this allowed county staff to divert collections or not collect the required fees.

These findings were discussed with DOT officials to identify changes which have been implemented to improve controls and monitor the DOT system to help mitigate the risk of funds being misappropriated from registrations, titles, and other DOT fees. According to DOT officials, voided transactions usually occur when an individual titles the wrong car, decides not to title one of the cars being renewed at the same time, or misspells a name. According to DOT staff, these types of errors should be caught by county staff when they are processing the original transactions and be corrected immediately rather than several days after the transaction.

DOT officials we spoke with stated the DOT system could be updated to automatically void the transaction in the Registration System when a transaction is voided in the Financial System. However, DOT noted there were several reasons it was not practical to update the DOT system, including the cost of updating the system and in some cases transactions include fees which are still collected even if the registration is voided.

In response to the special investigations performed at the Mills and Iowa County Treasurers' Offices, DOT included the ability to void specific line items in a transaction instead of voiding the whole transaction. When a specific line is voided, the word "void" appears next to the line voided on the statement printed for the customer and is recorded in the DOT system. In addition, the DOT system allows county staff the ability to view all voided transactions processed for their county. During training, DOT encourages Treasurers to review the voided transactions each month.

The DOT system has been updated to include all voided transactions in the Cash Drawer reports used to balance collections to deposits. This allows County Treasurers to review voids, ask questions, and follow up on any suspicious activity. DOT also added reports which allow County Treasurers to run reports on voided transactions both in the Financial System and in the Registration System.

Schedule 1 lists the total number of transactions, registration statements, and voided statements processed by each county for fiscal years 2013 through 2016. According to DOT staff we spoke with, a statement may include more than 1 transaction. As a result, the number of transactions will be higher than the number of registration statements. As illustrated by the **Schedule**, the number of voids processed has remained fairly constant.

As identified in our previous investigative reports, the DOT system allows the user to enter a reason for an adjustment or for voiding a transaction, but does not require an explanation be provided. Without the explanation, sufficient information is not available to determine if the adjustment or void was proper.

The DOT system still includes a comment field for county staff to include the reason a transaction is being voided or when making adjustments to a transaction processed in the DOT system. DOT provides training on how the field is to be used and what information is required to be entered. If the comment field is not completed, the transaction will not be processed by the DOT system and an error message will be displayed.

According to DOT officials, the comment field only needs to include something, such as a single character, letters, numbers, or words in the field in order for the DOT system to process the transaction. The DOT System does not require a full explanation why the void or adjustment was

required. In order to determine if the field was completed properly, DOT staff run a report to review the information in the comment field. If DOT decides to verify the information, they will submit a request for the supporting documentation to the County Treasurer.

The updates to the DOT system provide additional controls which will help mitigate the ability of users to void or alter transactions to misappropriate funds. If DOT and county staff review the list of voided transactions, the "Cash Drawer" reconciliations, and the comment field required when voiding or adjusting a transaction, they will have a better chance of identifying any irregularities.

Monitoring - DOT monitors compliance with DOT policies and procedures on a monthly basis. Each month, DOT staff run reports using various fields in the DOT system on a statewide basis and for each county. They are reviewed by DOT staff to determine if transactions were processed in accordance with DOT policies and procedures. Examples of reports DOT runs include voided transactions processed, note fields which are left blank, and the number of transactions where penalties are removed. When a concern is identified, such as a voided transaction where there is no clear purpose for the void (such as to remove postage) or the reason for the void is not clearly documented, DOT staff contact the County Treasurer or their Deputy to identify the reason for the void or adjustment. The Treasurer or their Deputy is required to sign the document explaining the void or adjustment and return the document to the DOT.

According to DOT officials we spoke with, DOT staff have visited several counties at the request of the County Treasurer or after a special investigation has been released. DOT officials also stated DOT does not have a formal monitoring policy which addresses on-site monitoring.

Because DOT does not perform routine on-site monitoring and does not have a formal monitoring policy, DOT is unable to ensure counties are consistently complying with DOT policies and procedures for accessing and processing transactions in the DOT system. Although DOT staff can generate reports using the DOT system to identify possible areas of concern related to the processing of motor vehicle transactions without performing an on-site visit, they are unable to determine if county staff are complying with DOT policies and procedures. **(Finding A)**

Training – As previously stated, county staff we spoke with indicated they felt they did not receive adequate training to properly identify and use reports generated from the DOT system to help identify irregular transactions. Staff who process motor vehicle transaction do not always attend the training sessions provided by DOT or receive information from county staff who do attend training.

DOT provides training to county staff who access and process transactions in the DOT system including:

- Attending and presenting at the 3 County Treasurers' meetings held annually.

- Providing training and discussing issues at district meetings sponsored by the County Treasurer's Association when DOT is invited.

- Issuing "release notes" which explain upcoming changes and updates to the DOT system.

- Providing copies of the County Treasurer Manual which includes instruction on how to enter and process transactions in the DOT system and information on keeping passwords and user id's secure.

- Attending County Treasurer harmonization meetings to discuss concerns with the DOT system, changes to the DOT system, legislative updates related to DOT, and other issues the County Treasurers bring up for discussion.

- Computer security mentor training has been extended to the County Treasurers and includes information on protection of passwords, user names, malware, and other issues related to computer security.

- DOT includes copies of all presentations and provides answers to frequently asked questions which are easily searchable by topic on its website.

- DOT provides training to newly elected Treasurers.

We reviewed the DOT training manual, PowerPoint® presentations, and the question and answer section located on the DOT's website which can be accessed by the County Treasurers and their staff. The training includes security of passwords, user names, data, the procedures for recording and voiding transactions, and reconciling the Cash Drawer report.

DOT officials we spoke with also stated DOT continues to stress the need to include a memo in the system explaining why a void or an adjustment was made. According to DOT officials we spoke with, many of the Treasurers do not attend the meetings or send a staff person in their place. DOT staff also stated county staff have told them county staff who attend the meetings do not always provide the information received at the meetings to the staff who process the transactions. (**Finding B**)

County Administration

In order to determine if the counties are complying with DOT policies and procedures, we selected 10 counties to perform testing of selected transactions related to the processing of vehicle transactions. After selecting the counties, we requested DOT run reports of all registration and title transactions for each county selected. Using these reports, we selected transactions to determine if the county staff complied with policies and procedures for processing transactions in the DOT system and maintained the required support for the transactions processed.

During site visits to the counties selected, we reviewed the controls for processing transactions; determined if reconciliations were prepared and reviewed; and examined selected voided transactions, replacement and corrected title transactions, and storage fee transactions. Procedures for the review of counties controls included:

- Interviewed county employees to gain an understanding of controls.

- Documented control procedures and reviewed any areas of weakness identified with the County Treasurer.

- Observed employees performing job duties to verify controls.

- Observed documentation for voided transactions, corrected titles, replacement titles, and vehicles placed in storage.

- Determined if password policies are being followed by observing county employees login to computers and discussing their password practices with them.

Voids – A primary concern disclosed in the previously issued investigative reports which allowed staff to misappropriate funds was the ability to alter both the Financial and Registration Systems which allowed cash collections to be removed from the Cash Drawer report without documentation. In these cases, the registration was left as valid or was voided.

As previously stated, when a vehicle is originally registered and titled or the registration is renewed, the Registration System automatically updates the Financial System so the credentials and the registration statements can be issued. In order to void a transaction, staff must first void the entry in the Financial System and then access the Registration System to void the vehicle registration. DOT policies and procedures require staff to document the reason for voiding a transaction or a specific line of a transaction to be noted in the DOT system. The DOT system

still requires county staff to void the entry in the Financial System and then access the Registration System to void the vehicle registration.

We reviewed a total of 195 voided transactions at the 10 counties selected for review to determine if the transactions were processed in accordance with DOT policies and procedures, and supporting documentation for the voided transaction was maintained. Of the 195 voided transactions tested, we identified the following concerns for 22 of the voided transactions reviewed.

- The DOT system still requires the county staff to first void the entry in the Financial System and then access to the Registration System to void the vehicle registration.

- Supporting documentation for the 22 voided transactions was not maintained. However, based on the transactions processed immediately after the void and discussions with county staff, the voided transactions were proper. (**Finding E)**

- The reason for the voiding the transaction was not consistently entered into the comment field as required by the DOT system. The field can be completed by including a notation including a letter, number, or symbol in the field. DOT policy requires the field to be completed with a detailed reason a void was required, such as an incorrect purchase price was entered. (**Finding C, E**)

- Staff who have the access rights to void transactions may also record the initial transaction. (**Finding D**)

We did not identify any transaction which were voided in the Financial System and not properly voided in the Registration System for which the collections were not received and deposited.

The "Cash Drawer" reports including the original and the voided transactions in the report allowed us to determine the propriety of the voided transaction.

Reconciliations – As previously stated, a contributing factor which allowed staff to misappropriate funds in Mills County and Iowa County was the voided transactions were removed from the "Cash Drawer" report which was used to reconcile the cash collected to the amount recorded in the counties' accounting systems and deposited to the counties' bank accounts.

DOT policies and procedures require each county to perform a daily reconciliation of the amounts recorded in the DOT system as received to the amount collected and deposited to each county's bank account. In addition, county policies and procedures require all collections in the County Treasurer's Office be reconciled to the amount deposited and recorded in the county's accounting system.

We re-performed selected reconciliations to determine the accuracy of the reconciliations, propriety of any adjustments, and scanned the reconciliations for any alterations. The reconciliations prepared by county staff included amounts from the "Cash Drawer" reports which included the voided transactions, cash check breakouts, amounts from the deposit slip, and a line showing if the amount collected was more or less than the amount recorded as collected in the DOT system. According to the County Treasurers we spoke with, if the reconciliation shows a long/short variance they will attempt to identify the reason if the variance is considered significant.

We did not identify any altered reconciliations or unexplained variances between the amounts recorded in the DOT system, the amounts recorded in the counties' accounting systems, and the amounts deposited to the counties' bank accounts.

However, in 9 of the counties visited, we determined the individual preparing the reconciliation also had access to the DOT system, collected receipts, prepared the deposit, and/or made the deposit. In addition, the reconciliation was not consistently reviewed by a staff person independent of the reconciliation process. By not segregating duties, a staff person who performs

these duties, has the opportunity to alter and manipulate records to misappropriate funds. (**Finding D**)

Segregation of duties – As stated in previously issued investigative reports, because of the limited number of staff in County Treasurers' Offices, only a few employees process vehicle transactions. As a result, county staff often have the ability to record, void, and make adjustments to vehicle transactions they originally processed in the DOT system. This allows staff the opportunity to manipulate the records in order to misappropriate funds.

According to DOT officials and DOT training documents we reviewed, DOT continues to stress the need to limit access to the system and limit staff who have the ability to void and/or make adjustments to a transaction after the initial transactions have been entered into the DOT system.

During our site visits, we determined 9 of the 10 counties visited have staff who perform incompatible duties; including the ability to record, void, reconcile, and deposit collections related to vehicle transactions. As a result, staff could manipulate transactions in the DOT system to adjust records to conceal misappropriated funds, and conceal their identity. (**Finding D**)

The 9 counties ranged in size from 8,000 to 35,000 residents. Counties with smaller populations tend to have fewer staff available to segregate duties. In these cases, staff in other departments of the Treasurer's Office may need to be involved in order to properly segregate incompatible functions.

Passwords – DOT requires each user maintain a unique password for their user name and not share their user name or password with other staff. Based on observations and discussion with county staff at the 10 counties visited, staff did not share their unique passwords.

Replacement/corrected titles – In a previously issued investigative report, we included a finding regarding county staff waiving the fee for replacement titles without supporting documentation.

We reviewed selected replacement and corrected title transactions to determine if the reason for the replacement or corrected title was allowed by DOT policies and procedures. We reviewed 288 replacement titles and 162 corrected titles from the 10 counties we visited. We reviewed the transactions selected for propriety and to determine compliance with DOT policies and procedures. We identified 41 replacement titles and 8 corrected titles which did not have adequate supporting documentation showing the reason why a replacement or a corrected title was needed. (**Finding C, F**)

Storage – We also reviewed storage fees as part of a previous investigative report. In the 10 counties we visited, we reviewed 159 transactions and identified an instance where supporting documentation did not support the fee charged.

Findings and Recommendations

We reviewed the DOT and selected County Treasurers' Offices to determine whether DOT and the County Treasurers are in compliance with the applicable sections of the *Code of Iowa*, DOT Administrative Rules, and DOT policies and procedures. We also performed procedures to determine whether DOT and the County Treasurers' Offices have implemented proper segregation of duties, preparing daily reconciliations, properly recording transactions, and maintaining supporting documentation. As a result, we identified certain findings and recommendations regarding the DOT administration and County Treasurers' Offices which should be considered by the Governor, Members of the General Assembly, County Treasurers' Offices, and DOT officials.

Findings related to DOT

A. <u>DOT On-Site Monitoring</u> – As previously stated, section 321.31 of the *Code of Iowa* requires DOT maintain a records system for vehicles. DOT has established a records management system to comply with the requirements of the *Code*. The system is used to record all vehicle transactions processed by the County Treasurers' Offices. The *Code* does not specify

requirements for monitoring the County Treasurers' Offices. However, monitoring is an integral part of ensuring counties are complying with DOT policies and procedures, strong internal controls are in place, and the counties are adequately accounting for all transactions.

DOT monitors the County Treasurers' Offices through the review of reports generated from the DOT system. DOT will also perform an on-site visit if the County Treasurer identifies a problem and requests DOT to review the issues identified. DOT will also perform an on-site visit if an investigation report identifies concerns. According to DOT officials, they do not have a formal policy for periodic on-site monitoring.

Recommendation – On-site monitoring of County Treasurers' Offices should be consistently performed and documented to ensure County Treasurers' Offices are consistently operating in accordance with the DOT policies and procedures. DOT officials should develop and implement formal written policies and procedures regarding on-site monitoring of County Treasurers' Offices which include:

- The frequency of on-site monitoring, the selection of counties, the procedures to be performed during on-site monitoring, and the procedures for documenting and following-up on the results of the on-site monitoring.

- On-site visits should be performed at each county on at least on a rotational basis so all counties are visited within a 3 year time period.

Response – Office of Vehicle and Motor Carrier Services (OV&MCS) strives to assure that the vehicle registration and titling program is administered successfully and recognizes that frequent and meaningful interaction with county treasurers and their staff who are processing the transactions is critical to helping all of us achieve that goal. We are in favor of developing a formal written policy that outlines the projected frequency and regularity of scheduled and unscheduled visits as well as documents a site-visit plan that clearly captures the processes we seek to observe by county treasurer staff. This will allow us to note adherence to departmental policies and procedures, as well as what actions we may take or suggest to county treasurer staff in the event our site-visit yields a finding of nonconformity. Developing such a policy offers the opportunity to accelerate performance while protecting against uncertainties and barriers in state and county treasurer operations and financial recordkeeping and can even highlight cultural aspects within the job that may be beneficial for us to see firsthand.

We are in the process of reviewing our procedures and will prepare a detailed plan and a formal written policy with a target date of December 31, 2017. Additional time is needed to assess our current practices and explore the potential of additional resources or staffing adjustments that may be needed to fully implement this recommendation due to the logistics, time, and effort necessary to complete more rigidly scheduled on-site visits. In the meantime, OV&MCS will continue to examine the various reports generated in relation to the vehicle registration and titling system and follow-up with county treasurers (via e-mail, phone calls, and in-person visits) in the event that a report indicates something may be amiss or incorrect, and we will ensure that changes and updates to the system are quickly disseminated and that county treasurers and their staff have access to OV&MCS administration and clerical staff contact information.

Conclusion – Response accepted.

B. Training – We determined DOT routinely provides adequate training opportunities related to the DOT system. However, county staff we spoke with stated they felt they did not receive adequate training to properly identify and use reports generated from the DOT system to help identify irregular transactions. We also determined staff who process motor vehicle transaction don't always attend the training sessions provided by DOT or receive information from county staff who do attend training.

<u>Recommendation</u> – DOT should require all staff who use the DOT system to attend training to ensure information is provided to staff who use the DOT system. DOT should consider if a user's rights should be revoked if they do not attend training.

<u>Response</u> – In response to the above recommendation, we felt it may be helpful to provide some information in regard to existing training regularly provided to county treasurer staff conducting vehicle registration and titling.

- OV&MCS attends the three regularly scheduled county treasurer meetings held each year and presents key information related to the structure, functions, and processes of our office as well as process-specific training for the county treasurer staff. When invited, Iowa DOT OV&MCS also attends district meetings that are held by county treasurers in regional areas throughout the state. A copy of all of our presentations are placed on a website that is accessible to all county treasurers through the county treasurer's manual for vehicle registration & titling. There are multiple training videos and tools along with related questions and answers. This is available for reference by all county treasurer staff.

- OV&MCS conducts cash drawer/finance and reports training hosted at the Motor Vehicle Division building in Ankeny whenever there are new county treasurers and staff and upon request for refresher training.

- Each month, program enhancements and updates are pushed into the system (as is standard for such a large system). OV&MCS sends detailed emails each month to the county treasurers to clearly explain any necessary updates to their processing.

- The Iowa DOT includes county treasurers in the departmental Driver's License and Vehicle Registration and Titling security awareness training, entitled "Security Mentor". Each individual county treasurer employee is expected to complete this training. The Security Mentor training provides innovative, online security awareness training designed for how people learn and work. Brief, ten-minute interactive lessons are delivered online to DOT and county treasurer staff every month. Content is focused on real-world scenarios. Overall completion of lessons by county treasurers' staff was at 76% in March.

- The Iowa DOT is implementing fraud training in an interactive training and testing format called "DOTU". The fraud training will be delivered to all county treasurer staff that process vehicle registration and titles documents.

- The Iowa DOT and a selection of county treasurers, including the Iowa State County Treasurer's Association leadership, hold monthly "harmonization team meetings" to communicate on topics of interest and identify any training needs that are not being met or questions or topics that some county treasurers may be struggling with. The meetings have occasionally resulted in a cross of county treasurers and DOT staff establishing "working groups" to resolve procedural issues and promote consistency.

We feel our communication strategy and the accessibility to training modules and information is strong; however, as we mentioned above, we recognize that frequent and meaningful interaction with county treasurers and their staff who are processing the transactions is critical and therefore are not opposed to reinforcing our training program. We are in the process of reviewing our current training process and will develop a detailed plan and curriculum, with a target date of December 31, 2017, for all staff who use the DOT system for vehicle registration and titles processing as this will require approximately 700 employees to attend or otherwise complete the course.

OV&MCS will consider the recommendation to revoke a user's system rights if they do not attend training. We intend to consult with our Attorney General's Office to seek guidance on whether the DOT has the legal authority to revoke or otherwise deny system access under certain circumstances of failing to comply with operating policies and to seek advice on the proper methods to enforce that authority and reconcile it with other statutory provisions requiring issuance of titles and registrations by the county treasurer and their staff.

Conclusion – Response accepted.

C. Supporting Documentation – DOT policies require supporting documentation be maintained for all transactions processed in the DOT system and the comment field in the DOT System be completed explaining why a transaction was voided or an adjustment made. Based on testing at the 10 counties selected, we determined:

- The comment field does not require a full explanation why the void or adjustment was made. The DOT System allows the field to be completed with a single letter, a character, groups of letters or characters, and numbers.

- The Application for Replacement of Iowa Certificate of Title to a Motor Vehicle form did not include sufficient information for the reason a replacement title or corrected title was required. In addition, support for the reason was not always attached.

Recommendation – DOT should revise the Application for Replacement of Iowa Certificate of Title to a Motor Vehicle form to include a section for the customer to add a detailed explanation why a replacement title is needed and to attach support for the reason stated. In addition, DOT should ensure the comment field used to explain transactions which are voided and adjusted includes a complete explanation and not just characters or numbers.

Response – OV&MCS has reviewed the recommendation to revise the Application for Replacement of Iowa Certificate of Title to a Motor Vehicle to include a section for the customer to add a detailed explanation why a replacement title is needed and to attach support for the reason stated and after careful consideration, we offer the following information.

Iowa Code section 321.42 (Lost or damaged certificates, cards, and plates – replacements) and Iowa Administrative Code 761-400.12 provide that the only time a replacement title may be applied for is when the title is lost, destroyed or altered. The current application requires the applicant to affirm that they are applying for a replacement title for one of these reasons. Therefore, we are not certain that adding an area to the application requiring an additional written explanation aids the process flow as it would likely require additional review and handling (including potential storage of additional documentation) and we are uncertain of the value this change may have for the preponderance of our customers whose applications are not questionable in nature.

Additionally, we are concerned that the requirement for a detailed explanation could be misconstrued by an applicant that additional justification for the replacement title exist that are not allowed by statute or rule. We offer that Iowa Code section 321.13 allows the DOT (and, by extension, county treasurer staff) to refuse any application or to require additional documentation if they are not satisfied of the genuineness, regularity, or legality of the application or the truth of any statement made within the application. We do not feel that requiring additional documentation, beyond what is normally required by statute (in this case a signed application) is necessary.

Finally, in response to the last piece of the above recommendation, OV&MCS is agreeable to reviewing the comment field used to explain transactions which are voided and adjusted. The free form text box referenced in the report was offered to allow an explanation that may not have fit a predetermined list of criteria that could be programmed to display in a "drop-down"

selection option within the system. However, we will contemplate additional strategies to prevent the ability to circumvent submitting a valid justification for the adjustment that was made.

Conclusion – Response accepted.

Findings related to County Administration – We selected 10 counties to review internal controls used to process transactions in the DOT system and to determine if the counties were complying with DOT policies and procedures for processing transactions in the DOT system. The findings below summarize the findings from the 10 counties visited. We did not request responses to the findings summarized below. However, we discussed the findings with the 10 County Treasurers prior to completing our review.

D. Segregation of Duties - An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the county:

> (1) Daily reconciliation – collecting receipts, deposit preparation, making the deposit and performing the reconciliation. The reconciliation could be prepared by someone with access to DOT system and there was no evidence of a review of the reconciliation by an independent person.

> (2) Voids and adjustments – staff who process initial transactions also have the ability to void and make adjustments to the transactions. In addition, the comment field is not properly completed for voided and adjusted transactions.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, County Treasurers should review the control procedures in place in their offices to obtain the maximum internal control possible by limiting the ability to void and process adjustments to transactions to staff who do not process the initial transactions. In addition, an independent review of the daily reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

E. Voided transactions – County Treasurers' Offices are required to maintain supporting documentation for processing voided transaction and enter the reason for the voided transaction in the DOT system. We reviewed 195 transactions in the 10 counties we visited, and identified the following concerns with 22 of the voided transactions.

- Supporting documentation for the void was not consistently maintained.

- The reason for the void was not properly entered into the comment field of the DOT system as required by DOT policies and procedures. The comment field only requires something be included in the field in order to process the transaction. The field can be completed by including a notation including just a letter, number, or a symbol in the field.

Recommendation – The County Treasurers should develop policies and procedures to ensure adequate supporting documentation is maintained for all voided and adjusted transactions. The policy should also ensure it complies with DOT's policies procedures requiring the comment field to be completed with the reason for the void. Voided and adjusted transactions should be reviewed by the County Treasurers for reasonableness and to ensure adequate supporting documentation was maintained. In addition, DOT should review the policies and procedures to ensure the policies and procedures developed by the counties are in compliance with DOT policies and procedures.

F. <u>Supporting Documentation</u> – DOT policies require supporting documentation be maintained for all transactions processed in the DOT system. The supporting documentation should clearly evidence the purpose of the transaction. Supporting documentation for voided statements, replacement titles, and corrected titles was not consistently maintained at 9 of the 10 counties selected for review. In total, we identified 72 transactions for which supporting documentation was not maintained.

<u>Recommendation</u> – The counties should implement procedures to ensure supporting documentation for all transactions is being maintained, clearly evidences the purpose of the transactions, and is reviewed by the County Treasurer.

Report on a Review of the
Automated Registration and Title Software System
Administered by the Department of Transportation and
County Treasurers' Offices

Schedule

Report on a Review of the
Automated Registration and Title Software System
Administered by the Department of Transportation and
County Treasurers' Offices

Schedule of Transactions, Registration Statements and Voids
For the Period January 1, 2014 through April 30, 2016

	Calendar Year 2013				Calendar Year 2014			
	Total Number of			Percentage of voided statements	Total Number of			Percentage of voided statements
County	Transactions	Registration Statements	Voided statements		Transactions	Registration Statements	Voided statements	
Adair	16,628	14,827	29	0.20%	16,762	15,191	24	0.16%
Adams	38,392	8,811	33	0.37%	38,854	8,819	38	0.43%
Allamakee	29,220	26,354	75	0.28%	29,726	26,749	55	0.21%
Appanoose	24,304	22,068	70	0.32%	24,207	22,080	69	0.31%
Audubon	13,629	12,530	128	1.02%	13,675	12,450	114	0.92%
Benton	53,162	48,894	75	0.15%	53,887	49,467	72	0.15%
Black Hawk	203,454	179,993	104	0.06%	206,438	181,655	146	0.08%
Boone	49,633	45,500	52	0.11%	50,038	46,409	73	0.16%
Bremer	46,096	42,248	48	0.11%	46,804	42,902	75	0.17%
Buchanan	42,046	37,511	102	0.27%	42,977	38,099	122	0.32%
Buena Vista	36,207	33,162	48	0.14%	37,327	34,219	98	0.29%
Butler	33,320	29,921	47	0.16%	33,632	30,190	23	0.08%
Calhoun	21,765	20,312	37	0.18%	21,796	20,301	28	0.14%
Carroll	42,990	38,121	56	0.15%	42,478	38,598	30	0.08%
Cass	28,893	25,215	93	0.37%	29,175	25,493	53	0.21%
Cedar	37,005	33,984	24	0.07%	37,470	34,510	50	0.14%
Cerro Gordo	78,307	70,741	127	0.18%	77,974	70,641	89	0.13%
Cherokee	25,961	23,689	57	0.24%	26,145	23,774	83	0.35%
Chickasaw	30,045	26,829	13	0.05%	30,518	27,061	9	0.03%
Clarke	17,159	15,638	14	0.09%	17,347	15,734	24	0.15%
Clay	38,446	32,259	97	0.30%	38,719	32,236	85	0.26%
Clayton	39,829	33,416	46	0.14%	41,164	33,829	98	0.29%
Clinton	82,998	75,939	165	0.22%	82,613	75,931	147	0.19%
Crawford	33,248	29,359	65	0.22%	33,625	29,615	83	0.28%
Dallas	105,053	95,731	27	0.03%	108,780	100,181	58	0.06%
Davis	17,634	14,969	13	0.09%	17,659	14,817	23	0.16%
Decatur	16,326	13,656	16	0.12%	16,033	13,693	21	0.15%
Delaware	36,953	33,983	45	0.13%	37,700	34,790	50	0.14%
Des Moines	72,453	62,624	272	0.43%	72,824	63,070	209	0.33%
Dickinson	38,792	35,995	106	0.29%	38,950	36,199	67	0.19%
Dubuque	157,341	132,069	245	0.19%	155,796	132,935	212	0.16%
Emmet	20,656	18,782	78	0.42%	20,513	18,818	101	0.54%
Fayette	40,638	36,564	53	0.14%	39,986	36,436	64	0.18%
Floyd	33,498	30,447	45	0.15%	33,668	30,584	89	0.29%
Franklin	22,093	20,250	22	0.11%	21,953	20,271	13	0.06%
Fremont	15,710	14,087	17	0.12%	15,604	14,056	15	0.11%
Greene	21,953	20,101	125	0.62%	22,009	20,209	76	0.38%
Grundy	26,106	24,102	26	0.11%	25,939	24,168	13	0.05%

| Calendar Year 2015 | | | | Calendar Year 2016 | | | |
| Total Number of | | | | Total Number of | | | |
Transactions	Registration Statements	Voided statements	Percentage of voided statements	Transactions	Registration Statements	Voided statements	Percentage of voided statements
16,872	15,400	25	0.16%	16,941	15,409	37	0.24%
21,249	8,751	60	0.69%	16,553	8,698	35	0.40%
29,296	26,646	35	0.13%	29,716	27,204	39	0.14%
24,385	22,300	65	0.29%	24,669	22,692	86	0.38%
13,298	12,195	63	0.52%	13,178	12,090	72	0.60%
53,927	49,665	152	0.31%	54,178	49,769	121	0.24%
210,111	184,090	264	0.14%	210,554	185,263	269	0.15%
51,051	47,168	79	0.17%	51,883	48,397	79	0.16%
46,978	43,098	151	0.35%	47,220	43,395	108	0.25%
42,774	37,830	113	0.30%	42,873	38,165	112	0.29%
37,427	34,224	172	0.50%	38,008	34,750	94	0.27%
33,775	30,100	64	0.21%	33,968	30,373	42	0.14%
22,277	20,739	23	0.11%	23,042	21,491	44	0.20%
43,323	38,663	18	0.05%	42,860	39,056	54	0.14%
29,159	25,916	81	0.31%	28,936	26,218	219	0.84%
37,946	35,005	126	0.36%	38,893	35,768	98	0.27%
78,621	71,642	82	0.11%	79,111	72,483	126	0.17%
25,940	23,562	103	0.44%	26,131	23,772	48	0.20%
30,857	27,457	35	0.13%	30,842	27,680	10	0.04%
17,598	15,965	9	0.06%	18,270	16,530	26	0.16%
38,670	33,185	143	0.43%	39,249	33,386	217	0.65%
41,074	34,023	90	0.26%	39,334	34,477	74	0.21%
82,808	75,523	156	0.21%	83,497	76,591	95	0.12%
33,387	29,876	148	0.50%	33,645	30,210	147	0.49%
114,048	105,122	116	0.11%	120,557	111,095	173	0.16%
18,844	15,042	35	0.23%	17,840	15,283	83	0.54%
16,174	13,941	10	0.07%	16,129	14,160	43	0.30%
37,960	35,044	108	0.31%	39,292	35,500	55	0.15%
74,154	64,274	289	0.45%	75,650	65,643	363	0.55%
39,521	36,640	72	0.20%	40,271	37,358	45	0.12%
158,948	134,348	520	0.39%	161,109	136,592	294	0.22%
20,486	18,921	38	0.20%	20,243	18,686	46	0.25%
39,802	36,427	110	0.30%	39,866	36,485	74	0.20%
33,756	30,769	126	0.41%	33,652	30,658	214	0.70%
22,343	20,520	40	0.19%	22,440	20,599	13	0.06%
15,467	13,954	60	0.43%	15,655	14,160	20	0.14%
21,815	20,269	88	0.43%	21,734	20,283	86	0.42%
26,215	24,283	13	0.05%	26,280	24,278	27	0.11%

Report on a Review of the
Automated Registration and Title Software System
Administered by the Department of Transportation and
County Treasurers' Offices

Schedule of Transactions, Registration Statements and Voids
For the Period January 1, 2014 through April 30, 2016

| | Calendar Year 2013 | | | | Calendar Year 2014 | | | |
| | Total Number of | | | Percentage of voided statements | Total Number of | | | Percentage of voided statements |
County	Transactions	Registration Statements	Voided statements		Transactions	Registration Statements	Voided statements	
Guthrie	24,430	22,052	61	0.28%	24,148	22,355	81	0.36%
Hamilton	31,247	28,581	65	0.23%	31,292	28,596	42	0.15%
Hancock	24,976	22,879	16	0.07%	24,782	22,676	12	0.05%
Hardin	35,213	32,012	64	0.20%	35,066	32,070	46	0.14%
Harrison	33,526	29,339	86	0.29%	33,766	29,800	159	0.53%
Henry	35,372	32,418	44	0.14%	35,616	32,829	31	0.09%
Howard	21,797	18,971	84	0.44%	21,771	19,039	96	0.50%
Humboldt	21,344	19,685	49	0.25%	21,134	19,597	32	0.16%
Ida	16,661	14,724	22	0.15%	16,233	14,441	8	0.06%
Iowa	33,257	30,165	29	0.10%	33,418	30,629	6	0.02%
Jackson	42,232	37,623	150	0.40%	41,951	37,248	192	0.52%
Jasper	70,425	60,253	237	0.39%	72,900	61,126	175	0.29%
Jefferson	28,552	26,217	61	0.23%	28,379	26,124	61	0.23%
Johnson	164,271	151,079	118	0.08%	168,354	154,720	126	0.08%
Jones	38,556	35,403	64	0.18%	38,811	35,668	41	0.11%
Keokuk	22,589	20,616	31	0.15%	22,232	20,502	27	0.13%
Kossuth	37,393	32,536	40	0.12%	37,634	33,318	81	0.24%
Lee	61,552	57,305	159	0.28%	62,300	58,022	135	0.23%
Linn	327,354	297,220	447	0.15%	332,543	301,549	452	0.15%
Louisa	22,992	21,280	24	0.11%	23,047	21,395	56	0.26%
Lucas	18,272	16,416	56	0.34%	17,687	15,904	68	0.43%
Lyon	26,063	23,017	79	0.34%	26,120	23,217	54	0.23%
Madison	31,238	29,180	62	0.21%	32,158	29,903	57	0.19%
Mahaska	42,092	38,074	125	0.33%	41,885	37,947	98	0.26%
Marion	58,167	53,711	54	0.10%	58,368	54,041	136	0.25%
Marshall	64,835	58,919	92	0.16%	65,105	59,148	104	0.18%
Mills	27,697	25,176	29	0.12%	28,482	26,098	50	0.19%
Mitchell	22,754	20,925	59	0.28%	22,856	21,199	73	0.34%
Monona	20,319	18,386	40	0.22%	20,543	18,572	30	0.16%
Monroe	15,260	14,128	5	0.04%	15,315	14,106	28	0.20%
Montgomery	20,264	18,817	27	0.14%	20,748	19,228	25	0.13%
Muscatine	74,323	66,992	101	0.15%	75,162	67,773	115	0.17%
Obrien	29,641	27,240	16	0.06%	29,414	27,169	32	0.12%
Osceola	13,996	12,790	24	0.19%	13,974	12,838	37	0.29%
Page	27,016	24,761	84	0.34%	27,151	24,864	70	0.28%
Palo Alto	19,140	17,592	54	0.31%	18,871	17,483	62	0.35%
Plymouth	52,884	47,717	24	0.05%	53,509	48,283	41	0.08%
Pocahontas	17,529	16,037	39	0.24%	17,426	16,149	43	0.27%

Calendar Year 2015				Calendar Year 2016			
Total Number of			Percentage of voided statements	Total Number of			Percentage of voided statements
Transactions	Registration Statements	Voided statements		Transactions	Registration Statements	Voided statements	
24,196	22,482	72	0.32%	24,750	22,824	54	0.24%
31,902	29,163	30	0.10%	31,609	29,089	47	0.16%
24,937	22,857	52	0.23%	25,281	23,176	78	0.34%
36,090	32,742	57	0.17%	35,883	32,738	43	0.13%
34,048	30,034	179	0.60%	34,672	30,707	188	0.61%
36,266	33,342	44	0.13%	36,733	33,640	43	0.13%
21,868	19,370	82	0.42%	21,835	19,703	76	0.39%
21,191	19,651	45	0.23%	21,425	19,904	103	0.52%
16,245	14,647	41	0.28%	16,246	14,693	36	0.25%
33,250	30,422	21	0.07%	34,392	31,278	8	0.03%
42,155	37,511	127	0.34%	42,239	38,175	94	0.25%
73,175	61,551	231	0.38%	71,747	62,178	196	0.32%
29,064	26,705	56	0.21%	29,026	26,693	54	0.20%
171,949	157,759	200	0.13%	175,743	160,746	286	0.18%
38,945	35,761	89	0.25%	39,479	36,293	70	0.19%
22,390	20,544	12	0.06%	22,610	20,781	17	0.08%
37,478	33,030	71	0.21%	37,309	33,677	56	0.17%
62,955	58,778	201	0.34%	63,982	59,404	207	0.35%
338,938	304,274	710	0.23%	347,642	311,803	1,084	0.35%
23,367	21,686	56	0.26%	23,868	21,902	54	0.25%
18,323	16,382	142	0.87%	18,690	16,829	125	0.74%
26,333	23,706	50	0.21%	27,182	23,903	92	0.38%
32,626	30,426	48	0.16%	33,013	30,695	70	0.23%
42,587	38,922	185	0.48%	42,039	38,310	87	0.23%
58,733	54,385	141	0.26%	59,622	55,208	137	0.25%
66,162	60,020	117	0.19%	66,046	60,297	148	0.25%
28,613	26,141	78	0.30%	29,250	26,648	39	0.15%
22,984	21,278	54	0.25%	22,972	21,141	58	0.27%
20,462	18,607	22	0.12%	19,836	18,231	32	0.18%
15,659	14,381	115	0.80%	16,085	14,663	33	0.23%
20,607	19,010	51	0.27%	21,577	20,166	54	0.27%
76,480	69,182	270	0.39%	77,399	70,067	233	0.33%
30,024	27,785	104	0.37%	29,551	27,522	128	0.47%
13,984	12,953	14	0.11%	14,247	13,170	19	0.14%
27,003	24,981	77	0.31%	26,810	24,844	80	0.32%
18,742	17,512	75	0.43%	19,319	17,935	89	0.50%
53,866	49,092	78	0.16%	54,315	49,549	173	0.35%
17,282	16,014	293	1.83%	17,240	16,008	100	0.62%

Report on a Review of the
Automated Registration and Title Software System
Administered by the Department of Transportation and
County Treasurers' Offices

Schedule of Transactions, Registration Statements and Voids
For the Period January 1, 2014 through April 30, 2016

| | Calendar Year 2013 | | | | Calendar Year 2014 | | | |
| | Total Number of | | | Percentage of voided statements | Total Number of | | | Percentage of voided statements |
County	Transactions	Registration Statements	Voided statements		Transactions	Registration Statements	Voided statements	
Polk	648,746	587,677	590	0.10%	672,670	609,472	771	0.13%
Pottawattamie	140,995	128,233	213	0.17%	145,473	130,202	179	0.14%
Poweshiek	34,206	31,548	42	0.13%	34,110	31,610	56	0.18%
Ringgold	10,777	9,799	44	0.45%	10,758	9,844	17	0.17%
Sac	23,471	21,230	88	0.41%	23,396	21,381	81	0.38%
Scott	260,312	229,657	337	0.15%	259,077	231,050	604	0.26%
Shelby	25,748	23,415	134	0.57%	25,726	23,650	71	0.30%
Sioux	61,217	55,474	42	0.08%	60,822	56,221	47	0.08%
Story	108,125	98,270	143	0.15%	109,385	100,126	140	0.14%
Tama	33,716	31,786	64	0.20%	34,691	32,042	79	0.25%
Taylor	13,117	12,097	22	0.18%	13,254	12,232	12	0.10%
Union	23,653	21,388	28	0.13%	24,140	21,773	26	0.12%
Van Buren	15,055	13,702	91	0.66%	14,912	13,596	116	0.85%
Wapello	62,390	56,140	98	0.17%	62,125	56,170	98	0.17%
Warren	78,174	72,056	107	0.15%	79,346	73,601	121	0.16%
Washington	39,910	36,998	101	0.27%	40,426	37,482	114	0.30%
Wayne	12,597	11,620	27	0.23%	12,449	11,484	22	0.19%
Webster	67,337	61,279	126	0.21%	66,707	61,314	167	0.27%
Winnebago	22,023	20,192	17	0.08%	22,056	20,289	48	0.24%
Winneshiek	38,419	34,874	91	0.26%	38,823	35,190	63	0.18%
Woodbury	159,649	139,419	135	0.10%	162,007	142,168	171	0.12%
Worth	17,601	15,556	53	0.34%	18,044	15,572	73	0.47%
Wright	26,525	24,505	31	0.13%	26,980	24,768	31	0.13%
	5,286,935	4,737,832	8,140	0.17%	5,348,293	4,803,043	8,788	0.18%
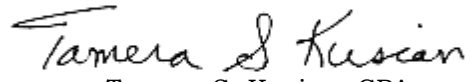
| Calendar Year 2015 | | | | Calendar Year 2016 | | | |
| Total Number of | | | Percentage of voided statements | Total Number of | | | Percentage of voided statements |
Transactions	Registration Statements	Voided statements		Transactions	Registration Statements	Voided statements	
690,317	625,378	1,076	0.17%	699,857	638,840	1,318	0.21%
146,706	132,554	185	0.14%	148,869	133,464	216	0.16%
33,469	31,170	62	0.20%	34,477	31,826	98	0.31%
10,926	10,000	32	0.32%	10,937	10,016	44	0.44%
23,328	21,338	48	0.22%	23,294	21,340	27	0.13%
264,001	237,367	1,389	0.59%	269,715	245,401	1,776	0.72%
26,725	24,349	104	0.43%	26,038	23,993	77	0.32%
62,368	57,816	103	0.18%	62,650	58,255	66	0.11%
110,950	101,695	192	0.19%	113,088	103,284	260	0.25%
34,405	31,668	80	0.25%	35,058	32,096	153	0.48%
13,203	12,095	20	0.17%	13,124	12,070	17	0.14%
24,267	21,954	114	0.52%	24,038	21,876	103	0.47%
15,358	14,068	107	0.76%	15,689	14,372	81	0.56%
63,220	57,575	199	0.35%	63,749	58,020	121	0.21%
82,452	76,353	144	0.19%	85,472	78,288	320	0.41%
41,065	38,005	123	0.32%	42,143	38,782	105	0.27%
12,782	11,791	30	0.25%	12,676	11,703	40	0.34%
67,745	61,879	166	0.27%	68,906	62,949	164	0.26%
22,108	20,336	22	0.11%	22,151	20,511	30	0.15%
38,798	35,270	90	0.26%	38,875	35,191	101	0.29%
162,777	144,189	289	0.20%	163,912	145,913	225	0.15%
18,536	16,036	90	0.56%	17,798	15,878	69	0.43%
26,856	24,664	65	0.26%	27,532	25,317	63	0.25%
5,405,577	4,873,213	12,902	0.26%	5,465,981	4,948,622	13,753	0.28%

Report on a Review of the
Automated Registration and Title Software System
Administered by the Department of Transportation and
County Treasurers' Offices

Staff

This review was conducted by:

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James S. Cunningham, CPA, Manager
Christian E. Cottingham, Senior Auditor
Erin Sietstra, Staff Auditor
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