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Report Highlights

Office of Motor Vehicles

Cost Savings and Monitoring of Public Tag Agents

Audit Control # 40110054

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Why We Conducted This Audit

We conducted this audit to evaluate whether contracting out vehicle registration services to Public Tag Agents (PTAs) resulted in cost savings for the Office of Motor Vehicles (OMV) during fiscal year 2012 and if OMV is effectively monitoring the PTAs to ensure they are meeting their contract requirements.

What We Found

The Department of Public Safety and Corrections, Public Safety Services (DPS) contracts with 94 privately owned entities called PTAs to provide vehicle registration services.

Cost Savings of Contracting with PTAs. We found the following:

- **During fiscal year 2012, OMV saved at least \$3.3 million by contracting with PTAs to provide vehicle registration services.** We found that vehicle registration services provided by an OMV field office cost at least \$3.69 more per transaction than the same services provided by a PTA. In addition to these cost savings, OMV management states that the PTAs have allowed the office to continue providing the same level of vehicle registration service despite a 29% decrease in staff over the last decade.
- **Because of the convenience fee allowed by state law, consumers may pay up to \$18 more in fees for vehicle registration services when they choose to use a PTA instead of an OMV field office.** The average vehicle registration fee OMV charges consumers is \$39. Because of the convenience fee, the total fee amount could increase to \$57 when a consumer chooses to use a PTA for vehicle registration services. However, consumers do have the option to use an OMV field office instead of a PTA. There is an OMV field office within 15 miles of every PTA.

Monitoring of PTAs. We identified the following issues:

- **OMV does not monitor the convenience fees PTAs charge consumers for vehicle registration services.** As a result, OMV does not know how much consumers are actually being charged by PTAs for vehicle registration services. Assuming they charged the maximum allowed convenience fee of \$18 per transaction, the two PTAs that conducted the highest number of transactions during fiscal year 2012 potentially collected \$2.1 and \$1.1 million, respectively, from the convenience fees alone.
- **The sign that OMV requires PTAs to post does not disclose the additional amount consumers can and will be charged in convenience fees for vehicle registration services.** All PTA offices we visited had disclosure signs posted. However, the signs did not state the amount of the convenience fee charged or that the amount cannot exceed \$18. OMV should enhance the transparency of convenience fees by posting the amounts so consumers can make informed decisions on where to go for their vehicle registration services.
- **DPS audits were not conducted on 66% of PTAs during fiscal year 2011 or 62% of PTAs during fiscal year 2012.** According to their contracts, PTAs must provide vehicle registration services in accordance with OMV policies and procedures. OMV verifies this compliance through audits conducted by Internal Audit Services (IAS) within DPS.
- **OMV does not monitor whether PTAs resolve issues identified during audits.** OMV does not follow up on issues identified during DPS-IAS audits and has no process in place to monitor whether the PTAs ever resolve the issues these audits identify. In addition, the PTA contracts do not contain penalties for PTAs that do not meet contract requirements.

OMV management's full response is in our report.

View the full report at www.lla.la.gov.