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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
FINANCE AND ADMINISTRATIVE SERVICES
ALLAN R. POHL
DIRECTOR

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DIRECTOR

emailed 6/5/14

June 5, 2014

Mr. Doug Ringler, Director
Office of Internal Audit Services
State Budget Office
Romney Building – Seventh Floor
111 S. Capitol, P.O. Box 30026
Lansing, Michigan 48909

Dear Mr. Ringler:

We are enclosing our response to comments made in the Office of the Auditor General's Performance Audit of Michigan Public Service Commission (MPSC), Department of Licensing and Regulatory Affairs for the period October 1, 2010 through June 30, 2013.

If you have any questions regarding this report, please feel free to call me at (517) 335-9247.

Sincerely,

(SIGNED)

Allen Williams, Director
Finance & Administrative Services
Office of Audit & Financial Compliance

Enclosure

cc: Audit Distribution List
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AUDIT RESPONSE SUMMARY

**Performance Audit of Michigan Public Service Commission (MPSC),
Department of Licensing and Regulatory Affairs (LARA)
October 1, 2010 through June 30, 2013**

I. Citations complied with:

#1

II. Citations to be complied with:

#2. The estimated date of full compliance is January 31, 2015.

III. Citations agency disagrees with:

None

Audit Response
Performance Audit of Michigan Public Service Commission (MPSC),
Department of Licensing and Regulatory Affairs (LARA)
October 1, 2010 through June 30, 2013

FINDING #1 – Performance Monitoring

We recommend that MPSC establish a comprehensive process to evaluate and improve the effectiveness of its operations.

Final Response:

MPSC agrees and has complied. In September 2013, MPSC completed a comprehensive Continuous Process Improvement (CPI) effort that included establishing new objectively verifiable measures and standards to track the work (outputs and outcomes) of its seven divisions. Statistical results are recorded on scorecards (using a standard Excel template) to track and report results in a format that compares actual results with desired outcomes/outputs. Results are reported monthly to LARA and MPSC executives for review and analysis. Moreover, all metrics and the entire evaluation system are subject to constant review, evaluation and improvement to ensure that they continue to properly reflect and measure the work of the MPSC in an objective verifiable manner.

FINDING #2 – Intrastate Authority Registration

We recommend that MPSC timely process motor carriers' applications to operate in Michigan. We also recommend that MPSC seek amendatory legislation to incorporate available technological practices.

Final Response:

MPSC agrees and is taking steps to comply. In addition to the aforementioned CPI effort that MPSC initiated in 2013, MPSC continues to work on securing and implementing a new web-based information technology platform which will allow the State's 24,300 motor carriers to complete and submit permit applications and attachments on-line. These changes are expected to reduce the application processing time to less than 25 days (up to 67% faster) and make the State application process time shorter than the 28-42 day processing time that the U.S. Department of Transportation takes to issue operating authority to interstate carriers.

The legislative appropriation to procure the IT application has been secured and a vendor has been selected. LARA and MPSC continue to seek amendatory legislation for P.A. 254 which will enhance its CPI efforts.

The estimated date of full completion is January 31, 2015.