

PERFORMANCE AUDIT
Motor Vehicle Title and Registration
Process
Department of Justice

MAY 2012

11P-07

REPORT SUMMARY

The State of Montana titles and registers over a million vehicles and collects over \$100 million in fees annually using the new Montana Enhanced Registration and Licensing Information Network (MERLIN) system; the Department could strengthen controls to ensure motor vehicle records and fees are accurate and should improve its communications with county offices using the system.

Context

The Department of Justice (Department) titles and registers over one million vehicles each year and in 2011 collected over \$100 million in fees. The Department's Motor Vehicle Division operates MERLIN, which is used to manage various activities, including titling and registering of vehicles, driver examinations and licensing, and regulating of motoring activities in Montana.

In 2009, the Department implemented MERLIN replacing its previous information system. MERLIN was designed to offer additional functionality. While citizens can conduct transactions online or in county offices, MERLIN records, processes, and generates fees for all transactions. County offices send revenue collected from title and registration transactions to the Department each month. The amount sent to the Department includes fees collected from title and registration transactions, excluding the county's portion of revenue collected. The Department then records revenues on the state's accounting records. For online transactions, the Department's contractor sends both state and county portions of revenue to the Department.

Results

Audit work determined MERLIN accurately records and processes transactions, including title and registration fees. However, the Department could strengthen controls to ensure vehicle ownership records in MERLIN are accurate, duplicate plates do not exist, and fee adjustments are accurate. Additionally, since county offices are responsible for conducting front-end title and registration transactions, the Department could improve its communication structure with county offices to promote a more accurate and efficient motor vehicle title and registration process.

Based on audit work, we conclude MERLIN accurately captures and records transactions at the county level and generates transactions for all vehicle registration changes. However, the Department could improve the accuracy of vehicle and ownership records in MERLIN. Recommendations related to this area include establishing controls to ensure vehicle ownership records are accurate, identifying and correcting inaccurate security

interest or lien information, and correcting records affected by plate reassignment errors. Additionally, audit work determined duplicate license plates exist, meaning two or more citizens may be driving vehicles with the same plate number. Therefore, we recommend the Department remove duplicate license plates from circulation and issue new license plates to affected citizens.

Audit work also determined MERLIN accurately records and processes title and registration fees. However, 50 percent of counties responding to our survey indicated some type of inaccuracy with fees generated in MERLIN. Based on our review we identified variances in fees exist, due to fee amounts being adjusted during transactions. Since certain fees can be waived, counties need to be able to conduct fee adjustments. However, in some cases, we could not identify why adjustments were made. Therefore, to ensure fees charged are accurate, we recommend the Department strengthen its controls over fee adjustments.

County offices have an important role in the recording and processing of vehicle title and registration transactions. Audit work determined the Department could make improvements to its communications with county offices. Recommendations for improvement include, establishing a formal training plan for county offices, developing a formal communication structure with county offices, and following-up with county offices on inventory issues.

Recommendation Concurrence	
Concur	1
Partially Concur	7
Do Not Concur	0
Source: Agency audit response included in final report.	

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