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**NEWS RELEASE**

FOR RELEASE January 24, 2014

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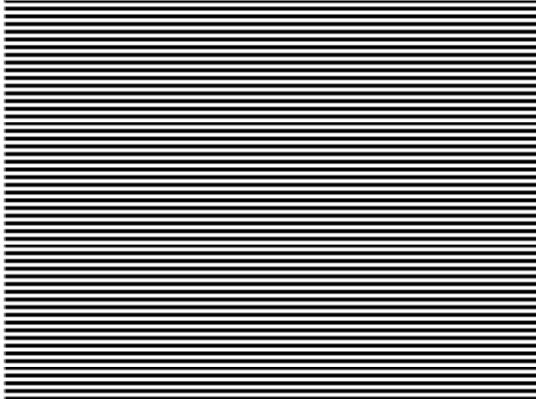
Auditor of State Mary Mosiman today released a report on a review of selected general and application controls over the Iowa Department of Transportation's Vehicle Registration and Title System for the period April 16, 2012 through May 15, 2012.

Mosiman recommended the Department strengthen password controls and segregate duties for the reconciliation of cash drawers from the individuals collecting the fees. The Department responded positively to the recommendations.

A copy of the report is available for review at the Iowa Department of Transportation, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1360-6450-BT01.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE  
IOWA DEPARTMENT OF TRANSPORTATION  
ON A REVIEW OF SELECTED  
GENERAL AND APPLICATION CONTROLS OVER THE  
VEHICLE REGISTRATION AND TITLE SYSTEM**

**April 16, 2012 THROUGH May 15, 2012**

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January 21, 2014

To Paul Trombino III, Director of the  
Iowa Department of Transportation:

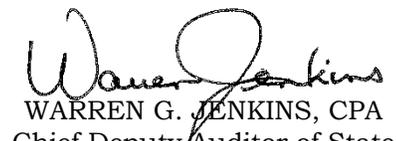
In conjunction with our audit of the financial statements of the State of Iowa for the year ended June 30, 2012, we conducted an information technology review of selected general and application controls of the Iowa Department of Transportation for the period April 16, 2012 through May 15, 2012. Our review focused on the general and application controls of the Iowa Department of Transportation's Vehicle Registration and Title System as they relate to our audit of the financial statements. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure all deficiencies in internal controls are disclosed.

In conducting our review, we became aware of certain aspects concerning information technology controls for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations which pertain to the Department's general and application controls over the Vehicle Registration and Title System. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Department's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Transportation, citizens of the State of Iowa and other parties to whom the Iowa Department of Transportation may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Department of Transportation during the course of our review. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our review of the Vehicle Registration and Title System are listed on page 6 and they are available to discuss these matters with you.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor  
David Roederer, Director, Department of Management  
Glen P. Dickinson, Director, Legislative Services Agency

April 16, 2012 through May 15, 2012

## **Vehicle Registration and Title System General and Application Controls**

### **A. Background**

The Iowa Department of Transportation is responsible for systems used by County Treasurers to provide vehicle registration and title services to individuals. These systems provide a statewide standard method of tracking vehicle information and accounting for funds collected and deposited into the State of Iowa's Road Use Tax Fund.

### **B. Scope and Methodology**

In conjunction with our audit of the financial statements of the State of Iowa, we reviewed selected aspects of the general and application controls in place over the Iowa Department of Transportation's Vehicle Registration and Title System for the period April 16, 2012 through May 15, 2012. Specifically, we reviewed the general controls: access controls, configuration management, segregation of users and contingency planning and the application controls: business process controls, including input, processing and output. We interviewed staff of the Department and we reviewed Department policies and procedures. To assess the level of compliance with identified controls, we performed selected tests.

We planned and performed our review to adequately assess those Department operations within the scope of our review. We developed an understanding of the Department's internal controls relevant to the operations included in the scope of our review. We believe our review provides a reasonable basis for our recommendations.

We used a risk-based approach when selecting activities to be reviewed. We focused our review efforts on those activities we identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we used our finite review resources to identify where and how improvements can be made. Thus, we devoted little effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our review reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

### **C. Results of the Review**

As a result of our review, we found certain controls can be strengthened to further ensure the reliability of financial information. Our recommendations, along with the Department's responses, are detailed in the remainder of this report.

April 16, 2012 through May 15, 2012

**General Controls**

- (1) Password Controls – User ID’s and passwords are used to identify and authenticate users in controlling access to system resources. Typical controls for protecting information resources include the use of strong passwords which are at least 8 characters in length, are known only to the individual authorized users, include a combination of alpha, numeric and special characters, are changed every 60 to 90 days, are not allowed to be reused, are locked out after a limited number of consecutive unsuccessful attempts and require default passwords to be changed after the first login. Passwords for the Vehicle Registration and Title System include several, but not all, of these control features.

Recommendation – The Department should implement additional security features to strengthen password controls.

Response – The Department has strengthened the password controls noted for the Vehicle Registration and Title System.

Conclusion – Response accepted.

**Application Controls**

- (2) Segregation of Duties – Cash reconciliations between the cash drawers and the Vehicle Registration and Title System are performed daily by County Treasurer designated vehicle registration clerks to ensure the Daily Reconciliation Reports balance to cash drawers. In addition, cash and check amounts are verified prior to daily sweeps and to determine amounts to be swept agree with the electronic funds transfer requests. Due to limited staffing at some smaller counties, vehicle registration clerks may reconcile and balance their own cash drawers. This does not provide adequate segregation of duties.

Recommendation – The Department should develop procedures to ensure oversight is provided for locations where duties are not properly segregated.

Response – Iowa DOT Motor Vehicle Services requests County Treasurers always have two people confirm motor vehicle revenue collected each day. The daily procedure includes having two people sign/initial the daily revenue reports and deposit slips. On those days when only one person is available, we request the County Treasurer arrange with someone from another county office to verify the deposit amount.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Transportation

April 16, 2012 through May 15, 2012

**Staff:**

Questions or requests for further assistance should be directed to:

Erwin L. Erickson, CPA, Director  
Jenny R. Lawrence, Senior Auditor  
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in this review include:

Janet Mortvedt, CPA, Senior Auditor  
Mike Bunkers, Assistant Auditor