

**Columbus City Schools
Office of Internal Audit**



**COLUMBUS
CITY SCHOOLS**

Office of Transportation

Audit Report

Report Date: March 26, 2019

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Executive Summary

The Columbus City Schools (District) Office of Internal Audit (OIA) has recently completed an audit of the District's Office of Transportation. Our audit focused on evaluating predetermined objectives selected by OIA. This general audit consisted of the review and testing of these objectives relevant to the Office of Transportation.

Based on the results of our work during this audit, we found areas where improvements could be made to strengthen the internal control environment and enhancements could be made to current processes to increase the efficiency of the Office of Transportation processes.

During the course of our audit, we made Office of Transportation's staff and management aware of our issues, comments and recommendations for improvement. OIA appreciates the cooperation extended to us and the assistance of all staff we came into contact with as we performed our audit.

The following are OIA issues noted during the review:

<p>Risk Ratings, defined:</p> <p>1 – High/unacceptable risk requiring immediate corrective action;</p> <p>2 – Moderate/undesirable risk requiring future corrective action;</p> <p>3 – Low/minor risk that management should assess for potential corrective action.</p>
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Issues	Risk Rating		
	1	2	3
Objective 1: To determine sufficient internal controls are in place and operating over supplemental (Field & Athletic trips) transportation.			
Issue No. 1 – Lack of written operating procedures for supplemental transportation (Field & Athletic Trips) for assigning, billing, collecting, processing, and recording of supplemental transportation (Field & Athletic) trips.	X		
Issue No. 2 – Lack of segregation of duties over the collection of supplemental transportation funds (external entities).	X		

Issues	Risk Rating		
	1	2	3
Issue No. 3 – Missing records – Driver Trip Sheet Reports could not be located.		X	
Issue No. 4 – Failure to complete monthly reconciliations of supplemental transportation transactions.		X	
Issue No. 5 – Inconsistent bus compound supervisor review, approval, and timely submission of Driver Trip Sheet Reports.		X	
Issue No. 6 – No utilization of ODE Medicaid Schools Eligible Services Program for direct transportation services.			X
Objective 2: To determine compliance with applicable laws and regulations of the maintenance of vendor contractor files.			
Issue No. 7 – There is no written contract in place with a vendor that provides transportation services for the District.		X	
Objective 3: To evaluate the process in place to make strategic business decisions.	No comments		

Audit Objectives

The objectives of the audit were:

- To determine sufficient internal controls are in place and operating over supplemental (Field & Athletic trips) transportation;
- To determine compliance with applicable laws and regulations of the maintenance of vendor contractor files; and
- To evaluate the process in place to make strategic business decisions.

Audit Scope

OIA established the scope of the audit to include a review of basic operational aspects of the processes, verification of any compliance requirements, and evaluation of the internal control environments as they relate to the stated objectives. The period of time for the audit included all activity relating to the objectives that occurred from January 1, 2018 through September 30, 2018. One area where our audit scope was expanded was in the area of reviewing monthly reconciliations where the audit scope was from July 1, 2016, through November 28, 2018.

Methodologies

To accomplish our stated objectives, OIA performed the following tasks as they related to those objectives:

- Reviewed various authoritative literature governing work reviewed (i.e. Relevant Ohio Revised Code & Ohio Administrative Code sections, Ohio Department of Education guidance, etc...);
- Obtained and reviewed relevant Columbus City Schools' (CCS) Board of Education policies;
- Interviewed various CCS personnel that handle transportation activities;
- Observation and documentation of key processes;
- Review of CCS Board of Education minutes and legislation;
- Performed limited data analysis of Versatrans Triptracker system;
- Review of various files, and other relevant information; and
- Review of best practices used by other entities performing similar functions.

Background

The Columbus City Schools' Office of Transportation is a part of Business & Operations within the Superintendent's Office. The main office is housed at the Moler Transportation Center (MTC) at 1560 Moler Road.

The Columbus City Schools' Office of Transportation is responsible for providing transportation services for students who reside within the Columbus City Schools District boundaries, approximately 137 square miles. The vision of the Office of Transportation is:

“The Office of Transportation aspires to safely, efficiently and effectively transport students in an environment that motivates and fosters learning. Transportation Services staff and employees aim to acquire and effectively utilize resources to exceed customer needs and raise hope, trust and confidence in Columbus City Schools.”

The Columbus City Schools' Office of Transportation currently provides transportation of students to all Columbus City Schools and to 150 non-public and charter schools across the City. There are a total of 843 school buses in the fleet of which 700 are active daily. Of the 700 active school buses there are 130 buses that transport students with special needs. Approximately 34,000 to 37,000 students are transported twice a day on the 700 routes serviced by the Office of Transportation. Additionally, the Office of Transportation

provides services of approximately 9,000 field trips and athletic activities annually. The Office of Transportation utilizes Tyler's Versatrans Triptracker to schedule and approve supplemental transportation. Triptracker is a web-based application.

The District's bus drivers go through rigorous background checks, and must have or earn a Commercial Driver's License (with a bus endorsement from the Ohio Department of Education) before they may drive a bus.

The 2018-2019 Office of Transportation budget \$53,795,366 is approximately 6% of the District's operating budget (General Fund). The Office of Transportation is made up of approximately 790 employees for fiscal year 2019.

Results of the Office of Transportation Audit – Issues and Recommendations:

Issue No. 1 – Lack of written operating procedures for supplemental transportation (Field & Athletic) trips for assigning, billing, collecting, processing, and recording of supplemental transportation (Field & Athletic) trips.

During our review, we noted that the Office of Transportation does not have written procedures in place for the consistent processing of the assigning, billing, collecting, processing, and recording of supplemental transportation trips.

Recommendation

1. We recommend the Office of Transportation develop, communicate, and implement written procedures for all aspects of the supplemental transportation (Field & Athletic) trips process. This will help to ensure the supplemental transportation trips activities are handled consistently and as management intends.

Management Response: The Office of Transportation has established a Standard Operating Procedure Committee that is focusing on written procedures to address assigning, billing, collecting, processing, and recording of supplemental transportation (Field & Athletic) trips.

Process Owner: Steven McElroy

Implementation Date: July 1, 2019

Issue No. 2 – Lack of segregation of duties over the collection of supplemental transportation funds (external entities).

Appropriate controls over cash receipts require proper segregation of duties. The functions of authorizing billing and recording transactions should be totally separate from functions related to the collection of cash receipts and the reconciliation of supplemental transportation accounts.

One employee is responsible for creating the billing invoices, collecting supplemental transportation revenue, preparing the revenue pay-in, placing in the safe until pick-up by Dunbar Armored Car Service, and updating trip status in Versatrans Triptracker. These activities occur with little or no oversight from the Office of Transportation management.

Recommendation

2. The Office of Transportation management should ensure the proper segregation of duties exist for the billing, collecting, preparing of deposit, safeguarding the revenue, and updating the entries in Versatrans Triptracker. Caution should be used as these duties are reassigned to ensure certain incompatible duties are not performed by the same employee. For example, the same employee should not perform billing and collecting functions. This will reduce the risk of misappropriation of funds.

Management Response: The Office of Transportation will have one employee responsible for invoicing trips from outside entities and a second employee responsible for collecting funds from said entities.

Process Owner: Steven McElroy

Implementation Date: April 1, 2019

Issue No. 3 - Missing records – Driver Trip Sheet Reports could not be located.

The District's record retention schedule section 5342 – indicates Transportation records will be maintained in paper form or electronically for four (4) years.

During the course of the audit, we selected a sample of Driver Trip Sheet Reports for testing. All of the requested documents were from fiscal year 2018 and 2019 transactions. 47% (28 of 60) of the sampled Driver Trip Sheet Reports could not be located for testing.

Recommendation

3. The Office of Transportation management should develop a process to ensure all the required documents as listed in the District's record retention schedule are maintained for the indicated time frames. This will help to ensure all Transportation records are maintained appropriately.

Management Response: The Office of Transportation has established a Standard Operating Procedure Committee that is focusing on written procedures to ensure all the required documents as listed in the District's record retention schedule are maintained for the indicated time frames.

Process Owner: Steven McElroy

Implementation Date: July 1, 2019

Issue No. 4 – Failure to complete monthly reconciliations of supplemental transportation transactions.

Reconciliations should be performed on a monthly basis to ensure the accuracy of the District's financial system (MUNIS) to activity in the Versatrans Triptracker system. Having procedures and adequate documentation in place during monthly reconciliations is essential to improve the accuracy and timeliness of financial reporting.

Based upon inquiry with Transportation management, there are no formal monthly reconciliations performed and therefore no review by management of supplemental transportation activity.

Based on OIA data analysis of the Versatrans Triptracker system for the period between July 1, 2016, through November 28, 2018 we noted the following:

- Nine (9) external entities that were billed did not have an account properly setup in Versatrans Triptracker;
- 35% (3,162 of 8,955) in supplemental trips are still open in Versatrans Triptracker; and
- \$25,755 of the supplemental trips are actual amounts due from external entities.

Recommendations

4. The Office of Transportation management should ensure monthly reconciliations are completed by a person independent of the revenue collection and recording functions. This reconciliation should provide for a comparison of funds collected and deposited during the month. Additionally, funds collected during the month should be compared to the prior month's open billings listing plus the new billings sent out during the current month.
5. These reconciliations should be reviewed timely by management and all discrepancies should be adequately researched.

These procedures will help to provide appropriate oversight by management and minimize the risk of misappropriation of assets.

Management Response: The Office of Transportation has established a Standard Operating Procedure Committee that is focusing on written procedures for monthly reconciliation that provides for a comparison of funds collected and deposited during the month.

Process Owner: Steven McElroy

Implementation Date: December 31, 2019

Issue No. 5 – Inconsistent bus compound supervisor review, approval, and timely submission of Driver Trip Sheet Reports.

During the course of our audit, we did not find consistent evidence of the Driver Trip Sheet Reports being reviewed and approved by the appropriate bus compound supervisor. 47% (15 of 32) of the sampled Driver Trip Sheet Reports were not initialed by a bus driver supervisor, verifying the necessary details were completed by the bus driver.

Recommendations

6. The Office of Transportation management should develop and communicate procedures that will require bus driver supervisors to review and approve all Driver Trip Sheet Reports prior to them being submitted to MTC for processing. This will help to ensure the completeness and accuracy of the information contained within the Driver Trip Sheet Reports.
7. The Office of Transportation management should establish a standard timeframe by which the Driver Trip Sheet Reports are submitted to the MTC for processing. This will help to ensure the necessary documents are available to billing staff so billings can be issued timely.

Management Response: The Office of Transportation has established a Standard Operating Procedure Committee that is focusing on written procedures that will require bus driver supervisors to review and approve all Driver Trip Sheet Reports prior to them being submitted to MTC for processing. This written process will also include a standard timeframe by which the Driver Trip Sheet Reports are submitted to the MTC for processing.

Process Owner: Steven McElroy

Implementation Date: July 1, 2019

Issue No. 6 – No utilization of ODE Medicaid Schools Eligible Services Program for direct transportation services.

The Ohio Department of Education (ODE) works with the Ohio Department of Medicaid to implement the federal and state approved Medicaid Schools Program. As part of the Medicaid Schools Program districts can be reimbursed for direct transportation services.

This is a specialized conveyance that accommodates the specific needs of an eligible child (for example, transportation by a wheelchair-accessible vehicle or adapted school bus). The IEP must indicate the need for the special transportation, and an appropriate licensed professional must recommend this service. Just indicating transportation in an IEP is not sufficient for determining coverage. There is no reimbursement for transportation otherwise available to all students or for transportation in a vehicle that does not specifically accommodate the special medical need of an eligible child.

The Office of Transportation did not participate in the ODE Medicaid Schools Eligible Services Program. Based on inquiry with Transportation management there is no process currently in place for the Office of Transportation to collect Medicaid reimbursements.

Recommendation

8. The Office of Transportation management should coordinate with the Office of Special Education management to develop a process for taking advantage of Medicaid reimbursable costs for eligible students with the proper documentation in their IEP. This will help ensure the District is maximizing its reimbursable revenues.

Management Response: The Office of Transportation has attended meetings in FY-19 with the Office of Special Education, Medicaid and Psychological Services, and representatives from Medicaid to discuss internal processes to take advantage of Medicaid reimbursement costs. The District has invested in the Tyler Drive product that has student management capabilities that could be used to record eligible students with the proper documentation in their IEP. The Tyler Drive product will be implemented in FY-20; therefore, the student management portion of the product will be phased in during the same fiscal year.

Process Owner: Steven McElroy

Implementation Date: June 30, 2020

Issue No. 7 – There is no written contract in place with a vendor that provides transportation services for the District.

Signed contracts ensure contracting parties perform commitments in full as specified in the contract. Significant services provided to an entity are normally formalized in a contract.

The Office of Transportation utilizes a vendor to provide services in an effort to supplement existing routes for the transportation of Special Education students, and students participating in various athletic events, field trips, and other district-related transportation needs.

There is no formal written contract in place between the District and vendor approved to provide transportation services.

Recommendations

9. The Office of Transportation management should enter into a formal contract with the vendor who provides supplemental transportation services. This contract should document responsibilities of both parties, specific costs that will be charged for each type of service, etc... The contract should be reviewed by District Legal staff prior to being signed by Office of Transportation management. This will help to ensure clear responsibilities have been documented and reduce the likelihood that disagreements will arise in the future.
10. The Office of Transportation management should develop monitoring controls to evaluate contract items (i.e. price per service) to ensure what was billed or services performed agree with stipulations contained within the contract. This will help to ensure the District is only paying agreed upon prices and obtaining the services agreed to in the contract.

Management Response: The Office of Transportation has used the Purchase Order and Formal Bid as the contract for the current vendor that provides transportation services for the District. The current vendor's agreement expires on June 30, 2019, therefore the Office of Transportation will issue a new bid for transportation services to be provided during FY-20. The Office of Transportation and the newly awarded vendor will enter into a formal contract for supplemental transportation services.

Process Owner: Steven McElroy

Implementation Date: July 1, 2019