

# SC Department of Motor Vehicles Revenue Distribution Process

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## **GLOSSARY OF TERMS**

**ELT**—Electronic Lien Transfer

**EVR**—Electronic Vehicle Registration

**ACH Payments**—Automated Clearing House

## **SC Department of Motor Vehicles Revenue Distribution Process**

### **Overview**

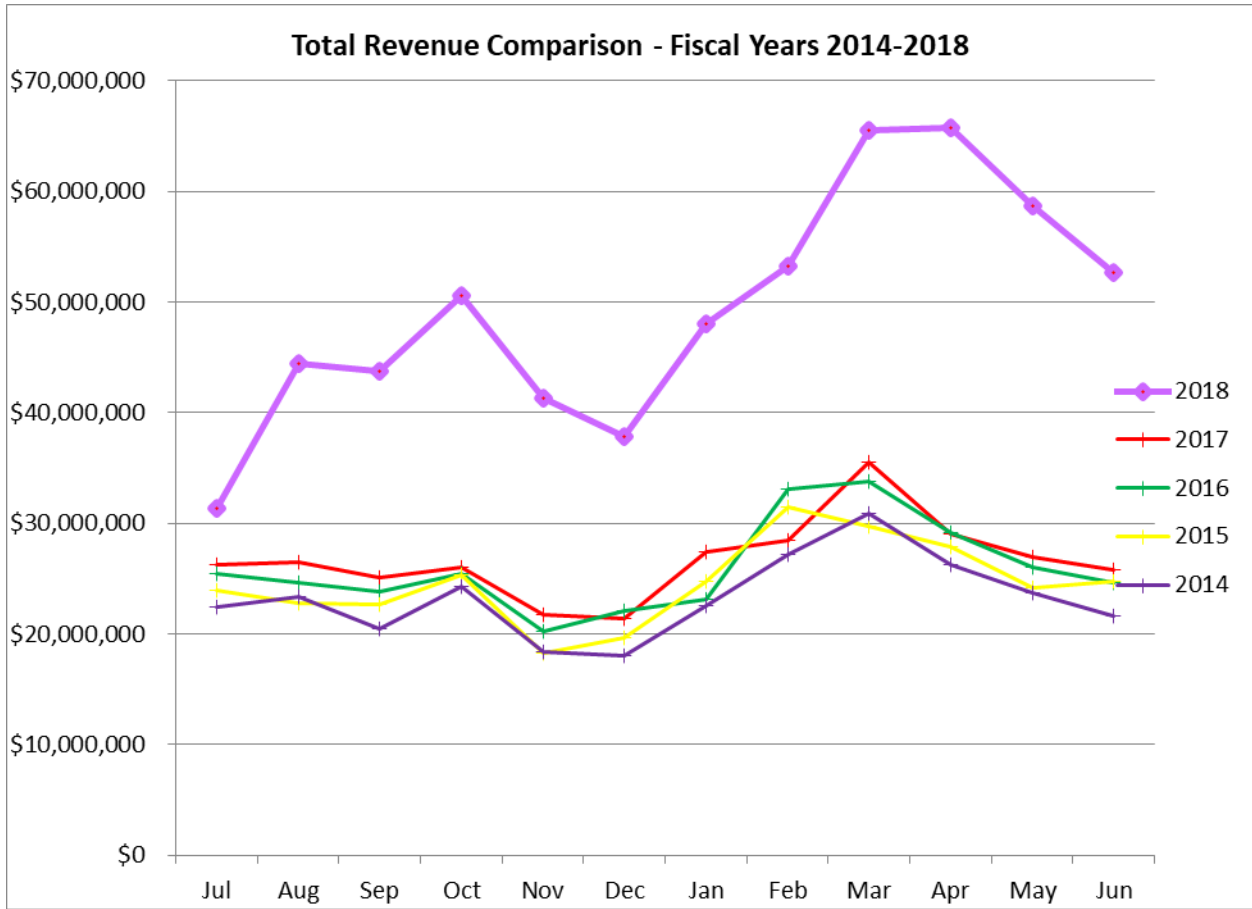
The Department of Motor Vehicle's Agency Mission states "The South Carolina Department of Motor Vehicles administers the State's motor vehicle licensing and titling laws by maintaining strict controls to deliver secure and valid identification, licenses, property records, while accurately accounting for the receipt and timely distribution of all revenue collected in order to best serve our citizens."

Everyone is familiar with going to the Department of Motor Vehicles (DMV) to get their driver license, or to renew their vehicle's registration and license plate, but most people do not think about what happens with all of the revenues actually collected. Most people would just assume the money they pay for their services are just kept by DMV. Unfortunately, that is not the case. Title 56 of the SC Code of Laws governs how the Department of Motor Vehicles collects and distributes the revenues collected. The Revenue Accounting department, which consist of nine employees, is responsible for the reconciliation and distribution of all revenues collected by the Department of Motor Vehicles. This includes revenues from the 66 DMV branch offices, the headquarters titles and registration offices, alternative media, miscellaneous revenues, and collections of DMV fees at the various County offices.

### **Problem Statement**

Since July 1, 2017, the revenues collected by DMV have increased substantially due to the passing of Act 40, SC Infrastructure and Economic Development Reform Act, also known as the "Roads Bill".

**TOTAL REVENUES COLLECTED PAST 5 YEARS**



The total revenues collected, reconciled, and distributed for fiscal year 2018 totaled \$593,016,101.86, in comparison to the \$321,665,319.01 collected for fiscal year 2017. It is estimated this amount will increase by an additional \$200 million by fiscal year-end 2019. These revenues are made up of various fees and fines as shown on the Fiscal Year 2018 Fees and Fines report below.

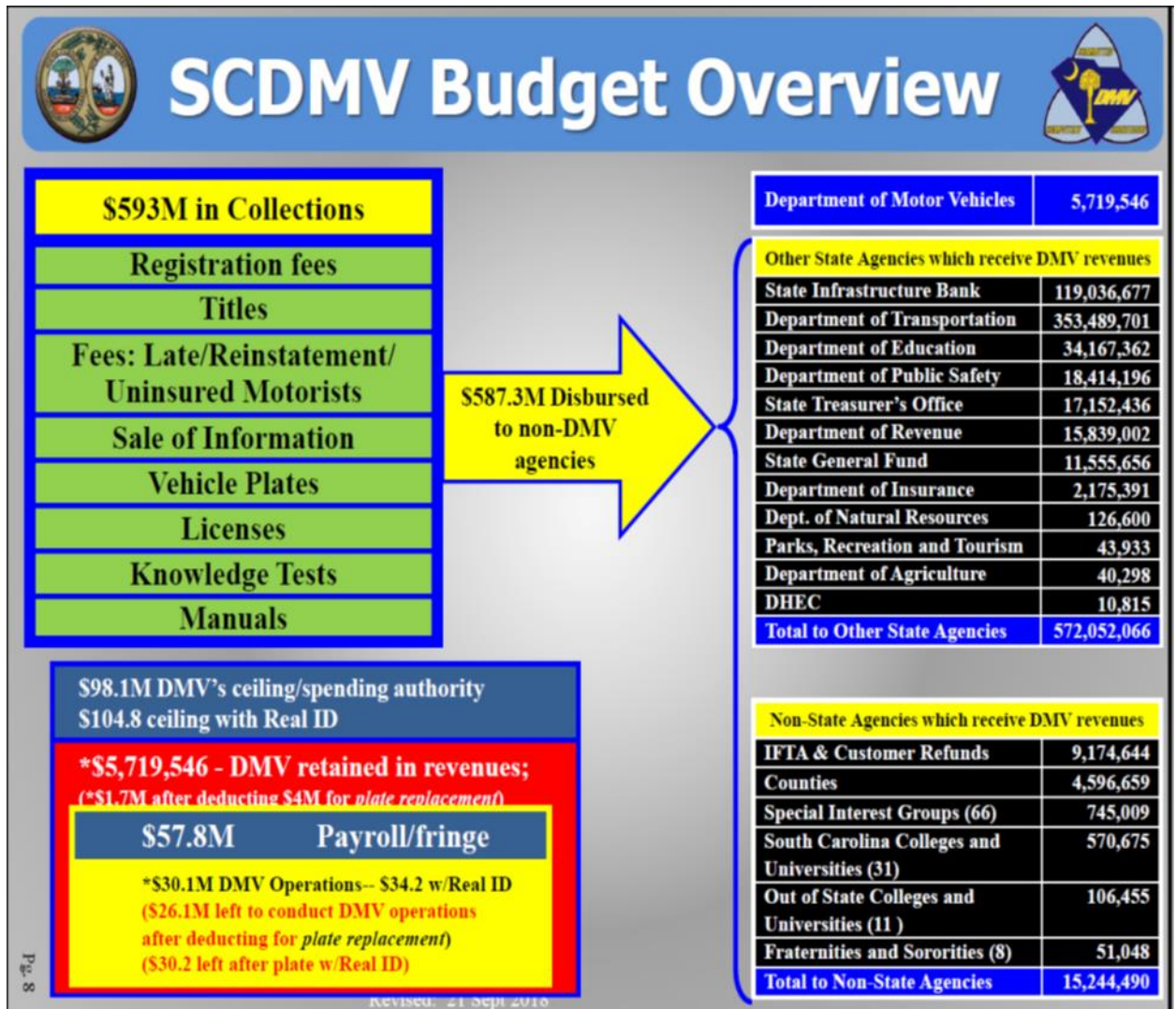
## FISCAL YEAR 2018 FEES AND FINES

Account Description	Total
CONVICTED VIOLENT OFFENDER FEE	170,650.00
CUSTOMER DEPOSITS	303,155.46
EXCISE TAX-CASUAL SALE	8,691,693.87
FINANCIAL RESP FEE-DMV REINSTATEMENT	22,903,950.00
FINANCIAL RESPONSIBILITY FEES	17,873,849.82
HIGHWAY USE TAX	7,032,936.35
IFTA OPERATING REVENUE	0.00
IFTA REVENUE	4,587,144.46
INTEREST EARNED ON RESTRICTED FUNDS	4,209.13
INTERSTATE MOTOR CARRIER REG FEES	2,345,217.40
M/V LICENSE- REGISTRATION FEES	244,297,257.26
M/V LICENSE-BEGINNERS PERMITS	433,153.00
M/V LICENSE-CDL FEES	934,102.50
M/V LICENSE-COLLEGE FEES	1,301,620.19
M/V LICENSE-DMV COST RECOVERY	3,683,875.73
M/V LICENSE-DRIVER LICENSE FEES	21,899,538.04
M/V LICENSE-DUPLICATES	54,282.00
M/V LICENSE-EXCESS FEES	8,665.33
M/V LICENSE-ID CARDS	87,675.00
M/V LICENSE-IRP PLATES	311,250.00
M/V LICENSE-KNOWLEDGE TESTS	488,547.00
M/V LICENSE-PENALTIES	9,596,903.00
M/V LICENSE-PERSONALIZED FEES	18,354,959.79
M/V LICENSE-PROD/HNDL OF LIC PLATES	261.00
M/V LICENSE-REPLACEMENT FEES	306,582.00
M/V LICENSE-SAMPLE FEES	2,142.00
M/V LICENSE-TEMPORARY PLATES	678,704.00
M/V LICENSE-TITLE FEES	30,343,300.80
M/V LICENSE-TRAILER REG	801,789.00
M/V LICENSE-TRANSFERS	3,956,628.00
M/V LICENSE-TRANSPORTER PERMITS	857.00
MISC VEHICLE PERMITS DEALER PERMITS RET	181,144.75
MISC VEHICLE PERMITS GOLF CART PERMIT	61,356.00
MISC VEHICLE PERMITS HANDICAPPED PLACARD	108,480.00
MISCELLANEOUS FEE	717,919.72
MOTOR TRANSPORT FEE	875.00
MOTOR VEHICLE IMMOBILIZATION FEE	48,518.16
MOTOR VEHICLE INSPECTION FEES	230,203.19
PAYMENT PLAN FEES	716,765.00
PENALTIES-DRIVER REINSTATEMENT FEE	10,938,612.09
RETURNED CHECK COLLECTIONS	702,422.84
ROAD USE FEE-NON GAS VEHICLE	57,660.00
ROAD USE FEE-HYBRID VEHICLE	711,150.00

INFRASTRUCTURE MAINTENANCE-OUT OF STATE REG	15,832,985.57
INFRASTRUCTURE MAINTENANCE FEE	142,318,650.43
SALE OF ACCIDENT RECORD RPTS	477,170.00
SALE OF DRIVER/VEHICLE RECORDS	17,700,070.30
SALE OF PUBLICATIONS & BROCHURES	245,150.00
SALE OF RECYCLED MATERIALS	33,471.42
SALES TAX	18,743.65
SALES TAX-AUTO TAX	433,075.65
REFUND OF PRIOR YEAR EXPENDITURES	6,585.11
SALE OF ASSETS	20,193.85
<b>FY18 Total Revenue Collections</b>	<b>593,016,101.86</b>

The DMV revenue accounting department is responsible for entering the deposits from the various areas into the statewide SCEIS accounting system, as well as reconciling on a daily and monthly basis. At month end, all reconciled data is prepared and the final distribution file is completed to allow for the distribution of these revenues to the appropriate State Agencies and other non-state agencies as directed by the SC Code of Laws. The fiscal year 2018 totals are reflected on the Fee Distribution Report below.

## FEE DISTRIBUTION REPORT



The reconciliation and distribution process is a manual process, done completely on Excel spreadsheets. There are various individual reconciliations, which make up the overall total reconciliation file, and each one has its own process. Currently the monthly reconciliation and distribution process takes approximately 30 days, with the possibly of taking longer as additional revenues are collected. The desired future state would be to complete the process within the first 10 days of the month.

## **Data Collection**

In looking at a way to make the reconciliation process more effective as a whole, the first step was a review of each of the current documented processes. Revenue Accounting is responsible for reconciling Branch deposits, County deposits, miscellaneous payments, ELT payments, EVR payments, credit/debit/ACH payments, Uninsured motorist payments, special plates, dealer accounts, and accounts receivable payments, refunds of revenue, and Motor carrier reconciliations, which all have a separate reconciliation process. This review gave an understanding of how revenue accounting receives and processes the data to reconcile and what their role in the process is. Because the transactions processed in the various offices throughout the state are completed within the DMV's Phoenix system, daily and monthly reports are processed which the Revenue Accounting team then uses to reconcile. However, any adjustments made by revenue accounting are not reflected on the Phoenix reports, but are in the manual reconciliation spreadsheets. Once the reconciliations are complete, the finance portion can then be processed into the SCEIS system. Once the review of the processes were complete, a questionnaire was provided to revenue accounting staff to determine if the actual reports from Phoenix provided adequate information or whether the reports needed to be enhanced to provide this information. The questions were to determine how long each reconciliation process took for the daily and monthly reconciliations, and whether all information provided was adequate. The questionnaire also provided the employee the option to make suggestions on how they felt the process could be enhanced.

## **Questionnaire**

1. On average, how long does it take to reconcile on a daily basis?
2. On average, how long does it take to reconcile at month end?
3. Do you use Phoenix reports to balance on a daily/monthly basis?
4. If you use Phoenix reports to balance, do the reports provide adequate information to balance?
5. What changes to Phoenix reports will make reconciliation easier?
6. If you could change your reconciliation process to make it more efficient, how would you change it?

### **Data Analysis**

The questionnaire was distributed to seven revenue accounting employees. Six of the seven employees responded. The seventh employee is new to the agency and is in training, so did not participate.

Question 1:

- 3 employees complete in 1 day
- 2 employees complete in 1 to 2 days
- 1 employee may take multiple days—dependent on any issues and data receipt

Question 2:

- 2 employees complete in 1-2 days
- 1 employee completes in 3 days
- 2 employees can complete within a few days

- 1 employee 4 days on one and may take multiple days for others

Question 3:

- All employees use Phoenix reports for at least one reconciliation

Question 4:

- 4 employees have adequate information from reports to reconcile
- 2 employees must use other reports or information provided from the DMV Information Technology (IT) consultant or other sources

Question 5:

- 3 employees feel no changes needed
- 2 employees feel as if volume and having to use multiple reports hinder the process
- One employee states the reports are only as good as the information put into the system— data entry errors are an issue.

Question 6:

- 3 employees would like to see adjustments and reconciliations within the Phoenix system itself in order to pull clean reports
- 1 employee would like to reduce the repetitiveness in the reconciling process
- 2 employees see no changes necessary

## **Implementation Plan**

The monthly distribution file cannot be completed until all employees have completed their monthly reconciliations and they are consolidated into one file. Although some employees have no issues with the Phoenix reports, the issues the other employees do have cause a delay in the timeliness of completion of the file. There are also some reconciliations which take longer due to the timeliness of information being provided outside of revenue accounting's control.

The Revenue Accounting Manager and Supervisor are currently working with two IT consultants to find ways to automate the accounting processes to help make the reconciliation processes easier. However, with changes being made in the Phoenix system for new programs or updates to existing transactions, the reconciliation processes continue to change.

From the data collected for this project, the first step is to work with the IT consultant for revenue accounting to determine which reports can be changed, consolidated, or created. It was also stated that for some reconciliations, the employees would receive reports pulled manually from the system by the IT consultant. A determination will need to be made whether the current manual reports can be automated; this will have to be made by either the IT consultant or someone in the reporting group of the IT department. Electronic trouble tickets will need to be submitted by the consultant to request the change. The trouble tickets will then route to the DMV Information Technology department. Once the ticket is received, it will be prioritized and worked as available. The major obstacles with any changes to revenue accounting reports is the timeliness of implementing and the possible issues these changes will have on other reports. The IT department at DMV is continuously working to implement new strategies mandated as well as working to ensure any Phoenix issues are resolved as quickly as possible to avoid any disruptions in services to the citizens of South Carolina. With the limited time and resources, the

priorities in IT are ever changing, which means the request from revenue accounting may take several months before being completed.

It was also stated there was an issue with the repetitiveness of the reconciling process. Due to how the daily and monthly reconciliations are performed, some areas do seem to be repetitive. The biggest issue appears to be the consolidating of month end reconciliations. This will require a separate review with the supervisor and manager of revenue accounting to determine the consequences of eliminating the duplicate spreadsheets and determining if any additional adjustments can be made.

### **Evaluation Method**

Once the needed changes are made to the reports and the consolidation of duplicate spreadsheets are completed, the updated processes will be evaluated. In addition to determining the new length of time needed to process the reconciliation and distribution, a survey will be provided to the revenue accounting employees. The survey will ask whether the changes implemented helped their process or had no impact. It will also inquire on the overall satisfaction of each employee with the new process.

### **Summary**

Due to the complexity of the reconciliation process on a daily and monthly basis, there are numerous factors, which affect the completion of the distribution file. I will continue to work with the revenue accounting staff individually to determine any additional changes to processes, which can be made, as the ultimate goal is to complete the reconciliation and distribution in the most efficient manner possible. Revenue accounting will continue to work with the IT consultant to

determine what changes can be made to improve the reports to assist in processing the reconciliation.