

EXECUTIVE DIGEST

36TH DISTRICT COURT AND PARKING VIOLATIONS BUREAU

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, 1994 through September 30, 1996.

AUDIT PURPOSE

This financial audit was conducted as part of 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*.

BACKGROUND

The 36th District Court has jurisdiction over both civil and criminal cases within the boundaries of the City of Detroit. During our audit period, the 36th District Court reported administratively to the Judiciary of the State of Michigan. However, Act 374, P.A. 1996, significantly changed the organization and funding of the State's courts. As a result, as of October 1, 1996, the operation of the 36th District Court became the responsibility of the City of Detroit. However, the City of Detroit has filed a lawsuit to challenge this reorganization.

The Court collected revenue of approximately \$11.0 million during fiscal year 1995-96. As of September 30, 1996, the Court had 484 positions.

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.

The Bureau collected revenue of approximately \$8.4 million and expended approximately \$6.6 million during the period October 1, 1995 through September 30, 1996. As of September 30, 1996, the Bureau had 60 employees.

**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 internal control structure over Section 9945(8) revenue and expenditures.

Conclusion: Our assessment of the internal control structures did not disclose any material weaknesses* . However, our review did disclose reportable conditions* in the areas of Department of Treasury collections, overpayments, purged accounts, license hold revenue* payments, mailroom controls, and real estate fees (Findings 1 through 6).

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 Court's financial schedule or the Bureau's financial schedule.

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, 1996 and September 30, 1995.

Conclusion: We expressed an unqualified opinion on the financial schedules. We determined that the State was due \$2,630,944 from the Court and \$615,771 from the Bureau.

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, 1994 through September 30, 1996. 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.

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

Our audit report contains 6 findings and 11 corresponding recommendations. The 36th District Court's preliminary response indicated that the Court agreed with the 6 findings applicable to it. The Parking Violations Bureau did not provide us with a preliminary response for the 1 finding applicable to it.

The Court fully complied with 1 and partially complied with another of the 4 prior audit recommendations directed to the Court. We are repeating 3 prior audit

recommendations in this report, including the recommendation with which the Court had partially complied.

The Bureau complied with 2 of the 3 prior audit recommendations directed to it, and we are repeating 1 prior audit recommendation in this report.