



Department of Public Safety

BMV Tax Distribution Audit

Audit Period: April through June 2012

Results Summary:

Objective	Conclusion
Deputy Registrar Account Revenue Distributions to Appropriate Funds	Well-Controlled with Improvement Needed
License and Permissive Tax Distributions to Counties, Municipalities, and Townships	Well-Controlled with Improvement Needed
IRP Revenue Distributions to and from Out-of-State Jurisdictions	Well-Controlled



Executive Summary

Background

The Ohio Department of Public Safety's Bureau of Motor Vehicles (BMV) administers the distribution of license tax revenue, permissive tax revenue, and out-of-state International Registration Plan (IRP) revenue.

Distributing these revenues involves daily distributions of vehicle registration license taxes from Deputy Registrar holding accounts to various funds; monthly distributions of portions of these revenues to counties, municipalities and townships; monthly distributions of IRP revenue to other states and Canadian provinces; and the quarterly distribution of Contributors fees to special interest groups.

During 2011, the BMV distributed over \$468 million in license and permissive tax revenue to 2,299 taxing districts and 88 counties. The BMV also distributed over \$66 million in IRP revenue to 58 out-of state jurisdictions.

During the audit, OIA identified opportunities for the BMV to strengthen internal controls and improve business operations. A summary, along with detailed observations, have been provided. OIA would like to thank the BMV staff and management for their cooperation and time in support of this audit. This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

Scope and Objectives

OIA staff was engaged to perform assurance work related to the distribution of license tax revenue, permissive tax revenue, and out-of-state IRP revenue. This work was completed between July and November 2012. The audit objectives included the following:

- Evaluate the design and effectiveness of controls over the process of distributing revenue from the Deputy Registrar Account to the appropriate funds.
- Evaluate the design and effectiveness of controls over the process of distributing license and permissive taxes to counties, municipalities, and townships.
- Evaluate the design and effectiveness of controls over the process of distributing IRP revenue to out-of-state jurisdictions, counties, municipalities, and townships.

Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high or moderate risk observations and recommendations identified as a result of this audit. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee