
**CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR**

PRE-K 4 SA
AUDIT OF TRANSPORTATION CONTRACT
PROJECT NO. AU23-032
APRIL 4, 2024

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Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of Pre-K 4 SA, specifically the transportation contract. The audit objectives, conclusions, and recommendations follow:

Determine if the Pre-K 4 SA transportation contract is adequately managed.

Pre-K 4 SA has adequate policies in place as it pertains to emergency procedures and bus monitor responsibilities. Additionally, buses utilized to transport students are equipped with adequate safety equipment and bus routes are in alignment with contract goals.

However, the audit team identified areas in which controls could be improved over bus driver qualifications, invoice review, and contract modification. Pre-K 4 SA does not have adequate controls in place to confirm bus driver qualifications are met. Invoices are not adequately supported or billed in accordance with the Transportation Services Agreement. A contract modification was not formally approved via amendment.

We provided recommendations to management to strengthen controls and resolve identified issues. Pre-K 4 SA management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix C on page 10.

Background

Pre-K 4 SA operates a high-quality early childhood education program. This is achieved through various aspects of the program including the operation of four education centers serving approximately 2,000 San Antonio students.

During 2017, an agreement between Pre-K 4 SA and Star Shuttle, Inc. was approved to provide students with morning and afternoon transportation services between bus depots and four education centers for school years 2018 – 2023 totaling \$4,062,976. See **Table 1** below for amounts paid to Star Shuttle for the 2022 and 2023 school years (SY). Expenses include transportation services to and from bus depots, transportation for field trips, and bi-annual fuel adjustments.

Table 1 – Transportation Expenses by School Year

School Year	Budget	Actual
2022	\$818,968	\$535,031
2023	\$819,570	\$656,247
Total	\$1,638,538	\$1,191,278

Source: Transportation Agreement & SAP

Bus depots are used to offer safe and convenient locations for parents to pick-up and drop-off students. Pre-K 4 SA buses are operated by Star Shuttle bus drivers and are specifically designed to safely accommodate four-year-olds. During the 2023 school year, there were eleven bus depots throughout San Antonio, designated to serve the four education centers (North, East, West, & South). Refer to **Appendix A** on page 8 for a map of the bus depot locations.

Pre-K 4 SA Bus Monitors aboard each bus are tasked with safety and oversight of the children, taking attendance, and teaching curriculum while in route. Star Shuttle bus drivers are responsible for recording route times on Daily Bus Reports. Furthermore, these Daily Bus Reports are used by Pre-K 4 SA staff as support documentation while reviewing invoices.

Audit Scope and Methodology

The audit scope was school years 2022 & 2023 and included contract monitoring efforts, bus driver qualifications and training, fleet and facility maintenance, safety plans, and invoice review.

We interviewed Pre-K 4 SA personnel and conducted walkthroughs over transportation operations, contract monitoring efforts, and the invoicing process. We also reviewed relevant documentation. Our primary criteria for this audit included the Transportation Services Agreement and renewals, Pre-K 4 SA Staff Procedures, Pre-K 4 SA Parent & Student Handbook, and the Procurement Policy & Procedures Manual.

We assessed internal controls relevant to the audit objective. This included a review of the primary criteria listed above and compliance with key contractual requirements. As part of our testing procedures, we examined the following areas:

- Confirmed whether bus drivers were qualified and trained to transport students.
- Determined whether emergency protocols were in place.
- Confirmed whether bus fleet was inspected and maintained to meet safety requirements.
- Evaluated whether bus routes were in alignment with the goal set in the contract.
- Confirmed whether the contractor met required insurance coverage.
- Determined if invoices were adequately supported.

We relied on computer-processed data in SAP to review and confirm invoice payments. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included confirming transportation expenses were allowable and properly supported. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results and Recommendations

Pre-K 4 SA has adequate policies in place as it pertains to emergency procedures and bus monitor responsibilities. We reviewed current procedures and confirmed:

- Emergency procedures provided clear instructions over the handling of emergency breakdowns or accidents, included vehicle evacuation procedures along with student supervision, and included notification to 9-1-1 and the applicable Pre-K 4 SA education center.
- Bus monitor responsibilities were clearly defined and provided clear instructions over monitoring student safety and attendance.

Furthermore, Star Shuttle buses utilized to transport Pre-K 4 SA students are equipped with adequate safety equipment. We confirmed eight buses had the appropriate safety harnesses, first aid kit, and fire extinguisher on board as required by the contract.

Lastly, route times are in alignment with the contract goal. We reviewed bus tickets for ten school days (across 10 buses) from January 2023 thru May 2023 and determined the bus routes were completed within 45 minutes and arrived to and from school timely.

However, the audit team identified areas in which controls could be improved.

A. Bus Driver Qualifications

Pre-K 4 SA does not have adequate controls in place to confirm bus driver qualifications are met.

We selected a sample of 15 bus drivers (10 primary and 5 secondary). Our review consisted of verifying qualification requirements had been met to include background verification, a valid driver's license, a notarized affidavit, and obtainment of a high school diploma. Detailed results are as follows:

- **Background Verification** - While the audit team was able to obtain a spreadsheet attesting a background verification had been passed, we were unable to obtain further support documentation (such as a background check) to confirm a verification had indeed been performed and successfully passed for 15/15 drivers.
- **Notarized Affidavit** – 15/15 drivers did not have a signed affidavit on file. The affidavit, as required by the contract, must be notarized, and attests the driver has not pleaded guilty to any crime or been reported of child abuse or neglect.
- **Valid Driver's License** - 1/15 drivers (a substitute driver) did not have a valid commercial driver's license on file.

- **High School Diploma** - While the audit team was able to obtain copies of the driver's applications attesting highest education level, we were unable to obtain high-school diplomas or proof of equivalent coursework completion for 15/15 drivers.

Per the Transportation Services Agreement, background verification should be performed by Star Shuttle and qualification requirements include having a high school diploma and completing a notarized affidavit. Pre-K 4 SA students' safety may be put at risk if unqualified bus drivers are engaged.

Additionally, per the Procurement Policy & Procedures Manual, managing departments (i.e., Pre-K 4 SA) should develop a Contract Administration Plan (CAP) as a tool for administration and monitoring purposes. At this time, a CAP (or other monitoring tool) is not utilized by Pre-K 4 SA to monitor this requirement or the Transportation Services Agreement as a whole.

Recommendations

Pre-K 4 SA CEO ensure bus driver qualification documentation is requested and reviewed for adequacy. Additionally, key contractual requirements be monitored for compliance through the use of a CAP.

B. Invoice Accuracy

Invoices are not adequately supported or billed in accordance with the Transportation Services Agreement.

We selected a sample of 24 school days and verified the accuracy of both the hours billed and hourly rate charged. Our review consisted of recalculating the billable hours based on the Daily Bus Reports compiled by each Star Shuttle bus driver.

However, for 9/24 days reviewed we were unable to verify the accuracy of the billable hours. Specifically:

- For 5 days we were unable to recalculate the billable hours as one or more of the Daily Bus Reports had missing information or multiple tickets were present for the same route.
- For the remaining 4 days, we identified a difference in the billable hours reported by Star Shuttle as compared to our recalculation. These differences ranged from 3.3 hours underbilled to 7.7 hours overbilled.

Per the Transportation Services Agreement, Daily Bus Reports must be completed for each driver to include hours in operation and be verified for accuracy by Star Shuttle.

While Pre-K 4 SA staff currently reviews invoices, the review process requires improvement. Inadequate supporting documentation provided by Star Shuttle has contributed to the variances identified by the audit team. Furthermore, inadequate supporting documentation contributed to an extensive review period which resulted in a \$358,010 payment made during November 2021 for transportation services rendered during SY 2020 (a previous school year).

Recommendation

Pre-K 4 SA CEO establish controls to confirm the accuracy of transportation costs billed to the City.

C. Contract Modification

A contract modification was not formally approved via amendment.

During invoice review, we found the hourly rate charged was \$73.50 per hour while the respective rates per the agreement were \$71.40 for SY 2022 and \$72.50 for SY 2023. Per further background and support documentation obtained from Pre-K 4 SA, the rate increase to \$73.50 was informally agreed upon by Pre-K 4 SA and Star Shuttle prior to SY 2022.

Per the Transportation Services Agreement and the Procurement Policy & Procedures Manual, any modification to the agreement (such as this one) must be effected by amendment, in writing and be executed formally by both Pre-K 4 SA and Star Shuttle. If a contract modification is not formally executed and made in writing, there is potential for subsequent contractual disputes.

As a new Transportation Services Agreement (with updated rates) went into effect beginning June 2023, no recommendation will be made. However, contract modifications should be made in accordance with the Transportation Services Agreement and the Procurement Policy & Procedures Manual moving forward.

Recommendation

None

Appendix A – Bus Depots



East Center Depot Locations

- Julia Yates Semmes Library
- Thousand Oaks Library

South Center Depot Locations

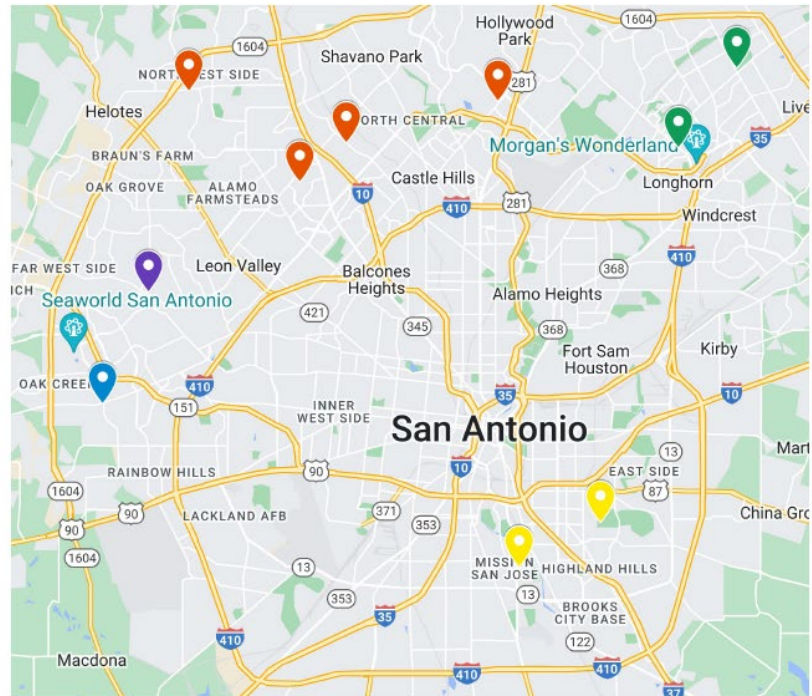
- Mission Library
- South Side Lions Park

North Center Depot Locations

- Cody Library
- First Assembly of God San Antonio
- Grace Point Church
- Great Northwest Library
- Igo Library

West Center Depot Locations

- Great Northwest Library
- True Vine Baptist Church



Source: Pre-K 4 SA

Note: The map above depicts the bus depots for the 2022-2023 school year.

Appendix B – Staff Acknowledgement

Abigail Estevez, CPA, CIA, CISA, Audit Manager

Sophia Konstantinidis, Auditor in Charge

Rudy Carrasco, Auditor

Appendix C – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

March 1, 2024

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for Audit of Pre-K 4 SA Transportation Contract

The Pre-K 4 SA has reviewed the audit report and has developed the Corrective Action Plan below corresponding to the report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
A	Bus Driver Qualifications Pre-K 4 SA Chief Executive Officer ensure bus driver qualification documentation is requested and reviewed for adequacy. Additionally, key contractual requirements be monitored for compliance through the use of a CAP.	5	ACCEPT	Nicolas Garcia; Operational Services Manager	3.5.24
Action plan: Pre-K 4 SA has partnered with the City's (COSA) HR department to run the background checks for the bus drivers through the City's process. Drivers must be cleared through DFPS processing, and a list of approved drivers verified by the City's HR Department will be shared with the vendor. The vendor must make Pre-K 4 SA aware when a new driver is hired, and that driver must pass the background check prior to being allowed to drive a bus for Pre-K 4 SA. Only drivers who have been certified through the City's HR department are able to drive for Pre-K 4 SA. These requirements are being integrated into the CAP for this contract. A Contract Manager has been added to the Pre-K 4 SA staffing compliment for the purposes of managing the lifecycle of contracts as well as CAP development and implementation.					
B	Invoice Accuracy Pre-K 4 SA Chief Executive Officer establish controls to confirm the accuracy of transportation costs billed to the City.	6	ACCEPT	Nicolas Garcia; Operational Services Manager	3.5.24



Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan: Pre-K 4 SA has modified the CAP to include a protocol for invoice review and approval prior to invoices being sent to the City's (COSA) Accounts Payable department. Pre-K 4 SA has met with the vendor and is in the process of determining:</p> <ul style="list-style-type: none"> • Invoice Structure • Invoice Review and Reconciliation process <p>As part of the review and reconciliation process Pre-K 4 SA and vendor will conduct a monthly invoice review meeting. Items for discussion during the monthly meeting will include:</p> <ul style="list-style-type: none"> • Daily work tickets which should show the exact amount of time driven by each bus driver from portal to portal • Eligible Drivers • Cost deductions <p>This process would identify any areas of inconsistent with the contract requirements such as any ineligible drivers, cost deductions, and other pertinent areas in accordance with the contract.</p>				

We are committed to addressing the recommendation in the audit report and the plan of action presented above.

Sincerely,



Sarah Baray
Chief Executive Officer
Pre-K 4 SA

28 MAR 2024
Date



Alex Lopez
Assistant City Manager
City Manager's Office

3/28/2024
Date