

## **APPENDIX P**

### **TEST RECORD AUDITS - DEPARTMENT AND DIVISION PERSONNEL**

#### **1.0 INTRODUCTION**

Auditors will be required to check that documents are properly secured and that complete and accurate records are being kept. Any records necessary to demonstrate compliance with the program will be accounted for. The DNREC will be responsible for performing the test record audit for the purposes of accessing the compliance of the Division and meeting the requirements of the EPA.

#### **2.0 AUDITS PROCEDURES**

##### **2.1 Electronic Records Audit**

A statistical analysis will be performed on the electronic test records. Much of the analysis will be to compare the current statistics to historical values or trends. The following items will be reviewed to assess station performance and to identify problems that may indicate potential fraud or incompetence.

- Number of initial and after retest inspections passed or failed;
- Percent of all inspections failed;
- Number of waivers issued; and
- Number of aborted inspections.

In addition, the Department auditors will try to locate patterns of unusual entries into the data system or any other statistical deviations that could identify areas of concern. If any

problems are identified, the auditors will investigate the problem during the on-site inspection of the station and review the facility's test records.

## **2.2 Document Security Audit**

The document security audit procedures are designed to verify that the Division is ensuring the security of all inspection test records and EIM compliance documentation. Audits on paper documentation will be done up to such time that paper inspection documents are still being used. In the future these documents will phased out and the audits will be discontinued. Concerning the use of backup documents to electronic documentation in the case of a computer system is shutdown, when the computer system comes back on line all renewals and new registrations will be uploaded to the system. Any forged or fake inspection certificates would be identified at that time since the system would lockout any attempts to register the vehicle with a failed inspection. The objectives of a document security program are:

- Safeguarding of the inspection compliance documents;
- Verifying proper authorization for issuance of the inspection documents
- Reviewing the record keeping of the inspection documents (e.g., a perpetual inventory and accounting of all prenumbered inspection documents, a periodic physical inventory of the inspection documents, etc.); and
- Confirming the proper segregation of duties of personnel to ensure that proper checks and balances are in place and working.

To address the proposed objectives of the document security program, the Department will perform the following:

1. Perform a comprehensive accounting of the inspection compliance documents by comparing the physical inventory of the certificates used, unused, and missing to the perpetual electronic records of the number of valid inspections performed at the test facility over a specified period of time.

## **2.3 Waiver and Extension Reviews**

The Department will be performing audits of waivers and compliance data to ensure that the waivers and extensions are being properly granted. Since the issuance of waivers can be based on third-party documents, a potential exists for fraud and abuse. The waiver and extension audit objectives include:

- Verifying proper authorization for the waiver or extension issuance (e.g., a valid retest or corroborative third-party invoice supporting issuance of an inspection sticker, etc.);
- Verifying the authenticity of the repair receipts; and
- Confirming the proper segregation of duties for personnel to ensure that the proper checks and balances are working.