

Dunellen Parking Authority

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James Duhamel
Chairman

Scott H. Olsen
Secretary/Treasurer

6 January 2012

Thomas P. Neff, Director
Division of Local Government Services
101 South Broad Street
P.O. Box 803
Trenton, NJ 08625-0803

Dear Director Neff,

In response to your letter dated November 29, 2011, we provide the following policies and procedures and corrective actions taken to date, along with a timetable for implementing future actions to address Control Deficiencies noted in previous audits of the Dunellen Parking Authority.

On Street Meters

One of the issues raised by the auditors was the "lack of a complete monitoring of control procedures related to parking meter collections." We responded to this issue in 2008 by purchasing new meters, which provide secure coin boxes and downloadable collection reports. Two authority personnel collect the coin by removing a closed coin box from each meter which is then inserted into a master container. Once inserted, the coin box has to be twisted in order to release the coins from within. The coin drops directly into the locked container without being touched. Then, this procedure is reversed, which reseals both the coin box and the master container. Each on-street meter is collected in this manner, and each meter is "read" electronically via a handheld computer, which stores and accumulates the total coin collected. Once all the meters are collected, the master containers are brought to the bank, where they are unlocked in the presence of bank personnel and counted in the bank's coin counting machine. A print-out from the counting machine becomes the amount deposited. The deposit total is then compared with the downloaded collection report from the handheld computer, which represents the total collected from all of the meters.

Multi-space Meters

An additional point under the issue of "Monitoring of Control Procedures related to parking meter collections" is Multi-space Meters. In 2004, the Authority went from manual meter collection to computer-tracked collection devices when we purchased multi-space meters to replace single meters that were installed at two Authority-controlled parking lots. Coin and currency are received into locked boxes in each machine, and when these locked boxes are

removed, a sequentially-numbered receipt is automatically printed out showing the amount of coin and currency collected. These locked boxes are brought to and counted in the bank, and the total collected is compared with the electronic printout from each of the two multi-space machines.

Permits

Pre-printed, sequentially numbered permits are sold twice per month to local commuters at an office utilized concurrently by both the Code Enforcer and the Tax Assessor for the Borough of Dunellen. Each permit has a tear-off section, which serves as the Authority's receipt from sale. Commuters can buy permits for one, two or three month periods at \$50 per month for non-residents and \$40 per month for residents. The tickets are sold in sequential order, regardless of the number of months purchased.

At the Auditor's suggestion, we are implementing a new procedure – expected to be completed in the second quarter of 2012 - to include six color-coded tickets to distinguish resident and non-resident purchases as well as the duration of the permit (one, two or three months). This procedure will improve control over permit revenue by eliminating the non-sequential variation in permit sales.

We corroborate the number sequence of permits with the amount collected, assuring that the number of tickets sold and the amount received agree.

Commissioners perform random, non-scheduled reviews of the collection and recording processes.

Cancelled Checks

The 2008 audit stated "the manner in which photocopies (of cancelled checks) are presented does not allow for review of the endorsements on the back of the respective checks." At our insistence, the Authority's bank now provides front and back copies of cancelled checks, and has provided them for the last three years, which resolves this "lesser deficiency control."

Segregation of Duties

The Authority employs four personnel – two full-time, two part-time. One full-time employee serves as supervisor, the other full-time employee writes tickets, and performs the meter collections along with one of the part-timers. The two full-timer employees sell permits during evening rush hour on the first and last Mondays and Wednesdays of the month. A Commissioner verifies the total collected the following day, and confirms the number and amount of each permit sold.

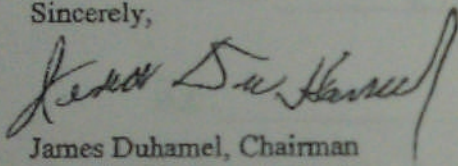
The Secretary/Treasurer is a part-time employee who performs the bank reconciliations, pays invoices and prepares financial reports. These reports are presented to the Commissioners at each Authority meeting, along with a listing of bills, which are approved by resolution.

Of the five major issues raised by the Auditor's reports (On Street Meters, Multi-space Meters, Permits, Cancelled Checks, and Segregation of Duties), all but Permits have been addressed by the Dunellen Parking Authority and either have been corrected or we are in the active process of modifying and correcting them. The Permit issuance process will be substantively altered by Summer 2012.

In conclusion, while we have been making very significant progress in correcting the deficiencies noted by the Auditor, we will continue to respond to their suggestions to correct any issues noted. It is – and has been – the Authority's intention to ensure proper controls are in place to reduce the opportunity and potential for fraud.

Please don't hesitate to contact me should you have any questions or concerns regarding the above.

Sincerely,



James Duhamel, Chairman
Dunellen Parking Authority

c: Robert Seader, Mayor of Dunellen Borough
Scott Olsen, Authority Secretary/Treasurer
Mark Pfeiffer, Deputy Director
Andrew Hodulik, Authority Auditor