



Houston Independent School District Internal Audit Report: Bus Driver Pay Process

July 15, 2024



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TRANSMITTAL LETTER



July 15, 2024

The Audit Committee of
Houston Independent School District
4400 W 18th St.
Houston, Texas 77092

Pursuant to the approved internal audit plan for fiscal year ("FY") 2023-2024 for Houston Independent School District ("HISD"), we hereby submit our internal audit report of Bus Driver Pay Process. Due to the nature of the observations, we will perform a full scope follow up of this report once management remediates the risks identified. We have plans to present this report during the Audit Committee meeting scheduled for July 30, 2024. Our report is organized into the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our internal audit of the bus driver pay process.
Background	This provides an overview of the bus driver pay process, as well as, relevant background information.
Objectives and Approach	The internal audit objectives are expanded upon in this section, as well as a review of the various phases of our approach.
Observations Matrix	This section includes a description of the observations noted during our internal audit and recommended actions, as well as Management's response, including the responsible party, and estimated completion date.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP

Internal Audit



EXECUTIVE SUMMARY

Houston Independent School District – Bus Driver Pay Process

Background



HISD is the **largest** public school system in **Texas** and **8th largest in the US**



Transportation Services has a workforce of **over 900**



Each day, 881 buses are utilized



These busses transport **over 12,000 students daily**



The daily operation **exceeds 86 thousand miles**, accumulating to over **15 million miles annually**

The Houston Independent School District (“HISD”) serves as a community school district for most of the city of Houston and several nearby and insular municipalities in addition to some unincorporated areas.

The vision of Transportation Services is to provide students with safe, professional, and efficient transportation to and from school, educational field trips, athletic competitions, and events. Coordination of these events requires a great fleet of professional bus drivers with commercial driver's license (CDL) and a competent support staff.

Overall Summary / Highlights

Internal audits provide insight into an organization’s culture, policies, and procedures and aids the board and management with oversight by verifying internal controls such as operating effectiveness, risk mitigation, and compliance with relevant laws/regulations/policies. The observations detailed in the pages that follow represent only the instances where exceptions were noted, and do not detail the instances where testing resulted in no reportable observations.

The observations identified during our internal audit are detailed in the pages that follow. For each observation, we discuss the relevant risks, which may include financial, operational, and/or compliance, as well as public perception or ‘brand’ risks. We further provide recommendations and best-practice guidance for the District.

Internal Audit Objectives

The primary objective of this internal audit was to evaluate the design of internal controls related to the Districts bus driver pay process.

Our approach consisted of the following:

- Conducted an entrance conference with the District’s Transportation, Compensation and Payroll Departments to discuss the scope and objectives of the audit, obtain preliminary data, and establish working arrangements.
- Conducted interviews and walkthroughs with key personnel to obtain a detailed understanding of the District’s operating policies and procedures and roles/responsibilities as they relate to the bus driver pay process.
- Obtained and reviewed applicable authoritative guidance (such as the Compensation Manual, standard operating procedures related to timekeeping) to understand guidelines, procedures, and requirements for bus driver compensation.
- Evaluated the design of key processes and controls identified during walkthroughs, inquiry, and review of District operating procedures.
- Reviewed the process for documenting time and attendance information (overtime, leave, compensatory time, special pay, etc.), appropriate approvals and supporting documentation.
- Assess segregation of duties, through discussion with District staff on user access controls for proper monitoring and appropriateness of bus driver timekeeping.

At the conclusion of our audit, we summarized our findings into this written report and conducted exit conferences with District management.

We would like to thank all District team members who assisted us throughout this internal audit.



EXECUTIVE SUMMARY (CONTINUED)

Observation Summary

Provided below are the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	Definition
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals. Action should be taken within 12 months (if related to external financial reporting, must mitigate financial risk within two months unless otherwise agreed upon).
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be taken within nine months (if related to external financial reporting, must mitigate financial risk within two months).
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately, but in no case should implementation exceed six months (if related to external financial reporting, must mitigate financial risk within two months).



EXECUTIVE SUMMARY (CONTINUED)

Observation Summary

Below is a summary of the observations identified during this internal audit. Detailed observations are included in the observation matrix section of the report. In addition, improvement opportunities have been provided following the detailed observations section.

Summary of Observations	
Observations	Rating
<p>1. Manual Transportation Processes</p> <p>Condition: There are several areas in the bus driver pay process that rely heavily on manual inputs and paper-based documentation, decreasing efficiencies and increasing the risk of human error.</p> <p>Recommendation: HISD should consider implementing an automated transportation operations system/module to streamline the collection, processing and monitoring of the District's bus driver and vehicle data.</p>	High
<p>2. Transportation Operations</p> <p>Condition: There is no centralized system in place to connect, monitor, and report on the status and efficiencies of the transportation operations.</p> <p>Recommendation: HISD should consider implementing an automated transportation operations system/module to streamline the collection, processing, and monitoring of the District's bus driver and vehicle data. Additionally, the District should develop internal procedures and identify key metrics to identify cost saving efficiencies for vehicle and personnel resources.</p>	High
<p>3. Review and Approval</p> <p>Condition: There is a lack of controls over supervisory review and approval of extra-duty assignments. Supervisory reviews of extra-duty assignments are inconsistently performed, and approvals are informally documented.</p> <p>Recommendation: Transportation Services should implement a formal procedure for the approval and documentation of all extra duty assignments.</p>	High
<p>4. Override of Automated Payroll Controls</p> <p>Condition: When supervisory reviews are not completed in SAP, Payroll can grant blanket approval for all unapproved time.</p> <p>Recommendation: HISD should enforce guidelines within the procedures for all time to be reviewed and approved by the employee's immediate supervisor in a timely manner to minimize the opportunity of erroneous payments to employees.</p>	High
<p>5. Segregation of Duties – Compensation</p> <p>Condition: Compensation Coordinators and Talent Coordinators within the Human Resources Department have the system ability to edit compensation details for employees within SAP.</p> <p>Recommendation: The Compensation Department should periodically review and revise its user access rights to confirm proper segregation of duties. Additionally, roles and responsibilities should be clearly defined with the department to outline the separate duties regarding user review and approval access.</p>	High



EXECUTIVE SUMMARY (CONTINUED)

Observation Summary (Continued)

Summary of Observations	
Observations	Rating
<p>6. Compensation Approvals</p> <p>Condition: Various departments are involved in the approval process for compensation amounts for new positions; however, no formal document is created to memorialize the internal approval.</p> <p>Recommendation: HISD should create a checklist or procedures documenting the internal approvals of compensation changes. Additionally, approval by the Information Services and Compensation Department(s) should be documented for system updates.</p>	High
<p>7. Guaranteed Time Management</p> <p>Condition: Under the current system, bus drivers may be receiving the full guaranteed pay, along with the pay from the extra-duty assignment (which often results in overtime), without necessarily performing assigned tasks during the regularly scheduled guaranteed time. Without a system in place to monitor bus driver routes to time worked, there is an increased possibility of an inequitable distribution of overtime and service cost inefficiencies.</p> <p>Recommendation: HISD should consider implementing a ticketing process for extra duty assignments to track, monitor and approve route assignments to individual bus drivers within a transportation management system.</p>	High
<p>8. TRS Assignment Monitoring</p> <p>Condition: Currently, the Transportation Relief Specialist (“TRS”) role is not clearly defined or monitored. Without a system in place to monitor bus driver routes to time worked to determine efficient allocation of TRS resources, there is an increased possibility of an inequitable distribution of overtime and service cost inefficiencies.</p> <p>Recommendation: HISD should consider implementing a ticketing process for TRS assignments to track, monitor, and approve tasks assigned daily by site managers with approval if the system identifies overtime to be incurred.</p>	High
<p>9. Standard Operating Procedures</p> <p>Condition: There are no formally documented procedures in place that outline the operations carried out by Transportation Services. While the District has developed a Compensation Manual, it does not include key information such as roles and responsibilities for the Compensation Department.</p> <p>Recommendation: The Compensation Department should create or enhance existing procedures to include roles and responsibilities, approvals for compensation amounts, job descriptions, system uploads, and communicating bonus information. Additionally, Transportation Services should develop comprehensive procedures, detailing all operations at the department level. Upon completion of both procedures, HISD should provide training sessions for all relevant staff members (i.e., bus drivers, compensation coordinators) to confirm expectations.</p>	High



EXECUTIVE SUMMARY (CONTINUED)

Observation Summary (Continued)

Summary of Observations	
Observations	Rating
10. Compensation Communication Condition: The District expressed uncertainty regarding bonus amounts and its communication to departments and employees. Recommendation: The District should maintain a centralized location for all bonus and incentive-related communications.	Moderate
Process Improvement Opportunities	
1. Choice Busing Condition: Currently, HISD allows for students to choose any school or program to attend, regardless of their location. Transportation Services accommodate students by providing them with safe and reliable transportation, regardless of location and logistical concerns. Due to the flexibility of the choice busing program, the District may face increased expenses and inefficiencies. The District should consider implementing an automated transportation management system to provide real-time KPI information for decision-making and identifying route efficiencies.	
2. Motor Pool Site - Cost / Benefit Analysis Condition: To enhance efficiency, HISD should consider conducting a cost-benefit analysis of current locations to assess whether they should be relocated, or additional bussing locations should be opened. This could help optimize bus routes, improve services, and benefit both students and the District.	



BACKGROUND

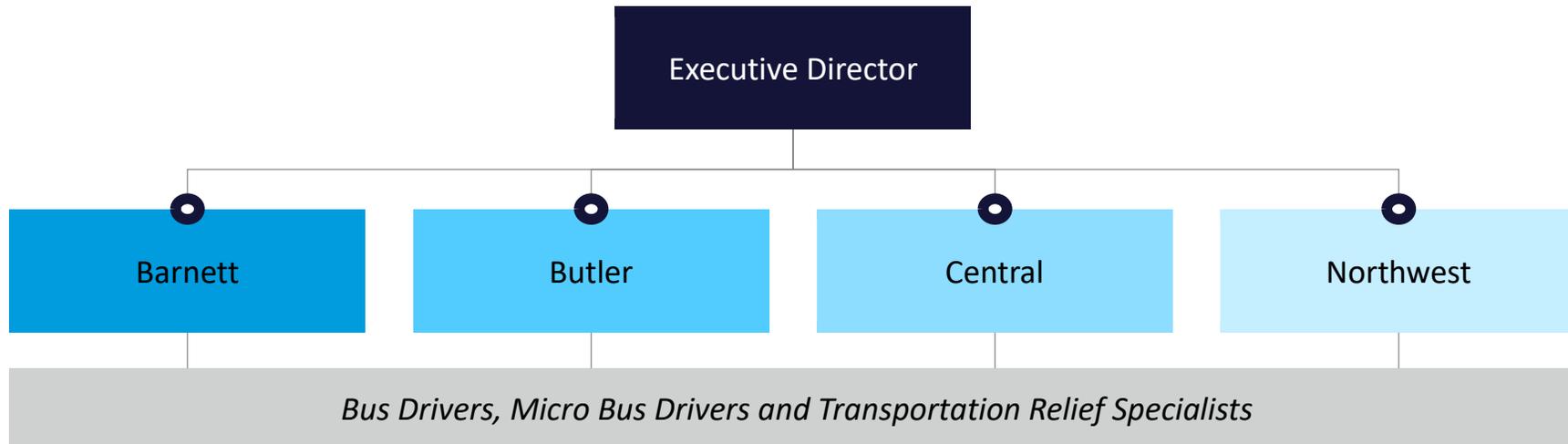
Overview

The Houston Independent School District (“HISD”) is the largest public school system in Texas, and the eighth largest in the United States. HISD serves as a community school district for most of the city of Houston and several nearby and insular municipalities in addition to some unincorporated areas and currently supports 274 schools.

HISD provides school bus transportation to any HISD resident attending a zoned school or a magnet program who lives 2 miles (3.2 km) or more away from the campus. Transportation Services resides within the Business Operations Department and is the largest single district provider of school bus service in the state of Texas. The vision of Transportation Services is to provide students with safe, professional, and efficient transportation to and from school, educational field trips, athletic competitions, and events. Coordination of these events requires a large fleet of professional bus drivers with commercial driver's license (CDL) and a competent support staff.

HISD employs more than 900 employees within Transportation Services and has roughly 1,000 buses in service. It uses 881 buses to transport approximately 12,000 students to and from school daily, traveling more than 86,000 miles a day and 15 million miles each year². Transportation Services consists of four (4) motor pool sites: Barnett, Butler, Central, and Northwest locations. Across the four locations there are approximately 454 Bus Drivers, 29 Micro Bus Drivers and 49 Transportation Relief Specialists within Transportation Services¹. Each of these positions has the primary responsibility to perform transportation for students at HISD. Tracking routes and time worked is a voluminous and complex process. Given the manual components associated with the route assignments, transportation time management is inherently a high-risk function.

According to the adopted budget for fiscal year 2022-2023, the District earmarked \$41,894,862 from the total general fund expenditure for student transportation salaries and benefits. The allocation for salaries and benefits is primarily influenced and supported by the timekeeping function. The bus driver pay process involves the tracking, reporting, and payment of all working hours by District bus drivers, which is a critical factor for determining individual pay. This process is overseen by Transportation Services (“Transportation”), Payroll Department (“Payroll”), and the Compensation Department (“Compensation”).



¹ As reported in the Organizational Chart as of January 1, 2024. This information is unaudited.

² Based on the statistics shown on the District's Transportation website homepage. This information is unaudited.



BACKGROUND (CONTINUED)

Key Systems and Applications

To assist in the pay process, the District employs a variety of systems and applications, including:

- *Applicant Tracking System ("ATS")* – utilized by the Compensation Department, primarily to post new jobs and track the status of applicants.
- *TimeClock Plus ("TCP")* – used by bus drivers within Transportation Services to accurately log time, through TCP's biometric time clock.
- *Systems Applications and Products ("SAP") OneSource* – the District's Enterprise Resource Planning ("ERP") system, which is used to process payroll.

Refer to the **Bus Driver Pay Process** section for additional information on how these systems and applications are used.

Roles and Responsibilities

Transportation

Transportation Services is heavily involved in the payments for bus drivers, as it is the employees in this department who performs the duties of transporting students and logging the hours worked to complete this task. There are several roles within the department that significantly contribute to the pay process:

- *Bus Drivers ("Employees")*: Responsible for accurately recording hours worked into Time Clock Plus ("TCP"), which is the District's time tracking system, requesting leaves of absence (i.e., sick or vacation time), obtaining any pre-approvals required (i.e., overtime, sick or personal leave, field trip forms), reporting any discrepancies or time exceptions, and any other relevant attendance information.
- *Transportation Routing Technician*: Responsible for developing bus routes for bus drivers at the beginning of each school year.
- *Senior Manager ("Manager")*: Responsible for verifying and approving the employee's attendance and working hours imported from TCP to System Applications and Products ("SAP"), which is the District's ERP system, and providing pre-approval for additional duties assigned (i.e., field trips, etc.). Once the Senior Manager provides approval over the hours worked, the information moves to the Coordinator's queue to review and approve.
- *Coordinator II ("Coordinator")*: Responsible for approving any requests for leave of absence (i.e., sick or vacation time) for employees in Transportation Services and approving the employee's time records in the Enterprise Resource Planning ("ERP") system which is SAP. Once the Coordinator provides approval over the total hours for the pay period, the information automatically routes to the Payroll Department. Coordinators are also responsible for tracking and reporting stipends / bonus (i.e., perfect attendance) to Compensation.

Compensation

Under Human Resources, the Compensation Department also performs a pivotal role in facilitating payment to bus drivers by assigning the compensation amounts for to employees within the ERP system. As noted in the *Compensation Manual*, responsibilities include the following:

- Processing onboarding documents timely and accurately and confirming that all appropriate approvals were obtained.
- Verifying existing and updating old job descriptions to reflect current roles and responsibilities.
- Confirming job descriptions are associated with correct pay amounts, including updating jobs with pay changes.
- Calculating stipends, incentives, and tracking compensatory time.



BACKGROUND (CONTINUED)

Roles and Responsibilities (Continued)

Payroll

The Payroll Department, under the Finance Department, holds the responsibility for the accurate and timely processing of payments for bus drivers. Specifically, they are accountable for the following tasks, as referenced in Section 1200 – Payroll of the *Finance Procedures Manual*:

- Reconciling timesheets and other attendance documents for completeness and accuracy, prior to processing payment.
- Calculating pay according to hours worked, leaves, and overtime. This also encompasses the computation of accrued vacation, sick leave, and maintaining a log of compensatory time earned.
- Managing and calculating taxes, deductions, and benefits.
- Communicating with employees and/or supervisors to verify any time entry exceptions, and subsequently making the time adjustment/correction.

Roles and Responsibilities - Organizational Structure of Departments





BACKGROUND (CONTINUED)

Bus Driver Types

Within the District, there are three (3) positions that are classified as or may act in the capacity of a bus driver. Regular bus drivers and micro-bus drivers are both hourly employees, each with six (6) hours of guaranteed time a day. The third type of position that may operate a bus is a Transportation Relief Specialist (“TRS”), which is considered a salary position, with guaranteed eight (8) hours a day.

Guaranteed time is the minimum hours of work the District certifies to an employee. These hours are paid out to the employee, regardless of the actual hours worked. All three (3) of these positions are considered non-exempt employees, as the term implies, are not exempt from Fair Labor Standards Act (“FLSA”) requirements. Employees who fall within this category must be paid at least the federal minimum wage for each hour worked and given overtime pay of not less than one-and-a-half times their hourly rate of pay for each hour they actually work over the applicable FLSA overtime threshold in the applicable FLSA work period. For HISD, the threshold is forty (40) hours.

Bus Driver

- Operates all types of buses (regular and special education)
- Required Class B CDL Certification Operation
- Non- exempt employee
- Guaranteed six (6) hours of time each day

Micro-Bus Driver

- Operates smaller buses to transport limited number of students
- Required Class C Certification Operation
- Non- exempt employee
- Guaranteed six (6) hours of time each day

Transportation Relief Specialist

- Serves as substitute driver for regular and special needs routes
- Performs clerical tasks, monitoring, and evaluating trip inspections
- Non- exempt employee
- Guaranteed eight (8) hours of time each day



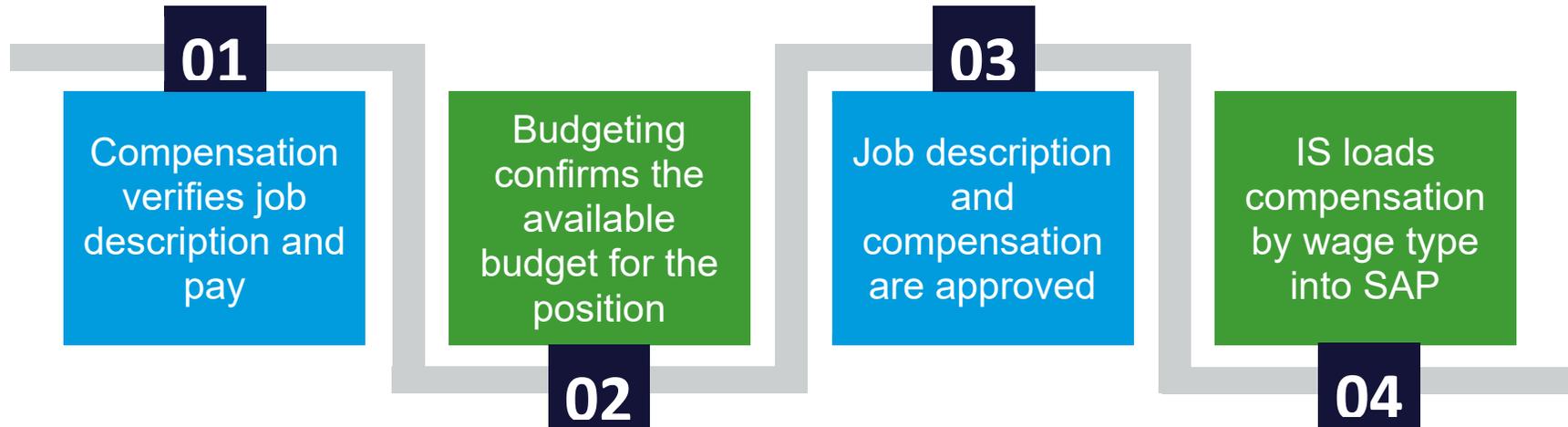
BACKGROUND (CONTINUED)

Bus Driver Pay Process

Compensation

In the process of creating a new position, the Compensation Department collaborates with the Transportation Services to gather information about the role and duties of the position. This assists in the creation of an accurate job description which is assigned a job code. District leadership and budgeting internally decides the pay scale or rate by wage type or position confirming that there is available budget and performs a Job Analysis Questionnaire (“JAQ”) prior to the job description with compensation to be approved. Each year all position compensation is determined, approved and then compensation is loaded by job code into SAP by the Information Services Department (“IS”) prior to the first payroll run of the fiscal year.

Apart from onboarding, the Compensation Department is also responsible for annually assessing the pay rate and compensation to current / existing bus drivers, accurately calculating bonuses, stipends, and other special pay incentives for the bus drivers (if earned).



Transportation

During the summer, the Transportation Routing Technicians create the routes for the upcoming school year utilizing historical data, campus suggestions and current road configurations. The routes are then forwarded to the Coordinators, who post them for the Bus and Micro Bus Drivers to view. Prior to the commencement of each academic year, bus drivers choose their preferred route based on their seniority. Once a route is selected, both the bus driver and their Manager sign the Route Destination Agreement, thereby documenting and finalizing their route for the entire school year. This process is performed separately for summer school routes. All routes are manually documented and retained on paper.

On a daily basis, hourly bus drivers are tasked with clocking in and out using TCP’s biometric time clock. The bus drivers are expected to clock in and out as their pre-determined route starts and ends, however, this time would also include generally 15 minutes of pre-trip requirements to take a bus out of the motor pool as well as 15 minutes for post trip requirements. Regardless of the amount of time it took for a bus driver to perform these duties they are guaranteed 6 hours of pay on a daily basis and 30 hours for the week.

The Transportation Relief Specialist (“TRS”) is a pool of experienced bus drivers that are available onsite at every motor pool site to perform substitute bus driver duties, clerical tasks, monitoring, evaluating bus drivers’ pre and post trip inspections, performing yard or facility cleaning, fueling, and training. Regardless of the amount of time it took for a TRS to perform these duties they are guaranteed 8 hours of pay daily and 40 hours for the week.



BACKGROUND (CONTINUED)

Bus Driver Pay Process (Continued)

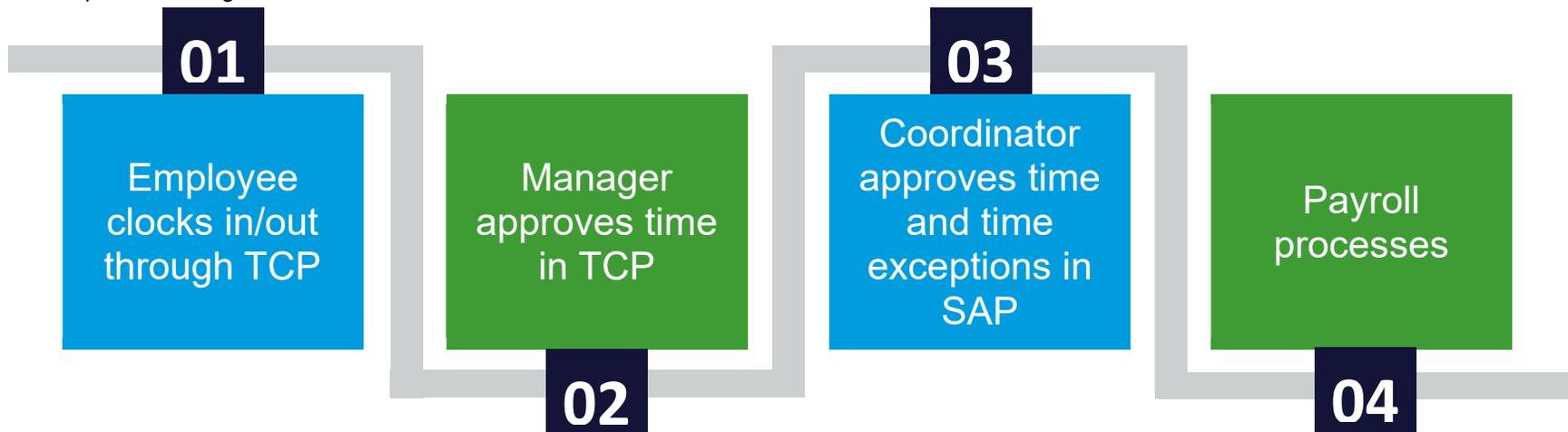
Transportation (Continued)

Field trips and extra-duty assignments are allocated to any of the three (3) positions described via a lottery system on a daily basis. All opportunities for extra-duty pay are written and posted daily on a whiteboard at each motor pool site, where interested bus drivers can write their name down to submit their request to enter the lottery for the route. This involves the interested bus drivers writing their names on a paper and placing that paper in a clear plastic container for the Manager to randomly select a name to determine the recipient of the extra-duty hours. The selected bus driver is evaluated by the Manager, who verifies that the bus driver is qualified with the appropriate license(s) and that the bus driver does not have a conflicting pre-determined route assigned. If awarded the field trip, the bus drivers are responsible for completing the field trip ticket with details of the trip, including date/time, destination of the trip, total time, and total mileage. Once the field trip ticket form is complete, the bus driver signs off on the ticket and provides it to their Manager, who reviews and initials approval before it is filed. The bus driver is expected to clock in / out through TCP to document the start and ending time of each field trip or extra duty assignment with a corresponding comment to document the additional route in the timekeeping system.

Payroll

Bus drivers have until Monday at 5:00 pm to enter and approve hours in TCP until the system is locked out for payroll processing. Hours that are approved in TCP are routed to SAP are combined with time exceptions (i.e., vacation/sick leave, etc.) which the Coordinators approve by Tuesday at 1:00 pm. After all time has been approved by the Coordinator, the Payroll Department is notified through SAP that time entry is ready for their review.

Time cannot be processed in SAP if the employee's manager does not provide approval first. In cases where a bus driver's exceptions are not approved by the pay period deadline, then in order for the employee to be paid, the Payroll Department will "sweep" the time exceptions for processing by mass approving the time. This action, however, is not carried out regularly but only as a last resort so that employees are paid timely. For corrections or missed time after the payroll has been processed, employees are able to make modifications to time entry up to 6 weeks past the date of the time was incurred by entering the information in the TCP system to be approved by the immediate supervisor. For corrections or missing time to be entered and processed after the 6 weeks from the time incurred a late correction form needs to be completed. This form must receive approval from the employee, the Manager and Division leadership, before Payroll can enter and process the requested change.

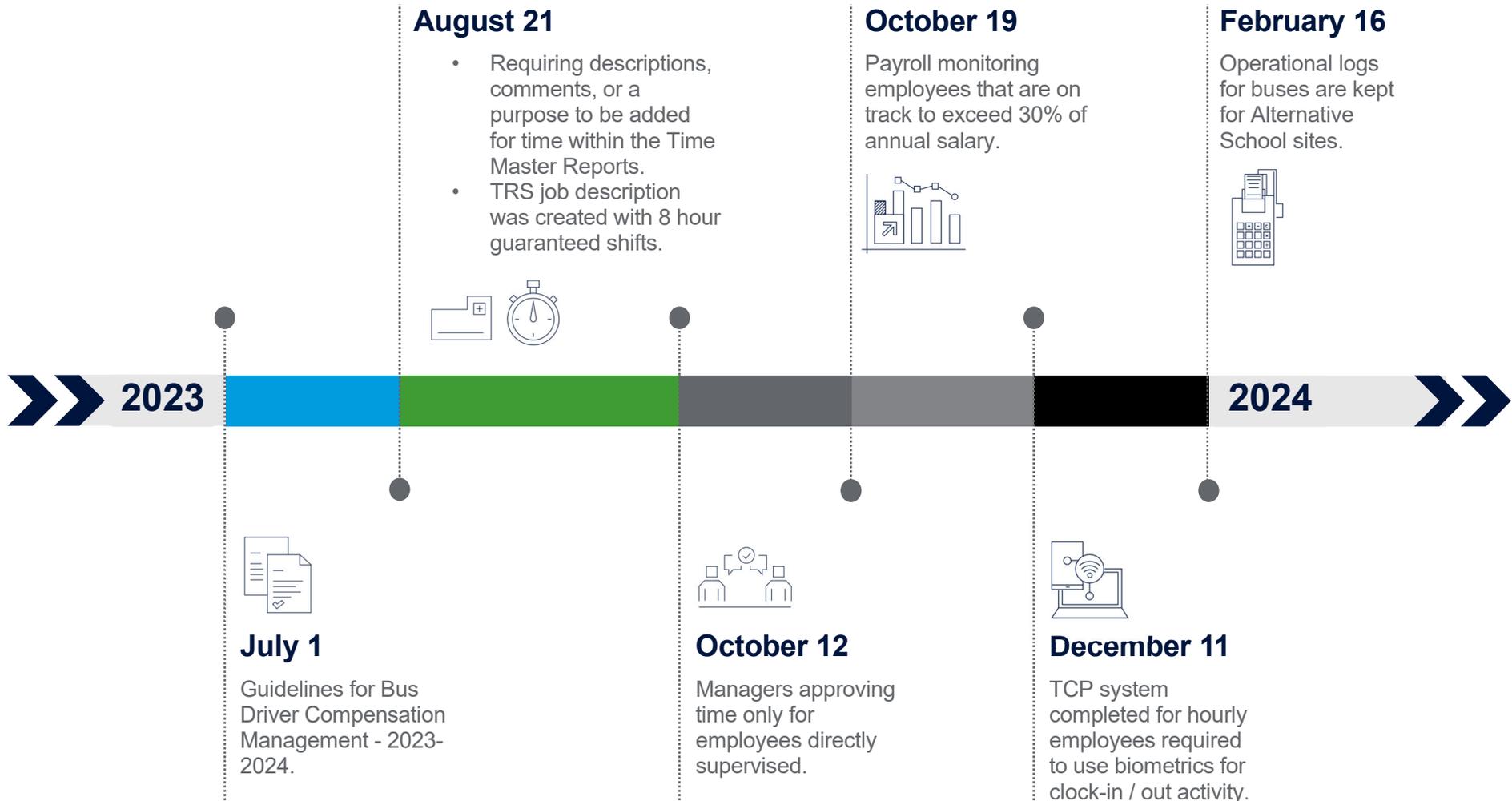




BACKGROUND (CONTINUED)

Bus Driver Pay Events

At the beginning of FY24, HISD leadership made several updates to improve the internal control structure of Bus Driver Pay. Below is a timeline of events and controls that were implemented.





OBJECTIVES AND APPROACH

Objectives

The objective of this internal audit was to assess the design of internal controls for the Bus Driver Pay Process, including adherence to policies, procedures and relevant laws and regulations. In-scope areas include, but may not be limited to, time tracking methods, including expected practices and documentation, overtime approval and documentation, time reporting, leave time tracking and the approval process.

Approach

Our approach consisted of the following phases:

Understanding and Documentation of the Process

This phase of the internal audit primarily involved inquiries to understand the critical personnel, risks, processes, and controls relevant to the objective outlined above. The following procedures were conducted as part of this phase:

- Conducted an entrance conference with the District's Transportation, Compensation and Payroll Departments to discuss the scope and objectives of the audit, obtain preliminary data, and establish working arrangements.
- Conducted interviews and walkthroughs with key personnel to understand the District's operating policies and procedures and roles/responsibilities related to the bus driver pay process.
- Obtained and reviewed applicable authoritative guidance (such as the Compensation Manual and standard operating procedures related to timekeeping) to understand guidelines, procedures, and requirements for bus driver compensation.
- Evaluated the design of key processes and controls identified during walkthroughs, inquiry, and review of District operating procedures.

Evaluation of the Process and Controls Design

The purpose of this phase was to evaluate and assess the design of processes and key internal controls.

As part of our review, we conducted the following procedures:

- Reviewed the District's standard operating procedures to determine whether they adequately address key activities and controls.
- Evaluated the design of key processes and controls identified during walkthroughs, inquiry, and review of District operating procedures.
- Reviewed the process for documenting time and attendance information (overtime, leave, compensatory time, special pay, etc.), appropriate approvals and supporting documentation.
- Assess segregation of duties, through discussion with District staff on user access controls for proper monitoring and appropriateness of bus driver timekeeping.
- Developed recommendations for process improvement for any design gaps identified during our analysis.

Reporting

At the conclusion of this internal audit, we summarized our findings into this written report. We have reviewed the results with the appropriate Management personnel and have incorporated Management's responses into this report.



OBSERVATIONS MATRIX

Observation	1. Manual Transportation Processes
High	<p>We identified several areas in the bus driver pay process that rely heavily on manual inputs and paper-based documentation, decreasing efficiencies and increasing the risk of human error. Manual operations within Transportation Services exist in the following ways:</p> <ul style="list-style-type: none"> • Scheduled Routes: At the beginning of the school year, bus drivers choose their preferred route based on seniority. After bidding on a route, they are expected to drive that route for the entirety of the academic year. Consequently, the determination of a specific bus driver's route is performed manually and documented on paper forms. • Route Monitoring: The routing status for each motor pool is tracked daily in an operations log, which is manually maintained in Excel on a shared network site. The manual nature of the operations log creates additional manual updates based on last-minute information such as route cancelations, bus driver no-shows, and bus breakdowns. Historical documentation of the operational log is printed out as a hard copy and stored in a binder for reference. Additionally, there is no data collection of route schedules that might be temporarily modified due to road construction, emergency conditions, or student ridership. • Bus Driver Time Monitoring: Tracking of employee hours is performed within automated systems, TCP and SAP. However, the process of monitoring and tracking employee status, including bus driver absenteeism for route coverage determination, or employee location for efficient bus driver assignment allocation, is manually tracked and recorded on paper forms. • Field Trip / Extra-Duty Assignments: In the event of additional bus driver assignments (i.e., field trips), these opportunities are manually collected from sites and then posted for bus drivers to view on a whiteboard at each transportation motor pool. Bus drivers interested in working beyond their regular route for extra-duty can participate in a "lottery" system. This involves the interested drivers writing their names on a piece of paper and placing the paper in a clear plastic container for the Site Manager to randomly select a name to determine the recipient of the extra-duty hours. However, the selected driver must still receive approval from the Manager, who verifies whether the bus driver is qualified and has no conflicting pre-scheduled route. Currently, the process of requesting and approving extra-duty assignments is informal and not documented. Given that managers must refer to a manual binder to understand a bus driver's route and schedule, the lack of formal procedures and established criteria to review (i.e., schedule, appropriate license, etc.), there is a risk that managers may not conduct a thorough or consistent review when approving a driver for extra-duty assignments. Undocumented informal processes could allow for a perception of favoritism. Bus drivers may inappropriately receive assignments they are not qualified to perform, or bus drivers may receive additional routes that are performed during scheduled guaranteed time. This could result in additional compensation to drivers over their regularly scheduled time and potentially result in overtime (refer to Observation #7). <p>Manual procedures in a timekeeping process increase the risk of (1) human error in data entry, (2) abusive time reporting, and (3) processing of unauthorized employee time, which can result in under/over payment of time worked. Tasks carried out by automated processes are less likely to have errors, leading to an increase in the tasks' reliability and accuracy.</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	1. Manual Transportation Processes (Continued)
<p>Recommendation</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • HISD should consider implementing an automated transportation operations system/module to streamline the collection, processing and monitoring of the District's bus driver and vehicle data for the following: <ul style="list-style-type: none"> ○ Planned bus routes ○ Temporarily modified bus routes ○ Regular bus driver assignments ○ Temporary bus driver assignments ○ Bus driver field trip/extra duty assignments ○ Student ridership
<p>Management Action Plan</p>	<p>Response: In March 2024, Transportation Services began implementing Edulog (routing software) and Samsara (GPS Telematics) systems that allow for automation. The Transportation department works closely with the vendors to automate manual processes into an automated singular interface. We recognize the importance of streamlining bus driver and vehicle data collection, processing, and monitoring to enhance our transportation operations.</p> <p>Responsible Party: Transportation</p> <p>Estimated Completion Date: Fully implemented May 2025</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Transportation Operations
High	<p>Transportation Services at HISD does not have a Fleet Management Information System (“FMIS”) in place to connect, monitor, and report on the status and efficiencies of the transportation operations.</p> <p>HISD is the largest single district provider of school bus service in Texas, with a Transportation Services workforce exceeding 900 individuals, an active bus fleet of about 1,000, and approximately 12,000 students that utilize bus transportation daily. The transportation operations at HISD are highly complex, volatile, and manual, as many processes are paper based. The vehicles have GPS monitoring while in service, however, the information is not connected to the scheduling or operational monitoring of transportation services. Given the extensive scale of operations, Transportation Services should leverage software systems (see Observation #1) to perform the following tasks:</p> <ul style="list-style-type: none"> • Plan bus routes • Monitor and track bus assignments • Monitor real time vehicle locations and receive proactive communications of deviations or emergencies • Track route progress in real time for insight into late or missed stops • Rapidly respond to conditions to re-route vehicles as needed and sending messages to drivers • Transparency with shared location information with District Leadership and/or parents • Detailed dashboard for key performance metrics and reporting • Student ridership tracking • Allow multiple users to simultaneously view, modify, and retrieve information • Create and save hypothetical scenarios for school bus transportation planning • Track student incident problems by date and driver, and print or email reports to parents and school principals • Integration of bus and vehicle GPS information <p>By tracking this information in a central repository, the District can identify trends in planned vs. actual performance of routes by time, mileage, student usage and track compliance with regulatory safety standards. Collecting this data could improve the efficiencies of route schedules, route assignments, vehicle usage, and fuel usage. Additionally, Transportation Services should develop a defined set of roles and responsibilities and written procedures to detail all tasks performed (See Observation #9).</p>
Recommendation	<p>We recommend the following:</p> <ul style="list-style-type: none"> • Implementing a Fleet Management Information System (“FMIS”) to automate transportation operations system/module to streamline the collection, processing, and monitoring of the District’s bus driver and vehicle data. • Develop internal procedures and connect key metrics for a strategic plan to utilize this collected data to identify cost-saving efficiencies for vehicle and personnel resources.



OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Transportation Operations (Continued)
Management Action Plan	<p>Response: In March 2024, Transportation began implementing/using Samsara (GPS Telematics) as a Fleet Management Information System (FMIS). This system allows the department to consolidate all telematics tools into one unified platform to seamlessly interchange between compliance, safety dashcams, vehicle maintenance, dispatch, and more.</p> <p>Responsible Party: Transportation</p> <p>Estimated Completion Date: September 2024</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	3. Review and Approval
High	<p>Extra-duty and overtime opportunities exist daily within each motor pool site for bus drivers (e.g., field trips, transporting equipment within the District, etc.). However, this process is not consistently documented or approved.</p> <p>Drivers possessing availability after completing their scheduled route may request these additional routes if they qualify, which could result in overtime. Once selected, the employee must obtain approval from the Manager. The Manager, tasked with reviewing the extra-duty assignments, would take note of the time commitment and compare it with the employee's daily route schedule. This is to manage instances of overlap with the employee's current route responsibilities, determine if the employee has historically qualified attendance, possesses the appropriate vehicle license, and holds the required certifications (i.e., students with special needs).</p> <p>Upon completion of the review, the employee is permitted to sign the field trip form, which serves as a paper contract to record the assignment of extra-duty. The Manager typically initials the field trip form; however, there is no formal approval signature required for the assignment with a recorded date of approval. Additionally, the Manager is not considering the potential of overtime that could arise from the driver undertaking the extra-duty assignment. This may result in unnecessary expenses for transportation operations, especially if there are other qualified drivers that could perform the route without incurring overtime (refer to Observation #2).</p>
Recommendation	<p>We recommend the following:</p> <ul style="list-style-type: none"> Transportation Services should implement a formal procedure for the approval of all extra duty assignments (perhaps with a checklist) to include all required reviews including the review of potential overtime for selected employee. Approval should be performed electronically and routed through an operational route management system for ease of access and retention of evidence.
Management Action Plan	<p>Response: Work has begun with the IT department to implement an electronic approval process to streamline the approval of extra duty assignments. This process will be integrated into our operational route management system, ensuring easy access and efficient routing for approval. The electronic system will facilitate timely reviews and approvals, reducing the risk of delays and ensuring that all extra duty assignments are appropriately authorized.</p> <p>Responsible Party: Transportation</p> <p>Estimated Completion Date: October 2024</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	4. Override of Automated Payroll Controls
High	<p>Timely submission of supervisory approval within SAP is a Districtwide concern that has resulted in the override of automated payroll controls for supervisory approval of employee time.</p>
	<p>Each week, entries are to be reviewed, approved, and documented in the system by the following Monday. The hourly time of bus drivers is recorded through TCP and is approved by the Manager. The information is then pushed into SAP, requiring approval by the Coordinator. Payroll processes employee pay following supervisory review and approval of employee time within SAP. However, if the supervisory review (i.e., Manager) has not been completed within SAP for time exceptions, then the employee would not be paid. As a work around in the SAP system to allow all employees to be paid timely and leave balances to be updating timely, Payroll can provide a blanket approval to all unapproved time to “sweep” the hours for processing. However, this is reserved for extenuating circumstances and is not a regular practice. When hours are processed by payroll in this way then no supervisory approval is obtained for the employee time exceptions, and there is no control in place within the system to retroactivity obtain those supervisory approvals.</p> <p>Timekeeping documentation that has not been reviewed and approved by the immediate supervisor that would be aware of potential time exceptions, increases the risk of inaccurate or incomplete employee time reporting and the potential of under or overpayments to employees. Additionally, when all time is reviewed and approved in advance of processing by the immediate supervisor there is a potential operational cost savings from reduced payroll corrections processing.</p>
Recommendation	<p>We recommend the following:</p> <ul style="list-style-type: none"> • Enforce existing procedures for all time to be reviewed and approved by the employee’s immediate supervisor in a timely manner to reduce the opportunity of inaccurate payments to employees. • Implement a control procedure to retroactivity obtain supervisory approvals when extenuating circumstances occur and the unapproved hours are swept for processing.
Management Action Plan	<p>Response: Beginning in June 2024, we implemented a requirement that all employee time must be promptly reviewed and approved by the employee’s immediate supervisor.</p> <ul style="list-style-type: none"> • We moved to weekly payroll submission versus every two weeks. • We developed a procedure to obtain supervisory approvals when extenuating circumstances occur retroactively and the unapproved hours are swept for processing. <p>These steps will help us ensure that all extra duty assignments are correctly recorded, authorized, and paid per district policies and procedures.</p> <p>Responsible Party: Transportation Estimated Completion Date: August 2024</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	5. Segregation of Duties – Compensation
High	<p>At present, both Compensation Coordinators and Talent Coordinators within the Human Resources Department (“HR”) have the system ability to edit compensation details for employees within SAP.</p>
	<p>Segregation of duties is a key aspect of internal controls and helps mitigate risk by verifying that no single individual controls all phase of a particular operation. Roles and responsibilities should be well-defined and aligned with ERP system access, confirming segregation of duties among HR personnel who create/edit employee file information and for those who edit for employee compensation. No one individual should have access to edit all aspects of a process – if multiple people have access to edit the same information, the risk of errors increases.</p> <p>The current access configuration could expose the District to financial risk as a single individual could add a fictitious person for payment and control the amount of compensation that person would receive. This lack of segregation of duties combined with the override of automated payroll controls (Observation #4) for employees that are not timely approved by their immediate supervisors could be exploited and increase the risk of fraud within the District.</p>
Recommendation	<p>We recommend the following:</p> <ul style="list-style-type: none"> • The Compensation Department should periodically review and revise its user access rights to confirm proper segregation of duties. This may involve restricting the ability to edit compensation details to a specific role or implementing additional checks and balances within the system. • Procedures should be updated to outline separate duties regarding user review and approval access.
Management Action Plan	<p>Response: HR/Compensation agrees with the recommendation. The Compensation department will conduct an audit of current user access rights to see who currently has access in order to ensure there is a proper segregation of duties. HR will then review the findings with the Deputy Chief of HR and determine appropriate access levels to ensure segregation of duties, particularly restricting the ability to edit compensation details for specific roles. Additional checks and balances will be implemented within the system. Furthermore, HR and Compensation will review existing procedures, making necessary revisions to ensure compliance and clarify responsibilities for user review and approval access.</p> <p>Responsible Party: IT, HRIS, Compensation</p> <p>Estimated Completion Date: August 30, 2024</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	6. Compensation Approvals
High	<p>We identified the following processes within the Compensation process that are not consistently documented or formally approved:</p> <ul style="list-style-type: none"> • Compensation updates for positions and employee bonuses occur annually in July and are performed on an “as needed” basis if there is a need for an update during the year for a new role. For new positions, site coordination is required to initiate the creation of a job through a request to the Compensation Department. The request outlines the duties the job or wage type will cover, the proposed pay, location, and duration (as needed). Compensation may provide suggestions, including job title, description, and proposed pay to aid the requesting department. Various departments are involved in the approval process; however, no formal document is created to memorialize the internal approval and position details for final approval. Currently, this process is documented via email. In the absence of formally documented approval for the compensation amounts, there is an increased risk that the employees could receive incorrect amounts. • After the compensation amounts are approved, the compensation tables are provided to the Information Services Department to load the amounts into SAP. However, no subsequent review is conducted to verify if the amounts entered by IS were accurately processed in the system. Without formally documenting review and approval of compensation amounts by Compensation following the upload by IS, there is a risk that inaccurately loaded amounts could result in employees receiving incorrect payments. <p>In the absence of the internal controls of formally documented approvals throughout the lifecycle of determining and assigning compensation for job positions or bonuses there is an increased risk that the amounts that employees receive are the incorrect amounts.</p>
Recommendation	<p>We recommend the following:</p> <ul style="list-style-type: none"> • Formal documentation should be created either electronically or manually with a checklist for internal approvals of compensation changes. Additionally, HISD should create procedures to record the individuals within the District responsible for approval, the approval date, the amount, the job position, and the associated wage type. These procedures should be revised annually or as required. • Formal documentation should be maintained, including the date and sign-off by IS, confirming the execution of compensation system updates. Additionally, the review and approval of system updates performed by Compensation should be documented with a date and sign-off. Procedures should be created to document the process and updated annually or as required.



OBSERVATIONS MATRIX (CONTINUED)

Observation	6. Compensation Approvals (Continued)
Management Action Plan	<p>Response: HR/Compensation agrees with the recommendation. Compensation will establish a streamlined process and checklist to reconcile and internally approve compensation changes requiring Board approval. This process will include recording individual approvals within the District, documenting approval dates, amounts, job positions, and associated wage types. Regular reviews will ensure the procedure remains current. Formal documentation will be maintained, detailing dates and signatories confirming the execution of compensation system updates. The review and approval of system updates by Compensation will be documented with specific dates and designated personnel signatures. A procedure will be implemented to document this process, updated cyclically or as changes occur. Compensation will develop a process that includes an approval list for Board-approved changes and a separate list for informational purposes to keep the Board informed of relevant updates.</p> <p>Responsible Party: Compensation</p> <p>Estimated Completion Date: August 30, 2024</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	7. Guaranteed Time Management
High	<p>There is a lack of visibility regarding route schedules, the actual time bus drivers take to complete regularly scheduled routes, and how additional duty assignments might influence the total overtime usage at the level of individual employees.</p>
	<p>Guaranteed time refers to a minimum amount of pay that a bus driver will receive, regardless of the number of hours actually worked. This is an incentive for bus drivers who work irregular schedules or who may have cancellations of routes for various conditions. Guaranteed hours are an incentive offered to attract bus drivers in a volatile environment with a history of resource shortages. Each hourly bus driver and micro-bus driver at the District is guaranteed time of six (6) hours per day, for a total of thirty (30) hours per week. The TRS position is guaranteed time of eight (8) hours per day, for a total of forty (40) hours per week.</p> <p>Currently, the system allows for bus drivers with capacity (i.e., cancelled routes or routes that took less time than anticipated) to volunteer for extra-duty assignments during the scheduled guaranteed time. However, the extra-duty assignment could be recorded after the guaranteed time was completed. This would allow the bus driver to receive the full guaranteed pay, along with the pay from the extra-duty assignment (which often results in overtime), without necessarily working the regularly scheduled route during the guaranteed time. For example, a bus driver has selected a regular route that is scheduled for six (6) hours. However, they consistently perform the route in four (4) hours (due to naturally reduced student ridership). This same bus driver is selected to perform a four (4) hour field trip that does not conflict with their regular route. The bus driver would be paid six (6) hours of their guaranteed time and an additional four (4) hours for the field trip, resulting in a total of ten (10) hours for the day. This would result in two (2) hours of overtime for the day, even though the bus driver only worked eight (8) hours for the day (4 for the shorter regular route and 4 for the field trip).</p> <p>Currently, there exists a culture where the habit of accumulating these additional duty opportunities occurs at a rate that is disproportionate compared to their peers. Without a system in place to monitor bus driver routes to time worked, there is an increased possibility of inequitable distribution of overtime and service cost inefficiencies (Observation #2).</p>
Recommendation	<p>We recommend the following:</p> <ul style="list-style-type: none"> Implementing a ticketing process for extra duty assignments to track, monitor and approve route assignments to individual bus drivers within a transportation management system, which can be monitored by Managers daily with a checklist of qualifications to approve and additional approval if the system identifies overtime to be incurred. The automated system can strengthen the controls in place to facilitate equitable distribution of overtime pay and safeguard against abuse of the guaranteed pay system in place.
Management Action Plan	<p>Response: Work has begun implementing a ticketing process within our transportation management system to assign and track extra duty assignments. Each assignment will generate a ticket, ensuring that all tasks are documented and can be monitored efficiently. Managers will monitor the ticketing system daily, using a checklist of qualifications to review and approve assignments. This will ensure that all extra duty assignments meet the necessary criteria and that qualified drivers are selected for these tasks. The system will be configured to identify and flag assignments that may incur overtime. These assignments will require additional approval to ensure proper oversight and control. This will help manage overtime costs and ensure fair distribution of work. The automated system will strengthen existing controls by providing a transparent and efficient way to manage extra duty assignments.</p> <p>Responsible Party: Transportation</p> <p>Estimated Completion Date: September 2024</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	8. TRS Assignment Monitoring
Moderate	<p>There is a lack of visibility regarding the regular supervision and efficient allocation of assignments for Transportation Relief Specialist (“TRS”) positions.</p>
	<p>If a bus driver is needed, such as no-shows, heightened route capacity, failed route completion, bus breakdowns, etc., the role of a TRS is designed to be a pool of experienced bus drivers who can assist with emergent needs for Transportation Services. The diverse set of skills and experience that a TRS possesses provides flexibility for Transportation Services to address a wide array of potential needs. These are not limited to bus drivers but also extend to office clerical duties and even roles with semi-supervisory responsibilities. Duties assigned to TRS employees are varied, including route relief, handywork, trash collection and supervising the motor pool during supervisor breaks, among others. TRS employees are guaranteed eight (8) hours per day, amounting to forty (40) hours per week. The roles fill the guaranteed time with loosely defined responsibilities.</p> <p>The TRS position does not have clear roles and assignments defined and has limited supervisory monitoring. Without a system of formal duty assignment and approval to monitor tasks for individual TRS employees, the guaranteed time opportunity (See Observation #7) is compounded as these employees could self-direct their assigned tasks to perform activities to incur overtime consistently for personal gain without regard to the overall efficiency of the department operations.</p> <p>Without a management system in place to monitor bus driver routes and time worked to determine the efficient allocation of TRS resources, there is an increased possibility of an inequitable distribution of overtime and service cost inefficiencies.</p>
Recommendation	<p>We recommend the following:</p> <ul style="list-style-type: none"> Implementing a ticketing process for TRS assignments to track, monitor, and approve tasks assigned daily by Managers with additional approval if the system identifies overtime to be incurred. Tracking the utilization of the TRS position could provide increased visibility into the areas of emergent transportation needs, which could identify needs for permanent specific positions if the TRS consistently fills tasks. The added step will work to strengthen the controls in place of facilitating equitable distribution of overtime pay, and safeguard against abuse of the guaranteed pay system in place.
Management Action Plan	<p>Response: As of July 1, 2024, the Transportation Relief Specialist position has been eliminated from the department. Should the position be reimplemented or a similar job function be created in the future, we will implement a job ticket function that includes the following features:</p> <ol style="list-style-type: none"> Daily Job Assignment: Ensuring that all assignments are clearly documented and assigned daily. Work Hour Tracker: Monitoring the hours employees work to ensure accurate tracking and compliance. Acknowledgment of Work Completion: Requiring employees to confirm the completion of their assigned tasks to maintain accountability and accuracy. <p>Responsible Party: Transportation</p> <p>Estimated Completion Date: July 1, 2024</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	9. Standard Operating Procedures
<p style="text-align: center; background-color: red; color: white; padding: 5px;">High</p>	<p>Standard Operating Procedures (“SOPs”) procedures offer guidance on specific activities, provide consistency in day-to-day operations, and dictate how expectations stated in policy should be fulfilled. The District maintains the <i>Finance Procedures Manual</i>, which provides guidance on payroll activities, including roles and responsibilities, time reporting, paydays, pay schedules, and other payroll activities. However, we noted that the District has a lack of formally documented procedures for Transportation and for specific Compensation activities:</p> <ul style="list-style-type: none"> • Transportation Department Procedures: There is no SOP in place to detail the procedures performed by Transportation Services. Given that the pay process for bus drivers is dependent on the preliminary data and input from this department, it is crucial to document all tasks performed. SOP should at a minimum include the following: <ul style="list-style-type: none"> ○ Defined internal departmental roles and responsibilities ○ Process for bus route creations (at the beginning of the school year) ○ Field trip/extra-duty assignment request, selection, and approval ○ Detailed steps for time approval, including who approval should be obtained from and when ○ Expectations related to prompt submission of timesheets and any needed corrections ○ Overtime submission, request, and approval ○ Expectations related to document retention ○ Reporting compensation/incentive information (i.e., perfect attendance) ○ Monitoring route operations ○ KPIs, including monitoring and reporting • Compensation Department Procedures: The District has developed a Compensation Manual, which encompasses tasks such as determining employee pay, calculating compensation (salary tables), supplemental/incentive compensation, and stipends/bonuses. To enhance the existing operating procedures the following should be included: <ul style="list-style-type: none"> ○ Defined internal departmental roles and responsibilities ○ Formal documentation of internal approvals for updates to compensation amounts, job descriptions, and SAP system uploads ○ Communicating bonus/stipend/incentive information (i.e., perfect attendance) <p>Documented SOPs provide detailed instruction to assist in accurate and consistent process functioning, monitoring, and reporting. This practice also provides management with a benchmark for monitoring, confirming that staff perform processes in a consistent, accurate, and timely manner, and that these processes are properly reviewed where applicable. Without detailed procedures, the risk of inappropriate, inconsistent, or undocumented practices increases, leaving the District exposed to financial and legal risk.</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	9. Standard Operating Procedures (Continued)
<p>Recommendation</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • Transportation Services should develop comprehensive SOPs. These procedures should detail all tasks, roles, and responsibilities within the department. • Once the SOPs are developed, conduct training sessions for all staff members within Transportation Services to confirm they understand and can effectively follow the SOPs. • Implement a process for regular reviews and updates of the SOPs to verify they remain relevant and effective. This can be performed on a periodic basis (i.e., annually, or bi-annually). • Compensation Department should develop internal department roles and responsibilities procedures to include formal documentation of internal approvals for compensation amounts, job descriptions, system uploads, and communicating bonus information.
<p>Management Action Plan</p>	<p>Response: HR/Compensation agrees with the recommendation. Compensation will establish internal departmental roles and responsibilities procedures and workflows, incorporating formal documentation for internal approvals related to compensation amounts, job descriptions, system uploads, and communication of bonus information. Transportation will update existing SOPs and create additional, if needed, to reflect current processes and procedures. A review of all documentation and training will occur annually.</p> <p>Responsible Party: Compensation, Transportation</p> <p>Estimated Completion Date: August 30, 2024 (Compensation), December 30, 2024 (Transportation)</p>



OBSERVATIONS MATRIX (CONTINUED)

Observation	10. Compensation Communication
<p>Moderate</p>	<p>Bus driver bonuses at HISD are not effectively communicated or documented, leading to confusion and outdated information. Our review revealed deficiencies in how bonus information is shared:</p> <ul style="list-style-type: none"> • The Perfect Attendance bonus (\$500 per month) was documented in the Compensation Manual. • The CDL Sign-on bonus was listed on the Transportation webpage, but the amount was outdated (\$2,000 for FY23 instead of the updated \$3,000 for bus drivers and \$1,500 for microbus drivers for FY24). • The Retention Bonus (\$1,000) could not be located in any documentation. <p>We received a formal memo and strategic communication listing the bus driver bonus amounts, but it was unclear how or when this information was shared with stakeholders. Additionally, there was uncertainty about where these bonus amounts would be displayed when officially communicated to departments and employees.</p> <p>Bus drivers can receive various bonuses, including job-type-specific incentives (e.g., CDL driver signing bonuses) and employment metric incentives (e.g., perfect attendance). Bonuses should be reviewed annually by Compensation and communicated when finalization occurs. Once finalized, updates should be communicated to IS for system updates and then formally conveyed to relevant departments (e.g., Transportation Services & Payroll). Effective internal communication and documentation are essential to inform stakeholders of current bonus amounts and eligibility criteria. Centralizing this information in a single, accessible location is crucial for maintaining accuracy and consistency.</p> <p>The absence of clear and centralized communication increases the risk of erroneous payouts and confusion among department stakeholders and employees.</p>
<p>Recommendation</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • The District should create a procedure that includes centralized location updates for all bonus and incentive communications. This location should be updated each time there are modifications to the bonus amounts or eligibility requirements. Procedures should be created to document the process and updated annually or as required.
<p>Management Action Plan</p>	<p>Response: HR/Compensation agrees with the recommendation. Compensation and HR will establish a procedure for centralizing updates and changes regarding all bonus and incentive communications. This will include developing a standard operating procedure to consistently update information whenever there are changes or modifications to bonus amounts or eligibility requirements. The procedure will ensure documentation of the process and regular annual updates.</p> <p>Responsible Party: Compensation</p> <p>Estimated Completion Date: August 30, 2024</p>



OBSERVATIONS MATRIX (CONTINUED)

Process Improvement Opportunities

1. Choice Busing

HISD currently practices a policy of school choice, enabling parents to opt in for any school or program within the District for their children, irrespective of the student's residential location. HISD allows students to commute across the entire District to attend their preferred school. However, given that the District spans over 330 square miles and is Texas's largest public school system, the expenses related to choice busing are extensive.

As recommended in **Observation #2**, the District should consider implementing an automated transportation management system to provide real-time KPI information for decision-making, identify route efficiencies, and determine real costs. Based on the data received, HISD should consider future options on how best to manage transportation for students in choice programs to identify cost efficiencies.

2. Motor Pool Site - Cost / Benefit Analysis

As the District is able to evaluate the bus usage route data that is generated, they should consider exploring a cost benefit analysis of the existing bus routes versus the current bus motor pool sites located across HISD to determine if the motor pool sites are located to maximize operational efficiency. By strategically relocating or adding new locations, HISD could potentially reduce travel time, increase route coverage, and improve service for students. This analysis could involve assessing the number of students using the bus at each location, the distance bus drivers need to travel to reach these locations, and the time it takes for buses to complete their routes. By doing so, HISD can make informed decisions that could lead to improved bussing services, ultimately benefiting the students and the District as a whole.



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