



Internal Audit

Student Transportation Audit

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Table of Contents

Executive Summary 3

Background 3

Scope 5

Objective.....5

Methodology.....5

Audit Observations and Recommendations 7

Observation 1 – Pre/post trip school bus inspections should be completed and supporting information kept on file. 7

Conclusion 9

Attachment 1 10

 Definition of Risk Level 10

Attachment 2 11

 Management Response 11

Date: February 15, 2023

To: Board of Trustees
Stephanie S. Elizalde, Ed.D., Superintendent

From: Robert Rubel, MBA, CPA, CIA, CISA
Chief Internal Audit Officer

Subject: Student Transportation Audit

Executive Summary

The Dallas Independent School District (District) Office of Internal Audit (OIA) has completed the Student Transportation Audit.

The audit focused on the District's processes and controls surrounding student transportation as well as compliance with federal, state, and local policies and regulations.

Overall, Student Transportation Services (STS) has processes in place to provide safe and efficient transportation to students. STS is continuously working to enhance their day-to-day operations by implementing innovative technology to more effectively transport students safely and timely. An opportunity for improvement was identified in the following area:

- Pre/post trip school bus inspections should be completed and supporting information kept on file.

Implementation of the recommendation in this report could assist STS in ensuring school buses are in satisfactory condition for transporting students.

Background

STS was established during the 2018-2019 school year. STS' mission is to pursue customer service excellence by providing safe, efficient, and timely transportation to promote educational opportunities for all District students through well trained staff committed to safety, excellence, and continual professional development.

Overview of STS

STS is composed of the following four divisions that work together to accomplish their mission.

1. Administrative Services
 - Oversees the STS employee relations and training along with procurement functions
2. Business Operations
 - Oversees the primary operations of the department including routing and dispatch
3. Service Centers
 - Provides support for the facilities that hold, secure, and distribute school buses

4. Fleet Services

- Oversees the maintenance and service of school buses

STS and TEA Department Operations Information

Per the Texas Education Agency (TEA) Route Services Report for fiscal year (FY) 2021-2022, the District's average daily ridership was approximately 20,000 students with a total annual mileage being 11.4 million miles. According to the STS Fleet Data Report, as of January 2023, the District has a total of 1,157 busses, of which 971 are currently in-service. The department's FY 2022-2023 adopted budget is \$55,841,396, which includes 1,238 FTEs.

Texas allocates funding to school districts specifically to provide transportation to eligible students. The allotment is primarily based on mileage and ridership. To receive funding, the District must submit annual reports to TEA including the Route Services Report, which provides information on number of riders and route services, and the Operations Report, which provides transportation costs and mileage information. Per TEA data, the District had greater average daily ridership and total annual mileage for FY 2021-2022 compared with Austin ISD, Fort Worth ISD, and Houston ISD (See Tables 1 and 2).

Table 1 - Total Annual Mileage by District

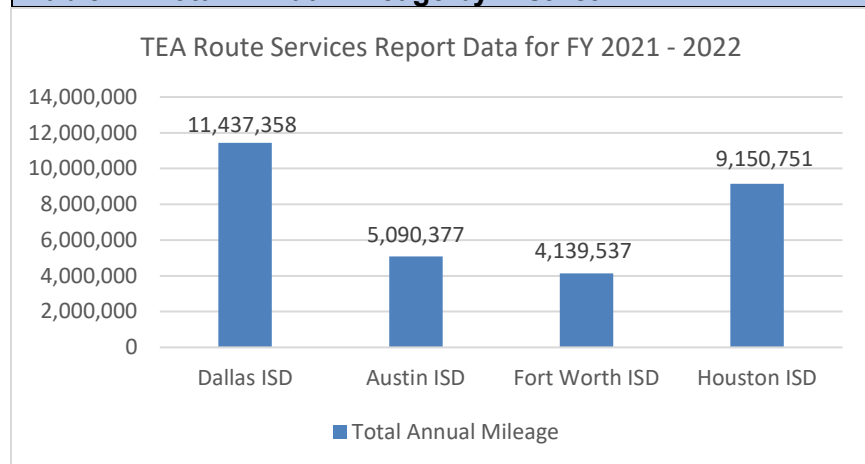
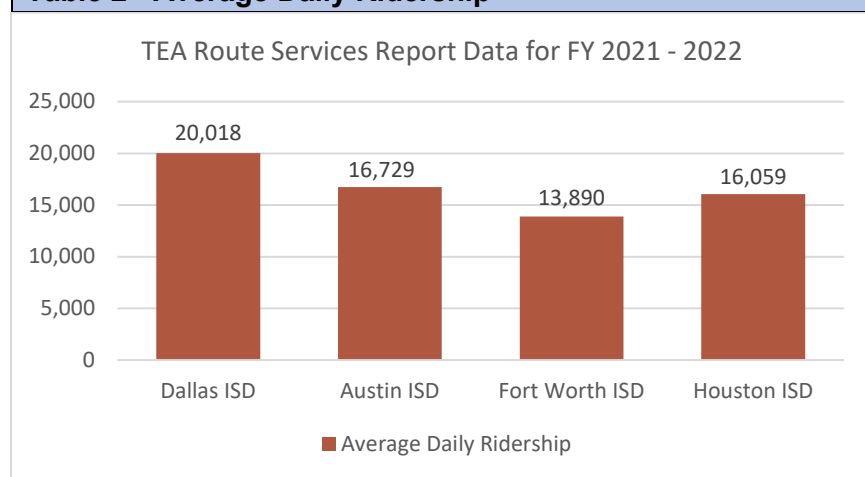


Table 2 - Average Daily Ridership



The 2020-2021 TEA Operations Report details cost and mileage information for all student transportation functions. Table 3 compares the District to Texas peer districts.

Table 3 - TEA Operations Report Comparison for 2020-2021

Operations Cost Summary		Dallas ISD	Austin ISD	Houston ISD	Fort Worth ISD
Total Operations Cost	Regular Services	\$31,572,957	\$24,179,530	\$28,132,032	\$15,730,455
	Special Services	\$23,407,696	\$12,933,452	\$18,770,749	\$4,918,268

Mileage Summary		Dallas ISD	Austin ISD	Houston ISD	Fort Worth ISD
Total Annual Mileage	Regular Services	6,308,443	2,391,601	6,883,712	3,204,408
	Special Services	3,119,787	1,579,517	5,681,058	1,862,645

Vehicle Summary		Dallas ISD	Austin ISD	Houston ISD	Fort Worth ISD
# of School Buses	Regular Services	593	395	665	242
	Special Services	414	259	473	163

STS Drivers

The District had approximately 936 bus drivers as of November 2022. The drivers are responsible for transporting students timely and safely to and from District facilities and events. Therefore, it is crucial that bus drivers be in adequate physical condition, have a satisfactory driving record, and pass pre-employment clearance. District drivers transport students on approximately 782 routes daily. The routes are determined based on need following TEA guidance and are managed in the Tyler Versatran system.

Scope

This audit focused on current operations and included activity from FY 2021-2022 and FY 2022-2023. Certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

Objective

The objective of the audit was to review the District's processes and controls surrounding student transportation, as well as compliance with applicable laws and District requirements.

Methodology

OIA reviewed processes, controls, and supporting documents surrounding student transportation. Auditors interviewed key personnel, conducted walkthroughs, and performed the following:

1. Transportation Allotment – To determine whether transportation data is accurately reported, auditors obtained supporting documentation from STS for each of the sections listed below and verified the documentation matched what was reported to TEA for FY 2020-2021.
 - Regular Program Allotment per Mile Calculation - entitles the District to state funding for certain transportation of eligible students.

- Auditors obtained the total approved miles for regular and special routes from STS and recalculated the allotment per mile calculation based on TEA guidelines.
- Operation Cost Summary - summarizes costs that reflect the direct and indirect expenditures that district actually incurred to provide student transportation during the school year.
 - Auditors obtained the cost information and depreciation reports from STS, generated from Oracle, and verified the amounts for salaries, purchases, supplies and materials, and depreciation matched what was reported to TEA.
- Mileage Summary - summarizes the mileage that vehicles operated by the District traveled to transport students for any purpose during the school year
 - Auditors obtained the mileage reports from STS' internal routing and planning software and verified mileage matched what was reported to TEA.
- Vehicle Summary - summarizes the number of District vehicles for various vehicle categories.
 - Auditors reviewed STS' process for counting the number vehicles for the various vehicle classes and observed STS re-calculate the number of vehicles reported to TEA.

No observations were noted.

Additionally, to determine areas where potential efficiencies may be gained, auditors analyzed how the District's costs compared to peer districts by reviewing the cost per rider percentage reported in the Council of the Great City Schools Report for FY 2020-2021.

No observations were noted.

2. Accident Reporting – To determine if accidents are properly documented and reported, auditors obtained a listing of school bus accidents that occurred between July 14, 2021, and November 30, 2022, totaling 345 accidents and selected a random sample of 30 accidents to determine if the following was completed:
 - Accident/incident report
 - Post-accident sheet
 - Critical incident report (if required due to emergency medical services transport)
 - Summary of supervisor conference
 - Drug test
3. Driver Requirements – To determine whether STS drivers have met required qualifications, auditors obtained a listing of school bus drivers for the 2023 school year, totaling 936 drivers and selected a random sample of 30 drivers to determine if the following was completed:
 - Criminal background check
 - Motor Vehicle Records (MVR) check
 - Valid commercial driver's license
 - TEA school bus driver certification
 - Annual physical
 - Alcohol and drug test clearance
 - New drivers have completed the School Bus Certification Training Course
 - Returning drivers have attended refresher course every three years as mandated by TEA

No observations were noted.

4. Vehicle Safety – To determine if safety controls surrounding transportation are in place, auditors obtained a listing of active buses as of September 22, 2022, totaling 1,008 in-service vehicles and selected a random sample of 30 and performed the following:
- Verified that state inspections are current
 - Verified bus cameras are functioning properly and recordings are properly retained
 - Verified the 2-way radio system is functioning properly
 - For the 30 buses selected, auditors obtained the pre/post trip inspections data from Zonar¹ for the week of May 2, 2022, and verified the active buses had pre/post trip inspections at least once during the week.
- See Recommendation 1 in this report.

Primary criteria used for this audit included:

- 1) 49 CFR 396.11 - Driver vehicle inspection report(s). Issued August 8, 2020
- 2) DH (Local), Employee Standards of Conduct, Safety Requirements, Issued January 13, 2020
- 3) CK (Local), Safety Program/Risk Management, Issued April 29, 2015
- 4) CNC (Legal), Transportation Management, Transportation Safety, Issued November 9, 2021
- 5) DBA (Regulation), Employment Requirements and Restrictions, Issued August 30, 2019
- 6) District Student Transportation Services Safety Operations Manual obtained October 1, 2022

Audit Observations and Recommendations

Observation 1 – Pre/post trip school bus inspections should be completed and supporting information kept on file.

Condition

OIA selected a random sample of 30 school buses to determine if the pre/post trip inspections were conducted for the week of May 2, 2022. Of the 30 buses selected, 10 did not have routes for the week tested, leaving a remaining 20 buses for testing. Auditors noted two of the 20 (10%) buses selected did not have pre/post trip inspections recorded in the Zonar system, and no evidence of hard copy documentation was on file.

Criteria

49 CFR § 396.11 - Driver vehicle inspection report(s). Issued August 8, 2020

- (a) Equipment provided by motor carrier.
- (1) Report required. Every motor carrier shall require its drivers to report, and every driver shall prepare a report in writing at the completion of each day's work on each vehicle operated, except for intermodal equipment tendered by an intermodal equipment provider.

¹ Zonar is a system that allows Student Transportation Services to track school buses while they are in route, as well view historical speed and location data. Additionally, the system is used to capture pre/post trip assessments.

Mechanical Safety

Mechanical safety refers to the mechanical condition of the vehicle which includes pre-trip and post-trip inspections.

Bus Inspection

All drivers are required to do a complete pre-trip and post-trip inspection of their bus before and after every route, or extra-curricular trip for a minimum of 7-10 minutes. Every bus is equipped with a Zonar device. This device is to be used to record any safety issues pertaining to the bus. Drivers are required to be familiar with this procedure and exercise professional judgment while performing the inspection. To ensure driver and passenger safety, all drivers must comply with this process and report any issues to the appropriate service center personnel.

Cause

A monitoring process is not in place to ensure that the pre/post trip inspection is completed prior to the start and end of a school bus route. Per STS management, the tablet device used to complete the pre/post trip inspections might not have been functioning. At which time, the school bus driver is required to complete a hardcopy inspection form that is kept in the school bus. However, the school bus might not have been re-stocked with this form. Inspections are not monitored in real time.

Effect

The safety of the school bus driver and passengers could be at risk. If pre/post inspections are not properly completed, the condition of the vehicle could be inadequate for transportation.

Recommendation 1

STS management should consider implementing processes to monitor required pre/post trips inspections daily. Potential solutions could include use of reporting functions or dashboards derived from the Zonar system to alert management when inspections are not conducted.

Risk Level for Observation 1: Medium²

² See Attachment 1 for Definition of Risk Level.

Conclusion

The STS Department is responsible for ensuring the transportation of thousands of students so that they may participate in their educational and extracurricular activities.

Overall, STS has implemented processes and procedures to provide safe and effective transportation to students. Implementation of the recommendation in this report could assist in improving operations.

We would like to thank STS for their cooperation and assistance with this audit.

The audit was conducted in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. Those standards require OIA to plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. OIA believes the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Respectfully submitted,

Robert Rubel

Robert Rubel, MBA, CPA, CIA, CISA
Chief Internal Audit Officer

Cc: Pamela Lear, Ed.D., Deputy Superintendent, Chief of Staff and Racial Equity
Dwayne Thompson, Deputy Superintendent, Business Services, Financial Services
David Bates, Chief Operations Officer, Maintenance and Facility Services, Financial Services
Denoris Harris, Deputy Chief, Operation Services, Maintenance and Facility Services, Financial Services
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Osvaldo Alonso, CFE, Auditor II

Definition of Risk Level

Risk Level	Definition
High	High probability of occurrence that would significantly impact District operations and have a significant financial or compliance risk. These observations are defined as an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of the District.
Medium	Risks are considered to be substantially undesirable and pose a moderate level of risk exposure to District operations. Without appropriate controls, the risk will happen on a consistent basis.
Low	The risks are considered to be undesirable and could moderately expose the District. Without appropriate controls, the risk will occur some of the time.

Management Response

Observation 1 - Pre/post trip school bus inspections should be completed and supporting information kept on file.

Acknowledgement of observation:

- ☒ Agree
- ☐ Disagree

Management's Response:

Management agrees with the finding related to the inconsistent completion of pre and post trip inspections conducted by drivers in Student Transportation Services. Our current telematics system, Zonar, is used to capture, store and analyze GPS data as well as pre and post trip inspection information. The system allows for alerts and concerns found during the inspection to be automatically sent to the shop foreman.

As an added safety measure, all buses will be equipped with an inspection book which can be used to capture the pre and post inspection in cases where the existing electronic system malfunctions. A process will be established when the inspections are captured in the booklet so that the driver can create an alert / concern which needs to be looked at by the shop foreman or if it requires the supervisor to prevent the bus from going on another run. Drivers will be required to submit their inspection book once all of the forms have been consumed and shall request a new one from their supervisor.

This back up system shall be in place no later than June 1, 2023.

Estimated Implementation Date: June 1, 2023

Individuals responsible for implementation:

Jaime Sandoval, Executive Director II, Student Transportation Services