

**A Report to the Citizens  
of Salt Lake County and the  
Board of County Commissioners**

**November 1997**

**A Performance Audit of the**

**Salt Lake County  
Motor Vehicles Division**

**Craig B. Sorensen**

**County Auditor**

A PERFORMANCE AUDIT

of the

SALT LAKE COUNTY  
MOTOR VEHICLES DIVISION

NOVEMBER 1997

CRAIG B. SORENSEN

Salt Lake County Auditor

Audit Performed by:

Gregory J. Folta  
Ron W. G. Miller  
K. Dirk Peterson, CPA

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# A Limited Scope Audit of the Salt Lake County Motor Vehicles Division

*This report is divided  
into the following  
sections:*

- I. Executive Summary*
- II. Introduction*
- III. Scope and  
Objectives*
- IV. Findings and  
Recommendations*
  
- Appendices*

## **I. Executive Summary**

### **Background**

The Assessor's Motor Vehicle Division (MV) is responsible for collecting fees (in-lieu of property taxes) and processing registrations for cars, trucks, all other types of motorized recreational vehicles, and aircraft.

Problems associated with processing MV transactions have been well known at both the State and County for many years. The latest State action to resolve problems and improve services was to direct that all functions be assumed by only one agency, either the State or the County. Accordingly, the County assumed responsibility for State functions in 1996. This action in itself solved few, if any, problems. The State, has not provided sufficient funds to the County to perform State related MV functions. As a result, the Salt Lake County Commission in June 1997, elected to turn over all motor vehicle operations to the State. However, this decision was reversed on August 13, 1997, after the State indicated it would not pay County employee, or former State employee, salaries at the existing rate after they were transferred to the State. The County did maintain existing salaries when State employees transferred to the County. At any rate, shifting the burden from one entity to another will likely not solve the underlying problem. Lack of funding is the key issue. Until MV operations receive sufficient funds to make necessary improvements, patrons will continue to suffer with inadequate government service.

### **Findings and Recommendations**

#### **1.0 Efficiency of Motor Vehicle (MV) Operations**

Given current levels of funding, the MV section is working at maximum capacity and efficiency, but is still not meeting the demand for services. This conclusion is based on the following findings:

***! All available Motor Vehicle Technicians (cashiers) are working at maximum capacity while patrons wait in long lines.***

***! Mail-in-registration is not an option for a majority of patrons at Motor Vehicle offices.***

***! Motor Vehicle operations have not been genuinely consolidated.***

During the audit, we found that patrons must wait in line an average of one hour and thirteen minutes to renew a registration. Aggravated patrons frequently express their dissatisfaction, sometimes by threatening cashiers.

Large work loads and stressful working conditions result in large amounts of overtime, and excessive employee turnover (20% a year). Both conditions hinder management's ability to maintain what is already a barely adequate level of service.

Service will not be improved or excessive work loads reduced simply by expanding the mail-in-registration program. Of the walk-in patrons, only 30% may have had an option to mail in. The remaining 70% did not have that option. It was necessary for them to appear in person to solve their plate and/or title problems. Patrons will continue to have problems which require them to accomplish their transactions in person.

***To improve the situation, additional funding will be required.*** For example, the computer systems need to be revamped. Currently, there are two systems, one for the State and one for the County. Efficiency could be significantly increased if these two systems were replaced with one effective system. However, this is just one example, nearly all of our recommendations to improve efficiency will require additional funding.

## **2.0 Adequacy of Funding for MV Operations**

State funding for 1996, the year the County assumed State functions, was based on a reimbursement model developed by the Office of the Legislative Auditor General (OLAG). The model was essentially constructed to pay Salt Lake County for the payroll costs of State employees who would transfer to the County and was based on the assumption that State work represented 50 percent of all work performed. However, the County was already doing a considerable amount of State work. Our analysis indicates the composition of work performed to be 73% State and 27% County. Thus, funding from the State, based only on payroll of State employees, was insufficient from the start.

Additionally, OLAG indicated that the State Tax Commission (STC) should negotiate overhead reimbursements with each county. This was not done for

***70% of patrons did not have the option to renew their registration through the mail.***

Salt Lake County. Overhead costs are a significant part of the MV budget in Salt Lake County and should have been negotiated with the STC. Given annual reimbursements from the State of \$822,000, the actual 1996, and projected 1997 funding shortfalls for the County (considering salaries and overhead) are \$798,297 and \$1,133,735 respectively.

Based on findings set forth in this report, we have concluded that the current method of funding (part State and part County) is unsatisfactory at best. It should be eliminated and replaced with a fee based system which would provide sufficient, dedicated funding for MV operations regardless of whether the State or the County assumes responsibility for its operation. Further, based on our analysis which shows that 73% of MV functions appertain to the State, we have concluded that the State should assume responsibility for MV operations. With the aforementioned funding system, sufficient funds would be available to maintain County MV employee salaries at their current levels.

### **3.0 Internal Controls**

With respect to our assessment of internal controls, we found that full time security is needed, cash handling controls need improvement, and aircraft assessing and collecting functions need to be segregated.

Please refer to section IV for more information about each of these findings.

## II. Introduction

The Assessor's Motor Vehicle Division is responsible for collecting property taxes or fees in-lieu of taxes and processing registrations for cars, trucks, motorcycles, boats, trailers, jet skis, snow mobiles and all other types of motorized recreational vehicles.

Problems at motor vehicles, which have caused patrons to wait in long lines, have been well known at both the State and County for many years. This office completed an audit of the Motor Vehicle Division in 1986. In the report of that audit we pointed out a number of problems and recommended that State and County functions be combined to help reduce long lines. After several years, the County was finally able to reach an agreement with the State to combine registration renewals and the County's property tax collection. This action did help reduce wait times, but many other problems caused conditions to become much worse. In an effort to help alleviate some of the problems, the State, directed that *all motor vehicle functions* be accomplished by only one agency, either the State or the County. Salt Lake County opted to assume State functions beginning in 1996. This action in itself solved few, if any, problems.

As will be shown in this audit report, many problems continue to plague Motor Vehicle operations and patrons are more frustrated now than ever. Nearly all of the problems are associated with State functions, but the State has not provided sufficient funding to solve the problems. And funding requests made by the County Assessor to the Salt Lake County Commission have also been rejected. In view of the lack of adequate funding and the number of patron complaints received, the Salt Lake County Commission directed, in June 1997, that Motor Vehicle functions be given to the State including the collection of the County's personal property taxes, or fee in-lieu of taxes. However, in August 1997, the Commission reversed this decision after learning the State would be unwilling to maintain existing salary levels of County employees and former State employees who would transfer to the State. Again, shifting the burden from one entity to another will not likely solve the underlying problems and Motor Vehicle patrons will continue to be the victims of inadequate government service. On the other hand, if adequate funding is provided through a more workable system, motor vehicle services can be greatly improved.

Motor vehicle services are presently provided from two facilities, one at 799 North Redwood Road in Rose Park, and the other at 4050 South 500 West in Murray. While not seen by the general public, motor vehicle personnel also perform a large amount of work in the mail processing room at Murray and the dealer transaction area at Rose Park. An organization chart which illustrates current staffing is presented as Appendix A. Beginning March

1997, some satellite locations including dealers, inspection stations, and lube shops began processing registration renewals for a fee.

### **III. Scope and Objectives**

The County Assessor requested the County Auditor to conduct a performance audit of Motor Vehicle operations. The Assessor was concerned about the:

- ! efficiency of operations,
- ! adequacy of funding, and the fairness of funding between the County and the State.

Also, because Motor Vehicles collects large sums of money on a daily basis, our work included:

- ! a review of internal controls relative to cash handling functions.

### **IV. Findings and Recommendations**

#### **1.0 Efficiency of Motor Vehicle (MV) Operations.**

Given current levels of funding, the MV section is working at maximum capacity and efficiency, but is still not meeting the demand for services. This conclusion is based on the following findings:

- ! *All available Motor Vehicle Technicians (cashiers) are working at maximum capacity while patrons wait in long lines.*
- ! *Mail-in-registration is not an option for a majority of patrons at Motor Vehicle offices.*
- ! *Consideration should be given to establishing a MV office near the south end of the valley.*
- ! *Motor Vehicle operations have not been genuinely consolidated.*

#### **1.1 All available Motor Vehicle Technicians (cashiers) are working at maximum capacity while patrons wait in long lines.**

*c The time patrons spend waiting in line is excessive.*

*c All available cashiers are working at maximum capacity.*

**1.1.1 The time patrons spend waiting in line is excessive.**

Average wait times for the Murray office vary depending on the time of day, day of the month, and number of windows open. On some days, wait times far exceed acceptable levels. On the morning of May 20, 1997, average wait times were: Plate and Title, forty-six minutes with 7 to 8 windows open; Renewals, one hour and 13 minutes with 3 to 5 windows open. (There is insufficient staffing for every window to be used all of the time. We noted that when windows are not staffed, personnel are performing other critical operational tasks.) Using the number of patrons on May 20 as a reference, observation on other days suggest these wait times are a frequent occurrence.

Interviews with Motor Vehicle Technicians, referred to in this report as cashiers, revealed that they are exposed, on a daily basis, to the frustration patrons experience as a result of waiting in long lines. Patrons express their frustration and dissatisfaction with cursings, glaring, and periodic loud moans, shouts, and complaints made from the waiting areas.

On a less frequent but more serious note, patrons periodically try to hit employees, throw things, hit furniture, verbally abuse, and threaten employees with physical assault including sexual assault and shooting. In our opinion, if the County's service capacity is not increased, the potential exists for County employees to be harmed. (See Appendix B for a summary of cashiers' comments.)

**1.1.2 All available cashiers are working at maximum capacity.**

In addition to wait times and associated problems, payroll statistics indicate that the Motor Vehicle Division is working at capacity. We found that:

*c Overtime rates, and employee turnover are excessive.*

Because of work load and inadequate staffing, both Murray and Rose Park locations work approximately five times as much overtime as the Assessor's office as a whole. And employee dissatisfaction with stressful working conditions is reflected in the turnover rate. During 1996, the employee turnover rate for Motor Vehicles was twenty percent.

We also observed that management has to deal with unexpected absenteeism and staffing problems almost on a daily basis. Frequent absenteeism and staffing shortages significantly hinder management's ability to maintain a

*Sometimes patrons must wait over an hour to renew a registration.*

*Working conditions are difficult and sometimes dangerous.*

*The annual employee turnover rate is twenty percent.*

barely adequate level of service. In addition, our observations of both the Rose Park and Murray operations revealed that neither office appeared to have any time(s) when staff were not busy. According to cashiers at Murray, slack times ended in 1993.

### **1.2 Mail-in-registration is not an option for a majority of patrons at Motor Vehicle offices.**

Because of the commonly held belief that increasing mail-in-registrations will reduce congestion at the MV offices, we addressed the issue directly. In gathering facts relative to this matter, we surveyed MV patrons to determine why they came to the office in person rather than using the mail.

Surprisingly, we found that **70.2% of the time, patrons have no choice but to come to the office in person.** At least 34.5% of those who came in completed plate and title transactions, work which requires an initial appearance at the office and is not part of the mail-in-registration program. In addition to plate and title work, patrons must also come in person to complete a variety of other transactions. These include for example, impounds, temporary registrations, handicapped permits, and special decals.

Survey results also revealed that, even with respect to registration renewals, there are many reasons why patrons must come in person. These reasons include for example, incomplete *taxes due* information, and failure to receive a renewal form in the mail. Survey results are summarized in Table 1 below.

*In a majority of cases, patrons have no choice but to come in person.*

*Patrons have valid reasons for coming in person and will continue to need MV facilities.*

<b>Patron's description of reason for renewing registration in person</b>	<b>% of responses</b>
<i>Patron must come into the office.</i>	
Plate and title transactions	29.0%
Impound, handicapped, special decals, and other miscellaneous transactions	5.5%
Registration form didn't provide amount of taxes due and couldn't resolve over the phone.	5.2%
Moved and even though gave forwarding address did not receive renewal packet. Or didn't receive renewal packet in mail.	5.2%
For valid reason unable to complete registration in time. Want to use vehicle and came in person to avoid getting a ticket. <sup>1</sup>	9.9%
Didn't receive renewal form in time to mail. <sup>1</sup>	1.2%

Have previously had problems with registration or unsure of outcome and came in person to insure registration is renewed properly.	1.4%
<i>Table 1 continued on page 5</i>	
Need a special permit which requires in person application. Or lost renewal packet and need to complete and submit a hand written renewal application.	6.7%
Even if middle of month, patron does not believe that can mail renewal form and receive back before the end of the month. <sup>1</sup> Or, doesn't trust mail. <sup>2</sup>	6.1%
Sub-Total	70.2%
<b><i>Patron has option but will likely continue to choose to come in person.</i></b>	
Has a seasonal use vehicle and registers it just prior to use. Registration is now expired because renewal forms received too far before season of use. <sup>3</sup>	6.6%
Likes to come in person. Lines and or time not a concern. Renewing registration on company time. <sup>2</sup>	7.1%
Murray office convenient because it is located close to work. Or was in the area conducting personal business. <sup>2</sup>	2.4%
Sub-Total	16.1%
<b><i>Patron has option, and may or may not use the mail.</i></b>	
Persons who allowed registration to expire for no valid reason. <sup>2</sup>	13.7%
Sub-Total	13.7%
<b>TOTALS</b>	<b>100%</b>

*Table 1. Summary of patrons' reasons for renewing registrations in person*

**Table 1 Footnotes:**

- <sup>1</sup> Patron could mail in but would risk getting a ticket.
- <sup>2</sup> With adequate incentive (reduced fee) these patrons *may* mail in.
- <sup>3</sup> May mail in if registration time for RV vehicles was adjusted to early spring or other appropriate months.

**1.3 Consideration should be given to establishing a MV office near the south end of the valley.**

The disappearance of down time at the Murray office is a strong indication that it has reached capacity. This can, in large measure, be attributed to Countywide population growth. As a result, the need to relocate or provide additional processing sites needs to be considered.

Statistics support the need to re-evaluate the geographical placement of Motor Vehicle operations. The Murray office processes about 64 percent of walk in registration renewals while the Rose Park location processes only 37 percent. Additionally, at least 74 percent of both the County's population and passenger vehicles are closer to the Murray office.

In March of 1997, 13 satellite centers (emissions testing facilities, lube shops, tire stores and automobile dealerships) began providing registration renewals for a fee. In addition to the use of satellite locations, the relocation, in whole or in part, of the Rose Park facility, and/or the creation of a south valley office should be considered as options for distributing work more evenly throughout the County.

*A MV office is needed in the south end of the valley.*

**1.4 Motor Vehicle operations have not been genuinely consolidated.**

Lack of genuine consolidation is evidenced in the fact that both jurisdictions continue to play significant roles in processing motor vehicle transactions. For example, the State is involved in terms of maintaining a motor vehicle database, providing IS system and software services, mailing registration decals, and providing oversight, and funding. And the County has been involved in terms of database editing, IS system and software support, printing-mailing-and-collecting registration renewal forms, most transaction processing, and funding.

*Both the State and the County have continued to be responsible for significant portions of MV operations.*

This lack of consolidation is most obvious in Motor Vehicles' use of two computer systems. The State system is used for plate and title transactions, and the County system for registration renewals. The use of two separate systems causes a number of problems including:

- Many functions must be performed twice and in two different ways.
- At times cashiers become confused with using two systems and the likelihood of error is greater.

- Training is more difficult and expensive (learning and developing expertise is more difficult).
- Inefficiencies result when systems are unable to share critical data.

As an example of the latter, for new vehicle owners requesting plates, cashiers using State terminals are unable to locate fee payments (made by the previous owner) recently processed on County terminals. In some cases, the new owner is required to pay the fees again, and the County to process an unnecessary refund. This problem occurs because it takes from 2-4 weeks for payments made through County machines to be posted to the State system's master file.

Posting takes this long because data for renewal transactions already completed on the County's system is not being downloaded to the State. Instead, the State re-processes the information by running a portion of the original renewal form through a machine reader. This re-processing is also responsible for some address problems as changes noted on renewal cards are not always picked up by the State.

In addition to renewals, all plate and title transactions must also be re-processed by the State. Plate and title transactions, however, must be re-processed manually.

Use of two systems may also be an indication that neither system is fully adequate. In fact, State software has important capabilities which County software does not and vice versa. For example, the County system has the unique ability to process registration renewals using optical character recognition (OCR), while the State's system is unique in that it can track the use of decals and license plates.

We also noted that the State system periodically goes out of service. Reliability problems are primarily caused by Wide Area Network related connection failures. When a system goes down, cashiers have no alternative but to fill forms out by hand, an extremely time consuming process. To make matter's worse, information on forms must be handled a second time; when a system comes back on line, transaction data must be entered into the appropriate system.

Use of the State's system also results in inexplicable and frequent losses of data. In these situations, cashiers have to manually reconstruct and re-process lost transactions. In one case, it reportedly took one person two days to complete this process for one customer's transactions.

***The use of two computer systems is MV's greatest source of inefficiency.***

State data processing personnel have indicated that many of these problems will be resolved in the software re-write contracted to begin in September of 1997.

## **2.0 Adequacy of Funding for MV Operations.**

*Nearly all solutions which would materially increase efficiency and/or capacity of Motor Vehicle operations will require additional funding.*

### **2.1 State funding has been inadequate.**

State funding for 1996, the year all motor vehicle operations were assumed by the County, was based on an "efficiency model" developed in 1993 by the Office of the Legislative Auditor General (OLAG). While using a complex "standard unit" formula and a declining reimbursement rate (based on the theory that MV offices would or should become more efficient as the number of transactions increase), the model was so constructed that it reimbursed Salt Lake County only for the payroll costs of State employees who would transfer to the County.

The decision to provide this level of payroll funding was based on the assumption that State work represented 50 percent of all work performed. However, as mentioned earlier, the County was already performing a large number of State related functions in the renewal process. Moreover, the OLAG model did not include reimbursement for overhead costs. Based on our analysis, the 50/50 split assumed in 1993 was probably not accurate. Even a MV Fees Study Committee report furnished to the State Tax Commission, dated November 26, 1996 indicated that the 50/50 split was not equitable.

We estimate the composition of work performed to be 73% State and 27% County. Even subjectively viewing the processes, one comes to the conclusion that nearly all functions are State functions, even part of the renewal process, which is currently considered a purely County function. Because the State based their contribution on 50% of payroll costs rather than 73%, and because they did not consider costs other than payroll, funding from the State was insufficient from the start.

#### **! With respect to payroll costs:**

- Using the 73/27 split, the State reimbursement to Salt Lake County should have been \$1,388,003 based on actual costs for 1996. This represents a shortfall of \$566,003 ( $\$1,388,003 - \$822,000$  [actual reimbursement] = \$566,003).

*State work represents, not 50 percent, but 73 percent of all work performed.*

- Using the same methodology, projected reimbursement from the State would be \$1,683,953 based on the 1997 budget. This represents a shortfall of approximately \$861,953 (\$1,683,953 - \$822,000 [reimbursement same as 1996] = \$861,953).

**!** **With respect to overhead costs**, the OLAG model did not include reimbursement for overhead. Rather, the OLAG performance audit report stated that overhead should be negotiated separately by each county with the STC. This was not done for Salt Lake County.

- Overhead costs are a significant part of the MVD budget in Salt Lake County and needed to be included in negotiations with the STC.
- Our analysis indicates that the cost of most overhead items should be split on a 50/50 basis such as printing and postage costs. Other overhead costs such as office supplies and equipment should be split based on the operational ratio of 73 percent State, and 27 percent County. Other costs are purely County such as subscription and membership fees and are not allocable to the State.
- Currently rent and utilities are paid for by the County for the Murray Office and by the State for the Redwood Road office. However to be equitable, rent and utility costs should be shared on a 50/50 basis. In 1996, rent and utilities for the Murray office were \$139,208, while the State paid \$134,676 in rent and utilities for the Redwood Road office. The difference in these numbers would require a slight adjustment to the reimbursement amount the State would pay the County. This adjustment is reflected in the attached spread sheet (Please see Appendix C.) which shows that County costs for these items are not allocated to the State. Again, the State pays rent and utilities for the Redwood Road office.
- Based on our review of actual overhead costs for 1996 which totaled \$598,030, the State should have reimbursed the County \$232,294.
- Based on the 1997 budget, total overhead costs would be \$714,449, and the State would need to reimburse the County in the amount of \$271,782.

*In 1996, the County paid approximately \$798,000 to perform State functions.*

**!** **Total reimbursements from the State** (a combination of both salary and overhead costs) and shortfalls based on current funding from the State of \$822,000 are:

<b>Year</b>	<b>Payroll</b>	<b>Overhead</b>	<b>Total</b>	<b>Shortfall</b>
1996 Actual	\$1,388,003	\$232,294	\$1,620,297	\$798,297
1997 Projected	\$1,683,953	\$271,782	\$1,955,735	\$1,133,735

Please see Appendix C for a summary of the information and analysis used to compute the funding shortfalls discussed in paragraph 2.1.

**2.2 MV operations should be funded by a separate fee for each vehicle registration/renewal.**

To eliminate the controversy over which entity should fund what portion of MV operations, funding should be provided by a separate fee. The fee should be in addition to the vehicle registration and emissions control fees presently charged by the State, and the fee in-lieu of taxes established by the State and collected for the County. The separate fee should be sufficient to cover the full costs of MV operations including capital improvements and maintenance of facilities and equipment. With this source of funding, either the State or the County could effectively assume responsibility for *all* MV operations. All is emphasized because which ever entity assumes responsibility should own and operate all aspects and functions of MV operations.

As previously mentioned, some functions and equipment belong to the State and some belong to the County. Operationally, this split between responsibilities and ownership is a management nightmare and grossly inefficient. The following table illustrates the principal interest in and benefit from MV functions.

*A dedicated source of funding is needed.*

<b>Summary of Principal Interests and Benefits</b>			
<i>Function</i>	<i>Principal Interest</i>		<i>Benefit</i>
	<i>State</i>	<i>County</i>	
Plate & Title	X		Regulation/ law enforcement, source of revenue
Registration renewal	X		Regulation/ law enforcement, source of revenue
Fee in-lieu of Taxes		X	Source of revenue
Vehicle impoundment	X		Regulation/law enforcement,

*Table 2. Motor Vehicle operations is largely a State function.*

It should be noted that both the State and County need to use mailers and plate and title information to achieve their respective benefits. The State needs to have MV offices to service patrons who must appear in person. Again, people must appear in person to accomplish plate and title transactions, and to solve registration renewal and other State related problems. There are a few problems related to collecting the fee in-lieu of taxes for the County, but these are usually caused by a lack of valuation data (amount of fee) on the renewal notice. Even this is a State related problem because the State currently determines the amount of the fee and has that amount placed on the renewal notice. Thus, the State is the entity that must have Motor Vehicle Offices. Also, plate, title and registration information is absolutely essential for State law enforcement operations and the registration process is essential for air pollution control.

Based on the above considerations, it is obvious that, from an operational point of view, the State has the greatest interest in, and benefit from, MV operations. In considering which entity should operate MV, it seems clear that the entity with the greatest operational interest and benefit should assume that responsibility. Therefore, it is our opinion that the State should own and operate all MV functions including the collection of all related fees. The State should remit to the County the fees in-lieu of taxes much the same as it does with respect to sales tax and other taxes collected by the State Tax Commission and remitted to the County.

The separate fee mentioned above should be set at a sufficient amount to cover full costs of operations. Current costs of County MV operations amount to approximately \$3,150,000 annually. This number should be adjusted

to reflect State costs for functions not currently accomplished by the County. Additionally, an estimate should be included for capital improvements, equipment, and other costs needed to improve MV operations. For 1996, MV collected approximately \$87 million in all types of fees. Given costs (before the above mentioned adjustments) and revenues, the cost of operations are about 3.6% of collections. With adjustments, the cost could be about 4.0% (this is a judgmental estimate). The calculated rate should be used to assess an "administration fee." The rate should be applied to the total of registration, in-lieu, and all other fees a patron must pay.

Figures 1 and 2 below show examples of the administrative fees which would be assessed for plate and title or registration renewal work performed for a passenger vehicle valued at \$10,000. Plate and title, and registration renewal transactions are the most common. Other transactions such as replacement plates, or heavy truck fees which are based on vehicle weight classification, would also be charged an administration fee. The 4% rate is used as an example.

**Plate and Title Transaction**

Plates and Title	\$ 28.00
Duplicate Registration	4.00
Air Pollution Control	3.00
Fee in-lieu of taxes @ 1.5%	<u>150.00</u>
Total Current Fees	<u>185.00</u>
Administrative Fee @ 4.0%	<u>7.40</u>
Total Cost for Plate and Title Transaction	<u><u>\$192.40</u></u>

*Figure 1. Example of administrative fee assessed on a plate and title transaction*

**Mail-in-Registration Renewal**

Registration Fee	\$24.50
Air Pollution Control	3.00
Fee in-lieu of taxes @ 1.5%	<u>150.00</u>
Total Current Fees	<u>177.50</u>
Administrative Fee @ 4.0%	<u>7.10</u>
Total Cost for Registration Renewal	<u><u>\$184.60</u></u>

*Figure 2. Example of administrative fee assessed on a typical mail-in-registration renewal*

As will be discussed later, aircraft valuations and assessment of fees should be treated as a separate issue from motor vehicles and remain as a County function.

### 3.0 Recommendations to Improve Efficiency

- ! We recommend the State assume full responsibility for MV operations, excluding aircraft. The State should collect all associated fees and remit the fee in-lieu of taxes to the County.
- ! We recommend that MV operations be funded by charging an administration fee as discussed above. The fee should be set at a rate which will cover the full costs of MV operations and be used for only that purpose. This recommendation should be implemented regardless of whether the State or the County takes responsibility for MV operations.

*In the event the State will not assume responsibility for MV operations, we recommend the County:*

- ! Make every effort to secure fee based funding for MV operations as discussed above.
- ! Completely revamp MV operations to provide:
  - A stand alone computer system (client server), independent of the State's system, which would perform all MV functions and down load pertinent information on a daily bases to the State system for the purpose of updating the State's MV files.
  - Additional staffing and expanded hours particularly at the Murray Office, perhaps one shift from 7:AM to 4:PM and another from 9:AM to 6:PM.
  - Additional "hand stamping" services (perhaps two desks at the Murray Office), not just to reduce large lines, but to help prevent them from occurring.

“Hand stamping” refers to the use of portable work stations where cashiers can quickly issue decals to patrons who pay by check and have all of their paperwork completed. Cashiers retain patron registration renewal forms so they can be processed at a later time by mail room personnel.
  - A significantly expanded satellite program and actively advertise the availability of satellite registration renewals.

- ! Consider accomplishing the following:
  - Until a new computer system is placed into operation, install redundant printers at both offices to avoid delays and hand processing caused by existing equipment failures.
  - Develop the ability to offer plating (and possibly title) services at a few satellite locations such as selected dealerships.
  - To improve site based processing capabilities, relocate all or part of the Rose Park facility, and create an additional County MV office near the south end of the valley.
  
- ! To help decrease the walk-in traffic at the MV offices and increase the number of mail-ins, we recommend the County:
  - Provide an accessible phone number where an authorized representative of the Assessor's Office can provide patrons (those with incomplete registration forms) reliable information concerning the amount of fees due so patrons may still use the mail rather than walk in.
  - Renew all RV registrations during the same month of the year, based on the type of RV and its respective season of use.
  - Consider providing a significant incentive to mail in renewal forms. Specifically, increase registration fees by perhaps \$5.00 and then offer an equal discount for using the mail. Patrons who must appear in person due to no fault of their own (e.g. plate and title transactions) should also be given the discount. In this manner, people who choose to walk-in rather than mail-in, will pay an extra \$5.00.

**4.0 Some County Assessor Functions should continue to be performed.**

*If the State assumes responsibility for MV functions,* the County Assessor should retain the ability to:

- ! Review and make necessary changes to address information produced from the State database.
- ! Review motor vehicle values assigned by the State.
- ! Make aircraft assessments and collect the associated fees.

Even under State operation, the County will still need to check addresses to help ensure that all persons receive a registration renewal notice, and verify vehicle valuations to ensure that in-lieu fee assessments are correct.

With respect to aircraft, during 1996, \$1.3 million was collected using one full time person with limited clerical support. Moreover, revenues increased by approximately \$600,000 since the current Aircraft Tax Collector (ATC) assumed responsibility for the program in 1995.

To place a market value on the various makes and models of aircraft found in the County requires a trained, experienced, and knowledgeable aircraft appraiser. Unlike ascribing values to ground and water (surface) vehicles, aircraft require an assessment of their market value. This assessment is based on values contained in the Aircraft Bluebook Price Digest as a starting point, and other factors which affect values. It is the assessment of other factors which require considerable expertise. In part, other factors include high engine and/or airframe time, air worthiness directives not complied with, status of annual inspection, avionics configuration, crash damage, paint condition and interior condition. This assessment must be accomplished for each aircraft, each year.

Considering the much greater assessment function necessary to value aircraft compared with that of surface vehicles, it is quite clear that the assessment and fee collection functions for aircraft should not be turned over to the State. The County now has demonstrated expertise in this area and turning it over to the State would be taking a large risk. In our opinion, the State probably could not do the job better or for less cost.

## **5.0 Internal Controls**

In view of the large amount of funds collected at the MV offices, we evaluated controls and performed tests of daily cash collection and depositing activities to determine if public funds are being adequately safeguarded. We found that:

***! Security measures should be strengthened.***

***! Segregation of duties is inadequate with respect to collecting fees due on aircraft.***

*Motor Vehicles needs full time security.*

### **5.1 Security measures should be strengthened.**

- *Full time security is needed.* Some patrons make comments about the amount of cash on site leaving cashiers concerned about the possibility of being robbed. These comments in addition to the threats discussed in section 1.0 are serious in nature and indicate the need for full time security. At present, Motor Vehicle offices have security for only three hours a day.

- *Safes are not adequately secured during hours of operation.* At both locations we noted that the safes are left in the open position during business hours. We also noticed that, in addition to supervisors, some employees also had access to the safe area. Accessibility to monies in one of the safes was evidenced when a Galleon armored car driver came and removed (for transfer to the bank) an entire day's deposit without management's knowledge or authorization.

- *Cash drawers are not adequately safeguarded.* We noted that more than one cashier uses a cash drawer. Individual accountability for cash collections, including overages and shortages, cannot be established when employees share cash drawers.

Additionally, for both locations, the opening supervisor places the cash boxes with the "start-up" money into the cash register drawers at the beginning of the day. Not only are funds inappropriately accessible to the supervisor, but they are also exposed from this time until the cashiers arrive for their shift.

During our site visits, we noted many instances when keys were left unsecured. These keys were to cash drawers and cabinets where keys are stored.

- *Controls over decals are inadequate.* Management at both branches do not compare a report of decals (of all types) issued by both County and State machines to original decal inventory records. Additionally, decals at the Murray branch were often issued out of sequence.

We also noted that because cashiers share work stations, and decals are left with the station, decals are not being individually accounted for. Decals were often left out or in an unlocked drawer. Moreover, employees have access to areas where decal inventories are stored.

### **5.2 Aircraft assessing and collecting duties should be segregated.**

The Assessor is responsible for collecting in-lieu fees on aircraft for which Salt Lake County is their home base. Due to the comparatively small number

*The ATC could easily divert funds without detection.*

of aircraft, this function is performed primarily by the Aircraft Tax Collector (ATC). He determines values, computes assessments, and collects and records payments received in the mail. Some clerical support is provided to assist the ATC with billings.

The lack of segregation of collecting and posting duties and the absence of management reviews, would permit the ATC to easily divert monies without detection. Since approximately \$1.3 million was collected in 1996, the potential for loss is significant.

In the future, valuing, assessing, and billing functions should be performed by the ATC while another person receives, posts, and deposits payments. Accounts receivable software with the appropriate control features could assist in achieving the necessary segregation of duties.

To insure that monies received in the mail are deposited, Assessor management also needs to, on a sample or periodic basis, compare a summary of payments posted to taxpayer accounts for a given day or period of time, to the amount of money deposited for that same time frame. Work should also be performed by Assessor management to insure that aircraft valuations are not inappropriately adjusted downward.

### **5.3 Recommendations:**

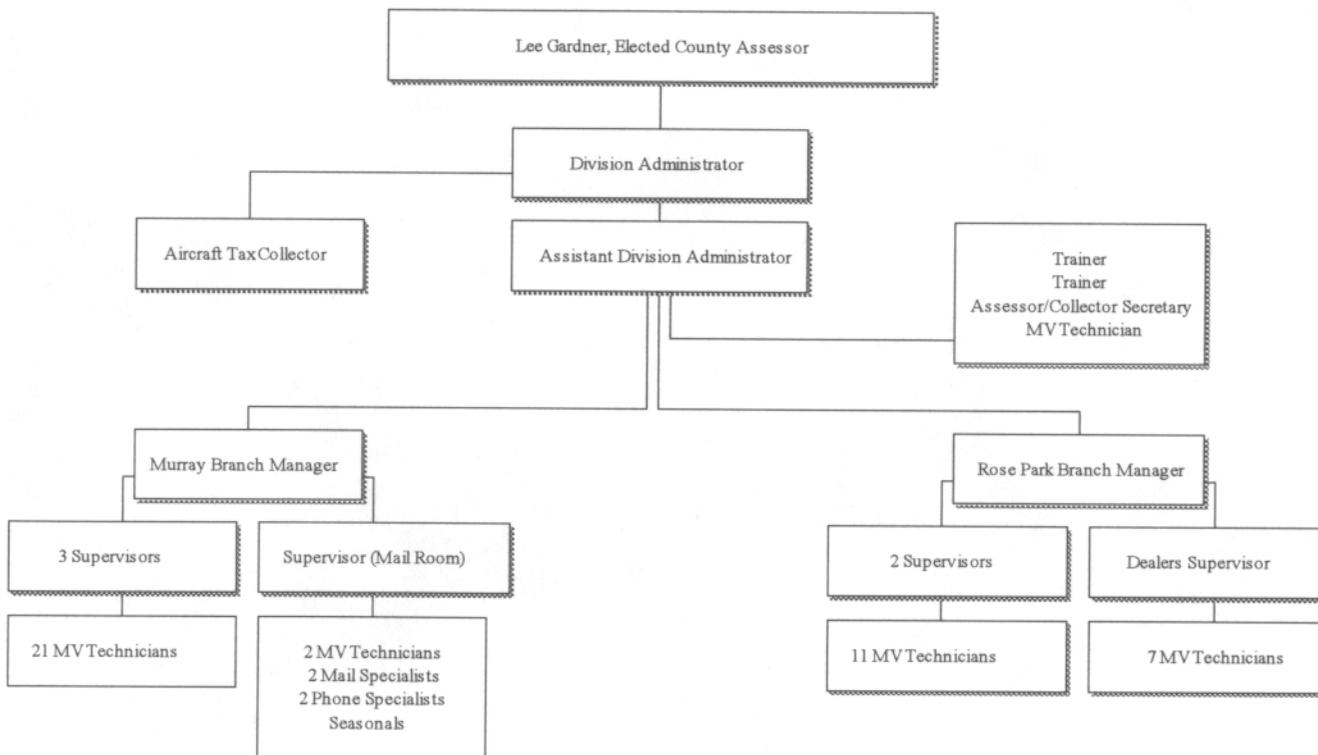
- ! Establish segregation of duties in aircraft assessing and collecting functions.
- ! Institute management reviews to ensure aircraft assessment monies are deposited and valuations are not improperly adjusted.
- ! With respect to security, we recommend the County Assessor:
  - Provide full time security at both Motor Vehicle offices.
  - Require that safes be locked when unattended.
  - Assign each cashier a specific drawer.
  - Require that all cashier drawers be locked when unattended and opened only by the cashier to whom the drawer is assigned.
  - Require that keys be assigned to individual cashiers and not be left in drawers or in a cabinet where other employees have access.
  - Do not issue decals out of sequence and require cashiers to

safeguard the decals issued to them.

- Restrict unsupervised employee access to areas where decals are stored.
- In conjunction with current daily efforts to identify missing decals, assign one person at each office to reconcile decals issued to the original decal inventories on a quarterly basis.

**Appendices A through D follow.**

**SALT LAKE COUNTY ASSESSOR  
MOTOR VEHICLE DIVISION ORGANIZATION**



## SUMMARY OF MOTOR VEHICLE EMPLOYEE COMMENTS

We interviewed 14 employees (including both management and cashiers) who work at the Motor Vehicle section's Murray office. The following is a brief summary of their comments.

Cashiers have to work in a pressure filled environment on a daily basis.

- At least one of Murray's cashiers is cursed on a daily basis.
- Patrons staring and glares are purposeful and palpable.
- While sitting or standing in the lobby, patrons make loud complaints about having to wait so long. Additionally, patrons show their dissatisfaction by groaning loudly when a window is closed.
- When patrons finally get to a window, they consistently express their dissatisfaction with having to wait in line and with closed windows.

Some cashiers feel unsafe or physically threatened by these and other working conditions.

- While all cashiers have to work under these conditions some are able to diffuse anger and deflect rude and insulting patron behavior.
- Some cashiers do not feel at all threatened by working conditions.
- Some cashiers expect that there will eventually be a shooting.
- Some cashiers feel insecure about their safety because they know there is no security for a majority of the day and they do not know if they will be able to diffuse a situation and protect themselves.
- Cashiers worry about a robbery because of the significant amounts of money handled during the day.
- Cashier's with more work experience expressed the greatest degree of concern regarding patron behavior.

While not a daily occurrence, patrons periodically get enraged and act out violently.

- Cashiers have been swung at.
- Cashiers have been verbally abused with crude swearing, sexist comments, and personal insults.
- Cashiers have been threatened with physical harm, including being shot, stalked, and raped.
- Cashiers are lunched at through their windows.
- Patrons punch furniture and throw signs.
- One cashier had water thrown at her.
- In the past, police have had to respond to remove enraged patrons.

Causes for patron irritation, anger, and outbursts come from a variety of sources. Some patrons arrive angry because:

- They have already been in once and are returning.
- They got a DUI and are unhappy about having to get their vehicle out of impound. An example, one patron with a DUI tried to get his Father's car out of impound without his father knowing. When he was unable to obtain the car, he became enraged and threatened the cashier with an uzi.
- They got a ticket for not having a registration.
- They resent having to pay property taxes.
- Patrons fear having to spend inordinate amounts of time in unpleasant surroundings just to register a vehicle.

## SUMMARY OF MOTOR VEHICLE EMPLOYEE COMMENTS (Continued)

- Patron waits are unpleasant. Some have to stand while waiting and when crowded, they often stand shoulder to shoulder because of limited building space. Chairs were finally installed in the Plate and Title area because people had passed out while waiting in line.
- Some patrons appear to be genuinely mentally ill.

The most violent outbursts have common causes and are triggered by missing forms, numerous trips, and unexpected property tax assessments. Additionally, many patron outbursts have nothing to do with cashier performance but are attributable to the complexity of the titling, registering, property tax, and vehicle impound legal requirements. Consequently, the best behavioral controls are external and include the following:

- Full time security. Cashiers report that patron behavior is significantly and noticeable affected by the presence of a police officer.
- Additional staff
- Larger facilities to prevent overcrowding

Cashiers recommendations are based on their belief that:

- There is a real probability that County employees may be physically harmed.
- The volume of work has increased significantly since 1993 making Murray's current processing capabilities genuinely inadequate.
- There has been a disappearance of slow periods or down times.
- Fire Marshal occupancy limits appear to be exceeded frequently.

## Allocation of Motor Vehicle Operating Expenses 1996 & 1997

Description	FY 1996			FY 1997		
	Actual	Allocation County	State	Budget	Allocation County	State
<i>Percent Allocated</i>		27%	73%		27%	73%
Professional	\$147,223	\$39,750	\$107,473	\$158,242	\$42,725	\$115,517
Permanent & Provisional	\$1,231,125	\$332,404	\$898,721	\$1,334,239	\$360,245	\$973,994
Temporary	\$50,400	\$13,608	\$36,792	\$209,931	\$56,681	\$153,250
Overtime	\$0	\$0	\$0	\$25,000	\$6,750	\$18,250
Soc. Sec. Tax	\$101,501	\$27,405	\$74,096	\$123,628	\$33,380	\$90,248
Retirement Contributions	\$132,848	\$35,869	\$96,979	\$162,836	\$43,966	\$118,870
401K	\$38,025	\$10,267	\$27,758	\$43,456	\$11,733	\$31,723
Health Insurance	\$200,252	\$54,068	\$146,184	\$249,453	\$67,352	\$182,101
<b>Total Personnel</b>	<b>\$1,901,374</b>	<b>\$513,371</b>	<b>\$1,388,003</b>	<b>\$2,306,785</b>	<b>\$622,832</b>	<b>\$1,683,953</b>
<i>Percent Allocated</i>		100%	0%		100%	0%
Heat & Fuel	\$2,000	\$2,000	\$0	\$2,000	\$2,000	\$0
Light & Power	\$13,500	\$13,500	\$0	\$13,500	\$13,500	\$0
Water & Sewer	\$1,300	\$1,300	\$0	\$1,300	\$1,300	\$0
Rent Buildings	\$122,408	\$122,408	\$0	\$146,669	\$146,669	\$0
Suscrip & Memberships	\$22,000	\$22,000	\$0	\$27,900	\$22,000	\$0
Software <\$3,000	\$0	\$0	\$0	\$5,000	\$0	\$0
<i>Percent Allocated</i>		50%	50%		50%	50%
Prot Svc Chg	\$0	\$0	\$0	\$45,000	\$22,500	\$22,500
Janitorial	\$18,000	\$9,000	\$9,000	\$12,820	\$6,410	\$6,410
Maint of Building	\$12,000	\$6,000	\$6,000	\$6,000	\$3,000	\$3,000
Contract Printing	\$132,000	\$66,000	\$66,000	\$145,000	\$72,500	\$72,500
Postage	\$197,000	\$98,500	\$98,500	\$236,400	\$118,200	\$118,200
Contracted Hauling	\$960	\$480	\$480	\$960	\$480	\$480
Costs of Collecting	\$4,000	\$2,000	\$2,000	\$4,000	\$2,000	\$2,000
Professional Fees	\$12,500	\$6,250	\$6,250	\$12,500	\$6,250	\$6,250
<i>Percent Allocated</i>		27%	73%		27%	73%
Education & Training	\$0	\$0	\$0	\$5,500	\$1,485	\$4,015
Office Supplies	\$9,000	\$2,430	\$6,570	\$9,000	\$2,430	\$6,570
Small Equipment <\$700	\$12,300	\$3,321	\$8,979	\$12,500	\$3,375	\$9,125
Maint Office Equipment	\$39,062	\$10,547	\$28,515	\$28,400	\$7,668	\$20,732
<b>Total Overhead</b>	<b>\$598,030</b>	<b>\$365,736</b>	<b>\$232,294</b>	<b>\$714,449</b>	<b>\$431,767</b>	<b>\$271,782</b>
<b>TOTALS</b>	<b>\$2,499,404</b>	<b>\$879,107</b>	<b>\$1,620,297</b>	<b>\$3,021,234</b>	<b>\$1,054,599</b>	<b>\$1,955,735</b>
Less: Funding for 1996			(\$822,000)			(\$822,000)
<b>1996 Actual/1997 Projected Shortfall</b>			<b>\$798,297</b>			<b>\$1,133,735</b>

**Lee Gardner**  
Salt Lake County Assessor

**Paul J. Lund**  
Chief Deputy Assessor

November 25, 1997



ASSESSOR'S OFFICE  
SALT LAKE COUNTY  
GOVERNMENT CENTER

Craig Sorensen, Salt Lake County Auditor  
2001 South State Street, #N2200  
Salt Lake City, UT 84190

RE: Audit - Motor Vehicle Division

Dear Mr. Sorensen:

Thank you for the opportunity to review your audit of the Motor Vehicle operations. The time and effort and professional conduct of your staff is very much appreciated. Your recommendations will be very helpful and will greatly assist us in improving the Motor Vehicle registration process.

As a result of the audit, I immediately initiated the following reforms:

- In our budget I have requested funding for full-time security at both offices beginning January 1, 1998.
- A policy has been instituted requiring the 'safe room' and/or the safes be locked at all times when unattended during the day with all monies appropriately safeguarded.
- A policy has been instituted requiring that all employees be assigned a separate drawer for their use and that all cash is to be locked when unattended. In addition, several "floater" drawers are held in reserve to accommodate the public when additional cashiers are needed (rush hour, breaks, lunches, illnesses, etc.). In cases of employee absence, drawers may be opened by a supervisor accompanied by another employee.
- A policy has been instituted requiring all employees lock their cash drawers when unattended with keys being maintained on their person during working hours.
- Employees are currently required to issue decals in the proper sequence. A renewed emphasis will be given in this area to cashiers and supervisors.
- A policy has been instituted requiring employees access to decal room/closet only when accompanied by a supervisor.

- A policy has been instituted requiring Branch Manager/Supervisors to inventory each box of decals as it is opened to ensure bundle sequence is correct. This will be compared with the packing slip and entered onto the inventory log. Decals given to cashiers are balanced together with the cash drawers and are to be appropriately safeguarded as is cash.
- Armored car pick-up personnel will be escorted when picking up money.
- The Aircraft tax collector will value, assess and bill the respective owners. Posting and depositing are handled by another person. The Division Director will audit the valuations on a periodic basis and will periodically compare a summary of payments to taxpayer accounts.

The audit indicates on pages 1 and 3 that the wait in the renewal line on May 20th averaged one hour and 13 minutes, and the wait in the plate and title line averaged 46 minutes. Waiting in line can vary significantly with 20 to 30 minutes in the renewal line and 2 to 3 hours in the plate and title line. The public wait is absolutely too long. I believe inadequate funding is the major contributor to long lines.

Page 12 of the report suggests that the hours of operation be expanded from 7:00 A.M. to 6:00 P.M. and that additional staffing is necessary. The key is additional staffing (with appropriate additional funding) which is needed in order to implement expanded hours. At the present time, all customers in the buildings prior to 5:00 P.M. will be served (staff remains until all customers are served, which can be as late as 7:00 p.m.).

Also on page 12, the report recommends an expanded Satellite program and actively advertise the Satellite renewal program. We have expanded the number of Satellite offices to eighteen and have encouraged those involved to advertise. The number of renewals has reached approximately 2,000 for the month of October. We have also coordinated with the County Health Department to include the capability to renew registrations on the new emissions testing machines and those requirements have been included in the RFP. New car dealers have also been allowed to plate new vehicles. The Independent Automobiles Dealers Association (IADA) has contracted with the County and the State to process plate and title transactions for auto dealers.

Again, thank you for your time and effort.

Sincerely,



Lee Gardner  
Salt Lake County Assessor