



STATE OF MICHIGAN  
JOCELYN BENSON, SECRETARY OF STATE  
DEPARTMENT OF STATE  
LANSING

March 29, 2019

Richard Lowe, Director  
Office of Internal Audit Services  
George W. Romney Building  
111 South Capitol Avenue, 8<sup>th</sup> Floor  
Lansing, MI 48933

Dear Mr. Lowe:

In accordance with the State of Michigan Financial Management Guide, Part VII, and Article VIII, Part 2, Section 229 of P.A. 207 of 2018, attached is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's audit report of the Michigan Department of State, Regulatory Monitoring Division, covering the period October 1, 2015 through June 30, 2018.

Questions regarding the summary table or corrective action plans should be directed to me at (517) 241-1385.

Sincerely,

A handwritten signature in blue ink that reads "Gena Hyde".

Gena Hyde, Director  
Information Security and Control Division  
Michigan Department of State

Enclosures

c: Honorable Gretchen Whitmer, Executive Office  
Honorable Jocelyn Benson, Secretary of State  
Doug Ringle, CPA, CIA, Auditor General  
Chris Kolb, State Budget Director  
Hilarie Chambers, MDOS, Chief of Staff  
Winnie Liao, MDOS, Chief Operating Officer  
Mike Brady, MDOS, Chief Legal Director  
Jenita Moore, MDOS, Legislative Liaison  
Senator Jim Stamas, Chair, Senate Appropriations  
Representative Shane Hernandez, Chair, House Appropriations  
Christopher Harkins, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency

**Michigan Department of State**  
**Performance Audit of the Regulatory Monitoring Division**  
**Summary of Agency Responses to Recommendations**  
**October 1, 2015 – June 30, 2018**

The Auditor had one recommendation for the Regulatory Monitoring Division.

1. Audit Recommendation the agency complied with:

None – still in progress.

2. Audit Recommendation the agency agrees with and will comply:

- a. Will comply:

Recommendation Number 1

- b. Will partially comply:

N/A

3. Audit Recommendations the agency disagrees with:

None

**Michigan Department of State  
Performance Audit of the Regulatory Monitoring Division  
Agency Preliminary Responses  
October 1, 2015 – June 30, 2018**

**RECOMMENDATION #1**

We recommend that RMD improve its inspection process for vehicle dealers and repair facilities.

**ANTICIPATED ACTION:** Will Comply

**DESCRIPTION OF ANTICIPATED ACTION:**

The Michigan Department of State has already taken the following steps to comply with the Audit's recommendation:

- The Michigan Department of State implemented the Customer and Automotive Records System ("CARS") on February 19, 2019. This new system includes robust reporting for inspections on dealerships and repair facilities and has helped identify the relative inspection timings of the various facilities around the state.
- The Regulatory Monitoring Division completed the hiring of three regulation agents. One of the regulation agents started on January 2, 2019, and the other two regulation agents started on February 11, 2019.
- With the improved data from CARS and the additional staff capacity, the Regulatory Monitoring Division has already begun inspecting those dealers and repair facilities that were identified in the Office of the Auditor General audit as not ever being inspected and those that have not been inspected in over 10 years.

By May 1, 2019, the Regulatory Monitoring Division will develop a plan to ensure for the inspection of each registered or licensed repair facility and dealership on a regular basis, while still prioritizing the investigation of consumer complaints.

**Anticipated Compliance Date: May 1, 2019**