

Combating Fraud in County Tax Offices

Clint Thompson

Vehicle Titles and Registration Division

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Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Topics

- ❑ What is the TxDMV doing?
 - ❑ Internal Audit
 - ❑ Working Group
- ❑ Identifying Theft
- ❑ Theft Prevention
- ❑ Identifying Fraud
- ❑ Fraud Prevention

Internal Audit Findings

- ❑ NMVTIS has been successful in checking for inconsistent information
- ❑ 16 regional service centers conduct audits of the prior tax assessor-collector when a new tax assessor-collector takes office
- ❑ 8 field service representatives review RTS user security, inventory, and voids
- ❑ Fraud Investigation Unit provides title fraud training and investigates allegations from tax assessor-collector's office employees, TxDMV employees, or others

Internal Audit Findings- Recommendations

- ❑ TxDMV headquarter staff to spot check title transactions
- ❑ Standardize audits performed when a new tax assessor-collector is elected and provide results in writing to the tax assessor-collector
- ❑ Create a proactive monitoring process to monitor titling performance and transactions, including automatic flags for unusual trends and high risk transactions

Important Definitions

- ❑ Fraud: Involves obtaining something of value through willful misrepresentation by words, conduct, or omission, which deceives or is intended to deceive another, so that the individual will act upon the misrepresentation or omission to his or her legal detriment.
- ❑ Waste: The misuse or loss of state resources through inefficient or ineffective practices or behaviors. Waste may result from mismanagement, inappropriate actions, and/or inadequate oversight.
- ❑ Abuse: The misuse of authority or position that causes the loss or improper use of state resources.

Anti-Fraud, Waste, and Abuse Working Group

- ❑ Established January 2016
- ❑ Develop policies, procedures, resource plans, and cost estimates for an agency anti-fraud, waste, and abuse program and possible legislative suggestions
- ❑ Goal: To implement a program to prevent, detect, investigate, and report fraud, waste, and abuse impacting TxDMV

Anti-Fraud, Waste, and Abuse Working Group (continued)

- ❑ Four subcommittees
 - ❑ Prevention and Training
 - ❑ Communication and Legislative Issues
 - ❑ On-going Monitoring and Detection
 - ❑ Fraud Response Procedures

- ❑ Results will include:
 - ❑ Updated fraud policy in TxDMV HR Manual
 - ❑ Updated internal processes, training, increased monitoring, new agency rules
 - ❑ Appropriations request for the anti-fraud initiative

Monetary Theft

- ❑ Employees taking money directly from cash drawer
- ❑ Employees swapping checks for cash
- ❑ Employees taking cash received through the mail
- ❑ Falsifying financial deposits
- ❑ Voiding transactions and reprocessing

Internal Controls

- ❑ RTS security access
- ❑ Random audits (cash bags, drawers, etc.)
- ❑ Dual control of monies
- ❑ Segregation of duties

Internal Controls

- ❑ Restricted access
 - ❑ Cash, safe, reports, inventory, etc.

- ❑ Review reports
 - ❑ Close out report
 - ❑ Reconciliation report
 - ❑ Void report

- ❑ Review transactions
 - ❑ Correct information
 - ❑ Even trades
 - ❑ Gifts
 - ❑ Irregularities

Title Fraud

- ❑ Washing titles
 - ❑ Removing brands, chemically altered, superseded, etc.

- ❑ Entering false information into RTS
 - ❑ Adding lien information, altered addresses, etc.

- ❑ Forged lien release
 - ❑ Used to obtain a CCO, loan through title loan company, or a clean title

Odometer Fraud

- ❑ Altered mileage
 - ❑ By lowering, erasing, covering up

- ❑ Not actual
 - ❑ Be cognizant of how many private party and dealer transactions are branded

Sales Tax Fraud

- ❑ Even trades
- ❑ Gifts
- ❑ Altered reported sales price
- ❑ Appraisals

Internal Controls

- ❑ Provide training to managers and supervisors
- ❑ Utilize audits at various times
- ❑ Audits performed by various people
- ❑ Be aware of clerks and supervisors activity
- ❑ Be aware if a repeat “applicant” waits for a certain clerk

Fraud Program / Red Flag Envelopes

- ❑ Designated staff
 - ❑ Review
 - ❑ Audit
 - ❑ Research

- ❑ Fraudulent transactions
 - ❑ Internal
 - ❑ External

Questions

