

**Legislative Performance Audit and Oversight Committee (LPAOC)**  
**RSA 17-N:1**  
**February 22, 2013**  
**LOB 212**

**Agenda**

1. Organization of the Committee
2. Acceptance of minutes of the October 2, 2012 meeting
3. Current status of ongoing and pending performance audits
  - Department of Administrative Services, State Decisions to Hire or Contract
  - Department of Health and Human Services, Juvenile Justice
  - Department of Revenue Administration, Uncollected State Taxes
  - Division of Motor Vehicles, Customer Service
4. Discussion and approval of Scope Statements for 1) Department of Revenue Administration, Uncollected State Taxes, and 2) Division of Motor Vehicles, Customer Service
5. Discussion and approval of new audit topics
6. Other business
7. Date of next meeting and adjournment

**STATE OF NEW HAMPSHIRE  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT - AUDIT DIVISION**

**PROPOSED SCOPE STATEMENT  
PERFORMANCE AUDIT OF THE DIVISION OF MOTOR VEHICLES**

**Background**

On November 8, 2012 the Fiscal Committee approved a joint Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the Division of Motor Vehicles (DMV). A DMV performance audit had been discussed in September 2009; however, the LPAOC agreed to forgo an audit recommendation at that time based on the DMV’s ongoing implementation of measures to improve customer service. On October 2, 2012 the LPAOC approved recommending the audit of the DMV to the Fiscal Committee for its approval.

RSA 21-P:8 establishes the DMV under the supervision of an unclassified director who is responsible for:

- motor vehicle and driver regulation, including, but not limited to, driver licensing, vehicle registration, financial responsibility compliance, and title issuance; and
- registration of commercial and private boats.

The DMV is headquartered in Concord and operates 13 substations across the State (Table 1).

**Table 1: DMV Locations, Days Of Operation, And Services Provided**

<b>Location</b>	<b>Days Of Operation</b>	<b>Services Provided</b>
Berlin	Monday-Thursday	Driver Licensing; Registration
Claremont	Monday-Friday	Driver Licensing; Registration
Colebrook	1st, 3rd & 5th Fridays	Driver Licensing
Concord	Monday-Friday	Driver Licensing; Financial Responsibility; Registration; Title; International Registration
Dover	Monday-Friday	Driver Licensing; Registration
Epping	Monday-Friday	Driver Licensing; Registration
Keene	Monday-Friday	Driver Licensing; Registration
Manchester	Monday-Friday	Driver Licensing; Registration
Milford	Wednesday & Thursday	Driver Licensing; Registration
Nashua	Monday-Friday	Driver Licensing; Registration
North Haverhill	2nd & 4th Friday	Driver Licensing
Salem	Monday-Friday	Driver Licensing; Registration
Tamworth	Monday-Friday	Driver Licensing; Registration
Twin Mountain	Monday-Friday	Driver Licensing; International Registration; Registration
Source: DMV.		

**STATE OF NEW HAMPSHIRE  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT - AUDIT DIVISION**

**PROPOSED SCOPE STATEMENT  
PERFORMANCE AUDIT OF THE DIVISION OF MOTOR VEHICLES**

The DMV's five main bureaus ensure motor vehicle and driver regulations are met. The *Bureau of Driver Licensing* is responsible for administering all driving exams (i.e., written and road tests for operators, commercial drivers, and motorcycle riders), overseeing driver education, and administering the motorcycle rider training program.

State laws require all vehicles be registered annually. The *Bureau of Registration* oversees over 220 town and city offices participating in the Municipal Agent Program (which allows residents to register their vehicles and boats locally instead of visiting a DMV substation); monitors the on-board diagnostics program, safety inspection stations, auto dealerships, and boat agents; and issues walking disability plates.

RSA 261:2 prohibits registration of a vehicle unless a certificate of title has been issued. The *Bureau of Title and Anti-Theft* is responsible for issuing motor vehicle titles, determining a vehicle's legal ownership, recording liens, and initiating criminal and consumer fraud investigations. During SFY 2011, the Bureau issued over 304,000 titles.

The *Bureau of Financial Responsibility* administers and enforces motor vehicle statutes affecting an individual's driving record, the status of a person's driver license, and vehicle registration privileges. The Bureau is the central site for data gathered from all law enforcement agencies, District and Superior courts, and out-of-state motor vehicle registries.

In 2010, the *Bureau of Operations* was created by removing the customer service counter staff and call center personnel from the Licensing, Registration, Title, and Financial Responsibility Bureaus and consolidating them into one Bureau. Operations oversees phone interactions at the Contact Center (formerly the Call Center); provides daily in-person customer service counters for driver license, registration, and financial responsibility transactions in Concord and the substations; provides international registration plan service counters in Concord and Twin Mountain for commercial trucking companies doing business in multiple states; and maintains information desks in Concord, Manchester, Dover, Salem, and Nashua. The Contact Center is responsible for answering all incoming calls and customer emails. Contact Center personnel answer basic questions pertaining to licensing and registration; triage more complicated calls to the Financial Responsibility and Title and Anti-Theft Bureaus; and process over-the-phone credit card payments for traffic citations. On average, the Contact Center's ten full-time and one part-time staff reportedly handle approximately 1,400 calls daily.

The Bureau of Operations has 78 full-time and 18 part-time staff responsible for issuing driver licenses to NH residents age 16 years and older, issuing non-driver identification cards, registering motor vehicles and boats, processing title applications, printing driving records, collecting associated fees, assisting customers with traffic citation payments, and ensuring all documents are complete prior to restoring a person's driving privileges. According to the DMV Director, during State fiscal year (SFY) 2012, DMV staff issued almost 290,000 licenses and identification cards and, in conjunction with its municipal agents, registered almost 1.5 million motor vehicle and over 90,000 boat registrations.

**STATE OF NEW HAMPSHIRE  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT - AUDIT DIVISION**

**PROPOSED SCOPE STATEMENT  
PERFORMANCE AUDIT OF THE DIVISION OF MOTOR VEHICLES**

The DMV's mission is to provide friendly and helpful motor vehicle services professionally and efficiently. To attain this goal, the DMV implemented changes beginning in 2009 to address customer service concerns and alleviate wait times at its locations. These initiatives include cross-training employees and requiring substations to report customer wait times to DMV headquarters. If a substation is unusually busy, in limited instances DMV management may re-direct personnel from a nearby substation to help. The DMV has also re-aligned counters in most substations to allow customers to complete several different types of transactions at one counter. Now, transactions previously requiring waiting in more than one line, such as licensing and registration, can be completed at one counter in most DMV stations. To further alleviate wait times, the DMV implemented an online driver license renewal system allowing operator and motorcycle license holders meeting certain criteria to renew online once in a ten-year period. According to the DMV Director, approximately 26 percent of license renewals are now completed online.

The DMV instituted an automated system for scheduled driver licensing skills (road) tests. The DMV also arranged for driver education classes to bring their students in for road tests after-hours to further reduce long waits in line. DMV management reported that allowing residents to schedule appointments has reduced wait times for others conducting business at the DMV. Finally, the DMV has automated the written portion of the driver license test, which allows instant reporting of the results to both the test-taker and the DMV driver licensing database.

The DMV completed online connections to DMV headquarters for its 223 municipal agents, eliminating the need to transmit hard copies of registrations to DMV headquarters in Concord so DMV personnel could manually enter data into the registration system. Now, municipal agents' data are automatically updated, decreasing processing time and manual data entry for DMV personnel. The DMV added boat registration to the system in 2010.

Improvements to the Contact Center include a new voice over internet protocol phone system which allows DMV management to monitor the number of customers waiting to be helped, allows customers to know how many calls are ahead of them in the queue, allows customers to leave a message instead of waiting in the queue, and enables substations all over the State to help answer phone calls.

According to DMV management, these changes have helped increase customer satisfaction primarily by alleviating long lines at the DMV stations. They have also improved customer service by providing alternative methods for the public to complete transactions, offering more flexibility in scheduling appointments, and alleviating busy signals at the Contact Center.

**STATE OF NEW HAMPSHIRE  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT - AUDIT DIVISION**

**PROPOSED SCOPE STATEMENT  
PERFORMANCE AUDIT OF THE DIVISION OF MOTOR VEHICLES**

**Audit Scope**

The audit period will encompass SFYs 2011 and 2012; however, where available and appropriate, comparative information from prior to 2011 may be included. Because daily customer service functions are carried out by personnel within the Bureau of Operations, our audit will primarily focus on this Bureau. Our audit will attempt to answer the questions:

- 1) Does the DMV accurately track customer wait times, effectively deploy staff to respond to excessive wait times, and communicate wait times to its customers?*
- 2) Are service times consistent among the DMV substations?*
- 3) Do DMV hours of operations meet customer needs?*
- 4) Have DMV customer satisfaction survey results improved since the creation of the Bureau of Operations?*
- 5) Does the DMV implement customer service training for all staff?*

To answer these questions, we plan to:

- review customer satisfaction literature and standards, internal and external reports on the DMV, and other states' audits of DMV customer satisfaction;
- review DMV policies, procedures, and practices related to customer service delivery;
- interview DMV staff and management personnel regarding the effect of changes made to improve customer service;
- survey customers at a sample of DMV stations;
- survey DMV personnel regarding their opinions of changes made to improve customer service at the DMV;
- conduct time studies to determine wait time and service time at a sample of DMV stations and compare results across stations;
- review customer service survey cards collected by the DMV prior to and after the transition to the Bureau of Operations;
- review the DMV's training program for Bureau of Operations staff;
- assess the DMV's staff re-deployment strategies;
- review DMV methods to convey wait times to customers; and
- other procedures as we find necessary.

As proposed, this audit would be completed in May 2013.

**STATE OF NEW HAMPSHIRE  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT - AUDIT DIVISION**

**AMENDED SCOPE STATEMENT  
PERFORMANCE AUDIT OF THE DIVISION OF COLLECTIONS  
DELINQUENT TAX COLLECTIONS**

**Background**

In 2010, the joint Legislative Performance Audit and Oversight Committee requested and the Fiscal Committee approved a performance audit of the Department of Revenue Administration's (DRA) handling of uncollected taxes. Planning work stopped due to the DRA's concerns about its authority to release documents needed for audit purposes. At that time, we notified the Fiscal Committee of the need to halt audit work. Subsequently, the Legislature amended the DRA's and the LBA's statutes with Chapter 173, Laws of 2011 to allow LBA access to confidential information for performance audit purposes, based on recommendations made jointly by the LBA and the DRA. In the DRA's State fiscal year (SFY) *2011 Annual Report*, the Commissioner wrote "the role of the Legislative Budget Assistant's Office in conducting performance audits of the DRA was clarified allowing this important function to proceed after many years when no such audits or reviews have ever been undertaken." Until now, the DRA's efforts to implement its \$7 million information technology improvements have hampered the LBA's ability to restart the audit.

*Division of Collections*

The DRA administers most of the State's taxes. To pursue delinquent taxes, the Division of Collections is authorized under RSA 21-J:8 to collect all outstanding taxes owed to the State within the DRA's jurisdiction, and to secure all delinquent returns required to be filed by any taxpayer with the State. To administer this function, the Division has the powers of a tax collector provided by RSA 80. The Division's mission is to "fairly enforce taxpayer compliance with statutory requirements to pay taxes due the State of New Hampshire. In a professional manner, [it] will collect overdue returns and tax payments with uniform application of all statutes and rules governing tax collection." In addition to collecting delinquent taxes, the Division also licenses meals and rentals operators, sells tobacco stamps, and conducts compliance operations, such as performing tobacco stamp checks at retailers.

To collect delinquent taxes, the Division is empowered to:

- impose liens (i.e., legal claims to the taxpayer's property for the amount of the debt),
- make payment arrangements,
- seize (distrain) the assets of a person or a corporation who has not paid taxes,
- suspend and revoke meals and rentals operator licenses,
- contract with private debt collectors for out-of-state cases, and
- offset tax refunds from other DRA taxes.

The Division also has the ability to negotiate settlements and abate taxes, penalties, and interest owed by taxpayers.

**STATE OF NEW HAMPSHIRE  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT - AUDIT DIVISION**

**AMENDED SCOPE STATEMENT  
PERFORMANCE AUDIT OF THE DIVISION OF COLLECTIONS  
DELINQUENT TAX COLLECTIONS**

During calendar year 2012, with enhancements to the Department's Tax Information Management System (TIMS) and the Division Director's compiling of monthly performance data, the Division has reportedly increased its ability to monitor what it calls "critical success factors" for collection activities. According to this data, the Division had a caseload of 8,889 tax notices worth \$28.7 million in June 2012. The out-of-state debt collection agency had 1,093 of these tax notices (12 percent) worth \$7.8 million (27 percent).

According to DRA officials, the ongoing upgrade of the Division's information technology systems, along with Department-wide staff reductions, has negatively affected tax return processing during calendar year 2012. Reportedly, this has also negatively affected the timely identification of delinquent taxes during this period. Currently, the Division employs two clerks, one compliance officer I, and five compliance officers II for a total of eight filled classified positions. This is half as many as the Division reportedly had in 2009. According to its SFY 2012 Annual Report, "[a]t the outset of SFY 2012, the division was challenged to perform with 40% fewer Senior Compliance Officers (CO-II), (a reduction from 8 to 5 CO-IIs) as well as the elimination of the Assistant Director's position and a support position."

**Amended Audit Scope**

We met with DRA officials in January 2013 and discussed the status of their information technology upgrades, staffing, and availability of program data for the Audit Division and Collection Division. Based on that discussion, we are seeking an amendment to the 2010 pre-scope statement approved by the LPAOC by updating the audit period to SFYs 2011-2012 and focusing our work on the Collection Division's handling of delinquent taxes. This performance audit will attempt to answer the following question:

**Did the Division of Collections efficiently and effectively collect delinquent taxes during SFYs 2011 and 2012?**

To answer this question, we plan to:

- review collection-related statutes, Administrative Rules, policies, and procedures;
- interview DRA personnel and stakeholders;
- identify and review collection activities and procedures;
- review collection performance data;
- identify comparable collection practices in other states and the federal government; and
- identify best practices.

We will confine our efforts to the Division's responsibility to collect delinquent taxes and not on its licensing, tax stamp sale, and other activities. As proposed, this audit would take approximately four months to complete.

Office Of Legislative Budget Assistant-Audit Division  
POTENTIAL PERFORMANCE AUDIT TOPICS  
Joint Legislative Performance Audit and Oversight Committee  
February 22, 2013 Meeting

**NOTE:** Most topics were developed by LBA Audit Division staff and are in no particular order. They are provided as a reference only for Committee members.

1. DEPARTMENT OF ADMINISTRATIVE SERVICES – Statewide Recycling

- *An LBA performance audit covering statewide recycling efforts has never been conducted. An audit would examine the efficiency and effectiveness of state agency recycling efforts.*

2. DEPARTMENT OF CORRECTIONS – Community Corrections

- *An LBA performance audit has never been conducted in this area. The DOC reports its Division of Community Corrections operates three transitional housing units and one transitional work center. Community Corrections is the final stage of an offender's incarceration as they prepare to transition back into the community. A performance audit of the Division would look at the effectiveness of services provided to offenders prior to their release.*

3. DEPARTMENT OF HEALTH AND HUMAN SERVICES: HEALTH FACILITIES ADMINISTRATION – Assisted Living and Nursing Facility Inspections

- *An LBA performance audit has never been conducted in this area. Elder care issues are an expanding area of concern as the State's population ages. A performance audit of the inspection programs related to these facilities would examine how effective they are in ensuring quality services are being provided.*

4. DEPARTMENT OF HEALTH AND HUMAN SERVICES: Electronic Benefit Transfer (EBT) Cards

- *An LBA performance audit has never been conducted in this area. The Department uses EBT cards for food stamps and cash assistance programs. An audit would review the effectiveness of the EBT cards in meeting program objectives.*

5. DEPARTMENT OF HEALTH AND HUMAN SERVICES: Food Protection Program

- *An LBA performance audit has never been conducted in this area. The Food Sanitation and Licensing Program of the Division of Public Health Services inspects and licenses food service establishments, grocery stores,*



Office Of Legislative Budget Assistant-Audit Division  
POTENTIAL PERFORMANCE AUDIT TOPICS  
Joint Legislative Performance Audit and Oversight Committee  
February 22, 2013 Meeting

*and retail food stores. A performance audit would focus on the effectiveness of the program in preventing food borne illnesses.*

6. DEPARTMENT OF SAFETY: HOMELAND SECURITY – Radio Interoperability Initiative

- *An LBA performance audit has never been conducted in this area. The last phase of the Federal Communications Commission Narrow Banding mandate occurred on January 1, 2013. A performance audit would examine how effective the Department of Safety was in meeting the requirements of the mandate and in accomplishing radio interoperability among New Hampshire’s public safety agencies, including local and county governments.*

7. DEPARTMENT OF SAFETY – Sex Offender Registry

- *An LBA performance audit has never been conducted in this area. An audit would focus on the process for the accuracy and timeliness of data contained in the Registry and whether it is meeting its objective of informing the public.*

8. DEPARTMENT OF RESOURCES AND ECONOMIC DEVELOPMENT - Economic Development Programs

- *An LBA performance audit was conducted in this area in 1997. Fifteen years have elapsed since the previous audit. A performance audit would examine how effective economic development programs have been in attracting businesses to the State, as well as retaining current businesses*

9. DEPARTMENT OF RESOURCES AND ECONOMIC DEVELOPMENT - New Hampshire Job Training Fund

- *An LBA performance audit has never been conducted in this area. According to its website, the Job Training Fund is a matching grant program designed to enhance worker skills and to help New Hampshire businesses remain competitive. An audit of the program would focus on whether these objectives are being met.*

10. BOARD OF PHARMACY – Pharmacy Inspections

- *An LBA performance audit has never been conducted in this area. Recent problems with a compounding pharmacy in Massachusetts have highlighted the importance of pharmacy inspections. A performance audit in this area would focus of the efficiency and effectiveness of New Hampshire’s pharmacy inspection program.*

Office Of Legislative Budget Assistant-Audit Division  
POTENTIAL PERFORMANCE AUDIT TOPICS  
Joint Legislative Performance Audit and Oversight Committee  
February 22, 2013 Meeting

11. CHARTER SCHOOLS – Approval Process

- *An LBA performance audit has never been conducted in this area. With the increase in interest in charter schools, an audit of the process used by the Department of Education to approve charter school requests may be helpful to legislators and others.*

12. ADEQUACY FORMULA – SCHOOL ENROLLMENT DATA – Data Validity.

- *An LBA performance audit has never been conducted in this area. A performance audit would focus on the process used by the Department of Education to verify the enrollment data submitted by local school districts. This enrollment data is used in the adequacy payments formula.*

---

13. POLICE STANDARDS AND TRAINING COUNCIL – The Council in performance of their charter.

- *This potential audit topic comes from other elected officials through Rep. Lynne Ober. The subject matter would be to “[d]etermine whether or not the council is following their own rules with respect to certification and de-certification.” The specific concern appears to be with compliance with the list of disqualifying factors to be a certified law enforcement officer.*

**OFFICE OF LEGISLATIVE BUDGET ASSISTANT, AUDIT DIVISION  
WHAT IS A PERFORMANCE AUDIT?**

**What is a performance audit?**

A performance audit is an objective examination of evidence for the purpose of providing an independent assessment of the performance of a government organization, program, activity, or function in order to provide information to improve public accountability and facilitate decision making by parties with responsibility to oversee or initiate corrective action.

**What do performance audits consider?**

Performance audits may consider economy and efficiency issues, such as:

(1) whether the entity is acquiring, protecting, and using its resources (such as staff, equipment, and facilities) economically and efficiently, (2) the causes of inefficiencies or uneconomical practices, and (3) whether the entity has complied with laws and regulations on matters of economy and efficiency.

In making such a determination, a performance audit may answer questions such as:

- a) Is the entity following sound procurement practices?
- b) Is the entity acquiring the appropriate type, quality, and amount of resources at an appropriate cost?
- c) Is the entity properly protecting and maintaining its resources?
- d) Is the entity avoiding duplication of effort by employees and work that serves little or no purpose?
- e) Is the entity avoiding idleness and overstaffing?
- f) Is the entity using efficient operating procedures?
- g) Is the entity using the optimum amount of resources (staff, equipment, and facilities) in producing or delivering the appropriate quantity and quality of goods or services in a timely manner?
- h) Is the entity complying with requirements of laws and regulations that could significantly affect the acquisition, protection, and use of the entity's resources?
- i) Does the entity have an adequate management control system for measuring,

**OFFICE OF LEGISLATIVE BUDGET ASSISTANT, AUDIT DIVISION**  
**WHAT IS A PERFORMANCE AUDIT?**

reporting, and monitoring a program's economy and efficiency?

- j) Has the entity reported measures of economy and efficiency that are valid and reliable?

Performance audits may also consider other program-related issues, such as:

(1) the extent to which the desired results or benefits established by the legislative or other authorizing body are being achieved, (2) the effectiveness of organizations, programs, activities, or functions, and (3) whether the entity has complied with significant laws and regulations applicable to the program.

In making such a determination, a performance audit may answer questions such as:

- a) assessing whether the objectives of a new or on-going program are proper, suitable, or relevant;
- b) determining the extent to which a program achieves a desired level of program results;
- c) assessing the effectiveness of the program or individual program components or both;
- d) identifying factors inhibiting satisfactory performance;
- e) determining whether management has considered alternatives for carrying out the program that might yield desired results more effectively or at a lower cost;
- f) identifying ways to make programs work better;
- g) assessing compliance with laws and regulations applicable to the program; and
- h) determining whether management has reported measures of program effectiveness that are valid and reliable.

**How is a performance audit topic selected?**

The joint Legislative Performance Audit and Oversight Committee (LPAOC) selects audit topics in accordance with RSA 17-N. The LPAOC recommends the audit topic to the joint Legislative Fiscal Committee for approval. The Fiscal Committee adopts the recommendation for the audit unless it unanimously refuses to do so (RSA 14:30-a, III).

**OFFICE OF LEGISLATIVE BUDGET ASSISTANT, AUDIT DIVISION  
WHAT IS A PERFORMANCE AUDIT?**

**2013-2014 Legislative Performance Audit and Oversight Committee**

Representative Lucy McVitty Weber  
Representative Laurie Harding  
Representative Raymond Gagnon  
Representative Lynne Ober  
Representative Carol McGuire

Senator Peter Bragdon  
Senator John Reagan  
Senator James Rausch  
Senator Sylvia Larsen  
Senator Lou D'Allesandro

**To contact us or request an audit report:**

Office of Legislative Budget Assistant  
107 North Main Street  
State House, Room 102  
Concord, NH 03301  
(603) 271-3161  
(603) 271-2785 - Audit Division

Or reach us on the WEB at: [www.gencourt.state.nh.us/lba/audit.html](http://www.gencourt.state.nh.us/lba/audit.html)