

**North Babylon**  
**Union Free School District**  
**Internal Audit Report on Detailed Testing -**  
**Transportation**  
December 14, 2023

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## INTERNAL AUDIT REPORT ON DETAILED TESTING

To the Board of Education and Audit Committee  
North Babylon Union Free School District  
North Babylon, New York

We have prepared this report as the result of our detailed testing as further described, which were agreed to by the North Babylon Union Free School District (District), on transportation during the period January 1, 2022 through May 31, 2023.

The District's management is responsible for administering this area.

This engagement for detailed testing was performed in accordance with consulting standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following pages.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on transportation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement.

This report is intended solely for the information and use of the District and is not intended to be and should not be used by anyone other than the specified parties.

*Cullen & Danowski, LLP*

December 14, 2023

**NORTH BABYLON UNION FREE SCHOOL DISTRICT**  
**Internal Audit Report on Detailed Testing – Transportation**  
For the Period Ended May 31, 2023

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**Introduction:**

This report is organized as follows:

- Background information
- Summary of the engagement
- Procedures performed during our detailed testwork
- Findings as a result of our review
- Recommendations to further strengthen internal controls or improve operational efficiency.

Some of the recommendations may require a reassignment of personnel duties within the District and/or a monetary investment. However, any enhancement of controls should be done after a careful cost-benefit analysis.

**Corrective Action Plan:**

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan (CAP), approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department (NYSED).

The District should submit the CAP along with the respective Internal Audit Report via the NYSED Portal.

**NORTH BABYLON UNION FREE SCHOOL DISTRICT**  
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**TRANSPORTATION**

**Background:**

We performed a review of the transportation function that included meetings, testwork and reviews of documentation as per the engagement letter dated May 5, 2023, to determine the effectiveness in complying with transportation related policies and procedures. The District operates its own Transportation Department (Department), where many districts contract with transportation companies to provide these services for students. The Department is responsible for the operation of the bus fleet, transporting students and hiring and training of the drivers. Transportation is provided to students in the District that live at least 1 mile from the High School, 0.7 miles from the Middle School and 0.5 miles from the 5 elementary schools, as well as, other schools outside of the District, provided that the student resides within the District and resides more than 2 miles for students in kindergarten through 8<sup>th</sup> grade or 3 miles for students in grades 9 through 12 from such school up to a distance of 15 miles. In addition, transportation is provided for athletic events, extra-curricular programs and school-related field trips.

The Department is overseen by the Director of Transportation (Director), who has been in the role and with the District since 2010. The Department staff includes a Dispatcher, Assistant Dispatcher, Senior Office Assistant, Head Mechanic, 3 mechanics, 40 bus drivers and 9 bus monitors. The Department operates near the William E. Deluca Jr. Elementary School in a designated area that includes office space, garage and gated parking lot referred to as the Transportation Yard (Yard). There are 43 large buses and 22 vans that are used to provide student transportation and these vehicles are safeguarded at the Yard. The Department's adjusted budgets were \$8,128,709 for the 2021-22 year and \$8,145,308 for the 2022-23 year, and the original budget for the 2023-24 year is \$9,347,373. We understand that the increased budget for the 2023-24 year compared to the prior year is due to an increased need for the District to engage transportation service providers as a result of challenges with hiring and maintaining drivers as employees of the Department.

**Vehicle Usage**

The Department utilizes buses and vans to provide transportation for students. The majority of these vehicles use gasoline fuel and only a few use diesel. There are specific requirements regarding the inspections and fueling for these vehicles. The Department's vehicles are required to receive at least 2 New York State (NYS) Department of Transportation (DOT) inspections each year and quarterly inspections by the mechanics. In addition to these inspections, these vehicles must undergo pre-trip and post-trip inspections by the respective bus drivers. This includes recording the mileage on the standard daily inspection form as per the odometer when the vehicle is taken and returned. Fuel usage is also monitored by the Director by verifying that the miles per gallon on each fill-up is reasonable based on the vehicle's odometer information. Each of these procedures has been implemented by the District in order to ensure that the vehicles fuel consumption is reasonable. The annual mileage for each vehicle is tracked and recorded by the Department, along with the total mileage of all of these vehicles, and submitted to the NYS DOT as part of the District's reporting requirements to NYS:

- *Daily Report* – each bus driver completes parts of this report at the start of their daily run and other parts are completed at the end of their daily run. In addition, a different sheet is completed for field trips and sports trips. The bus driver completes the starting mileage and ending mileage sections and if they pumped any fuel for the vehicle, they enter the number of gallons. The bus driver checks off that certain items listed on the report were reviewed and must document that the items were checked. If there are any mechanical issues or defects with the vehicle, the bus driver notes this information on the report and the Department coordinates repair work with the mechanics.
- *Fueling Buses* – the bus drivers are responsible for filling the vehicles with fuel at the District's pumps. Each bus driver is assigned a vehicle and driver specific key fob along with a pin number, which is either scanned or entered along with the designated vehicle number and the odometer reading at the fuel pump. The District uses the Gasboy system to manage the fuel usage. The bus driver is required to record the number of gallons received on the Daily Report.

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*Employee Payroll and Personnel Records*

The Department maintains a personnel file for each employee that contains all Article 19-A related records, which are requirements of bus drivers (e.g., qualifications, examinations, etc.). The employee files contain all of the initial, annual and bi-annual documents that need to be completed by the employees. These documents include, but are not limited to, training class verifications, physicals, driving tests and doctors' exams. The Business Office keeps the payroll records on file that include the payroll cycles, the reviews of electronic timesheets and annual rollover documentation. The Payroll Clerks maintain all of these records in a file cabinet in the Business Office that are organized by pay period.

*Inventory*

All inventories for the Department are maintained in a closet in the transportation garage. We found that no formal inventory count is kept by the Department; therefore, all purchases of inventory are made based off visual checking of the inventory to determine what may be needed at any given time. The inventory room is accessible by the mechanics during the day and locked when the garage has closed for the evening. Per the Director, the Department's inventory consists mainly of items that are specifically for buses and vans reducing the risk of theft. Refer to the findings and recommendations sections below for more information related to inventory.

*In-District Transportation – Mileage Requirements*

The District has minimum mileage requirements in order for the students to qualify for transportation to their respective schools. As per *Board Policy #5720 – Scheduling and Routing*, transportation shall be provided at District expense to the following eligible students: (1) District students in the elementary schools whose homes are 0.5 or more miles distant from the District school they legally attend; (2) District students in the middle school whose homes are 0.7 or more miles distant from the District school they legally attend; (3) District students in the high school whose homes are 1 or more miles distant from the District school they legally attend; (4) students grades K-8 attending nonpublic schools outside the District whose homes are a minimum of 2 miles and a maximum of 15 miles from the school in accordance with the provisions of section 3635 of the Education Law; (5) students grades 9-12 attending nonpublic schools outside the District whose homes are a minimum of 3 miles and a maximum of 15 miles from the school in accordance with the provisions of section 3635 of the Education Law; and (6) students with disabilities attending special schools, as required by law. There are formal procedures to address the need for transportation of any student living within the mileage limits. The mileage information is tracked by the Director and reviewed to ensure that all students who are eligible are provided transportation.

*Extracurricular Trips*

Extracurricular trips are broken into 2 categories: athletics and field trips. The transportation related to these categories is generally handled very similarly. There is a standard Transportation Request Form that is prepared by the schools and submitted to the Department. After the Department reviews the request to ensure transportation can be provided for the event, the Transportation Request Form is submitted to the Assistant Superintendent for Curriculum and Instruction for review and approval. Once the approved form is returned to the Department, these trips are assigned to a bus driver by the Director. On the day of the event, the bus driver is given a copy of the Transportation Request Form that contains all of the necessary information related to the trip. This information includes the date, time, sponsoring teachers name, school and grade being transported, destination location, and an itemized listing of passengers. After each event, the Driver completes a Daily Report listing the starting mileage, ending mileage and if they pumped any fuel for the vehicle, they enter the number of gallons. The completed forms are then submitted to the Director where they are filed in the Transportation Office.

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*Drug and Alcohol Testing*

The District engages a third-party company, Partners In Safety, Inc., to provide the drug and alcohol testing services. Each employee is required to take an initial drug and alcohol test before their employment begins. At this time, the employee is added to the Partners In Safety, Inc. roster. Throughout their employment, each employee can be selected at random to complete the required drug and alcohol test. After completion of the test, Partners In Safety, Inc. keeps a form for its own records, the Director receives a form and the employee keeps a form for themselves. The Director maintains these forms in a locked cabinet in his office. In the event that an employee failed the drug and alcohol test, the person would be subject to the rules under the NYS Vehicle and Traffic Law - Article 19-A. We were informed that this situation has not happened at the District.

*Article 19-A and NYSED Requirements*

There are several requirements for bus drivers that are imposed by the New York State Vehicle and Traffic Law's Article 19-A and the New York State Education Department (NYSED) including:

- *Article 19-A Application & Qualification Letter*
- *Annual Review and Abstract*
- *Annual Defensive Driving Observation*
- *Annual Medical Examination Report*
- *Biennial Behind The Wheel Test*
- *Biennial Written Test*
- *Annual Random Drug Test*
- *Semi-Annual Refresher*
- *Biennial Physical Performance Test (PPT)*

*Recent Initiatives*

The recent transportation initiatives undertaken by the District include the following key items:

- The District has worked with Suffolk County and Bus Patrol to install stop-arm cameras, as well as, additional exterior cameras to all of the District's buses.
- The District has started performing repairs to the fuel tanks located in the Yard, with work expected to be completed prior to the start of the 2023-24 regular school year.
- The District is in the initial stages of performing a cost benefit analysis related to the upcoming electric bus requirements issued by NYS that will be phased in over the next several years, with the requirement for a fully electric fleet by 2035.

**Summary:**

We note that the oversight and review of transactions is appropriate; the adequacy of internal controls designed to mitigate the inherent risk within the Department appear appropriate, and the employees understand the need to have proper internal controls in place. We also found that the employees we interviewed demonstrated a positive attitude towards improving procedures and are knowledgeable about the requirements related to their job responsibilities.

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We found a few opportunities to further improve operations as a result of our engagement. These items are described further in the findings and recommendations sections below. We recommend that the District and the Department implement these recommendations to further strengthen internal controls and/or improve operational efficiencies.

**Procedures:**

Our procedures, as per the engagement letter dated May 5, 2023, were as follows:

- Review Board policies and District procedures related to the transportation function and activities.
- Interview appropriate personnel regarding internal controls over staffing, time reporting, work flow, purchasing and invoice approval, budget preparation, budget monitoring, inventory control, fuel usage, District vehicles and other areas of responsibility within the transportation function. Assess the various systems and procedures related to these transactions; note the strengths and weaknesses within the process; and identify the key control attributes for testing.
- Review processes related to the District vehicles to ensure that procedures are in place to adequately monitor their usage, inspections, mileage and fuel consumption. Also validate that these assets are properly safeguarded.
- Review procedures related to fuel purchases to ensure adequate controls, appropriate records and proper approvals are in place to track, monitor and approve expenditures related to fuel usage.
- Examine payroll records of the Department employees for 3 payroll cycles during the period and, on a test basis, compare to source documentation. Review the personnel files of the selected employees to ensure they meet the necessary requirements (e.g., CDL license, training courses, mandated testing, etc.).
- Review purchase orders (POs) for the 5 largest Department vendors during the period and examine 2-3 invoices related to those POs to determine if policies and procedures of District have been followed.
- Select an additional 15 disbursements during the period related to the Department and review supporting documentation to determine if applicable purchasing and disbursement policies and procedures have been followed.
- Review the budget for fiscal 2022-23 and compare to the 2021-22 budget and 2021-22 actual results. Obtain explanations for unusual variances. Review latest budget status report as of date of field work and obtain explanations for any variances.
- Review the latest inventory records of the Department and select a sample of items to verify their existence. In addition, compare purchases of inventory items from the disbursements testing to ensure that these items were added to the inventory records accurately and timely.
- Examine records to verify that transportation is being provided in accordance with the District mileage distances and in compliance with the State requirements related to transporting students.
- Review procedures related to the different types of extracurricular trips (e.g., sporting events, performing arts events, field trips, etc.) and review a sample of transactions to ensure the timeliness of communications of these events and to verify that proper approvals are obtained.
- Review the employee lists that are sent to the testing vendor (i.e., drug and substance test) for the 2022-23 year to ensure completeness of the names provided for testing and verify that the District properly maintained the records of the results of each employee selected for testing.

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**Findings:**

Review of Board policies, District procedures and interviews with appropriate personnel related to the transportation function and activities noted:

- The District has begun to assess the future options regarding the Department related to the significant impacts as a result of the upcoming state requirement that all school districts use electric buses in place of the existing vehicles that use fuel as noted above.
- The District has several Board policies and formal procedures that cover the appropriate areas related to student transportation and bus drivers.
- There are proper internal controls related to staffing, time reporting, work flow, purchasing and invoice approval, budget preparation, budget monitoring, fuel usage and District vehicles.

Review of processes related to District vehicles to ensure that usage, inspections, mileage and fuel consumption are monitored and that these assets are properly safeguarded found:

- There are processes in place to adequately monitor District vehicle usage, inspections, mileage and fuel consumption, and to validate that these assets are properly safeguarded.
- The Department does not utilize the Transfinder system to monitor maintenance and inspections of the District's vehicles. Instead, the Department has a dry erase board listing the dates of previous inspections for each vehicle. At the beginning of each month, the Head Mechanic compiles a handwritten list of buses that will need to be serviced or inspected during the upcoming month. Once the vehicle is pulled into the bay for repairs, the mechanics pull the hardcopy vehicle folder and review the prior inspection and work order documents to determine the work which needs to be performed. After the work is completed, the mechanic will sign-off on any work order forms, place the DOT inspection certificate in the vehicles folder, and write the date of completion on the dry erase board.

Review of procedures related to fuel purchases to ensure adequate controls, appropriate records and proper approvals are in place to track, monitor and approve expenditures related to fuel usage found:

- The District has procedures to ensure adequate controls, appropriate records and proper approvals are in place to track, monitor and approve expenditures related to fuel usage.

Review of payroll records of the Department employees for 3 payroll cycles found:

- The payment amounts were correct and properly reviewed and approved for all of the records that were selected and reviewed.

Review of the personnel files of selected employees to ensure they meet the necessary requirements (e.g., CDL license, training courses, mandated testing, etc.) noted:

- There was an instance where a bus driver's file did not contain a completed Annual Defensive Driving Observation form. However, further review of the District's License Monitor software system found that this employee had completed the annual observation.

Review of POs for the 5 largest Department vendors and the selection of 15 additional disbursements during the period found:

- There was 1 instance where a payment to a vendor was made more than 70 days after the date listed on the vendors invoice.



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- There was 1 instance where the date of a PO was after the date goods or services had been received by the District, known as a confirming PO. We found that the District had a policy related to financial services that started prior to the Department setting up the PO.
- The Department does not create POs for specific items with many vendors as they are needed. Instead the Department creates small blanket POs at the beginning of the year and requests increases as payments to vendors are needed. In addition, the District does not notate these PO increases with in the documentation to support the disbursement.

Review of the budget for fiscal 2022-23 and comparison to the 2021-22 budget and 2021-22 actual results and the review of the latest budget status report as of the date of field work found:

- The budget for 2022-23 was \$8,195,575 and the adjusted budget was \$8,145,308 at the time of our fieldwork, which is close to the adjusted budget for 2021-22 of \$8,128,709. We found that the actual results for 2021-22 totaled \$7,566,677 and this amount was lower than the budget amount due to less expenditures than anticipated for the year.
- The District has procedures to perform reviews of the transportation account codes to identify any significant variances between budget and actual results during the current fiscal year, and compare with the prior year.

Review of the latest inventory records of the Department and selecting a sample of items to verify their existence found:

- We were only able to verify the existence of the Department's vehicles to the inventory records, since the Department does not maintain an inventory listing for any other items (e.g., tools, tires, oil, etc.) as noted above. We found that Department notes the bus number of the vendor invoices when the parts are purchased for a specific bus, but there is a lack of an inventory listing for items other than the vehicles.

Review of records to verify that transportation is being provided in accordance with the District mileage distances and in compliance with NYS requirements related to transporting students found:

- The District is transporting students in accordance with the District mileage distances and in compliance with the State requirements.

Review of the procedures related to the different types of extracurricular trips (e.g., sporting events, performing arts events, field trips, etc.) and the review of a sample of transactions to ensure the timeliness of communications of these events and to verify that proper approvals were obtained found:

- The communications between the requestors and the Department related to the extracurricular trips were timely and the events were properly approved using the District's standard Request for Educational Field Trip forms.

Review of the employee lists that were sent to the testing vendor (i.e., drug and substance test) for the 2022-23 year to ensure completeness of the names provided for testing and verifying that the District properly maintained the records of the results of each employee selected for testing found:

- The list provided to Partners In Safety, Inc. was complete as we found all of the required employee names included on such list. We also found that the District properly maintained the records of the results of each employee selected for testing.

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**Recommendations:**

We recommend that the District consider implementing the following items to further improve internal controls and operational efficiencies related to the transportation function:

1. Investigate utilizing the Department’s Transfinder system for the tracking and monitoring of vehicle maintenance and inspections.
2. Develop procedures to ensure that the employee files maintained by the Department contain all forms related to their necessary requirements.
3. Strengthen procedures related to the inventory that includes maintaining an inventory list to track and monitor these items. We also recommend performing periodic physical inventories to ensure that items are properly accounted for and investigate any variances resulting from this review. The Department should determine if the Transfinder system has functionality to track and maintain inventory items.
4. Establish procedures to minimize the use of blanket POs by creating POs as the need for purchases arises. In the event the Department needs to create a blanket PO for certain purchases (e.g., fuel, contracted transportation providers, etc.), the Department should use a best estimate of the expected costs for the goods or services for the year. As opposed to setting up a blanket PO with a low amount then submitting PO increases after the invoices have been received from the vendor that are more than the PO amount.
5. Improve the purchasing process related to transportation payments by continuing with efforts to create POs in advance of receiving goods or services, thus preventing instances of confirming POs where goods or services are received prior to preparing the purchase requisition.
6. Continue with efforts to ensure payments to vendors are being processed timely.

