



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

February 22, 2023

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

Dear Mr. Lowe:

In accordance with the State of Michigan Financial Management Guide, Part VII, and Article V, Part 2, Section 229 of P.A. 166 of 2022, attached is a summary table identifying our response and corrective action plan to address the recommendation contained within the Office of the Auditor General's audit report of the Michigan Department of State, Business Compliance and Regulation Division, covering the period October 1, 2018 through May 31, 2021.

Questions regarding the summary table or corrective action plan should be directed to me at (517) 230-5414.

Sincerely,

*Andrea McGhee*

Andrea McGhee, Audit Liaison  
Information Security and Control Division  
Michigan Department of State

Enclosures

c: Honorable Gretchen Whitmer, Executive Office  
Honorable Jocelyn Benson, Secretary of State  
Doug Ringler, CPA, CIA, Auditor General  
JoAnne Huls, Executive Office, Chief of Staff  
Maria Martinez, Executive Office, Chief Compliance Officer  
Trish Foster, Executive Office, Chief Operating Officer  
Christopher Harkins, State Budget Director  
Melissa Smiley, MDOS, Chief of Staff  
Mike Brady, MDOS, Legal Services Administration Director  
Darryl Hill, MDOS, Office of Investigative Services Director  
Virginia Abdo, MDOS, Business Compliance & Regulation Director  
Erin Schor, MDOS, Legislative Policy Director  
Jake Rollow, MDOS, Communications and External Affairs Director  
Senator Sarah Anthony, Chair, Senate Appropriations  
Representative Angela Witwer, Chair, House Appropriations  
Kathryn Summers, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency

**Michigan Department of State**  
**Performance Audit of the Business Compliance and Regulation Division**  
**Summary of Agency Responses to Recommendations**  
**October 1, 2018 through May 31, 2021**

The Auditor had three recommendations for the Business Compliance and Regulation Division:

1. Audit Recommendations the agency complied with:  
Recommendation Number 1, 2, and 3
2. Audit Recommendation the agency agrees with and will comply:
  - a. Will comply:  
None
  - b. Will partially comply:  
N/A
3. Audit Recommendation the agency disagrees with:  
None

**Michigan Department of State**  
**Performance Audit of the Business Compliance and Regulation Division**  
**Agency Preliminary Responses**  
**October 1, 2018 through May 31, 2021**

**RECOMMENDATION #1**

**FINDING TITLE:** Improved regulatory case review processes needed.

**RECOMMENDATION:** It is recommended that BCRD improve its regulatory case review processes for vehicle dealers, repair facilities, and mechanics to help ensure consumers receive services from automotive-related businesses that are compliant with State laws, regulations, and rules.

**ANTICIPATED ACTION:** Complied

**DESCRIPTION OF COMPLETED ACTION:**

The Business Compliance and Regulation Division (BCRD) implemented the following controls to comply with the audit recommendation:

- a, b, & c. *Completed:* BCRD updated the Case Review Procedure to outline case prioritization and timelines for initiating and closing cases.

**Compliance Date: February 3, 2023**

## **RECOMMENDATION #2**

**FINDING TITLE:** Improved monitoring needed to ensure timely completion of required training.

**RECOMMENDATION:** It is recommended that the BCRD improve its monitoring of APAs to ensure licensees complete required training in a timely manner.

**ANTICIPATED ACTION:** Complied

### **DESCRIPTION OF ANTICIPATED ACTION:**

The Business Compliance and Regulation Division (BCRD) implemented the following controls to comply with the audit recommendation:

- *Completed:* BCRD developed a procedure to track the completion of APA training.

**Compliance Date: February 10, 2023**

### **RECOMMENDATION #3**

**FINDING TITLE:** Enhanced monitoring of driver education programs and driver skills testing businesses needed.

**RECOMMENDATION:** It is recommended that BCRD improve its oversight of the driver education and skills testing programs and develop necessary policies and procedures to ensure third-party contractors are appropriately administering these programs.

**ANTICIPATED ACTION:** Complied

#### **DESCRIPTION OF ANTICIPATED ACTION:**

The Business Compliance and Regulation Division (BCRD) implemented the following controls to comply with the audit recommendation:

- a. *Completed:* BCRD developed procedures for IPPs review. BCRD reviewed all 5 IPPs after the audit period of May 2021.
- b. *Completed:* BCRD developed procedures to establish a monitoring process of third-party certified driver education providers.
- c. *Completed:* BCRD developed procedures to establish the inspection frequency of test sites.
- c. *Completed:* BCRD developed procedures to observe auto and cycle examiners.
- d. *Completed:* BCRD updated the issue of noncompliance violation procedures.

**Compliance Date: February 16, 2023**