



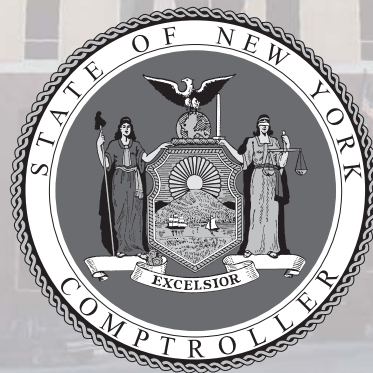
# Newburgh Enlarged City School District Transportation Cost Savings

## Report of Examination

Period Covered:

July 1, 2008 — June 30, 2010

2010M-230



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

June 2011

Dear District Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of Newburgh Enlarged City School District, entitled Transportation Cost Savings. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*



## State of New York Office of the State Comptroller

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# EXECUTIVE SUMMARY

The Newburgh Enlarged City School District (District) is governed by the Board of Education (Board) which comprises nine elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer of the District and is responsible, along with other administrative staff, for the day-to-day management of the District under the direction of the Board.

The District covers approximately 54 square miles and provides transportation to the students within its boundaries. This includes transportation for the before and after school programs, Board of Cooperative Education Services (BOCES) programs and special education programs. The Assistant Superintendent of Finance is responsible for overseeing the District's transportation program including filing State Transportation Aid claims. The District's Transportation Director is responsible for overseeing the six vendors used by the District and for the Transportation Department's day-to-day operations. The District's budgeted transportation expenditures for the 2009-10 fiscal year were approximately \$15.3 million.

### **Scope and Objective**

The objective of our audit was to evaluate the internal controls over the District's transportation operations for the period of July 1, 2008 to June 30, 2010. We extended the scope of our audit to September 1, 2005 to review the Rockland BOCES transportation contract. Our audit addressed the following related questions:

- Did District officials implement performance measures to effectively and efficiently manage transportation costs?
- Did District officials ensure that available State Transportation Aid was claimed?

### **Audit Results**

District officials have not identified opportunities to reduce the costs of student transportation because they have not developed performance measures for transportation efficiency or done the analyses necessary to identify how the District can lower transportation costs and still continue to meet students' needs. We determined that the District can save money by reducing excess capacity on buses, and sharing transportation for students with disabilities with other districts. By making these changes to improve transportation efficiency, the District could achieve as much as \$2.2 million in annual cost savings.

In addition, the District did not have a process for tracking approved transportation contracts or timely reconciling transportation expenditures and as a result the District's State Transportation Aid may be reduced by approximately \$938,000. The District did not include expenses on claim forms, did not properly file contracts and did not effectively follow up on claims. The District may file for a prior year adjustment (PYA) of approximately \$840,000. This payment will not be received by the District for several years and the remaining \$98,000 may not ever be received. The District also had missed the opportunity to claim an additional \$30,900 in expenditures which were attributable to approved contracts and would have provided approximately \$24,700 in additional aid to the District.

### **Comments of District Officials**

The results of our audit and recommendations have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. As specified in Appendix A, District officials disagreed with one of our findings. Appendix B includes our comments on the issues raised in the District's response letter.

# Introduction

## Background

The Newburgh Enlarged City School District (District) is located in the Towns of Newburgh, New Windsor, and Cornwall and the City of Newburgh, all located in Orange County. The District is governed by the Board of Education (Board) which comprises nine elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer of the District and is responsible, along with other administrative staff, for the day-to-day management of the District under the direction of the Board. There are 15 schools in operation within the District, with approximately 13,000 students and 2,500 employees. The District's budgeted expenditures for the 2009-10 fiscal year were approximately \$230 million, which were funded primarily with State aid, real property taxes and grants.

The District covers approximately 54 square miles and provides transportation to the students within its boundaries. This includes transportation for the before and after school programs, BOCES programs and special education programs. The Assistant Superintendent of Finance is responsible for overseeing the transportation program, including filing State Transportation Aid claims. The District's Transportation Director is responsible for overseeing the six vendors used by the District and for the Transportation Department's day-to-day operations. The District's budgeted transportation expenditures for the 2009-10 fiscal year were approximately \$15.3 million.

## Objective

The objective of our audit was to evaluate the internal controls over the District's transportation operations. Our audit addressed the following related questions:

- Did District officials implement performance measures to effectively and efficiently manage transportation costs?
- Did District officials ensure that available State Transportation Aid was claimed?

## Scope and Methodology

We evaluated the District's transportation operations for the period July 1, 2008 to June 30, 2010. We extended the scope of our audit to September 1, 2005 to review the Rockland BOCES transportation contract.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such

standards and the methodology used in performing this audit are included in Appendix C of this report.

**Comments of District  
Officials and Corrective  
Action**

The results of our audit and recommendations have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. As specified in Appendix A, District officials disagreed with one of our findings. Appendix B includes our comments on the issues raised in the District's response letter.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the District Clerk's office.

# Transportation Performance Measures and Analysis

A key responsibility of any school district is to develop and manage services, programs and resources as efficiently and economically as possible and to communicate the results of these efforts to taxpayers. District officials have not identified opportunities to reduce the costs of student transportation because they have not developed performance measures for transportation efficiency or performed the analyses necessary to identify how the District can lower transportation costs and still continue to meet the needs of students.

We determined that the District can save money by reducing excess capacity on buses and sharing transportation for students with disabilities with other districts. By making such changes to improve transportation efficiency, the District could save approximately \$2.2 million annually.

## Performance Measures

District officials need objective performance and cost data to be able to evaluate whether the District is operating as efficiently and economically as possible, and, if not, where cost savings can be achieved. District officials do not have all the information they need to assess transportation operating efficiency or identify cost savings opportunities because they have not developed performance measures to determine whether transportation operations are economical.

Performance measures and analysis are important tools used to evaluate whether governments are operating economically and efficiently. Performance measures are developed as part of a strategic planning process that begins with an organization's goals, objectives and program activities. Knowing an organization's purpose is important because what one measures in terms of outcomes must be related to the purpose. Performance measures are not designed to report every activity, but rather to focus on key goals and objectives. Objective standards, sometimes referred to as benchmarks, provide a quantitative and/or qualitative reference for managers, so that they can determine whether they are meeting their organization's operational and financial goals. By developing performance measures for transportation and evaluating transportation results – costs and services delivered – against benchmarks set by the performance measures, the District can help ensure that transportation operations are efficient or economical.

## Bus Capacity

The District is responsible for providing safe, economical and efficient pupil transportation. It is important for District officials to annually re-evaluate the design of bus routes and assign buses in the most

efficient way with buses being fully occupied, whenever possible. Evaluating performance measures for efficiency, such as those for school bus capacity, will help ensure that the District assigns the maximum number of students to buses so it can reduce the number of routes needed. By basing the number and size of the buses used on the District’s actual needs, the District can reduce the scope of its contracts, and also reduce the environmental impact of operating more buses than necessary.

The District contracts with six vendors that transport students in buses which range in capacity from seven to 66 students. The District currently operates on a three-tier bell system, whereby high school and middle school students are bused together on the first-tier AM/PM runs, and the elementary students are bused on the second and third-tier AM/PM runs. The District can achieve cost savings by evaluating its current capacity levels and adjusting the number of routes accordingly. The number of runs directly correlates to the efficiency of the bus load.

We evaluated the regular high school/middle school and elementary school runs and calculated the total capacity based on the number of students and buses assigned to those routes. The District has excess capacity on each of the runs, as illustrated in Table 1.

**Table 1: Reducing Excess Bus Capacity**

Run	Run Time	Number of Runs Per Day	Bus Capacity	Students Assigned	Excess Capacity	Potential Number of Buses Eliminated <sup>a</sup>
Tier 1	AM	120	7,814	4,812	3,002	45
Tier 2	AM	104	6,669	3,352	3,317	50
Tier 3	AM	89	5,371	2,415	2,956	45
Tier 1	PM	119	7,779	4,804	2,975	45
Tier 2	PM	106	6,805	3,348	3,457	52
Tier 3	PM	118	7,218	3,994	3,224	49

<sup>a</sup> Assuming the elimination of standard 66-passenger school buses

The District currently expends approximately \$5.5 million for transportation associated with regular school runs<sup>1</sup> with an average cost per bus of \$45,750.<sup>2</sup> If the District maximizes capacity and eliminates 45 buses, we estimate that it can achieve savings totaling approximately \$2 million<sup>3</sup> annually.

<sup>1</sup> Not including transportation for special education programs and private school runs

<sup>2</sup> Calculated as \$5,490,080 divided by 120 buses (66 passenger buses, the largest capacity and the majority of buses the District uses)

<sup>3</sup> Calculated as the average cost of \$45,750 times 45 buses, which equals \$2,058,750

## Run Sharing

School districts are required, by Education Law, to provide transportation for students to and from school up to a distance of 15 miles, with extended distances permitted for students with disabilities. Shared services occur when one district uses its own buses to provide transportation services to another district. In addition to using shared services, districts can also bid runs together, arrange for cooperative bids and enter into transportation contracts. The State Education Department (SED) encourages districts to examine the potential for shared services because sharing runs saves money for participating districts.

The District transports students with disabilities to multiple locations outside the District using vendor-contracted transportation. These runs usually involve transporting one or two children with a monitor on a smaller bus with a capacity of 22 students. Because transportation for special education is costly, it presents an excellent opportunity for run sharing with neighboring districts. We contacted six of the schools to which the District transports special education students, and found that several neighboring districts also bring students to four of these schools. We estimate that the District could save \$128,442 by sharing runs with other districts, as demonstrated in Table 2:

<b>Transport Location</b>	<b>District Cost</b>	<b>Potential Districts to Share Runs</b>	<b>Cost Allocated Per District</b>	<b>Potential Cost Savings</b>
Center for Discovery, Sullivan County	\$87,058	Valley Central	\$43,529	\$43,529
Westchester Exceptional	\$54,896	Valley Central	\$27,448	\$27,448
NY School for Deaf, Rome NY	\$50,520	Wallkill Central	\$25,260	\$25,260
School for the Deaf, Westchester County	\$64,410	Valley Central	\$32,205	\$32,205
<b>Total</b>	<b>\$256,884</b>		<b>\$128,442</b>	<b>\$128,442</b>

The District has opportunities to save as much as \$2.2 million annually by establishing comprehensive performance measures for their transportation operations. Those opportunities include reducing the number of daily bus runs and sharing transportation with neighboring districts for special education students.

## Recommendations

1. District officials should develop comprehensive performance measures to evaluate whether or not the District's transportation operations are efficient, and then use these standards to improve the efficiency of its transportation operations.

2. District officials should maximize the capacity of students on each bus to reduce the number of bus routes.
3. District officials should pursue opportunities with neighboring districts to share special education runs.

## State Transportation Aid

Transportation aid is based on a district's approved transportation expenses for transporting students to and from school or approved programs. To claim aid, the district sends SED information relating to its expenditures via the State Aid Management System (SAMS). This data includes approved contract numbers and expenditures related to the approved contract amounts. When a district uses contract transportation, it must ensure that transportation contracts have been approved by SED to ensure full State Transportation Aid will be granted. Obtaining approval requires the District to file the appropriate forms in a timely manner as specified by SED. Once filed, the District must have a process in place to track the progress of each contract to ensure approval and address any necessary follow up.

The District's State Transportation Aid may be reduced by approximately \$938,000 because the District submitted State Aid claims for bus contracts that were not approved by SED and because it did not claim correct expenditure amounts. The District may file for a prior year adjustment (PYA) of approximately \$840,000. This payment will not be received by the District for several years and the remaining \$98,000 may not ever be received.

<b>Table 3: Lost State Aid</b>			
<b>Description</b>	<b>Total Reduction in State Aid</b>	<b>Prior Year Adjustment</b>	<b>Lost Aid</b>
Unapproved Contract Expenditures	\$700,900	\$602,900	\$98,000
BOCES Transportation Contract <sup>a</sup>	\$212,400	\$212,400	
Expenditure Amounts	\$24,700	\$24,700	
<b>Total</b>	<b>\$938,000</b>	<b>\$840,000</b>	<b>\$98,000</b>
<sup>a</sup> Claim Years 2007-08 for \$101,232 and 2008-09 for \$111,128 (shown in the next table). Year 2009-10 included in unapproved contract expenditures.			

Unapproved Contract Expenditures — We reviewed the State Transportation Aid report for the 2009-10 aid year and found that the District had unapproved contract expenditures of approximately \$899,000 which resulted in a reduction of State Transportation Aid of approximately \$700,900. Expenditures associated with the unapproved contracts were incorrectly reported and the actual amount of unapproved expenditures was approximately \$870,000. This included \$285,600 for expenditures that were not submitted for reimbursement, \$462,100 for improperly filed documents and \$122,500 for expenditures made without contracts.

The District had the information necessary to claim Transportation Aid relating to the \$285,600 but did not include the expenses on the State Aid claim form. This occurred because the District did not have a process for tracking approved contracts with SED. In addition, District staff did not timely reconcile transportation expenditures with State Aid claims.

The District did not properly file contracts with SED or follow-up on expenditures totaling \$462,100. For example, the District filed an addendum to several transportation contracts with SED but incorrectly used a contract extension form when SED requires a letter. Because District officials did not effectively track and follow-up on these claims, they did not receive the claimed State Aid.

The District can submit an adjusted State Aid claim for the \$285,600 and \$462,100. However, because the revision was not made prior to June 30, 2010, State Aid will be processed as a PYA. Such adjustments are added to a payment queue and paid when funds are made available, which is often several years. The remaining \$122,500 in transportation expenditures which were disallowed for State Aid were not for SED-approved Transportation contracts or addendums. Transportation contracts must be filed with SED within 120 days of the start of service or State Transportation Aid will be lost for each day it is filed late. As a result, there is a risk that the District may lose most or all of this potential State Aid.

BOCES Transportation Contract — The District had an SED-approved contract for student transportation to and from the Rockland BOCES for September 2005 through June 2006. However, in September 2006, the District put the services out to bid and awarded the contract to the same vendor. Each year, the District filed contract extensions and addendums with SED to add to this contract. There is no evidence that the contract resulting from the bid in September 2006 was approved by SED and, therefore, none of the addendums or extensions were approved. Between September 2007 and June 2010 the District expended \$441,000 on this contract. The deadline to submit contract numbers associated with the 2007-08 and 2008-09 claim years was June 1, 2009. Since the District did not obtain SED's approval for the addendums, this will likely result in reduction in State Aid in future years because, during these years, aid was paid based on what was submitted whether the contract was approved or not, and as SED reconciles the contracts, SED will reduce future aid to offset amounts paid in prior years. Going forward, aid will be based on only amounts for approved contract expenditures, and aid will only be paid once all requirements are met. The District has until June 30, 2011 to make revisions to the 2009-10 claim year; however, because the revision was not made prior to June 30, 2010, any potential State

Aid increase will be processed as a PYA and paid when funds are made available, which could take several years.

<b>Claim Year<sup>a</sup></b>	<b>Contract Period</b>	<b>Total Expenditures</b>	<b>Estimated State Aid</b>
2007-08	2006-07	\$126,540	\$101,232
2008-09	2007-08	\$138,911	\$111,128
2009-10	2008-09	\$175,596	\$140,477
<b>Total</b>		<b>\$441,047</b>	<b>\$352,837</b>
<sup>a</sup> Year the aid is received			

Expenditure Amounts — The District submits transportation expenditures to SED. The expenditures claimed on the State Aid claim form did not reconcile to the District’s records. We reconciled \$1.2 million in expenditures for one of the District’s six vendors and found that the District had missed the opportunity to claim an additional \$30,900 in expenditures which were attributable to approved contracts and would have provided approximately \$24,700 in additional State Transportation Aid to the District.

**Recommendations**

4. District officials should develop a process for tracking transportation contract approvals and follow-up procedures when approval is not received.
5. District officials should file all documentation necessary to secure State Transportation Aid available for prior years within the allowable time frame.
6. District officials should implement a process to ensure that expenditures are associated with the corresponding contract numbers and are reconciled monthly to ensure timely and accurate State aid claims.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

The District officials' response to this audit can be found on the following pages.

# NEWBURGH ENLARGED CITY SCHOOL DISTRICT

Ralph A. Pizzo Superintendent of Schools

www.newburghschools.org

David E. Noriega, Ed.D. Assistant Superintendent / Student Intervention and Support Services  
Ed Forgit Assistant Superintendent / Curriculum & Instruction  
Mary Ellen Leimer Assistant Superintendent / Human Resources  
Michael Pacella Assistant Superintendent / Finance

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April 4, 2011

Mr. Christopher J. Ellis, Chief Examiner  
Office of the State Comptroller  
Newburgh Regional Office  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553-4725

By Electronic Transmission and  
Overnight Service

Re: Response to State Audit Draft Findings

Dear Mr. Ellis:

This letter is written in response to the State Comptroller's Transportation Cost Savings Report of Examination for the Period from July 1, 2008 - June 30, 2010 ("Audit Report") of the Newburgh Enlarged City School District ("District") and will serve as the District's official response to the Audit Report.

The District acknowledges the Comptroller's comments and recommendations in the Audit Report regarding the potential savings that can be realized by the District in its transportation program but respectfully disagrees with some of the underlying concepts espoused by the examiners, the methodology used for calculating bus capacity, and the extent of possible savings to the District.

## Transportation Performance Measures and Analysis

### 1. Performance Measures

**Recommendation:** District officials should develop comprehensive performance measures to evaluate whether its transportation operations are efficient, and then use these standards to improve the efficiency of its transportation operations.

The District agrees that comprehensive performance measures are beneficial in the evaluation of the efficiency and cost-effectiveness of the District's transportation program. The District assures the Comptroller's Office that it analyzes the myriad performance factors involved in operating its complex, multi-tier transportation program on at least an annual basis, and will continue to do so. The District balances considerations of student safety, efficiency of operations and cost-effectiveness as is required by the Commissioner of Education.

See  
Note 1  
Page 19

The following are but a few of the realities and significant obstacles inherent in the District providing transportation to more than 12,500 students each day, to and from magnet elementary schools, two middle schools and one high school with two campuses, as well as nearly 600 additional children to over 30 nonpublic schools, that reduce or even prevent some of the cost savings measures espoused in the Audit Report:

- The District does not have neighborhood elementary schools; rather, the District provides magnet elementary schools and parent choice to the extent practicable. As a result, it requires a complex analysis of students' homes and schools of attendance, as well as routing patterns, in order to transport elementary students throughout a District that encompasses 54 miles so that they are safe, arrive to school on time and do not have unreasonably lengthy bus rides.
- Lengthy bus rides and crowded buses can result in student safety concerns.
- As a result of capital construction throughout the District since 2005 and grade configuration changes, the structure of transportation has been dynamic each year which presents challenges in terms of transportation of students.
- With regard to the High School, at present there is no definitive means of determining which students will be riding the buses to school or accommodating adjustments to student afternoon schedules. Programs and services define the number of necessary afternoon bus runs.
- According to the New York State Education Department, the District must ensure that there is a seat available for all students eligible for transportation to and from school, even those who do not avail themselves of transportation (e.g., students who drive themselves to/from school).

See  
Note 2  
Page 19

For example, not including special needs transportation, there are currently 49 buses in the morning for the two High School Buildings, Newburgh Free Academy (NFA) and Newburgh Free Academy at North (NFA @ North). There are even more buses in the afternoon because of the need to provide buses at the three dismissal times, 1:30 pm, 2:16 pm and 3:40 pm at both buildings. Stops are established based upon the 2:16 pm dismissal with modified stops (fewer stops and "neighborhood" style stops) set up for the other dismissal times. Absent definitive numbers, it is not feasible to reduce the number of buses based upon potential passengers.

The District, in reconfiguring its programs and grades, closing buildings, changing bell times, late buses and implementation of a standardized three tier structure dictated by the District to the contractors providing service, the District is estimating a reduction of 15 to 20 buses for the 2011-2012 school year. That number would increase if the issue involving verification of passengers for NFA and NFA @ North is solved.

## 2. Bus Capacity:

**Recommendation: District officials should maximize the capacity of students on each to reduce the number of bus routes.**

The District strongly disagrees with the Comptroller’s use of the manufacturer’s rating of bus capacity as “the” standard by which to reduce the number of buses needed in the District’s transportation program (see Table 1 - Reducing Excess Bus Capacity). The Comptroller’s use of 66-passenger seating capacity, as opposed to a more realistic 44-passenger seating capacity, is fundamentally flawed, unfair to the District and unrealistic. Further, the following factors must be considered:

- The District cannot physically put three students in a seat with the exception of young and small elementary age students. Two of the examiners from the Comptroller’s Office present at the exit interview with the District agreed with this statement.
- The statistics in the Audit Report disregard the fact that students grow, families move and transportation routes often have to be rearranged during the course of a school year.
- The District’s first priority in transporting students to and from school is safety. It is irresponsible from a safety standpoint to even consider placing three secondary students in a seat. It impacts the bus driver’s ability to drive safely, makes management of students more difficult and increases the potential for violent incidents on buses.

**3. Run Sharing:**

**Recommendation: District officials should pursue opportunities with neighboring districts to share special education runs.**

Conceptually, run sharing for students with disabilities has merit, although there are legal considerations, such as the District’s binding transportation contracts that are presently in place. Special needs transportation is dictated by a student’s individualized education plan (IEP) and may change during the course of a school year. The District will pursue cooperative bidding and the possibility of sharing runs with other school districts in the future when feasible.

**State Transportation Aid**

**Recommendation: District officials should develop a process for tracking transportation contract approvals and follow-up procedures when approval is not received.**

The District agrees with the recommendation and states that it does follow-up with the New York State Education Department in terms of tracking transportation contract approvals and following-up but will endeavor to improve its procedures in the future. The District’s Finance Office and Transportation Office have been working with Ms. Linda Corbin at SED regarding contract approval issues. Most of these issues have been resolved.

**Recommendation: District officials should file all documentation necessary to secure State Transportation Aid for prior years within the allowable time frame.**

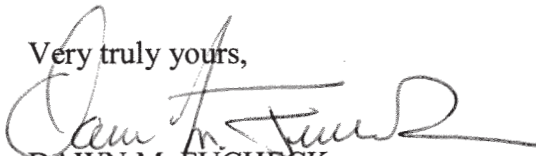
The District agrees with the recommendation. The Transportation Office has filed the necessary documentation to secure State Transportation Aid for prior years. In some cases, it was determined that SED had lost the original contract paperwork and, therefore, they did not or could not approve contracts extensions. The Transportation Office will continue working with SED to ensure that the Transportation Aid will be restored.

**Recommendation: District officials should implement a process to ensure that expenditures are associated with the corresponding contract numbers and are reconciled monthly to ensure timely and accurate State aid claims.**

The District agrees with the recommendation.

The District views the Audit Report as important guidance in improving the District's transportation operations and thanks the Comptroller's Office for their time and effort in this regard.

Very truly yours,



DAWN M. FUCHECK  
BOARD PRESIDENT

## APPENDIX B

### OSC COMMENTS ON THE DISTRICT'S RESPONSE

#### Note 1

While the District reviews bus routes on an annual basis, they have not developed performance measures to determine whether transportation operations are efficient and cost effective.

#### Note 2

The New York State Education Department does not require that the District maintain an empty seat for each student. Instead, the District is required to provide transportation to all eligible students who request it. The actual number of riders is below the number of students eligible for transportation due to absenteeism, parental choice to transport, participation in before/after school activities, and older students often choosing to drive themselves and sometimes friends to school. Because the District is not monitoring ridership, they cannot be certain to what extent the buses are actually being utilized.

#### Note 3

Our calculations were based on the assumption that each child assigned to a bus needs 13 inches of seat space, which equates to three children per seat. We acknowledge that some high school students may need 16 inches of seat space, which is the Department of Transportation standard for adult passengers. However, because the number of students assigned per bus by the District is higher than the number of students who actually ride the bus, additional space would be available for larger students. If the District monitored actual bus ridership, it could assign more students per bus than it currently does and provide sufficient seat space for larger students.

## APPENDIX C

### AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the District's internal controls over its transportation operations to determine if the District implemented adequate performance measures to effectively and efficiently manage its student transportation costs. To accomplish the objective of this audit and obtain valid audit evidence, our procedures included the following steps:

- We interviewed the Assistant Superintendent for Finance and the Transportation Director.
- We reviewed Board minutes to evaluate controls in place and issues related to the Transportation Department.
- We obtained a trip analysis report and used the data to analyze capacity, number of trips, mileage per trips and number of students.
- We obtained a list of buses with information pertaining to bus capacity.
- We contacted five schools to which the District provides transportation for students with disabilities and obtained information on which neighboring districts also transport to those schools.
- We reviewed the Transportation Formula Aid Output Report for the 2009-10 aid year to determine if all aid was claimed.
- We obtained expenditure reports and used the information to reconcile to the State Aid Management System.
- We obtained and reviewed all contracts for District transportation.
- We reviewed correspondence between SED and District officials pertaining to unapproved contracts.

We conducted our performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## APPENDIX D

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**APPENDIX E**  
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**AND SCHOOL ACCOUNTABILITY**

Steven J. Hancox, Deputy Comptroller

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