

EXECUTIVE DIGEST

**36TH DISTRICT COURT AND PARKING VIOLATIONS BUREAU**

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**INTRODUCTION**

This report contains the results of our financial audit of the schedules of Section 9945(1)(d) Revenue of the 36th District Court, State of Michigan, and Section 9945(8) Revenue and Expenditures of the Parking Violations Bureau, City of Detroit, for the period October 1, 1992 through September 30, 1994.

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**AUDIT PURPOSE**

This financial audit was conducted to fulfill the constitutional responsibility of the Office of the Auditor General and the biennial audit requirement of Section 600.9945(10) of the *Michigan Compiled Laws*.

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**BACKGROUND**

The 36th District Court has jurisdiction over both civil and criminal cases within the boundaries of the City of Detroit. The 36th District Court reports administratively to the Judiciary of the State of Michigan.

Section 600.9945(1)(d) of the *Michigan Compiled Laws* defines 36th District revenue as all fees, fines, costs, and other receipts which are received by the Court and which are paid to the City of Detroit as the district control unit of that District.

The Court collected revenue of approximately \$8.5 million during fiscal year 1993-94. As of September 30, 1994, the Court had 452 employees.

The Parking Violations Bureau of the City of Detroit is responsible for the enforcement of city parking ordinances, issuance of parking violation notices, and collection of civil fines and costs as prescribed by ordinance.

Section 600.9945(8) of the *Michigan Compiled Laws* requires the Bureau to pay the State one half of the revenue generated in excess of operating expenses.

The Bureau collected revenue of approximately \$7.3 million and expended approximately \$5.7 million during the City's fiscal year ended June 30, 1994. As of September 30, 1994, the Bureau had 71 positions.

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**AUDIT  
OBJECTIVES  
AND  
CONCLUSIONS**

**Audit Objective:** To assess the adequacy of the Court's internal control structure over Section 9945(1)(d) revenue and the Bureau's of internal control structure over Section 9945(8) revenue and expenditures.

**Conclusion:** Our assessment of the internal control structure did not disclose any material weaknesses. However, our audit did disclose reportable conditions in the areas of mailroom controls, disposition of mail receipts, and license hold revenue payments. (Findings 1 through 3).

**Audit Objective:** To assess the Court's and the Bureau's compliance with applicable laws and regulations.

**Conclusion:** Our assessment of compliance with laws and regulations did not disclose any instances of noncompliance that could have a material effect on the financial schedules.

**Audit Objective:** To audit the Court's schedule of Section 9945(1)(d) revenue and the Bureau's schedule of Section 9945(8) revenue and expenditures for the fiscal years ended September 30, 1994 and September 30, 1993.

**Conclusion:** We issued an unqualified opinion on the financial schedules. We determined that the State's share of Section 9945(8) revenue for the audit period totaled \$2,688,678, of which \$2,238,685 was due to the State as of our report date (see schedule of revenues, amounts paid, and amounts due the State).

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**AUDIT SCOPE**

Our audit scope was to examine the financial and other records of the 36th District Court and the Parking Violations Bureau for the period October 1, 1992 through September 30, 1994. Our audit was conducted in accordance with generally accepted auditing standards and *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.

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**AGENCY  
RESPONSES**

Our audit report includes 3 findings and 7 recommendations. We received an agency response from the 36th District Court, Parking Violation Bureau, and the Judiciary of the

State of Michigan. The 36th District Court agreed with the 4 recommendations (Findings 1 and 3) related to its operations. The Bureau agreed with 2 (Finding 2) of the 3 recommendations related to its operations but did not provide an agency response to the recommendation for Finding 3. The Judiciary agreed with the 7 recommendations.

Our report also included an unqualified opinion on the Bureau's financial schedules and determined that the State's share of Section 9945(8) revenue for the audit period totaled \$2,688,678, of which \$2,238,685 was due to the State as of our report date. Generally, the Bureau agreed and has paid the State \$2,224,005. The Bureau disagreed that \$12,657 attributable to revenue for fees collected as a result of activity to seize vehicles was due the State. The Bureau believes that Section 600.9945(8) does not apply to the fees.

The Judiciary agreed with the Auditor General's conclusion that both the revenue and expenditures associated with the "boot and tow" program should be included in the calculation of revenue due the State of Michigan. The Judiciary stated it will request that the City of Detroit send the State of Michigan the remaining Parking Violations Bureau revenue due for the two years ended September 30, 1994.