



CITY AUDITOR'S OFFICE

SUSD Transportation

April 2, 2025

AUDIT NO. 2508

Prepared for:

**Scottsdale Unified School District
Governing Board**

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April 2, 2025

Honorable Members of the SUSD Governing Board:

Enclosed is the audit report for *SUSD Transportation*, pursuant to the Intergovernmental Agreement (Contract No. 2031-023-COS-A3) between the Scottsdale Unified School District No. 48 and the City of Scottsdale. This audit was conducted to assess the operational efficiency and effectiveness of the District's transportation program, including safety, staffing and recruitment, outsourced services, and operating efficiency.

Our audit found that the District has excess spare buses and the size of the fleet needs to be assessed. In doing so, it should further evaluate route efficiency and potential future needs. As well, vehicle maintenance policies should be formalized to ensure consistent service and improvements to contract monitoring practices are needed. Also, the District has improved school bus driver retention but additional recruitment efforts are needed to reach operational goals.

If you need additional information or have any questions, please contact me at (480) 312-7851.

Sincerely,

Lai Cluff, CIA
Acting City Auditor

Audit Team:

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**WHY WE DID THIS AUDIT**

The Scottsdale City Auditor's Office performed this audit on behalf of the Scottsdale Unified School District No. 48 through Intergovernmental Agreement (IGA) 2021-023-COS-A3 approved by City Council and the District Governing Board. The audit objective was to assess the operational efficiency and effectiveness of the District's transportation program, including safety, staffing and recruitment, outsourced services, and operating efficiency.

BACKGROUND

The mission of the Transportation department is to transport students safely to and from school. In addition to the daily routes to and from school, the department provides student transportation for athletic and activity trips and maintains the bus fleet.

In recent years, the District has experienced increasing driver shortages, which has increased its use of contracted transportation. Student transportation costs for FY 2023/24 totaled approximately \$9.1 million and an average of about 2,900 students were transported each day.

SUSD Transportation

Audit No. 2508

WHAT WE FOUND

Properly sizing the bus fleet, further evaluating route efficiency, and formalizing maintenance policies would improve the effectiveness of the transportation program.

Fewer than 60% of buses were used daily for school routes. Maintaining too many spare buses increases mechanic workload and operating costs.

- Assessment of the bus fleet is impacted by potentially higher future needs as the District hopes to reduce costly contracted transportation.
- Some routes have low bus capacity utilization and further evaluation of route efficiency should be considered, including use of technology for route optimization.
- Formalizing bus inspection and maintenance requirements and utilizing system capabilities to monitor completion of these tasks would help ensure that operational standards are met.

Improvements to contract monitoring practices are needed.

- Key contract terms, such as driver qualifications, vehicle maintenance, and up-to-date insurance coverage, need to be actively monitored.
- Invoices lack supporting documentation to assess the accuracy of charges.

Driver retention appears to be improving but additional recruitment efforts are needed to reach operational goals.

- Fewer new drivers have been hired in the first half of FY 2024/25 compared to the prior year, though driver retention is improving.
- Bus driver starting pay is competitive with local districts, though private providers offer higher starting pay.

WHAT WE RECOMMEND

The District Superintendent should direct staff to:

- Assess the optimal size and composition of the bus fleet, evaluate the use of technology solutions for optimizing route efficiency, and adopt inspections policies.
- Develop a contract administration policy, monitor for contractor compliance with key contract terms, and strengthen existing contracts.
- Consider recruiting practices such as a referral program and extending contract days.

The District agreed with the recommendations and provided a Management Action Plan.

TABLE OF CONTENTS

OBJECTIVE.....	1
BACKGROUND	1
Table 1. Eligible students transported and average daily miles driven, 6-year trend.	1
Figure 1. SUSD Transportation Department Organizational Chart.	2
Table 2. Number of bus drivers and mechanics by fiscal year.	2
Table 3. School bus fleet, by age and type.	3
Table 4. Student Transportation Expenditures by fiscal year.	4
FINDINGS AND ANALYSIS	5
1. Properly sizing the bus fleet, further evaluating route efficiency, and formalizing maintenance policies would improve the effectiveness of the transportation program.	5
Table 5. Excess bus inventory based on current operations.	5
Table 6. Contracted special needs transportation has high cost per mile.	6
Table 7. Some District routes have a low ridership.	7
2. Improvements to contract monitoring practices are needed.	10
3. Driver retention appears to be improving but additional recruitment efforts are needed to reach operational goals.	11
Figure 2. The total number of bus drivers has been decreasing, and new hiring has not increased to address transportation needs.	12
Figure 3. Starting pay for SUSD bus drivers appears competitive with local school districts.	13
SCOPE & METHODOLOGY	14
MANAGEMENT ACTION PLAN.....	15

OBJECTIVE

This audit of *SUSD Transportation* was completed pursuant to the City Council and Scottsdale Unified School District Governing Board-approved Intergovernmental Agreement, 2031-023-COS-A3. The audit’s objective was to assess the operational efficiency and effectiveness of the District’s student transportation program, including but not limited to, safety, staffing and recruitment, outsourced services, and operating efficiency.

BACKGROUND

The mission of the Transportation department is to transport students safely to and from school. In addition to the regular routes, the department provides student transportation for athletic and activity trips. On average, the department transported about 2,900 eligible students each school day in FY 2023/24, representing about 14% of students enrolled. Approximately 10% of these riders, primarily students with special needs and homeless students transported under the McKinney-Vento Act, were transported by contractors.¹ As illustrated by Table 1, over the last six fiscal years, district-transported daily route miles have decreased while contracted routes miles have increased. Contractors may transport one or more students per trip, increasing the number of miles driven per student.

Table 1. Eligible students transported and average daily miles driven, 6-year trend.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	6-Year Change
Eligible transported students	4,990	3,739	1,567	2,826	3,033	2,868	-43%
Avg daily route miles:							
District-transported	7,466	4,997	2,941	3,975	4,711	3,552	-52%
Contracted	294	786	616	1,263	1,409	2,728	827%
Other route miles	1,577	844	695	552	274	1,075	-32%
Total daily route miles	9,337	6,627	4,252	5,790	6,394	7,355	-21%

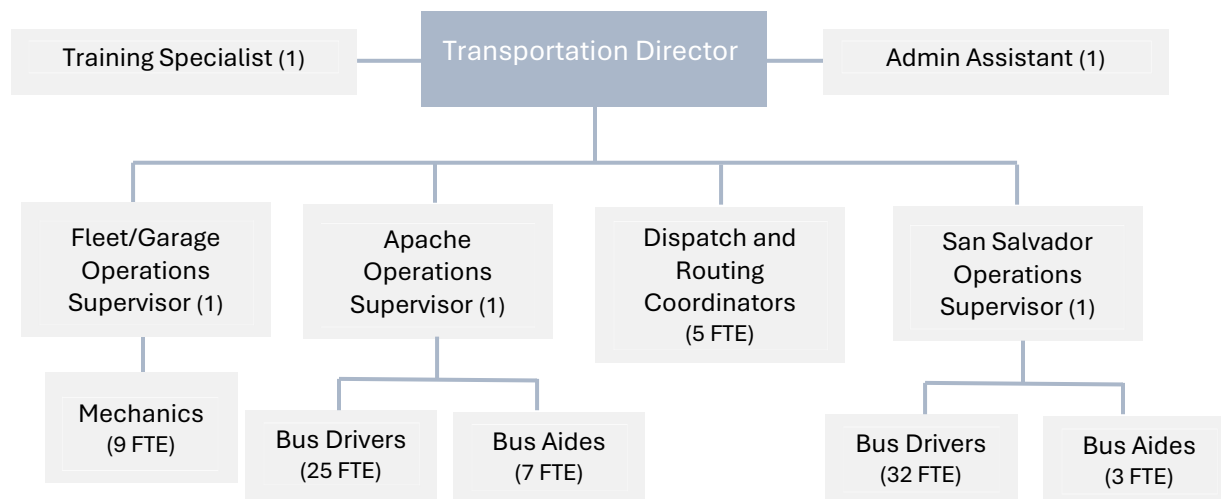
SOURCE: Auditor analysis of Arizona Department of Education Transportation Route Reports for FY 2018/19 through FY 2023/24. Other route miles include transportation to athletic events, special academic, vocational or technical classes.

In addition to transporting students, the department is responsible for maintaining the District’s fleet vehicles. In FY 2024/25, the department staffed a fleet supervisor and nine FTE mechanics that serviced 108 school buses, 33 activity buses, as well as other District vehicles.

The department is led by a Transportation Director, two Driver Supervisors, and a Fleet Supervisor, as illustrated by Figure 1 on page 2. Other support positions include a full-time training specialist, administrative assistant, and dispatch and routing coordinators.

¹ The McKinney-Vento Homelessness Assistance Act requires that local educational agencies, such as public school districts and charter schools, ensure that transportation is provided to and from the “school of origin”.

Figure 1. SUSD Transportation Department Organizational Chart.



SOURCE: SUSD organizational chart for FY 2024/25 obtained from the District's website in February 2025.

Bus Drivers

Bus drivers play a critical role in transportation safety, as they are responsible for managing student behavior, safely operating the school bus and obeying traffic laws, as well as conducting daily vehicle inspections. As illustrated by Table 2, the number of bus driver positions has decreased in the last four fiscal years due to driver shortages. While this trend was worsened by the COVID pandemic, the National Association of Pupil Transportation had reported increasing bus driver shortages even before the pandemic.

Table 2. Number of bus drivers and mechanics by fiscal year.

	2021/22	2022/23	2023/24	2024/25	4-Year Change
Bus Drivers (employee count)	72	57	61	60	-17%
Mechanics	11	10	9	9	-18%

SOURCE: Auditor analysis of Arizona Department of Education SDER-30 reports for FY 2021/22 through FY 2024/25.

Driver Qualifications – Bus drivers must possess a valid license issued by the Arizona Department of Public Safety (DPS) for the size of school bus that is being operated. A District in-house trainer provides bus driver training for initial and continuing licensing requirements. Training curriculum and delivery complies with federal and state regulations, and Arizona Administrative Code establishes requirements for the issuance of the license as follows:

Description	Requirement
IVP Fingerprint Clearance Card	<ul style="list-style-type: none"> • Required with application • Expires every six years
Medical Examiner's Certificate	<ul style="list-style-type: none"> • Required with application • Expiration determined by physician, up to two years
5-Panel Drug Testing	<ul style="list-style-type: none"> • Required pre-employment
9-Panel Drug Testing	<ul style="list-style-type: none"> • Required pre-employment
Behind-the-Wheel Training	<ul style="list-style-type: none"> • 20 minimum hours required
Physical Performance Test	<ul style="list-style-type: none"> • Required with application • Must be renewed every two years
First Aid Certificate	<ul style="list-style-type: none"> • Required with application • May be valid for up to three years
CPR Certificate	<ul style="list-style-type: none"> • Required with application • May be valid for up to two years
New Driver Classroom	<ul style="list-style-type: none"> • 14 minimum hours required
Refresher Classroom	<ul style="list-style-type: none"> • 6.5 minimum hours required every two years

SOURCE: Arizona Department of Public Safety Quick Reference Guide and Administrative Code, Title 13. Public Safety. Chapter 13. Department of Public Safety - School Buses.

Bus Fleet Composition and Management

The Transportation Department manages a fleet of 108 operational school buses and 33 smaller activity buses (14 passenger). The school bus fleet consists of 78 large buses, 16 smaller buses, and 14 specialty equipment buses with wheelchair support, as illustrated by Table 3. The average age of the District's school bus fleet is 11.3 years of service.

Table 3. School bus fleet, by age and type.

Description	0-5 Years	6-10 Years	Over 10 Years	Total
83- to 84-passenger	17	5	56	78
21- to 24-passenger	10	1	5	16
21-, 44- and 49-passenger with wheelchair support	2	11	1	14
Total buses	29	17	62	108

SOURCE: Auditor analysis of school bus inventory provided by the District.

School bus inspections are performed by certified mechanics. According to the department, bus inspections are performed as follows:

- **District Type A** – A 30-point inspection performed by certified mechanics of vehicle mechanical parts and body is required every six months or 5,000 miles, whichever is sooner. The District reported that on average it takes about 2 hours to complete.

- **District Type C** – The most comprehensive vehicle inspection performed by certified mechanics, a full inspection of the vehicle is required every 12 months or 10,000 miles, whichever is sooner. The District reported that on average it takes 5 hours to complete.
- **DPS Annual Inspections** – In addition to District inspections, buses must pass an annual inspection by the Department of Public Safety before they can be placed into service (an inspection sticker is placed on the bus). If minor defects are found, the bus can remain in service, although the defect requires repair within 15 working days. If a major defect is found, the bus is removed from service until the required repair is complete and the bus passes reinspection.



SOURCE: Image District garage at San Salvador, taken by auditors in February 2025.

Student Transportation Costs

Table 4 provides a 5-year summary of student transportation expenses. For FY 2023/24, personnel costs and purchased transportation services were the largest transportation expenses. Personnel costs include salaries and benefits for bus drivers, mechanics, and administrative staff. Purchased transportation shows the largest increase and reflects growth in contracted transportation. From FY 2019/20 through FY2023/24, total expenditures increased from approximately \$7.6 million to \$9.1 million, an increase of about 20% over five years.

Table 4. Student Transportation Expenditures by fiscal year.

	2019/20	2020/21	2021/22	2022/23	2023/24	5-Year Change
Personnel	5,637,791	4,838,666	4,843,674	4,866,490	5,034,216	-11%
Purchased Transportation	849,669	681,400	1,133,591	2,234,598	2,485,330	193%
Professional & Technical Svcs	112,620	120,282	225,295	57,166	77,576	-31%
Purchased property Svcs	112,050	119,859	86,358	125,545	79,974	-29%
Fieldtrip chargebacks	57,315	-40,450	250,694	331,873	340,005	493%
Fuel	538,378	460,948	763,038	927,728	784,368	46%
Other supplies & Misc expenses	317,385	368,844	239,198	319,172	326,089	3%
Total	\$7,625,208	\$6,549,549	\$7,541,848	\$8,862,572	\$9,127,558	20%
Total cost, per rider	\$2,039	\$4,180	\$2,669	\$2,922	\$3,183	56%
Total cost, per mile	\$6.39	\$8.56	\$7.24	\$7.70	\$6.89	8%

SOURCE: Auditor analysis of SUSD general ledger data from FY 2019/20 through FY 2023/24. Student Transportation expenses as a subset of the department total costs. Excludes expenditures from capital funds, community schools/civic funds, and other nonoperational funds.

Based on analysis of total miles driven to transport students (including contracted miles), operating cost per mile has slightly increased from about \$6.39 to \$6.89, or about 8%, from FY 2019/20 through FY 2023/24, as illustrated in Table 4. However, total cost per rider has substantially increased, by about 56% since FY 2019/20, from an average of \$2,039 to \$3,183 per rider. This appears to be primarily due lower ridership and higher use of contracted transportation services.

FINDINGS AND ANALYSIS

1. Properly sizing the bus fleet, further evaluating route efficiency, and formalizing maintenance policies would improve the effectiveness of the transportation program.

The District bus fleet consists of 108 operational school buses, but only a portion of them are used on a daily basis to transport students. Reducing the number of older spare buses to align with operational needs may improve program efficiency and lower expenses. In evaluating the appropriate size and composition of the bus fleet, the District should consider projected student enrollment, route efficiency and ridership trends, as well as its goal of reducing reliance on transportation contractors. Also, preventative maintenance inspection requirements have not yet been documented or adopted, making it difficult to measure whether internal inspection goals have been met.

A. Fewer than 60% of buses are used daily for school routes. Maintaining too many spare buses increases mechanic workload and certain operating costs.

In the first half of FY 2024/25, the District used an average of 61 of its 108 buses each day for its daily school routes. When applying a spare bus rate of 20% (as recommended by the Federal Transit Administration), the District could have up to 34 excess spare buses, as illustrated by Table 5. A properly sized fleet of school buses that aligns with actual demand can lead to operational efficiencies, such as time spent by mechanics on inspection and maintenance needs, and savings from costs such as parts and insurance.

Table 5. Excess bus inventory based on current operations.

Description	Count
Current operational fleet size	108
Buses currently used for routes	61
Spare buses - calculated at 20%	13
Potential excess buses	34

SOURCE: Auditor analysis of bus inventories provided by the Transportation department, compared against DPS inspection reports, and fleet management system data. Number of buses currently used was calculated based on the median number of buses each day with pre-trip inspection data in Zonar, for September 2024.

Each bus requires annual inspections and maintenance, even when infrequently used. Based on the department's stated inspection cycles, a minimally used bus would still require about 15 hours of basic inspections and preventative maintenance time per bus, with additional hours for any repairs.

Further analysis of the fleet should take into consideration the declining number of student riders and student enrollment, proper mix of large buses, small buses, and wheelchair accessible buses needed, as well as the age of the buses.

B. Assessment of the bus fleet is impacted by potentially higher future needs as the District hopes to reduce contracted transportation.

According to management, it began using contractors to transport some students due to driver shortages during the pandemic and has had to continue doing so. However, due to higher costs and reduced management control, the department would prefer to limit the use of contracted transportation. As such, it would need to consider potential route changes when evaluating the number of buses needed.

Cost per rider for contracted transportation is significantly higher than the average cost for District-provided transportation. Based on our review of October 2024 invoices for the District's two primary contractors, projected for 180 school days, we estimate total cost for a rider that is transported to and from school each day during the full school year as follows:

	Avg. Number of Round trips per day ¹	Avg. Daily Cost per Rider (Roundtrip)	Estimated Yearly Cost (180 days)
Care Transit	115	\$60	\$10,800
HopSkip	21	\$123	\$22,140

¹Average number of round trips was calculated on total number of rides each day in October 2024, divided by 2 (morning & afternoon trips are 2 rides). Some riders may only be transported in the morning or the afternoon, not both; however, no rider details were provided with contractor invoicing.

For one contractor, Care Transit, the estimated cost per rider is about \$10,800 for roundtrip transportation during the entire school year, which is three times more than the transportation program's overall cost per eligible rider of \$3,183 during FY 2023/24. The contractor provides special needs transportation and charges a minimum trip charge of \$30 for the student (or \$60 round-trip), with reduced fees for each additional sibling, and higher fees for longer distances. About 95% of the riders this contractor transports do not live further than 8 miles from school and incur the minimum charge. Incorporating students transported for a few miles into the District's existing routes or making route modifications could significantly reduce contracted transportation costs. About 48% of the riders transported by Care Transit live 3 miles or less from their school of attendance, as shown in Table 6.

Table 6. Contracted special needs transportation has high cost per mile.

Miles Transported	Riders	% of Total Riders
3 miles or less per trip (below min. charge*)	79	48%
Between 3 to 8 miles per trip (below min. charge*)	77	47%
More than 8 miles per trip	8	5%
Total riders transported in the first 100 days	164	

* The contractor charges a minimum trip charge of \$30 for the student one-way (or \$60 round-trip), with reduced fees for each additional sibling and higher fees for longer distances.

SOURCE: Auditor analysis of 100th day report submitted by Care Transit for FY 2024/25.

The other contractor, HopSkip, billed for approximately 21 round trips per day and the enrolled students live further from school, averaging 30 miles per round trip. These included students transported under the McKinney-Vento Act. Estimated full-year, roundtrip transportation cost per rider would be about \$22,140. However, this contract was canceled in January 2025.

C. Further evaluation of route efficiency should be considered due to declining ridership and systemic driver shortages.

According to the department, bus routes are evaluated at the beginning of the year and continuously during the year to assess whether modifications are needed based on rider counts logged by drivers. With declining ridership and systemic driver shortages, the department should further assess which students are most likely to ride the bus and evaluate bus capacity utilization to optimize route efficiency.

Currently, some routes have a low ridership. An analysis of bus capacity utilization for FY 2023/24 regular education routes showed that when considering only the highest rider counts logged, 4 of 47 routes had utilization rates of less than 50%². Also, about 80% of the approximately 7,500 runs analyzed operated below 70% of capacity. A bus route typically involves 4 runs per day.

School Route – As defined by the Transportation department, a route is a single bus and bus driver completing two morning and two afternoon pick-ups for two different school bell times.

Runs – Each route typically serves two schools, making 2 runs in the morning and 2 in the afternoon (4 runs per day).

Table 7. Some District routes have a low ridership.

	Highest observed bus capacity utilization, per route (based on 2 students per seat)	% of Routes	% of All Daily Runs in the first 100 days
Greater than 70%	33	70%	20%
Between 51-70%	10	21%	22%
Less than 50%	4	9%	58%
Total routes	47	100%	100%

SOURCE: Auditor analysis of FY 2023/24 SUSD ridership logs for the first 100 days of school.

Bus routing software is a tool that can aggregate students’ demographic data, ridership data, and fleet details to reduce route times and bus drivers required. The department reported that it uses the routing software to help visualize and map where all eligible riders are located, but because not all eligible students ride the bus, routes generated were not efficient and modifications to the prior year’s routes are made manually by the department. The software’s capabilities should be further investigated, including working with the vendor or other districts that use the routing software and identify the data inputs needed.

Bus driver shortages have impacted all local school districts. One neighboring district transported about 20% more students and drove 60% more route miles than SUSD with about the same number for bus drivers in FY 2023/24. Often driver shortages can cause longer ride times, wait times and combining of routes. One strategy that the neighboring school district uses is

²Analysis was based on data from driver logs provided by the Transportation department for the first 100 days of the 2023/24 school year. FY 2024/25 logs were not yet available when this analysis was completed, but total ridership counts reported by the District were similar between the two years.

staggered start times for its schools, allowing each bus driver to make more runs. SUSD routes typically service two schools, but it does not stagger start times for its elementary schools.

D. Formalizing bus inspection and maintenance requirements and utilizing system capabilities to monitor completion of these tasks would help ensure that operational standards are met.

The Department of Public Safety (DPS) inspects school (yellow) buses annually to identify unsafe conditions. In its most recent annual bus inspections, DPS approved all SUSD school buses for service after two major defects were addressed. In addition to this annual DPS 20-point inspection, the Transportation department mechanics perform more in-depth routine inspections and maintenance. However, these internal inspection and maintenance policies are not formalized, increasing the risk that they will not be performed consistently. Further, District staff reported that activity buses are not subject to the same rigorous inspection cycle.

1. **Pre-trip inspections for activity buses are less consistently performed.** Arizona Administrative Code requires school bus drivers to complete a daily inspection of school buses prior to operation (pre-trip inspection), and the district requires a post-trip as well. Analysis of missed pre-trip inspections from July 2024 through January 2025, which are tracked in the fleet management system, Zonar, showed school bus drivers missed pre-trip inspections 11% of the time. Although there is no formalized policy requiring activity buses to comply with these requirements, our review noted the following:

- Only 27 of 33 activity buses were tracked in Zonar, the system used to manage pre-trip inspections.
- Of those tracked in Zonar, activity buses are more likely to miss both the pre-trip and the post-trip inspection multiple times in a row as follows:

Activity Buses: Missed Consecutive Trip Inspections (days with 1 or more trips)	Instances
15	1
12	2
10	1
7	2
6	3
5	2
Total	11

According to management, some inspection data may have been lost due to missed software updates in the Zonar equipment for activity buses.

2. **Service system contained inaccurate inspection cycles.** Inspections, maintenance and repair work orders are tracked in the fleet maintenance system, ServiceFinder. However, system data indicated a large number of inspections were past due. To validate this information, we reviewed maintenance files for 15 of the past due buses and found that some were inspected late (30 days or more after the due date). Based on discussion with the department management, the inspection intervals programmed into the system and

the department's internal practices were different, resulting in inaccurate exception reporting. As a result, staff did not fully rely on system alerts for scheduled inspections.

3. Other issues noted with the reliability of system data:

- ***Incomplete or inaccurate inspection data.*** Inspection checklists completed by mechanics are maintained in filing cabinets. The documents are not scanned or attached to electronic work orders. Summary information is entered into the service system by the maintenance supervisor. Based on a review of 15 bus files, some system inspection dates entered were inaccurate by more than 30 days, and some inspections were recorded in either the system or the bus files, but not both.
- ***Inaccurate bus inventories.*** In order to ensure that all buses are regularly inspected and maintained, an accurate and complete bus inventory is needed. Bus inventories in the two transportation systems contained differences and inaccuracies, and the department relied on a separate Excel document to track the vehicle inventory. However, that listing also contained some outdate information, such as out of service vehicles.

Recommendations:

The District Superintendent should direct staff to:

- 1.1 Assess the optimal size and composition of the bus fleet, taking into consideration possible changes to bus routes for route efficiency or to decrease reliance on transportation contractors.
- 1.2 Evaluate the use of routing software and data-driven tools to help create more efficient routes and regularly reassess routes as ridership changes.
- 1.3 Adopt bus inspection and maintenance policies that address the fleet's varying composition and improve department accountability by measuring compliance with adopted policies.
- 1.4 Ensure that existing software systems correctly reflect the active fleet of buses used to transport students.
- 1.5 Maximize the use the available technology solutions to more effectively manage inspection schedules, ensuring that system policies align with department policies.
- 1.6 Establish processes to ensure accurate and complete maintenance data. Consider scanning and retaining electronic copies of inspections or leveraging other technology tools to improve efficiency and the quality of maintenance records.

2. Improvements to contract monitoring practices are needed.

Transportation contractors that do not operate school buses with a capacity of more than 16 riders are not required to meet the same driver certification or vehicle standards as school districts, which includes annual inspection by the Arizona Department of Public Safety. To ensure all students are safely transported and service terms are met, compliance with contract requirements should be regularly verified.

A. Key contract terms, such as driver qualifications and vehicle maintenance, need to be actively monitored.

The Transportation department served as the primary point of contact for the contractors, but responsibilities for verifying contract compliance have not been clearly established. The department communicates about the students transported by the contractors and approves the invoices for payment; however, it has not required the contractors to demonstrate that they meet the quality standards set in their contract or proposal. Specifically, requirements that could impact student safety, such as driver qualifications and vehicle maintenance.

For the two contracts active during the first half of FY 2024/25, Care Transit and HopSkip, we requested a listing of drivers, including details on fingerprint clearance, license type and expiration dates. We also requested vehicle information and most recent inspection, or maintenance performed.

We found:

- Care Transit reviews fingerprint clearance annually, and 1 of their 13 employees had an expired fingerprint clearance for about three months before it was identified during the annual review. The contractor stated that it would move to monthly reviews to more quickly identify issues. The District was not informed of the lapsed clearance.
- HopSkip did not provide sufficient information to assess compliance with driver requirements. Key dates were missing from requested information, such as the date the driver started to transport District students.

Further, contractor compliance can be strengthened by adding contract terms requiring providers to comply with a specific maintenance cycle, ensure contract terms allow the District access to contractor records, and require prompt communication of incidents to the designated contract administrator. The District currently obtains transportation services using cooperative purchasing contracts and terms may vary from one contract to another. Based on our review of three transportation contracts (two active contracts and one awarded contract as of January 2025), these terms are not consistently included in all contracts.

The District has not formally established contract administration expectations or required the assignment of a contract administrator for each contract. Responsibilities of a contract administrator may include being the primary source for contract development, proposal evaluation, and day-to-day administration, such as verifying up-to-date insurance coverage (naming the District as “additional insured” where applicable), and reviewing invoices for compliance with contract terms. Contract administration policies provide the framework and guidelines for the management, supervision and monitoring of key aspects of contracts and agreements.

B. Invoices lack supporting documentation to assess the accuracy of charges.

Contractor invoices are reviewed and approved by department staff. The contractors submit an invoice with limited documentation to support services rendered. Department staff reported reviewing invoices for observable irregularities from month to month. However, neither contractor provided supporting details regarding which students were transported each day and one contractor did not provide supporting details on the number of students or miles charged. Without additional information, compliance with contract pricing cannot be verified.

Recommendations:

The District Superintendent should direct staff to:

- 2.1 Develop a contract administration policy for the District's Governing Board approval. The policy should outline responsibilities for contract management, including assignment of those responsibilities.
- 2.2 Monitor contractor compliance with key contract requirements including driver qualifications, vehicle maintenance, and insurance coverage. Monitoring activities may include onsite visits, requests for employee information, or assurances regarding internal reviews of files.
- 2.3 Request contractors to provide detailed reports regarding miles driven, trips taken, and number of transported students. Use that information to review contractor invoices and track the unit cost of the service (miles driven or cost per rider).
- 2.4 Consider establishing additional District policies or performance requirements for transportation contractors to ensure consistency across multiple contract vehicles. For example, expectations for vehicle inspection and maintenance, required reporting, access to contractor records, and require prompt communication of all incidents to the designated contract administrator.

3. Driver retention appears to be improving but additional recruitment efforts are needed to reach operational goals.

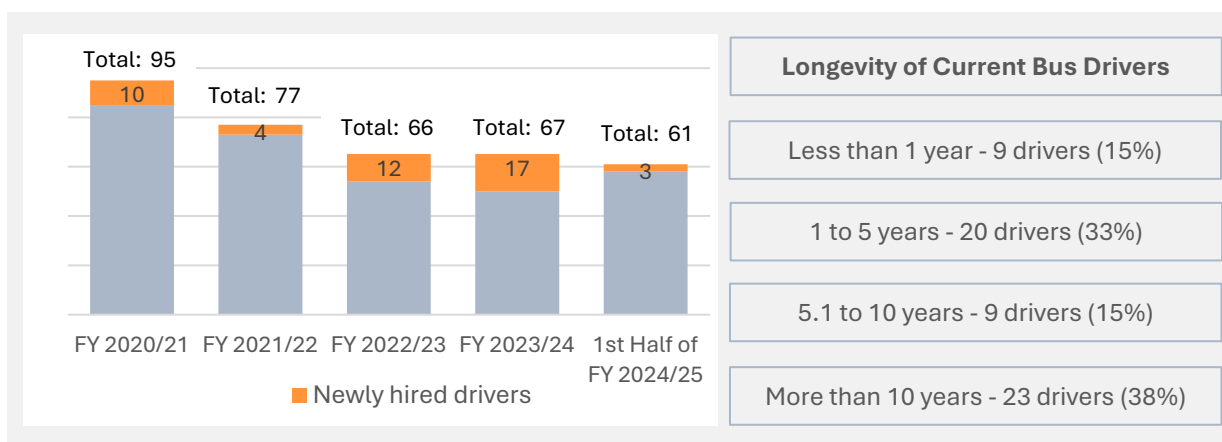
The number of District bus drivers has been steadily decreasing over the past decade, likely related to declining student enrollment. However, driver shortages were compounded after the pandemic, requiring the District to outsource some of its special needs transportation and the more irregular routes for students transported under the McKinney-Vento Act. According to the District, the number of bus drivers determines the number of routes it can operate, and any shortages mean that other transportation staff will substitute or more students are transported by the contractor.

As shown in Figure 2 on page 12, the number of bus drivers staying with the District appears to be increasing, with more than half of the current drivers having worked at SUSD 5 years or more. However, there were significantly fewer new bus drivers in the first half of FY 2024/25. As of December 2024, the number of terminations were higher than newly hired bus drivers: 3 of 61 bus drivers were new hires but there were 5 terminations during the same period of time.

Compared to the first half of FY 2023/24, the District hired fewer candidates into the bus driver training program during FY 2024/25 (8 trainees vs. 19 in the same period the prior year). Although the District is on track to receive more bus driver applications this year than the prior year, the number of applicants is still lower than before the pandemic (24 bus driver applications received through February 2025, but 36 applications received in the same period in FY 2018/19).

The transportation department indicated that they have participated in job fairs and recruitment events to showcase the benefits of becoming an SUSD bus driver. This may have contributed to the slight increase in the number of job applications, though FY 2024/25 applicants did not reference job fairs or recruitment events when responding to how they learned about the job (most indicated they found it through the District website).

Figure 2. The total number of bus drivers has been decreasing, and new hiring has not increased to address transportation needs.



SOURCE: Auditor analysis of position and pay data from FY 2020/21 through FY 2024/25, as of December 2024. The longevity analysis shows how long a bus driver has been employed at the District, as of December 2024, regardless of the fiscal year of hire.

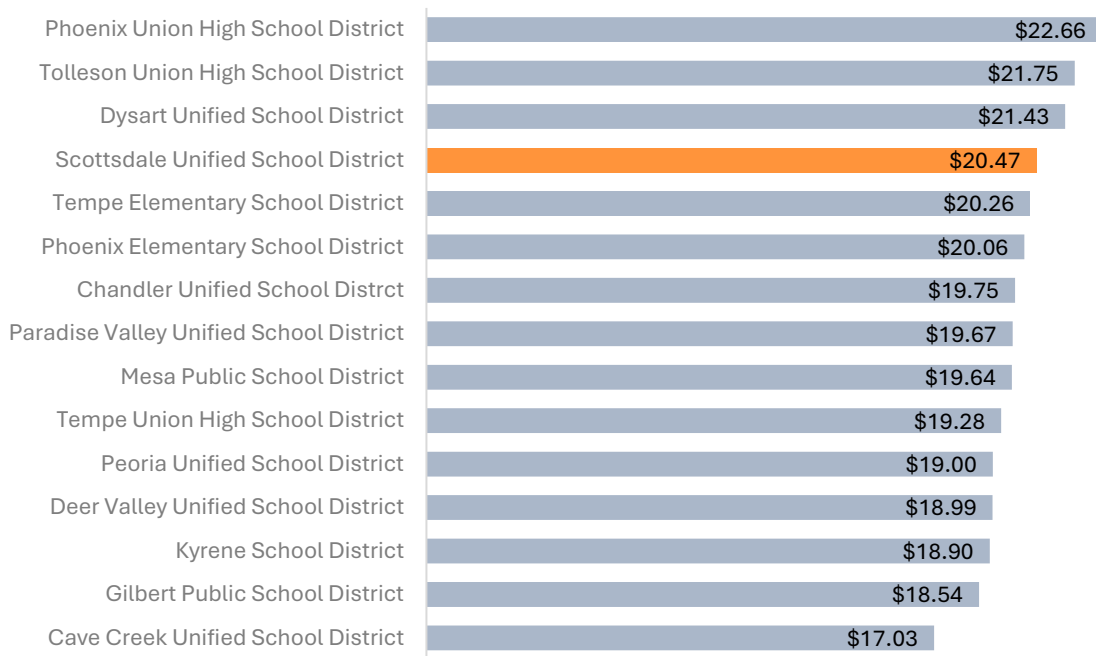
We surveyed bus drivers about their job satisfaction and thoughts on how to increase recruitment and retention. The 13 bus drivers that responded generally reported:

- Being either satisfied or very satisfied with their job and related training received.
- A short commute or convenient location were factors in choosing SUSD.
- Hearing about the job mostly from a friend, family member, or school marquee sign.

However, respondents indicated that low wages or benefits may be the main cause for drivers leaving the District. As illustrated in Figure 3 on page 13, starting wages for a bus driver in FY 2024/25 was competitive compared to other local school districts. When considering total pay, the average yearly budgeted amount for the position was about \$28,000. Most bus drivers work six hours a day for 200 workdays per year. In FY 2024/25, the District authorized some drivers to work 8-hour days. Most survey respondents wanted the option of working additional months of the year with commensurate benefits (employee benefits vary depending on the contract-type). District management is evaluating whether offering year-long contracts may be feasible in order to attract more drivers.

We also noted that school districts compete for bus drivers with private providers. One contractor that provides school bus transportation in the Phoenix area advertised starting pay of \$23.00 per hour, higher than the starting pay at school districts. Fringe benefits may be comparable, though most District employees are required to participate in the Arizona State Retirement System, which increases total compensation by the portion contributed by the District, but consequently also reduced take-home pay for drivers for their share of pension contributions (by about 12%).

Figure 3. Starting pay for SUSD bus drivers appears competitive with local school districts.



SOURCE: Auditor analysis of FY 2024/25 SUSD salary schedules and publicly available information for other local school districts.

Recommendations:

The District Superintendent should direct staff to:

- 3.1 Consider re-instituting recruiting practices such as a referral programs to increase bus driver applicants and continue to evaluate options for extending contract days and/or daily work hours.

SCOPE & METHODOLOGY

To accomplish our objectives, we performed the following:

- Interviewed SUSD Transportation staff, including the Director of Transportation, Driver Supervisor, Fleet Supervisor, and Lead Trainer, as well as the Chief Financial Officer.
- Reviewed the relevant laws, regulations, and policies/procedures:
 1. Relevant sections of Arizona Revised Statutes Title 28, Transportation.
 2. Relevant sections of Arizona Administrative Code Title 13, Public Safety, and Title 17, Transportation.
 3. Relevant sections of the Code of Federal Regulations Title 49, Transportation.
 4. Federal Transit Administration Circular 5010.1E Award Management Requirements.
 5. Relevant Arizona Department of Education reports for SUSD, including the Annual Financial Report, Basic Calculations For Equalization Assistance, Transportation Route Report, School District Employee Report, and the Enrollment Report.
 6. SUSD Governing Board policies.
- Evaluated the departments controls for monitoring compliance with bus driver training and certification requirements, including reviewing the training curriculum and employee training records.
- Determined whether vehicles used to transport students were adequately inspected and maintained. This included analysis of SUSD system maintenance and fleet data from January 2024 through February 2025, review of DPS Inspection reports completed in January and February of 2025, and 100th-day reports for FY 2023/24 and 2024/25.
- Assessed the effectiveness of contract administration, including verifying contractor compliance with driver qualifications, vehicle maintenance, and pricing terms.
- Evaluated recruitment and retention practices, including position history and job application data. Also, surveyed department bus drivers on job satisfaction and factors impacting employee retention.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Audit work took place from December 2024 to March 2025.

MANAGEMENT ACTION PLAN

1. Properly sizing the bus fleet, further evaluating route efficiency, and formalizing maintenance policies would improve the effectiveness of the transportation program.

Recommendations:

The District Superintendent should direct staff to:

Priority	Recommendation
High	1.1 Assess the optimal size and composition of the bus fleet, taking into consideration possible changes to bus routes for route efficiency or to decrease reliance on transportation contractors.
Responsible Party: David Jacobson, Director of Transportation Est. Completion Date: September 2025 and then ongoing	Management Response: Agree Proposed Resolution: At the beginning of each school year, we will make sure our fleet size matches our needs. Taking into account age of all buses and if we were able to hire drivers to bring back in-house vendor services.
Priority	Recommendation
Med	1.2 Evaluate the use of routing software and data-driven tools to help create more efficient routes and regularly reassess routes as ridership changes.
Responsible Party: David Jacobson, Director of Transportation Est. Completion Date: On going	Management Response: Agree Proposed Resolution: District staff currently utilize the routing software as well as data tools, such as the driver count sheets. This is researched throughout the year and adjustments are made to routes as necessary. The Transportation Department will continue to work with the routing software to find more efficient ways to utilize the software.

Priority	Recommendation
High	1.3 Adopt bus inspection and maintenance policies that address the fleet's varying composition and improve department accountability by measuring compliance with adopted policies.
Responsible Party: David Jacobson, Director of Transportation Est. Completion Date: By September 2025	Management Response: Agree Proposed Resolution: The Transportation Operations Supervisor of Mechanics is working on writing the polies to address what is expected on the different types of buses and working with Mechanics to enforce those expectations.
Priority	Recommendation
Med	1.4 Ensure that existing software systems correctly reflect the active fleet of buses used to transport students.
Responsible Party: David Jacobson, Director of Transportation Est. Completion Date: December 2025	Management Response: Agree Proposed Resolution: Transportation will work to move inactive vehicles off the asset listing.
Priority	Recommendation
High	1.5 Maximize the use the available technology solutions to more effectively manage inspection schedules, ensuring that system policies align with department policies.
Responsible Party: David Jacobson, Director of Transportation Est. Completion Date: Done	Management Response: Agree Proposed Resolution: The Transportation Operations Supervisor of Mechanics has already gone in the system and fixed the wrong intervals in the system. They now match our policy. These were present in the new software and were incorrect.

Priority	Recommendation
High	1.6 Establish processes to ensure accurate and complete maintenance data. Consider scanning and retaining electronic copies of inspections or leveraging other technology tools to improve efficiency and the quality of maintenance records.
Responsible Party: David Jacobson, Director of Transportation Est. Completion Date: August 2025	Management Response: Agree Proposed Resolution: We will be purchasing a scanner and will scan all hard/written copies into the permanent electronic file for each bus.

2. Improvements to contract monitoring practices are needed.

Recommendations:

The District Superintendent should direct staff to:

Priority	Recommendation
Med	2.1 Develop a contract administration policy for the District's Governing Board approval. The policy should outline responsibilities for contract management, including assignment of those responsibilities.
Responsible Party: Shannon Crosier, Chief Financial Officer Est. Completion Date: May 2026	Management Response: Agree Proposed Resolution: The Chief Financial Officer will work with Legal and Purchasing on developing a policy for contract management.
Priority	Recommendation
High	2.2 Monitor contractor compliance with key contract requirements including driver qualifications, vehicle maintenance, and insurance coverage. Monitoring activities may include onsite visits, requests for employee information, or assurances regarding internal reviews of files.
Responsible Party: David Jacobson Director of Transportation	Management Response: Agree Proposed Resolution:

Est. Completion Date: On going	Director of Transportation will work with transportation service providers to monitor key contract requirements through quarterly spot checks.
Priority	Recommendation
Med	2.3 Request contractors to provide detailed reports regarding miles driven, trips taken, and number of transported students. Use that information to review contractor invoices and track the unit cost of the service (miles driven or cost per rider).
Responsible Party: David Jacobson, Director of Transportation Est. Completion Date: On going	Management Response: Agree Proposed Resolution: Our current vendors are proving more detailed information. We will work with future vendors to ensure invoices contain more detailed reports. This was an issue with Hop Skip Drive, and we no longer use this vendor.
Priority	Recommendation
High	2.4 Consider establishing additional District policies or performance requirements for transportation contractor to ensure consistency across multiple contract vehicles. For example, expectations for vehicle inspection and maintenance, required reporting, access to contractor records, and require prompt communication of all incidents to the designated contract administrator.
Responsible Party: David Jacobson Est. Completion Date: On going	Management Response: Agree Proposed Resolution: The current vendors used are from cooperative agreements so there is no direct contract with SUSD. We have added requirements such as cameras as a must to work for Scottsdale. We will continue to communicate with vendors they must report timely and that the expectations are the same across the board to be considered by SUSD for services.

3. Driver retention appears to be improving but additional recruitment efforts are needed to reach operational goals.

Recommendation:

The District Superintendent should direct staff to:

Priority	Recommendation
Med	<p>3.1 Consider re-instituting recruiting practices such as a referral program to increase bus driver applicants, and continue to evaluate providing options for extending contract days and/or daily work hours.</p>
<p>Responsible Party: David Jacobson, Director of Transportation</p> <p>Est. Completion Date: Spring 2026 and ongoing</p>	<p>Management Response: Agree</p> <p>Proposed Resolution: Director of Transportation will work with the Chief Financial Officer and Assistant Superintendent of Human Resources on a possible referral program. A similar program was tested a few years ago but we will evaluate the cost/benefit for a future program.</p> <p>Director of Transportation will work with the Chief Financial Officer and Assistant Superintendent of Human Resources on options for extending the bus driver contracts.</p>

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Our Mission

The City Auditor's Office conducts audits to promote operational efficiency, effectiveness, accountability and integrity in City Operations.

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