

## EXECUTIVE DIGEST

### LICENSING PROCESS

#### BUREAU OF OCCUPATIONAL AND PROFESSIONAL REGULATION

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##### **INTRODUCTION**

This report, issued November 1996, contains the results of our performance audit of the Licensing Process\* of the Bureau of Occupational and Professional Regulation, Department of Consumer and Industry Services.

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##### **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\*.

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##### **BACKGROUND**

The Bureau\* administers the licensing process for 29 different occupations and programs (Office of Commercial Services [OCS]) and 15 different health professions (Office of Health Services [OHS]). OCS and OHS are responsible for processing applications; issuing licenses\*, registrations\*, or certifications\*; and monitoring continuing education\*. The Bureau's Office of Testing Services is responsible for

administering license, registration, and certification examinations. As of September 5, 1995, OCS and OHS had 311,000 and 247,000, respectively, licensees\*, registrants, and certificate holders in the State of Michigan. The OCS licensing process is decentralized with each occupational board\* being responsible for processing licenses. OHS has centralized its licensing process by function rather than having each board issue health licenses.

The Bureau's mission\* is to protect the health, welfare, and safety of Michigan consumers by ensuring that the providers of certain commercial and health services meet minimum educational and competency standards. The mission provides for the licensing, registration, or specialty certification of individuals or businesses who engage in the practice of these professions and occupations. Additionally, the Bureau's mission is to ensure that businesses, agencies, and events associated with these professions and occupations follow prescribed standards of operation and practice.

The Bureau expended \$12,500,000 for OCS and OHS for the fiscal year ended September 30, 1995, and the Bureau had 258 employees as of October 24, 1995.

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**AUDIT  
OBJECTIVES  
AND  
CONCLUSIONS**

**Audit Objective:** To assess the effectiveness and efficiency of the Bureau's practices for issuing licenses, registrations, and certifications.

**Conclusion:** The Bureau's practices for issuing licenses, registrations, and certifications were generally effective and

efficient; however, the Bureau could improve its effectiveness and efficiency. We noted reportable conditions\* regarding temporary licenses (Finding 1) and revenue collections (Finding 2).

**Audit Objective:** To assess the effectiveness and efficiency of the Bureau's use of outside contractors\* for administering license, registration, and certification examinations.

**Conclusion:** The Bureau's use of outside contractors was reasonably effective and efficient. However, we noted a reportable condition regarding the contracting process for license registration and certification examinations (Finding 3).

**Audit Objective:** To assess the effectiveness and efficiency of the Bureau's monitoring of mandatory continuing education for licensed, registered, and certified professionals.

**Conclusion:** The Bureau's monitoring of continuing education was generally efficient and effective. We noted a reportable condition regarding the monitoring of mandatory continuing education (Finding 4).

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**AUDIT SCOPE  
AND  
METHODOLOGY**

Our audit scope was to examine the licensing process and related records of the Bureau of Occupational and Professional Regulation. 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.

To assess the effectiveness and efficiency of the Bureau's practices for issuing licenses, registrations, and certifications, we analyzed the timeliness of the process, and reviewed the remittance process and the Bureau's management reports.

To assess the effectiveness and efficiency of the Bureau's use of outside contractors for administering examinations, we examined the procedures used to bid and award contracts. We also examined the contract bid award and monitoring processes by selecting a sample of existing contracts and testing the records for the contract requirements.

To assess the effectiveness and efficiency of the Bureau's monitoring of mandatory continuing education for licensed, registered, and certified professionals, we evaluated the procedures used by the Bureau to monitor and verify licensee compliance with continuing education requirements. We also evaluated the Bureau's procedures used to follow up those licensees that fail to report their continuing education on a timely basis.

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**AGENCY  
RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP**

Our audit report includes 4 findings and 4 corresponding recommendations. The agency's preliminary response indicates concurrence, and that it has complied or will comply with the recommendations.

The Bureau had complied with all 10 of the prior audit recommendations included within the scope of our current audit.