

Date: March 5, 2013

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To: Jean Shiomoto, Acting Director
Department of Motor Vehicles
2415 First Avenue
Sacramento, CA 95818-2606

From: Department of General Services
Office of Audit Services

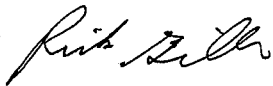
**Subject: AUDIT REPORT: COMPLIANCE WITH STATE BUSINESS
MANAGEMENT POLICIES**

Attached is the final report on our compliance audit of the business management functions and services of the Department of Motor Vehicles (DMV). The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the Department of General Services.

As noted in the report, we concluded that the DMV is conducting its business management functions and services in compliance with State requirements.

We greatly appreciated the cooperation and assistance provided by the DMV's personnel.

If you have any questions, please call me at (916) 376-5058, or Andy Won, Audit Supervisor, at (916) 376-5052.



RICK GILLAM, CPA, CIA
Chief, Office of Audit Services

Attachment

cc: Pam Mizukami, Deputy Director, Administrative Services Division
Jeannie Jones, Chief, Business Management Branch
Barbara Owens, Chief, Audits Office

**STATE AND CONSUMER SERVICES AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE
DEPARTMENT OF
MOTOR VEHICLES**

**FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 1122**

OFFICE OF AUDIT SERVICES

JANUARY 2012

**DEPARTMENT OF MOTOR VEHICLES
COMPLIANCE AUDIT
REPORT NO. 1122**

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STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: March 5, 2013

TO: **JEAN SHIOMOTO**, Acting Director
Department of Motor Vehicles

This report presents the results of our compliance audit of the business management functions and services of the Department of Motor Vehicles (DMV). These audits are routinely performed under the authority granted to the Department of General Services (DGS) by Government Code Sections 14615 and 14619. The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the DGS.

As applicable, the scope of our audits of state agencies includes, but is not limited to, compliance with policies governing contracting, fleet administration, small business and disabled veteran business usage, driver safety and insurance, records and forms management, surplus property and real estate. To avoid duplication of work, our review of DMV's operations did not include detailed testing of the department's contracting program. At the time of our review, DMV's Audits Office was auditing the contracting program. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

Overall, we concluded that the DMV is conducting its business management functions and services in compliance with state requirements. However, we did identify a number of areas for improvement with those functions and services. These matters included our concern that business management policies and procedures were not ensuring the: (1) attendance of a defensive driver training course by frequent drivers; (2) completion and annual update of a vehicle certification form by employees who use their own vehicle to conduct state business; (3) maintenance of up-to-date records retention schedules; and, (4) timely reporting and supervisory review of motor vehicle accidents.

Prior to the completion of our audit, we verified that appropriate actions had been or were being taken to address the above issues. Therefore, they are not further discussed in this report. We were pleased with the prompt actions taken by the DMV to address findings identified during our audit fieldwork.

To determine compliance, we reviewed policies and procedures, interviewed parties involved, tested records and transactions and performed other tests as deemed necessary. The period covered by our testing varied depending upon the area of review and the type of transactions involved; however, the emphasis of our review and testing

was with current procedures and transactions completed during the 2010/11 and 2011/12 fiscal years.

We greatly appreciated the cooperation and assistance provided by the DMV's personnel.

If you need further information or assistance on this report, please contact me at (916) 376-5058, or Andy Won, Audit Supervisor, at (916) 376-5052.



RICK GILLAM, CPA, CIA
Chief, Office of Audit Services

Staff: Andy Won, Audit Supervisor
Monica De La Rosa

cc: Pam Mizukami, Deputy Director, Administrative Services Division
Jeannie Jones, Chief, Business Management Branch
Barbara Owens, Chief, Audits Office