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TransPar Audit

Follow-up Review

September, 2012

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BACKGROUND

At the School Board's request, the district engaged the services of TransPar Group, Inc. to analyze its transportation operations for the purpose of reducing expenses and increasing operating efficiency. TransPar's report was presented to the School Board in March, 2010. As a result, the School Board directed staff to report when and how the recommendations in the report would be addressed. On April 6, 2010, staff presented, and the Board agreed by consensus, to implement certain recommendations during the district's fiscal year that ended June 30, 2011, and to pursue other recommendations in later years.

On January 12, 2011, the Internal Audit Department reported to the School Board the findings from its first follow-up review of management's responses to the TransPar recommendations.

Since that time, the Transportation department has been tracking the status of recommendations from the April 6, 2010, work session with additional reports to the School Board in January, 2011 and January, 2012.

OBJECTIVE, SCOPE & METHODOLOGY

OBJECTIVE:

The objective of this audit was to determine the current status of management's responses to the TransPar Audit as communicated to the School Board by the Transportation Department in January, 2012.

SCOPE:

This follow-up audit addresses representations made by the Transportation Department in its January, 2012 presentation with a particular focus on budgeted and actual expenses for the fiscal year that ended June 30, 2012, as compared to those expenses in the fiscal year that ended June 30, 2010 (prior to implementation of TransPar's recommendations).

METHODOLOGY:

We performed steps to validate the actions taken and the status of each of the recommendations in the TransPar report as presented by the Transportation Department for FY 2011-2012. We attempted to determine that all the TransPar recommendations are being tracked for study and implementation. Because the Transportation department is addressing the TransPar recommendations in a phased manner, goals for periods beyond the current fiscal year are not addressed in this report.

We reviewed supporting documentation maintained by the Transportation, Finance and Budget and Surplus Property Departments to determine the status of recommendations and actions taken in response thereto. We determined what responses have been implemented and whether they achieved the estimated financial results shown in the presentation.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors and included such procedures as deemed necessary to achieve the objective. Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. We are required to note any material deficiencies in accordance with Florida Statutes, School Board Policy and sound business practices. We also offer suggestions to improve controls or operational efficiency and effectiveness.

FINDINGS

The representations made by the Transportation Department were generally accurate. The results from this follow-up review are presented in the accompanying table showing the recommendation numbers from the original TransPar report along with brief descriptions of each and management's responses as reported to the School Board.

We wish to thank the staff of the Transportation Department for their cooperation and assistance in the performance of this audit.

Vince Roberts, CIA, Auditor

TRANSPAR ITEM NUMBER AND BRIEF DESCRIPTION	2011/2012 ACTIONS REPORTED BY TRANSPORTATION DEPARTMENT	FOLLOW UP RESULTS
<p>7, 8, 9, & 12 - Wage Changes -- reduce the one hour of "non-driving" pay, which is time allotted (5 hours) each week to bus operators to fulfill tasks such as bus inspections, fueling, paperwork, and cleaning per OESPA contract.</p>	<p>District Staff met with OESPA and developed procedures for a new way to administer and track payroll.</p> <p>OESPA ratified the change to the contract that went into effect when school began for the 2011-12 School Year. Payroll, ICTS, Labor Relations and Transportation have implemented the plan in order to go live in August, 2012. The savings represents an anticipated 30 minutes per day, 1000 drivers for 180 school days.</p>	<p>The prior audit verified that OESPA contract wage changes were ratified September 9, 2010 with an implementation date of August, 2011.</p> <p>Management of the Transportation Department has reported savings of \$1,410,000 from reducing the one hour non-drive pay.</p> <p>Our analysis of aggregate salaries and benefits disclosed reductions of \$8,198,122 when comparing budgeted salaries and benefits in FY2010 to budgeted salaries and benefits in FY2012.</p> <p>Actual salaries and benefits expenses decreased \$3,737,955 for the same period. Aggregate salaries and benefits expense is also affected by wage rate changes, reclassification of jobs, employee headcount and other factors, not just the one hour non-drive time change.</p>
<p>13 & 56 - Reorganization of Transportation Staff</p>	<p>Reduce a total of 7 positions.</p>	<p>Budget and Position reports for 2011/2012 disclosed 11.5 position reductions and 7 pay grade reductions.</p>
<p>16, 17 - Payroll Changes -- simplify payroll processes to streamline tasks creating additional opportunities for cost efficiency. This may be realized by redistributing Transportation payroll duties, processes, equipment, and personnel to the OCPS Payroll department.</p>	<p>Payroll clerks moved to the field with Area Managers to streamline payroll process and reduce redundancies in that area.</p>	<p>Payroll clerks were moved from the ELC-8 to the field. According to Transportation, there were no monetary savings or personnel reductions but the move has helped minimize the time it takes to process payroll.</p>
<p>1, 2 & 3 - Improve Field Trip Collections -- OCPS should reduce non-collected Field Trip charges, and enhance reporting and accounting practices in the Field Trip Department.</p>	<p>The FTMS (Field Trip Management System) did not work as expected.</p> <p>The business plan is complete and was</p>	<p>We will defer our review when more time has elapsed for a more complete analysis of results.</p>

	<p>submitted for funding approval but did not make the priority list in the 2012 budget year.</p> <p>The FTMS project is scheduled for completion and implementation during FY13.</p>	
10 – Mechanic Pay - ranges are not competitive resulting in open positions	A pay rate study was completed and implemented at the beginning of the 2010-11 school year.	The prior follow-up review noted that this recommendation was implemented as of July 1, 2010.
14 - Improve Absenteeism -- OCPS should reduce Bus Operator absenteeism by .5%, to attempt to reach an industry standard of 5% from the current level of 7.5%.	<p>Gathered data to work with OESPA to identify key days and issues that affect the transportation operation.</p> <p>Bring to OESPA and UMM process for negotiations for any changes.</p> <p>Any contractual changes would be implemented in FY13.</p>	We will defer our review when more time has elapsed.
15 – Lack of Data to objectively manage Transportation	<p>The Fleet Maintenance Information System (FMIS) project was funded and awarded to FASTER.</p> <p>FMIS Implementation was re-bid due to non-performance of the selected vendor.</p>	<p>FMIS RFP discussions are in progress.</p> <p>We will defer our review when more time has elapsed for a more complete analysis.</p>
18 & 19 FEFP reporting process is intense, not formally documented and not adequately supported by IT. Reporting of ESE buses to the State.	Transportation is part of the State audit for 2011-12. Will review changes with the State auditors to ensure compliance.	The audit response to the 2010/2011 FEFP audit stated actions to correct 19 discrepancies. Many revolve around staff training to ensure data accuracy.
20, 22 & 24 Budget Formats, Different Budget formats are used.	Breaking out Fleet expenditures in a different fund to separate costs that fall	Verified with the Budget Department that Work Location 6222 will be implemented in FY

	within the same objects, such as supplies.	2012/2013. This should provide financial data in a format more useful for management analysis.
3 - Reduce Overtime – Field Trips correlate with increased driver overtime	The FTMS project is scheduled for completion and implementation during FY13.	We will defer our review when more time has elapsed for a more complete analysis.
4, 5, & 6 - Bus Operator and Monitor Reductions -- Reduce the numbers of operators and monitors needed for daily operations.	Review IEP's to determine how many monitors are needed based on program requirements. Eliminate unneeded bus operator positions. Vacant positions moved back to finance until needed. Estimated that 25 positions will be moved back.	One monitor position was reduced in fiscal year 2010/2011, but was it was added back with the identification of a new ESE student requiring monitor assistance. Budget and Position reports for 2011/2012 disclosed that 45 bus operator positions were eliminated.
52 - Centralized Fleet Management -- A single authority should control the purchase, operations, and maintenance of all "white fleet" vehicles. Reduce fleet size, inventories and staffing.	Establish a Comprehensive Fleet Management Plan (CFMP). In 2012 Transportation will work with Procurement to create a standardized set of vehicle specifications for any future purchases made by the board.	White Fleet Policies and Procedures have been drafted and a portion was presented to the Executive Cabinet in June 2012. Transportation is still working with Procurement on the bid specification component.
32 No formal bus stop policies for gated communities and cul-de-sacs	Policy in place as part of criteria for bus stops. Hold Harmless Agreement currently being utilized.	Verified that completed Indemnification and Hold Harmless Agreements are on file in the Routing Office.
57, 58, 60, 64, 65, & 66 - Fleet Maintenance Information System (FMIS) -- Comprehensive policies, procedures, centralized parts inventory and other fleet management processes relating to a computerized fleet maintenance information system	RFP was complete and FASTER was selected with School Board Approval. Implementation team was assembled with project manager from ICTS to integrate with current SAP software. Re-bid of FMIS due to non-performance of selected vendor.	We will defer our review when more time has elapsed for a more complete analysis.

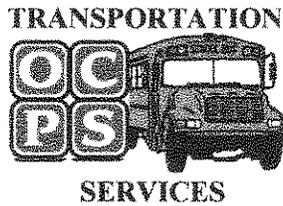
<p>54, - Facilities -- Repair bus wash machinery and paint booth.</p>	<p>Identify a vendor that can retrofit existing structures to house a bus wash system. RFI Complete August of 2011; scope is developed waiting for confirmation of funding source.</p> <p>Repaired existing paint booth in August 2012 by repairing fire suppressant system.</p>	<p>The RFI document for the Bus Wash was provided.</p> <p>We will defer our review when more time has elapsed for a more complete analysis.</p> <p>The paint booth is operational.</p>
<p>59 – Bus Terminals are not secure</p>	<p>Contacted about TSA initiative on providing Districts safety and security reviews</p>	<p>TSA Security Evaluation is scheduled</p> <p>We will defer our review when more time has elapsed for a more complete analysis.</p>
<p>30, 48, & 49 - Bus Purchase - Purchase smaller 65-passenger buses</p> <p>Purchase 50 fewer new buses annually; replace 8% of "in service" fleet.</p>	<p>The District capital replacement plans call for the purchase of type "C" chassis buses which will be implemented beginning the 2012 year.</p> <p>Order 1st group of replacement buses for the District.</p> <p>The District rejects this recommendation. Prolonging bus replacement escalates operational costs.</p>	<p>Eighty eight (88) type C 77-passenger buses and Twenty (20) type C 65-passenger buses were purchased during fiscal year 2011/2012.</p> <p>We did not review this item since Management has not taken any action on this portion of the recommendation.</p>
<p>29, 50, 51, 61, 62 & 67 - Bus/ Personnel Reduction -- Reduce spare buses and radio relief buses; new school bus purchase indentifying out-of-service buses, spare fleet ratio, etc.</p>	<p>24 additional buses auctioned for closeout of radio relief buses.</p>	<p>From November 2010 through May 2012, 165 buses and 6 vehicles were transferred to Surplus and auctioned. Net revenue from the sales totaled \$1,063,675. Cumulative revenues from the sale of spare buses since June 2010 \$1,789,235.</p>
<p>56 - Right-sized fleet (reduction of vehicles) will reduce need to fill vacant mechanic positions</p>	<p>Removed 2 additional mechanic positions.</p>	<p>Budget and Position reports for 2011/2012 disclosed 2 mechanic positions were reduced.</p>

<p>53 - Perform a cost benefit analysis to determine plausibility of adding a maintenance facility</p>	<p>Bid was released and awarded for a mileage distribution study for the NW and SW areas of the District. Construction of NW Area fuel depot.</p> <p>Continue cost analysis of an additional maintenance facility.</p>	<p>Pupil Transportation Deadhead Miles Evaluation was conducted and the results were presented in July 2011.</p> <p>Planning for construction of a NW area fuel depot is in progress.</p>
<p>50 - Restructure the Use of Radio Relief Drivers and Buses -- Transition remaining 24 radio relief buses, freeing up 24 for fleet replacement needs.</p>	<p>Park Remaining radio relief buses.</p>	<p>From November 2010 through May 2012, 165 buses and 6 vehicles were transferred to Surplus and auctioned. Net revenue from the sale totaled \$1,063,675. Cumulative revenues from the sale of spare buses since June 2010 total \$1,789,235.</p>
<p>63 – Engine failures are occurring at an alarming rate.</p>	<p>Manufacturer provided on-site warranty repair of buses that were affected.</p>	<p>Manufacturer’s warranty memo was provided.</p>
<p>31 - Consider alternative modes for transporting 1-5 riders</p>	<p>The Transportation Department has issued an Invitation to Bid for Supplemental Transportation for Special Need Students. Responses are due August 30.</p>	<p>The Bid for Supplemental Transportation for Special Need Students went to the School Board in September.</p>
<p>11 - Broaden Area Manager span of control, eliminating 8 positions.</p>	<p>Do not agree with this ratio; will establish service level metrics to determine proper ratio. Current Ratio is 125 to 1 which is difficult at times to manage because their responsibility includes interaction with school personnel and parents at all schools served.</p>	<p>We did not review this item since Management did not take any action on this finding and reductions in positions have been noted.</p>
<p>25 - 2009-10 budget structure is inadequate for managing costs.</p>	<p>SAP is used for financial reporting. Transportation does not recommend the purchase of a more sophisticated reporting system.</p>	<p>The Transportation Department appears to be managing its budget effectively through processes involving close monitoring and analyses outside the established budget structure.</p>

5, 21, 23, & 26 - ESE Related	These items have been identified as duplicate requests and will be incorporated with the ESE group as they review the IEP and program placement.	Verified items as ESE related recommendations. We will defer our review when more time has elapsed for a more complete analysis.
23 - Purposefully explore controllable & uncontrollable ESE cost factors	Any ESE cost saving strategies must be driven by the ESE Department. Transportation is a support service that is directed by the level of needs of the students. Assigned a manager from our training/safety team as a direct liaison with ESE.	We will defer our review when more time has elapsed for a more complete analysis. A review of the department's organizational chart confirmed this statement.
27 - Formally assess practices for assigning load counts to high school buses, eliminate 19 buses	Will continue to increase ridership at an incremental pace to help reduce the need of additional routes.	A review of Routing Department data showed a 38 route reduction when comparing FY 10/11 year end route total of 931 with FY 11/12 route total of 893.
28 - Discontinue space available riders.	Will continue to increase ridership at an incremental pace.	A comparison of Driver Stop Counts from Sept 2010 totaling 63,144 to February 2012 totaling 69,111 disclosed an increase of 5,967 riders. To date the School Board has not adopted a policy regarding space available riders.
33 – Buses are performing 2.1 runs each morning and afternoon	Current Runs as of 12/30/11 are 2.6 runs per bus.	Routing Department data disclosed 2.9 runs per bus as of May 2012.
34 -Current bell schedule structure and length of school days inhibit efficient transportation.	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
35 - Five different elementary school bell times limit bus efficiency.	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.

36 - Non-standard high school start and release times inhibit efficiency.	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
37 - Orange County ES school day is longer	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
38 - Space the ESE school start times to perform at least 2 bus runs.	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
39 - Alternative school buses are not regularly performing two or more runs.	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
40 - Standardize lengths of school days at 6 hours, 30 minutes	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
41 -Spread out the bell times, particularly in the afternoon; eliminate 45 buses	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation..
42 -Change school order to HS/MS/ES and extend start times; eliminate 45 buses.	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
43 - Adopt a modified FLIP to cut 40+ buses, targeting 60	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
44 -Set ESE bell times to achieve 2+ bus runs per bus; eliminate 57 buses.	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
45 - There are exceptions to standard bell times and lengths of day	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.

46 - Discontinue 8:00, 8:15 and 9:00 elementary starting bell times	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.
47 - Consolidate tier 1 and 2 to alleviate 200 tier 3 drivers.	Discussed with Board and will bring back should financial conditions dictate.	We will defer our review to a time when action has occurred on this recommendation.



ORANGE COUNTY PUBLIC SCHOOLS TRANSPORTATION SERVICES

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Memorandum

To: Linda Lindsey, Senior Director, Internal Audit
From: Jim Beekman, Senior Director 
Date: 12/6/2012
RE: TransPar Audit Response
CC: Michael Eugene, Mark Chiampi

In response to the audit performed this past August, 2012, we have reviewed the findings and have not identified any discrepancies in the draft provided. We will provide on-going documentation for the items identified as deferred until more time has elapsed for a more complete analysis of the results.

I would like to thank your team for their professionalism and their patience in working on this audit. School opening is a difficult time of year for us but your folks were great in flexing their schedules to meet ours.

Should there be any other information or items needed, please do not hesitate to contact me at your convenience.

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