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Office of the Auditor General

Report Summary

Performance Audit

Licensing and Regulating of Automotive-Related Businesses and Mechanics Department of State

Report Number:
231-0701-15

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The Department of State licenses and regulates automotive-related businesses and mechanics, including approximately 5,900 licensed dealers, 9,200 licensed repair facilities, and 30,300 certified mechanics. The Business Licensing Section receives applications, renewals, and change notifications for dealer and repair facility licensure and mechanic certification. The Business Regulation Section reviews case documentation related to noncompliance identified during investigations and inspections and determines the appropriate action to ensure future compliance with applicable laws, regulations, and rules.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of the Department's processes for licensing or certifying automotive-related businesses and mechanics.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Department should improve its automotive-related business licensing process to ensure that it licenses only qualified businesses and that it assesses all required fees. The Department licensed 5 repair facilities and 8 dealers that may not have been qualified (<u>Finding #1</u>).		X	Partially Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of the Department's processes for regulating automotive-related businesses and mechanics.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Department had not developed management oversight and documentation requirements for closing its regulatory cases to ensure appropriate, consistent, and timely decisions. The Department closed 69.9% of cases with no sanctions and no required management review or approval (<u>Finding #2</u>).		X	Agrees

Findings Related to This Audit Objective (Continued)	Material Condition	Reportable Condition	Agency Preliminary Response
The Department needs to continue to improve the timeliness of its processing of open regulatory cases to ensure that consumers receive services from automotive-related businesses that are compliant with State laws, regulations, and rules. The Department exceeded its 180-day goal for 34.2% of closed cases (<u>Finding #3</u>).		X	Agrees

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.audgen.michigan.gov

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