

**DOUGLAS COUNTY INTERNAL AUDIT DIVISION**



**COMPLIANCE REVIEW OF MOTOR VEHICLES  
REPORT ON INTERNAL CONTROLS  
FOR HAYES & ASSOCIATES  
FY 2009/2010 #12**



# DOUGLAS COUNTY INTERNAL AUDIT DIVISION

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To: Brad Yoder, Manager  
Hayes and Associates

From: Carmen Harmon, Internal Audit Administrator  
Douglas County Internal Audit Division

Date: December 23, 2009

RE: Motor Vehicle Testing

As part of the fiscal year audit plan, Douglas County Internal Audit Division (DCIAD) staff performs compliance and internal control testing for the Douglas County external audit firm, Hayes and Associates, LLC. The external auditor uses the test data provided by DCIAD to formulate a professional opinion, issued in the Comprehensive Annual Financial Report (CAFR), concerning financial reporting in Douglas County.

This special report describes the results of the compliance and audit testing of the motor vehicle tax process.

### **Objective:**

1. Test the payments received in the Motor Vehicle Division. This testing includes titles and registrations.
2. Determine that the motor vehicle tax process is operating efficiently, assure these records are accurate, authorized, accounted for, and other internal controls are in place and functioning.

### **Scope and Methodology**

In order to meet the objectives, Internal Audit randomly selected forty (40) motor vehicle transactions from five (5) randomly selected days between June 30, 2008 – July 1, 2009. The Douglas County Treasurer branch locations include: Millard, Downtown, South Omaha, North Omaha, Maple and Midtown. Each transaction selected is verified for tax and fee accuracy. This consists of the distribution of taxes collected, and the evaluation of the tax accuracy in the Oracle and IMS system. Tests and procedures were conducted as considered necessary. Forty (40) records were selected from five days during 2008-2009 fiscal years. The auditor used a random selection technique to make the selection. This technique allows the auditor to randomly select items based on all records for each randomly selected day

during the fiscal year. This is a limited selection of the total population of motor vehicle taxes that are collected by Douglas County.

## Motor Vehicle Tax and Fees

### Explanation of Registration Fees and Associated Laws

#### Motor Vehicle Fee

60-3,190 "A motor vehicle fee is imposed on all motor vehicles registered for operation in this state." Motor Vehicle Fee Fund shall be used for road, bridge, and street purposes.

	<b>Fees</b>
Automobiles, with a value when new of less than \$20,000	\$5.00
Assembled automobiles	\$5.00
Automobiles, with a value when new of \$20,000 through \$39,999	\$20.00
Automobiles, with a value when new of \$40,000 or more	\$30.00
Motorcycles	\$10.00
Recreational vehicles and cabin trailers	\$10.00
Trucks over 7 tons	\$30.00
Buses	\$30.00
Trailers	\$10.00

#### CO/RR/DMV/EMS

60-3,156

This fee is \$5.50 distributed according to the chart below:

CO - Douglas County	\$2.00
RR - State Recreation Road Fund	\$1.50
DMV - Department of Motor Vehicles (State)	\$1.50
EMS - Nebraska Medical System Operation	\$0.50

#### REG FEE

60-3,143,60-3,147,60-3,151

	<b>Fees</b>
Passenger vehicles	\$15.00
Trucks - 3 tons	\$18.00
Trucks - 4 tons	\$25.00
Trucks - 5 tons	\$35.00
Trucks - 6 tons	\$60.00
Trucks - 7 tons	\$85.00
Trucks over 7 tons	\$25.00 for each ton
Trailers	\$1.00 for each 1,000 lbs
Cabin trailers - 1,000 lbs. or less	\$9.00
Cabin trailers - over 1,000 lbs. but less than 2,000 lbs.	\$12.00
Cabin trailers - over 2,000 lbs.	\$15.00

Recreational vehicles - gross vehicle weight of 8,000 lbs. or less	\$18.00
Recreational vehicles - gross vehicle weight over 8,000 lbs. but less than 12,000 lbs	\$30.00
Recreational vehicles - gross vehicle weight over 12,000 lbs.	\$42.00

**PLATE FEE**

60-3,102

License plates shall be issued every six years beginning with the license plates issued in 2005. Plate fees are \$3.25 each or \$6.50 per set.

**WHEEL TAX**

City of Omaha Ordinance Sec. 16-25

	<b>Fees</b>
Passenger vehicles	\$35.00
Trucks - 4 tons or less	\$54.00
Trucks - 5 tons	\$72.00
Trucks - 6 tons and 7 tons	\$124.00
Trucks - 8 tons or more	\$160.00
Motorcycles	\$18.00
Camper trailers	\$54.00

**MTR VEH TAX**

60-3,187

The motor vehicle tax shall be calculate by multiplying the base tax times the fraction, which corresponds to the age category of the vehicle as shown in the following table:

<b>Year</b>	<b>Fraction</b>
First	1.00
Second	0.90
Third	0.80
Fourth	0.70
Fifth	0.60
Sixth	0.51
Seventh	0.42
Eighth	0.33
Ninth	0.24
Tenth and Eleventh	0.15
Twelfth and Thirteenth	0.07
Fourteen and older	0.00

The base tax for Automobiles and Motorcycles

<b>Value when new (MSRP)</b>	<b>Base tax</b>
Up to \$3,999	\$25.00
\$4,000 to \$5,999	\$35.00
\$6,000 to \$7,999	\$45.00
\$8,000 to \$9,999	\$60.00
\$10,000 to \$11,999	\$100.00

\$12,000 to \$13,999	\$140.00
\$14,000 to \$15,999	\$180.00
\$16,000 to \$17,999	\$220.00
\$18,000 to \$19,999	\$260.00
\$20,000 to \$21,999	\$300.00
\$22,000 to \$23,999	\$340.00
\$24,000 to \$25,999	\$380.00
\$26,000 to \$27,999	\$420.00
\$28,000 to \$29,999	\$460.00
\$30,000 to \$31,999	\$500.00
\$32,000 to \$33,999	\$540.00
\$34,000 to \$35,999	\$580.00
\$36,000 to \$37,999	\$620.00
\$38,000 to \$39,999	\$660.00
\$40,000 to \$41,999	\$700.00
ETC....	

## Motor Vehicle Registration For A Purchased Vehicle (New or Used)

To register your vehicle after a purchase you will need the following:

- The Nebraska Certificate of Title
- OR
- The MSO (Manufacture Certificate of Origin)
  - A completed [Application for Certificate of Title](#) signed by all parties whose names will appear on the title. The only exception is titles held by husband and wife, in which case either one, acting as agent for the other, may sign the application.
  - Nebraska Sales and Use Tax, Form 6 (if you have purchased this vehicle from a Nebraska licensed dealer) OR a [Bill of Sale](#) if you have purchased privately or from a non-Nebraska dealer.
  - Proof of insurance (must be original document) that shows the name of insurance company, the name of the insured, the Vehicle Identification Number (VIN), Year, Make, and Model of the vehicle, and the expiration date of the insurance policy.
  - If you traded in a vehicle and the plates have not expired, you will need the registration and plates of the vehicle (so we can give you credit for the fees you paid on the trade in vehicle).

## Refund of Registration Fees

Upon the transfer of ownership of a motor vehicle, a refund of the unused fees is available. The refund is based on the number of months remaining in the registration period from the date of the transfer.

*Please note:* The registered owner shall make a refund claim for the unused fees within sixty (60) days after the date of transfer. If the owner fails to claim a refund within the sixty (60) day period, they forfeit their right to the refund.

To apply for a refund, the registered owner must do the following:

- Return the registration certificate
- Return the license plates (if plates are not available, you must purchase a lost set of plates for \$14.50)
- [Affidavit for Refund](#) must be completed and signed by the registered owner

*The information provided above is directly from the Douglas County Treasurer's website Motor Vehicle information.*

## Audit Steps

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|----------------|--|
| <b>Step 1:</b> | Select (40) registration numbers at random using the VTRB7061-5 (Tax and Fee Balance Report) Record registration numbers only at this time.  |
| <b>Step 2:</b> | Obtain copies of the (40) registrations and receipts from (5) randomly days selected. (You will need to get these from Motor Vehicles Administrator)   |
| <b>Step 3:</b> | Record test information from the registration document, and recalculate the property (motor vehicle) tax amount, using state calculations from the charts provided in state calculations.  |
| <b>Step 4:</b> | Trace the appropriate totals off the VTRB7061-5 Report, and the Paid Report for Motor Vehicle Titling and Registration (CCMSC24), to the Motor Vehicle tax report for the tax district (CCMSC10-1), and the Auto tax distribution total, report (CMCA20-1) and record. |
| <b>Step 5:</b> | Trace the selected transaction to the Paid Report for vehicle Titling and Registration Report CCMSC20-1.   |
| <b>Step 6:</b> | Trace total collection (for day selected) and calculate accurate totals from the cashiering system Payment Class Report to the Daily Balance Record sheet.   |
| <b>Step 7:</b> | Trace total receipts for days selected from the CCMAC24 report to amount booked as revenue in Oracle (this is in the Daily Balancing bundle).  |
| <b>Step 8:</b> | Verify daily balance reconciliation.   |

**Step 9:** Optional step (if Applicable for this year is to follow through the refund (tax credit) process to ensure the process is correct. .

Cc: Honorable Thomas F. Cavanaugh, Douglas County Clerk/Comptroller  
Kathleen Hall, Chief Deputy, Douglas County Clerk/Comptroller  
Audit Committee Members<sup>1</sup>

DCIAD staff participants in Report on Internal Controls for Hayes & Associates for  
FY 2009/10 #12:

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Carmen Harmon, Internal Audit Administrator

(signed)

**Consolidated Tax Levy Testing Report on internal controls for  
Hayes & Associates FY 2009/2010 #12 was released on December 23, 2009.**

Cc: Honorable Thomas F. Cavanaugh, Douglas County Clerk/Comptroller  
Tim Cavanaugh, Chief Deputy, Douglas County Treasurer  
Pat Kelso, Accounting Manager, Douglas County Treasurer  
Patricia Carter, Sr. Accounting and Auditing Director, Douglas County Treasurer  
Kathleen Hall, Chief Deputy, Douglas County Clerk/Comptroller  
Audit Committee Members<sup>2</sup>

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<sup>1</sup> The audit committee members are: Honorable Chris Rodgers, Douglas County Commissioner; Mr. Ronald Bucher, Metropolitan Utilities District, Dr. Jack Armitage, Professor University of Nebraska at Omaha; Mr. T. Paul Tomoser, Creighton University; and Ms. Joanie Davis, Omaha Public Power District.

Brad Yoder, Manager, Hayes and Associates, LLC

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<sup>2</sup> The audit committee members are: Honorable Chris Rodgers, Douglas County Commissioner; Mr. Ronald Bucher, Metropolitan Utilities District, Dr. Jack Armitage, Professor University of Nebraska at Omaha; Mr. T. Paul Tomoser, Creighton University; and Ms. Joanie Davis, Omaha Public Power District.