

TOWN OF WESTPORT  
OFFICE OF THE INTERNAL AUDITOR



# INTERNAL AUDIT REPORT

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## RAILROAD PARKING

IA 12-02

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JANUARY 4, 2012

# LETTER OF TRANSMITTAL

JANUARY 4, 2012

CHAIRMAN KANER AND MEMBERS OF THE TOWN OF WESTPORT'S BOARD OF FINANCE:

I respectfully submit the enclosed internal audit report of Railroad Parking. This project took approximately three months of field work. I greatly appreciate the time, patience and cooperation of all parties involved in this audit.

Included in this report are a number of findings and recommendations that are intended to assist Town of Westport administrators in identifying opportunities for strengthened controls and efficiencies.

Thank you for the opportunity to provide this information to the Board of Finance.

Very Truly Yours,

Lynn Scully  
Internal Auditor, Town of Westport

CC: GORDON JOSELOFF, FIRST SELECTMAN  
JOHN KONDUB, DIRECTOR OF FINANCE  
JEFF WIESER, CHAIRMAN, RTM FINANCE COMMITTEE

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## A. INTRODUCTION

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### AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

#### **OBJECTIVES:**

The objectives of this audit were to:

1. Obtain an overall understanding of the current functions of the Town of Westport's Railroad Parking operation (hereafter RRP), with particular emphasis upon recordkeeping, reporting (internal and external), cost allocations and controls.
2. Review the Town of Westport's contractual relationship with the State of CT to operate the RRP facilities, to determine contract compliance.
3. Review correspondence with the State of CT regarding the RRP operation, including any reports from audits conducted on behalf of the State of CT.
4. Obtain an understanding of the Town of Westport's outsourced parking fee-related services, including a review of the current vendor contract(s) and procedures employed by Town of Westport employees related to these services.
5. Document understanding of the key processes relating to both revenues and expenditures within the RRP operation, including those performed by outside vendors.
6. Survey other municipalities along the New Haven Line for comparison of organizational/operational/financial information with the Town of Westport's current RRP operation.
7. Identify opportunities for strengthened controls and increased efficiencies.

#### **SCOPE:**

This audit was largely operational in scope; with particular emphasis upon understanding and documenting railroad parking-related procedures at the Town of Westport's Police Department and Finance Department. An overview of this function is presented in Section B. of this report.

## **METHODOLOGY:**

- A series of interviews were conducted with Railroad Parking personnel and Finance Department staff to determine the flow of information related to revenue and expenditure transactions.
- Certain analytical procedures were performed to determine compliance with the terms and conditions contained within the Town of Westport's lease with the State of CT.
- Prior audits of the Town of Westport's Railroad Parking operation were reviewed, key findings/recommendations identified and certain updated information obtained, where appropriate. This information is summarized in section B of this report (see page 10 of this report).
- Reviewed lease agreements with local vendors that occupy Railroad Station buildings and documented the procedures associated with rental transactions.
- Reviewed contractual relationships with outside vendors that provide essential services to the Railroad parking operation.
- Reviewed other municipal railroad parking operations through website information and telephone interviews for the purposes of comparing organizational structure and methodology.

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## B. OVERVIEW OF WESTPORT'S RAILROAD PARKING FUNCTION

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### Authority

Connecticut General Statutes grants authority to the Town of Westport to control parking of vehicles (*CGS Vol. 5, Title 14, CH 249, Sec 14-07, **Parking restrictions. Regulations.***).

Per the Town of Westport Charter, (§ *C4-7. - Traffic Authority*), the Board of Selectman is the designated Traffic Authority for the Town, as follows:

**§ C4-7. - Traffic Authority.**

**The Board of Selectmen shall be the Traffic Authority of the Town and shall have all the powers and duties conferred or imposed by law on Traffic Authorities.**

Regulations regarding vehicle parking in the railroad parking lots have been established by the Board of Selectmen in its capacity as Traffic Authority for the Board of Selectmen. These regulations were last amended on April 27, 2011.

### Parking Lots and Spaces

The Town of Westport has 11 commuter parking lots that serve the Town's two railroad stations, Westport (Saugatuck) and Greens Farms (8 lots at Saugatuck, 3 at Greens Farms). Maps of these parking lot locations are included in the attachments of this report.

There are approximately 1,795 parking spaces in these lots, broken down as follows:

<b>Permit Only</b>	1,431
<b>Daily</b>	289
<b>Other *</b>	75
<b># Parking Places</b>	<b>1,795</b>

\* 33 handicapped and 42 tenant spaces.

### Railroad Permit and Daily Parking Fees

The Town of Westport has currently issued 3,783 annual parking permits. Annual permits are \$325 per year. There are approximately 2,400 people on the 5+ year waiting list for permits.

Daily parking fees are \$5 per day.

**Accounting for Railroad Parking Revenues and Expenditures**

Financial activities for the Town of Westport’s Railroad Parking operation are accounted for within two separate accounts, as described in the June 30, 2011 Town of Westport Consolidated Financial Statements:

**Railroad Parking Reserve (Capital Improvement) Fund-** is used to account for the revenues transferred from the Railroad Parking Fund and expenditures as required by the State of Connecticut pursuant to a lease agreement between the Town of Westport and the Department of Transportation. **Balance at 6/30/10 in this account was \$ 294,380.**

**Railroad Parking (Operating) Fund** - is used to account for the revenues and expenditures related to the Railroad Parking operation. **Balance at 6/30/10 in this account was \$ 475,781.**

The railroad parking function is operated by Westport’s Police Department. The railroad parking budget for the year ending June 30, 2012 is as follows:

Exhibit 1

<b>Railroad Parking Fund</b>	<b>2011/2012 Estimate</b>
<b>Revenues</b>	
Parking Permits	1,160,522
Transient Parking	520,261
Rents and Others	46,800
Interest Income	400
Fund Balance Applied	-
<b>Revenues/Fund Bal</b>	<b>1,727,983</b>
<b>Expenditures</b>	
Salaries	126,686
Extra Help & Overtime	549,687
Social Security	22,868
Uniform Allowance	900
Fees & Services	101,300
Telephone	3,300
Veh. Oper.	6,000
Facility Maint.	57,806
Postage	7,000
Insurance	399,000
Supplies	10,000
Heating Fuel	8,000
Electricity	85,640
Water	15,000
Program Expenses	125,000
Miscellaneous Expenses	145,296
Refunds	9,000
Facility Improvements (Capital)	50,000
Vehicles (Capital)	-
Computers (Capital)	5,500
<b>Operating/Capital Expenditures</b>	<b>1,727,983</b>

## **Lease with the State of Connecticut**

A good portion of the land where these parking lots are situated is owned by the State of Connecticut. A lease agreement with the State's Department of Transportation provides for the conditions under which the Town of Westport operates the railroad parking operation.

Some key provisions of this lease agreement are:

- The current lease is for a 10-year period from July 1, 2001 through June 30, 2011. It is renewable for two successive 10-year periods of time. (NOTE: The Town has exercised its rights under the lease to renew until June 30, 2031, but the State is in the process of developing station maintenance and operation standards to be incorporated into a "replacement agreement," which is forthcoming. Until then, according to correspondence with the State, the Town's tenancy is considered by DOT to be on a month-to-month basis).
- The Town of Westport shall establish two separate funds, Railroad Parking (Operating) Fund and the Railroad Parking Reserve (Capital) Fund. All revenues associated with railroad properties are to be deposited in the Railroad Parking (Operating) Fund.
- In lieu of an annual lease payment, the Town of Westport agrees to reinvest 50% of surplus revenue derived from rail parking and rail-related leases into the improvement and maintenance of rail station buildings, rail station parking, and mutually agreed upon rail station services. In practice, all surplus revenue from the Railroad Parking (Operating) Fund at fiscal year-end is transferred to the Railroad Parking Reserve (Capital) Fund for these purposes.
- If there is a surplus in the Capital Improvement Fund after 5 years, the State has the right to withdraw 50% of these funds.
- The Town of Westport shall establish and maintain adequate records which show the yearly gross revenue and expenses charged against the gross.
- State reserves to review in-kind administrative and general expenses.
- Town of Westport must annually prepare and deliver a Statement of Gross Revenue, pertinent expenses and the amount in the Capital Improvement Fund, prepared by a CPA.
- The State reserves the right to approve any and all parking fees in excess of the minimum \$100.

## **Railroad Station Tenants**

Space within the railroad stations is rented to the following businesses:

Westport Star Taxi

Westport Car Rentals

Lili's Fine Foods

Amy Keeler

Wilton Enterprises, Inc.

In addition, 8 display cases are rented to the following businesses/organizations:

Nancy Fritz

WM Ravies

WCT (Town Hall)

Laura Barton's Designer Frames & Gallery

Westport Resources

SZ Jewelry MFG Company, Inc.

Suzanne Sheridan Photography

First Church of Christ, Scientists

The annual revenue for these rental agreements total approximately \$53 K.

For more information regarding rental agreements, see finding 4.a., pg 17.

#### **Arrangements with COMPLUS DATA INNOVATIONS, INC.**

In January 2011, the Town of Westport entered into a contractual relationship with COMPLUS DATA INNOVATIONS, INC. (COMPLUS) for the processing of parking tickets using the FastTrack Parking Ticket Management System (FastTrack). With this system, the Town of Westport is able to issue parking tickets that are accounted for within COMPLUS' FastTrack system. On behalf of the Town of Westport, COMPLUS issues delinquent notices and notices of violations for outstanding tickets to vehicles bearing State of CT plates and out-of-state plates (to the extent allowed by each State's DMV) to the last known registered owners.

Through the FastTrack internet-based system, outstanding daily parking tickets (along with tickets for other parking violations) can be paid for online by credit card.

COMPLUS remits all proceeds (gross) by check to the Finance Department of the Town on a weekly basis. COMPLUS then sends an invoice to the Town of Westport on a monthly basis for fees. These fees include 17% of all in-state and out-of-state parking ticket collections, \$0.70 per handwritten parking ticket processed through COMPLUS, \$ 0.45 per mail-in parking ticket payments processed by COMPLUS and other miscellaneous charges.

As of 12/7/11, the Town of Westport has paid COMPLUS approximately \$67K in fees. This represents approximately 13% of the Town's budgeted Transient Parking Revenue (\$ 520,261).

It should be noted that the COMPLUS FastTrack system only accounts for daily parking fees. Annual permits are currently accounted for within a separate database system developed internally. More information regarding the systems environment is included in the Systems Environment section of this report, page 11.

## **Prior Studies of Westport's Railroad Parking Operation**

### **Connecticut Rail Governance Study – 2003**

This was a comprehensive project conducted by the State of Connecticut's Department of Transportation, involving engineering studies and financial analyses. The purpose of this study was to evaluate rail station parking and management along the Metro-North New Haven Line and the New Canaan, Danbury, and Waterbury Branches. The 2001-2003 study was intended provide an assessment and related improvement recommendations with regard to facilities, management, and governance at the rail stations. Certain levels of standardization were recommended.

### **South Western Region Rail Station Parking Study – May 2009**

This study was conducted by the South Western Regional Planning Agency (SWRPA) and included Darien, Greenwich, New Canaan, Norwalk, Stamford, Weston, Westport and Wilton. The study looked at:

- roles and responsibilities related to managing and operating rail station parking
- costs of rail station parking
- permitting processes
- parking capacity
- websites

Recommendations for standardization and uniformity were presented.

According to the SWRPA website, a new Westport and Greens Farms Rail Parking Study is scheduled to be undertaken in the near future.

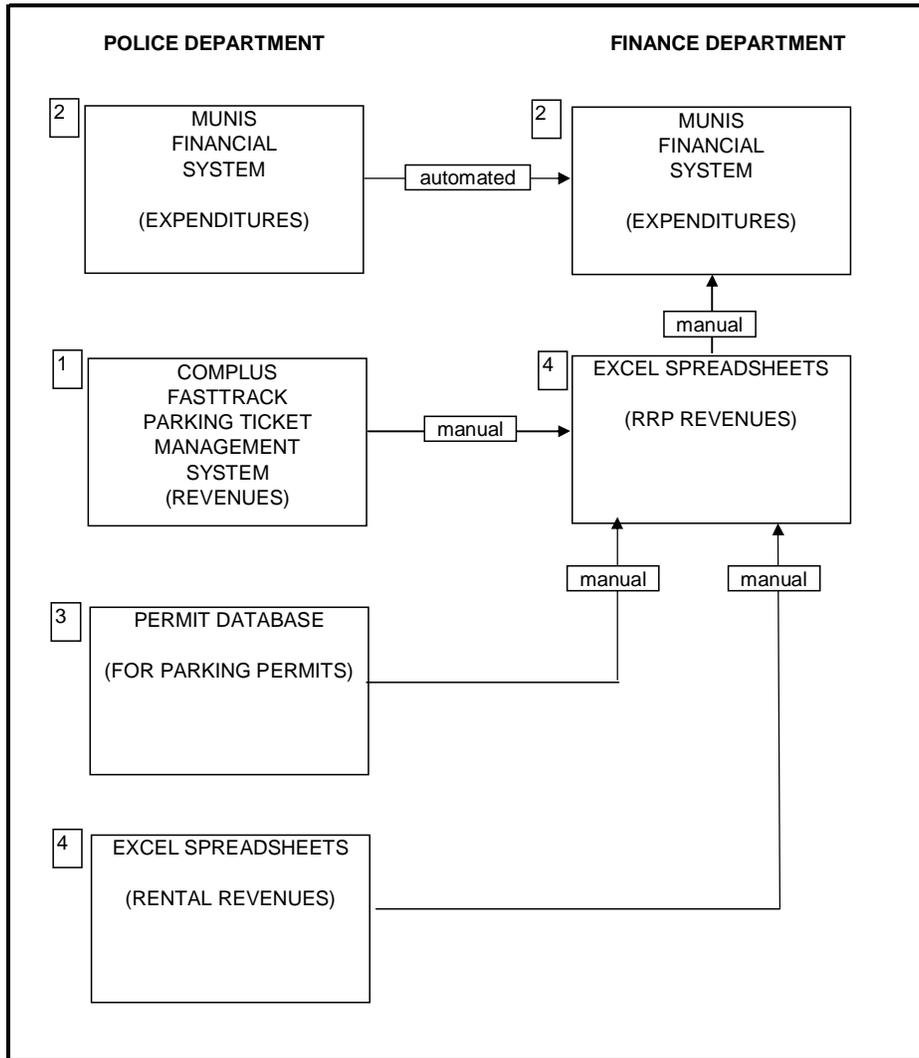
### **CT DOT (Seward and Monde) Westport Lease Operations Audit, 2009**

This Operations Audit covered the period July 1, 1999 to June 30, 2006. The report itself was not delivered to the Town of Westport until October 11, 2011, however. Much of the findings in this report represent transactions and account balances that are no longer easily accessed for the purposes of follow-up, given the amount of time that has passed.

## THE SYSTEMS ENVIRONMENT:

The following is a graphic representation of the current systems environment as it relates to the personnel function. A description of each application follows.

Exhibit 2



The following briefly describes each software application presented in Exhibit 2.

<u>APPLICATIONS</u>	
1	<p><b>COMPLUS Data Innovations, Inc. FastTrack Parking Ticket Management System –</b>            This web-based application allows for outsourced parking ticket collections. All parking violations are included in this application (this is not a railroad parking-specific program).</p>

2	<b>MUNIS Financial System</b> – Railroad parking expenditures are accounted for within the MUNIS financial system. Revenue activity is maintained in spreadsheets and entered into MUNIS via journal entry.
3	<b>Permit Database</b> – This homegrown application was developed internally by Police Department personnel. It continues to be utilized for permits, mailings to permittees and also maintenance of the waiting list for permits.
4	<b>Microsoft Excel</b> – Spreadsheets are used to by Police Department personnel to track rental income. Spreadsheets are also used by the Town of Westport’s Controller to account for revenue activity in the Railroad Operating Fund.

## C. FINDINGS AND RECOMMENDATIONS

It should be noted that some internal control issues were identified as a result of this review. The following findings and recommendations are operational in nature and are intended to assist Town administrators in identifying opportunities for strengthened controls and efficiencies.

### 1. Organizational

#### a. Finding re: Organizational Structure:

As illustrated in Exhibit 3 below, of all municipalities reviewed for the purposes of this audit, Westport was the only town that operated its railroad parking exclusively through its Police Department.

Exhibit 3

Railroad Parking Comparisons	Westport	Fairfield	Greenwich	Stratford	Milford	Darien
<b>Permit Only</b>	1,431	1,053	1,729	205	361	221
<b>Daily</b>	289	372	645	80	83	317
<b>Other</b>	75			11		
<b># Parking Places</b>	1,795	1,425	2,374	296	444	538
<b>Owned By</b>	CTDOT/Town	CTDOT	CTDOT/Town /Albert B Ashforth	CTDOT	CTDOT	CTDOT
<b>Operated by</b>	WP Police Department	Fairfield Parking Authority	Parking Services Dept/Parking District	Town's Asst Town Manager	Milford Transit District, MF Police (daily fees)	Darien DPW
<b>Authority</b>	Town (BOS as Traffic Authority)	Fairfield Parking Authority	Parking District/Ashforth	Town	Milford Transit District	Town

While some municipalities with railroad parking operations use the ticket-processing or security services of their respective police departments, oversight and budgetary responsibilities generally belong to the town/city or outside parking authority.

Because the Town of Westport's railroad parking operation is run by the Town's Police Department, several officers within the Town's police force are dedicated to this function. These clerical and/or security-related duties certainly reduce the officers available for police work. Further, hourly rates and overhead for a police officer generally run higher than those of their clerical counterparts.

There are 3 full-time Police Department civilian employees dedicated to the railroad parking operation in Westport. A Records Clerk, a Traffic Agent and a Custodian. Salaries for these positions total approximately \$127K in the 2011-12 departmental budget.

The Extra Help and Overtime account in the Railroad Parking Budget (see pg 7) is approximately \$550K for the 2011-12 budget year. This is broken down as follows:

Exhibit 4

<b>Extra Help &amp; Overtime RR Parking 2011-12</b>	
Custodian Extra Help - Weekends	\$ 16,170
Vacation replacement - 20 days	2,400
Admin - Officer @ 65%	57,086
Admin - Deputy Chief @ 40%	52,174
Admin - Captain @ 10%	12,427
Admin - Clerk @ 50%	22,168
Admin - Clerk @ 25%	11,638
Admin - Accounts Payable (Finance)	30,000
Evening Security - 3PM-3AM (3 FT Officers)	257,956
Patrol Officer (1 AM post, 2 PM posts)	87,668
	<b><u>\$ 549,687</u></b>

**Recommendation:**

Strategically, the Town of Westport should seriously consider whether the railroad parking function isn't better suited for a different department of the town altogether (Finance or Public Works, for example). As the duties are largely clerical, particularly as they relate to the selling/tracking of annual permits and landlord/tenant relations, there might be significant savings in personnel costs by reorganizing. The newly responsible parties should work in cooperation with the Police Department, as there has been a significant investment in technology to streamline the ticketing process.

At minimum, the Town of Westport should consider outsourcing the security function of railroad parking rather than continue to fund 3 full-time police officers and additional patrol officers.

Officers providing these services to the town currently can be redeployed for higher priority police assignments and the associated positions can potentially be trimmed from the force through attrition.

**b. Finding re: Outsourced Maintenance Agreement with AJ Penna:**

The police department appears to have an informal agreement with A.J. Penna, Inc. for routine maintenance, plowing/sanding and repairs. There appears to be no written contract with this vendor for these services, and no indication that these services have been put out to bid.

The amount budgeted in 2011-12 for Facility Maintenance is \$ 57,806.

**Recommendation:**

The Town's Purchasing Officer should oversee the development of specifications for these services and bids solicited as soon as possible, as per the Town of Westport's procurement policy.

c. **Finding re: Documentation of Policies and Procedures:**

No procedures for railroad parking activities appear to be documented. This is especially problematic because there are significant cash-handling activities employed, along with custodial responsibility for valuable permit stickers.

**Recommendation:**

It is recommended that the Town of Westport undertake the procedural documentation of all key railroad parking-related functions. This will help to ensure completeness, uniformity and business continuity in the face of unanticipated employee turnover within the Police and Finance departments. The result of this undertaking would be a strengthened internal control environment as it relates to the railroad parking function.

2. **Systems**

a. **Finding re: COMPLUS FastTrack Application:**

While the Town's new arrangement with COMPLUS represents a greatly improved process for daily/transient parking activity, the application does not presently accommodate annual permits. Annual permits are accounted for in a separate homegrown database program which was developed and is supported by a now-retired police officer.

The result of having two separate systems is that each type of revenue must be handled differently. Only the daily tickets are run through the COMPLUS register system. Annual permit fees (which represent over \$ 1 million annually) are not run through the cash register and are deposited separately.

**Recommendation:**

According to the Chief of Police, COMPLUS is working to develop a permit module for FastTrack to accommodate this additional important financial activity. It is recommended that this option be pursued for the sake of efficiency and control.

b. **Finding re: Special Funds:**

Revenue activity in the Town of Westport's Railroad Parking Operating Fund is accounted for in Excel spreadsheets by the town's Controller. Summary information is then entered into MUNIS via journal entry. This means that information is maintained in two subsidiary locations prior to it

being entered into MUNIS, the Town's main financial application.

**Recommendation:**

This is a known issue and is being addressed by the Town of Westport's Finance Department.

c. **Finding re: COMPLUS reports:**

While the people at COMPLUS have been very accommodating and responsive, the Police Department is dependent upon COMPLUS for the creation of all operational/financial reports.

**Recommendation:**

In future communication with COMPLUS, it should be stressed that some read-only level of report-writing access to the system by the Town of Westport is desirable to meet the Town's operational objectives regarding the railroad parking function.

3. **Financial Accounting and Control**

a. **Finding re: Budgeted COMPLUS expenditures:**

The Town of Westport has budgeted \$ 100K for COMPLUS fees in 2011-12 within its Fees & Services account. As of 12/7/11 (less than halfway through the fiscal year), the Town of Westport has paid \$ 67K to COMPLUS in fees, which represents 67% of the budgeted amount.

**Recommendation:**

This situation should be monitored by the Police and Finance Departments.

b. **Finding re: Deposits of Railroad Parking Receipts:**

All permit monies, along with walk-in payments are received at the Police Department. While deposits are prepared on a daily basis, these deposits are held in a departmental safe and are not always deposited on a weekly basis.

**Recommendation:**

For proper internal control, deposits should be made at least weekly and more frequently during peak permit times.

c. **Finding re: Segregation of Duties – Railroad Parking Fund:**

The Town of Westport's Controller receives COMPLUS checks and deposits them into the Railroad Parking Fund account. He maintains the subsidiary ledger (spreadsheet) and reconciles the bank account before posting summary revenue data to MUNIS.

**Recommendation:**

For proper internal control, no one individual should have both custodial and record-keeping responsibilities for Town of Westport funds. It is recommended that COMPLUS checks be handled (recorded, deposited) by another individual within the Finance Department.

**4. Operational**

**a. Finding re: Tenant Lease Agreements:**

There are 5 tenants that occupy space at Westport's rail stations. Each of these lease agreements appear to have expired, with the most recent expiring in 2007. There has been no change in rental fees to these tenants for 5 or more years. Total annual income for these 5 leases is approximately \$53K.

**Recommendation:**

The Town of Westport should seek to renew these lease agreements after a careful review of the rental fees, negotiating adjustments as appropriate.

**b. Finding re: Merchant Parking:**

Westport provides a 1-hour parking area for the convenience of its tenant businesses. Observations reveal that a number of these parking spots remain open throughout the day.

**Recommendation:**

Given the high demand for parking spaces by permit-holders, the number of spaces within this parking area should be reviewed to determine if some of these spaces might be reassigned in order to alleviate some of the overcrowding.

## ATTACHMENTS

Railroad Parking Comparisons						
	Westport	Fairfield**	Greenwich	Stratford	Milford	Darien***
Permit Only	1,431	1,053	1,729	205	440	919
Daily	289	372	645	80	110	533
Other	75			11		
# Parking Places	1,795	1,425	2,374	296	550	1,452
2011-2012 Budgeted Expenditures* \$	1,727,983	NA	NA	306,650	NA	869,540
Cost per parking spot (annual) \$	963			1,036		599
Annual permit fee \$	325	\$340/\$230	\$279/\$488	350 \$	275 \$	345
Daily parking fee \$	5 \$	6 \$	5 \$	5 \$	5 \$	3
# Permits issued	3,783	2,000	3,783	358	462	1,753
# oversold	2,352	947	2,054	153	22	834
% sold	264%	190%	219%	175%	105%	191%
Cost per parking place (annual) \$	963			1,036		599
Total Avg Weekday Boardings+ Avg Boarder per Parking spot	3,172 1.77	NA	6,244 2.63	NA	NA	1,510 1.04
Wait list?	Yes	Yes	Yes	Yes	Yes	Yes
How long?	5+ yrs	6+ yrs	?	6+ yrs	4 yrs	4 yrs
# on list	2,424	4,278/4,251	1,843	750+	650	2,703
Owned By?	CTDOT/Town	CTDOT	CTDOT/Town/Albert B Ashforth	CTDOT	CTDOT	CTDOT
Operated by?	WP Police Department, Penna Construction, WP Public Works	Fairfield Parking Authority, FPA Police, maint by Town, outsourced cleaning	Town, Parking Services Dept/Parking District/Ashforth, outsourced maintenance	Town's Asst T Town Manager, outsourced security & snow removal	Milford Transit District, MF Police (daily fees)	Darien DPW
Authority?	Town (BOS as Traffic Authority)	Fairfield Parking Authority	Parking District/Ashforth	Town	Milford Transit District	Town
Manual or Automated?	Manual/Automated	Manual/Automated	Manual/Automated	Manual	Manual	Manual

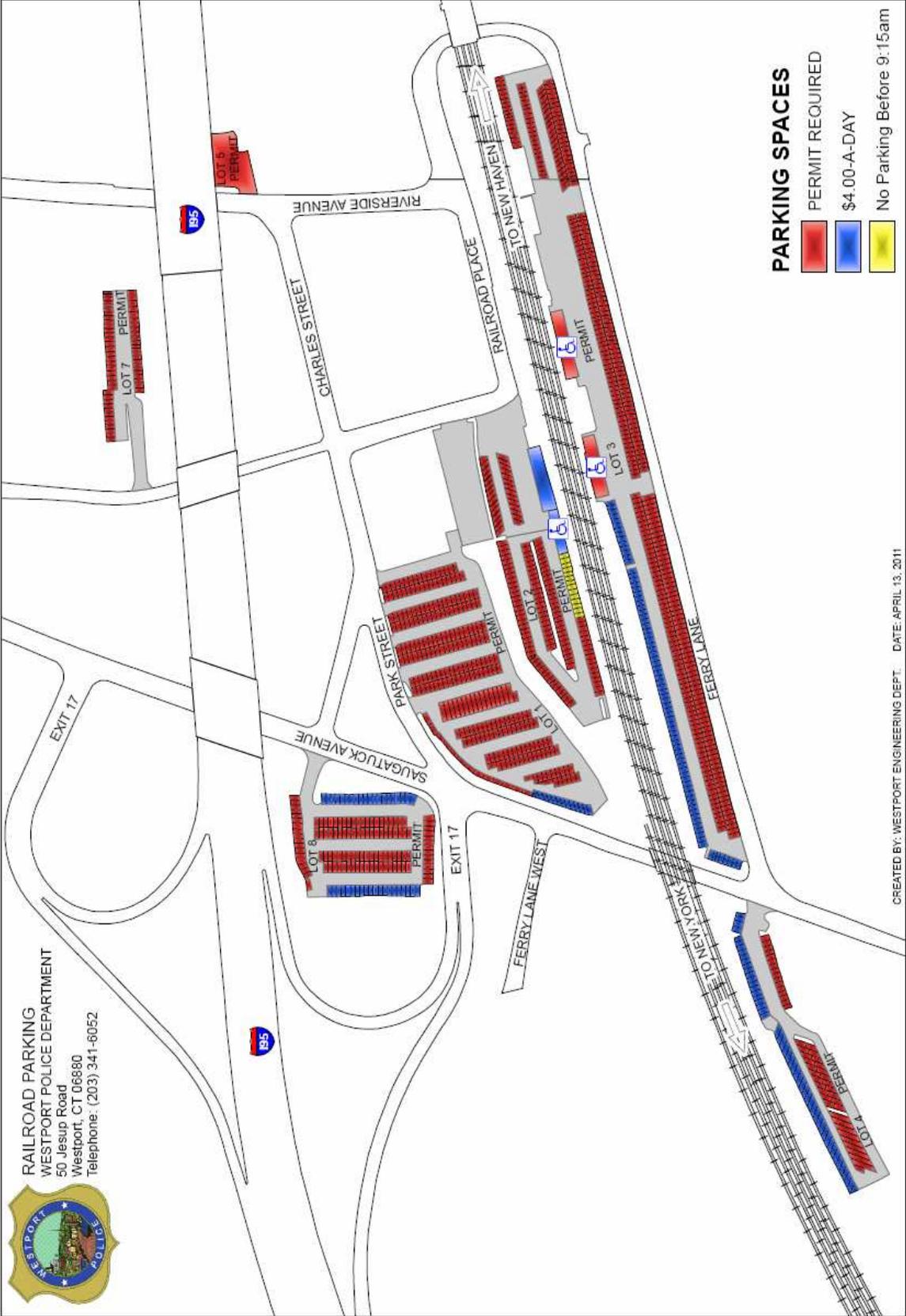
\* Note: some municipalities did not have current budget data available on their website or did not have separate RR Parking budgetary information.

\*\*CTDOT has recently opened another rail station (Fairfield Metro) that is run by the State (oustourced to Fusco Mgmt Co.) There are 1,000 permit spaces at this new station at a price of \$210/6mos.

\*\*\* Darien has an arrangement with the State of CT (in lieu of paying surpluses into a reserve fund) to pay CTDOT 20% of gross revenue derived from parking and leases.

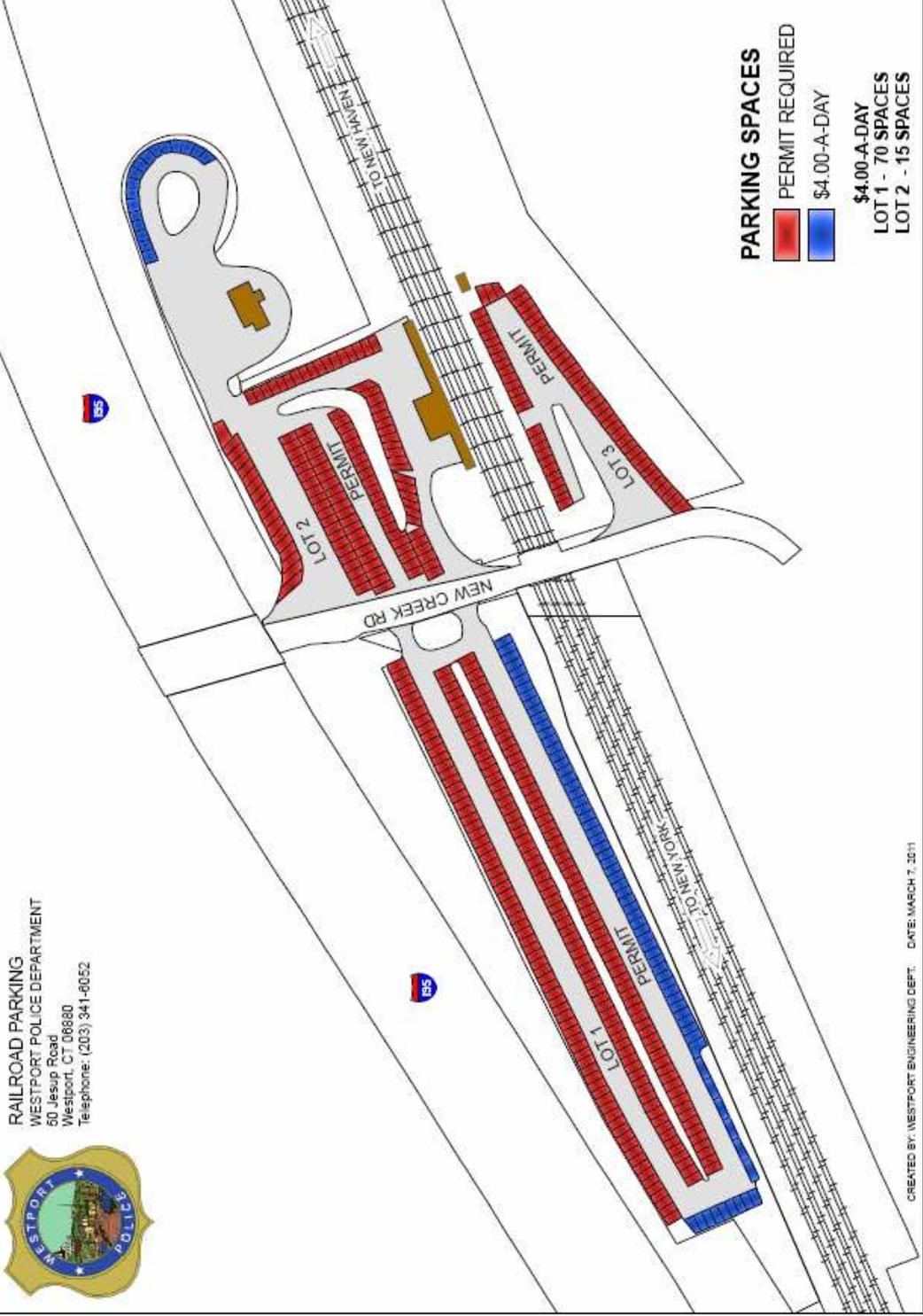
+ This info was taken from a South Western Region RR Parking Study which cited 2010 Metro North boarding statistics for only some of the municipalities in this comparison. I was unable to obtain the Metro North information directly.

# SAUGATUCK R.R. STATION PARKING LOTS



CREATED BY: WESTPORT ENGINEERING DEPT. DATE: APRIL 13, 2011

# GREENS FARMS R.R. STATION PARKING LOTS



RAILROAD PARKING  
 WESTPORT POLICE DEPARTMENT  
 50 Jesup Road  
 Westport, CT 06880  
 Telephone: (203) 341-6052



CREATED BY: WESTPORT ENGINEERING DEPT. DATE: MARCH 7, 2011