

EXECUTIVE DIGEST

PROPERTY DEVELOPMENT AND MANUFACTURED HOUSING DIVISIONS

INTRODUCTION

This report, issued in November 1999, contains the results of our performance audit* of the Property Development and Manufactured Housing Divisions within the Corporation, Securities, and Land Development Bureau, Department of Consumer and Industry Services (CIS).

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

The Bureau is a regulatory component of CIS. The Bureau's stated mission* is to help legitimate businesses form and prosper in Michigan while protecting their rights under the laws of this State and to ensure that consumers will have protection from illegitimate businesses. The Bureau consists of the Bureau Services, Corporation, Enforcement, Property Development, Manufactured Housing, and Securities Examination Divisions. In addition, the Manufactured Housing Commission has statutory authority for some manufactured housing functions.

Property Development Division goals* are to enhance the orderly development and division of real property by ensuring that all statutory requirements are met and that all boundaries are established, re-established, and maintained; review subdivision plats* in an orderly and consistent manner; and provide an objective forum for proposed municipal annexation, consolidations, and incorporations. The Manufactured Housing Division goals are to ensure the orderly growth of the manufactured housing industry within Michigan, eliminate discriminatory practices that restrict the rights of the manufactured housing industry, and institute programs that build consumer confidence.

The Property Development and Manufactured Housing Divisions' operating expenditures were \$1.1 million and \$1.5 million, respectively, for fiscal year 1997-98. The Property Development Division had 14 employees, and the Manufactured Housing Division had 17 employees as of April 30, 1999.

AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the Bureau's effectiveness and efficiency in fulfilling statutory requirements for the survey and remonumentation* program.

Conclusion: We concluded that the Bureau was generally effective and efficient in fulfilling statutory requirements for the survey and remonumentation program. However, we noted a reportable condition* related to standardized data reporting (Finding 1).

Noteworthy Accomplishments: The Bureau established an Internet database of all public land survey

corners* completed and filed under the State Survey and Remonumentation Act (Act 345, P.A. 1990, as amended) to enable other users to readily access the data. In addition, the Bureau is in the process of scanning all the land corner recordation certificates* onto its optical imaging system for data storage, easy accessibility, and future data sharing.

Audit Objective: To assess the Bureau's effectiveness and efficiency in fulfilling statutory requirements for the subdivision control program.

Conclusion: We concluded that the Bureau was generally effective and efficient in fulfilling statutory requirements for the subdivision control program. However, we identified reportable conditions related to circuit court case closure and plat review fees (Findings 2 through 3).

Noteworthy Accomplishments: The Bureau established an indexed list of all subdivisions platted and recorded under the Land Division Act (Act 288, P.A. 1967, as amended) in an Internet database to enable other users to readily access the data. In addition, the Bureau is in the process of scanning all the recorded plats onto its optical imaging system for data storage, easy accessibility, and future data sharing. Also, the Bureau developed a policy and procedures manual for the Subdivision Control Section to help ensure compliance with statutory requirements.

Audit Objective: To assess the Bureau's effectiveness and efficiency in fulfilling statutory requirements for the municipal boundary adjustment* process.

Conclusion: We concluded that the Bureau was generally effective and efficient in fulfilling statutory requirements for the municipal boundary adjustment process. However, we identified a reportable condition related to goals and objectives (Finding 4).

Noteworthy Accomplishments: The Bureau has developed and published a pamphlet that explains the municipal boundary adjustment process. The pamphlet is available to individuals inquiring about the process at State Boundary Commission hearings, on the Internet, and through the mail. In addition, the Bureau completed a total quality management project for the municipal boundary adjustment process that recommended improvements in the process.

Audit Objective: To assess the Bureau's and the Manufactured Housing Commission's effectiveness and efficiency in fulfilling statutory requirements for the manufactured housing program.

Conclusion: We concluded that the Bureau and the Commission were generally effective and efficient in fulfilling statutory requirements for the manufactured housing program. However, we identified reportable conditions related to consumer complaints, license file documentation, and condominium program expenditures (Findings 5 through 7).

Noteworthy Accomplishments: The Bureau comprehensively reviewed and recommended rule changes and processed revised Manufactured Housing Rules through the administrative rule approval process. The Bureau conducted seminars on the fiscal year 1997-98 administrative rule revisions for manufactured housing communities*, installers and servicers*, retailers*, and manufacturers. In addition, the Bureau implemented annual seminars for installers and servicers to promote a better understanding of and improve compliance with requirements of the Mobile Home Commission Act (Act 96, P.A. 1987) and the Manufactured Housing Rules. Also, the Bureau completed customer satisfaction surveys to improve operations and customer relations of the Manufactured Housing Division.

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Property Development and Manufactured Housing Divisions. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit procedures included the testing of records for the period October 1, 1995 through April 30, 1999.

To establish our audit methodology, we conducted a preliminary survey of each Division's operations and identified potential areas to improve operations, established audit objectives related to these areas, and developed audit procedures designed to assess the level of performance or compliance for each audit objective.

To accomplish our objectives, we analyzed and tested the county survey and remonumentation grant funding formula and examined the grant process for appropriate reviews and approvals. We evaluated monumentation and remonumentation progress. We verified the sufficiency of record coordination, restoration, maintenance, preservation, and storage. We analyzed the Bureau's progress regarding control stations* . We tested plat files and the circuit court plat review process, analyzed the plat violation enforcement process, and assessed the plat storage and retrieval process. We tested municipal boundary adjustment petition files. We also tested the Manufactured Housing Division's licensing, construction permit, and local ordinance processes. We analyzed the audit criteria and selection process and tested the informal complaint process. We also tested the reliability of data in the various databases.

AGENCY RESPONSES

Our audit report contains 7 findings and 13 recommendations. The Bureau's preliminary response indicated that it agreed with 11 of the 13 recommendations and has either complied with or will take steps to comply with 11 recommendations.