



To: Ms. Cristina Diaz-Torres, School Board Chair
Mr. David Priddy, School Board Co-Chair
School Board Members
Dr. Francisco Durán, Superintendent

Cc: Members of the Cabinet
Dr. John Mayo, Chief Operating Officer
Ms. Renee Harber, Assistant Superintendent, Facilities and Operations
Mr. Lance Johnson, Executive Director Transportation
Ms. Catherine Lin, Director Facilities and Operations
Mr. Jim Meikle, Director Maintenance
Mr. Steven Bernheisel, Assistant Director Maintenance

From: Ms. Alice Blount-Fenney, Director, Internal Audit

Re: Final Transportation Audit Report

Date: August 7, 2024

Background

As approved by the School Board, an audit of Transportation (with the exception of the yellow fleet) was included on the Annual Audit Plan. This department resides under the management of Ms. Renee Harber, Assistant Superintendent, who reports to the Chief Operating Officer, Dr. John Mayo.

It was confirmed during the pre-audit conference that some transportation related functions are managed by the Arlington County Equipment Bureau. As appropriate, there are audit comments related to county related support functions for APS. In addition, an Authority Matrix was developed to provide a visual presentation of authority lines for various business functions. *Please refer to the end of this report for details.*

Objectives, Scope, and Audit Methodology

The primary objectives for this audit are to assess the levels of operational and management controls over transportation business practices.

The scope of this review included various transactions and vehicle related records for the past two years as well as a review of both APS PIP's and departmental standard operating procedures and referencing to corresponding PIP's. The audit also included a review of the roles that the County provides to support APS for transportation related functions. In addition, the audit scope included an assessment of contractual agreements between APS and the County.

Summary Audit Observations

- There are adequate controls in place for the review of fuel invoices and the administration of issuing gasoline purchasing cards.
- The Transportation Department maintains good internal controls for maintaining and adhering to standard operating procedures including cross- referencing with appropriate Policy Implementation Procedures.
- It has not been a business practice of APS to conduct a periodic review of the Memorandum of Understanding (MOU) with the County of Arlington for transportation related business processes. The MOU was initiated twenty-five years ago.
- Management Controls appear to be adequate for the assignment of business vehicles for employees.
- Controls appear to be adequate for reporting losses and business protocols for claims.
- Business processes appear to be adequate for the rotation out, replacement, and assignments of white fleet business vehicles.
- Management controls are adequate for tracking vehicle repairs including preventive maintenance protocols and schedules.
- There are adequate business protocols for roadside assistance.
- There are adequate business protocols in place for insurance and risk management.

Other Audit Comments and Discussions with Transportation Management Regarding the Control Environment

It was confirmed during audit interviews that there are control deficiencies with the manner in which the current fuel management system lacks limits on the amount of fuel that can be dispensed.

The current fuel management system does not limit the amount of fuel that can be dispensed during a fueling session. Under the previous vendor, fueling sessions were limited to the maximum capacity of the APS vehicle. More specifically, if a vehicle had a maximum capacity of twenty-five gallons of fuel, the amount of fuel to be purchased could not exceed twenty-five gallons.

Transportation management is aware of these deficiencies. As per the Assistant Superintendent “the County's existing fuel management system, which manages APS white fleet vehicles, does not enforce maximum fuel limits for vehicles. This omission is a significant concern. Historically, under our previous fuel management vendor, Fuelman, transactional limits on fuel were set according to vehicle type. These limits were crucial in ensuring that the amount of fuel dispensed matched the capacity of the vehicle's tank, thereby preventing any possibility of excess fuel being taken. This system changed about a year and a half ago when the County transitioned to a new vendor,

Mansfield. Reportedly, Mansfield's system does not provide the same option to set transactional limits based on vehicle type.

The absence of these limits in the current system presents a vulnerability. Specifically, it allows for the possibility that more fuel can be dispensed during a single transaction than the vehicle's tank can hold. This discrepancy could potentially lead to fuel theft or unauthorized use, representing a potential concern for APS.

Recommendations

- The Transportation management team is encouraged to engage in communications with the current vendor and discuss options on limiting the amount of fuel that can be purchased based upon the vehicles fuel capacity.

Management Comments from the Assistant Superintendent

- *Management concurs with the audit observations, acknowledging ongoing concerns regarding APS's inability to implement effective controls over fuel distribution for vehicles and small equipment. APS staff will continue to collaborate with Arlington County on selecting appropriate vendors where applicable.*

Detailed Audit Observations

There are adequate controls in place for the review of fuel invoices and the administration of issuing gasoline purchasing cards.

- Fuel invoices are provided to APS by the county. They are subject to a monthly review by APS, where it was noted that there were “irregularities” observed for the amount of fuel purchased. More specifically, during a review of the April 2024 transactions, the Assistant Director of Maintenance Services noted differences in the fuel purchase amount versus vehicle capacity.
- The invoices include the type of vehicle, white fleet or school bus, the fuel type, gallons purchased and the amount of the expenses. There is an additional breakdown in expenses by diesel versus unleaded fuel.
- All employees that are issued a fuel purchasing card are required to complete a Fuel Card Personal Identification Number Agreement Form and it must be approved by their Supervisor. A copy of the agreement is sent to the Equipment Bureau. The unique PIN is used to identify the employee that makes a purchase.
- There are also business protocols for lost or stolen cards.

Recommendations

- The Transportation management team is encouraged to continue to collaborate with the Equipment Bureau to ensure that there are adequate controls over fuel purchases and the proper use and administration of fuel purchasing cards.

Management Comments

- *Management concurs with the comments provided.*

Responsible Persons

- Ms. Renee Harber, Assistant Superintendent, Transportation

Support Persons

- Ms. Cathy Lin, | Director, Facilities and Operations
- Mr. Steven Bernheisel, Assistant Director, Maintenance Services

The Transportation Department maintains good internal controls for maintaining and adhering to standard operating procedures including cross- referencing with appropriate Policy Implementation Procedures.

- The management team of the Transportation maintains documented standard operating procedures covering major business functions and maintains a system in which these procedures are subject to regular review and updates as appropriate.
- The business practices for this department are also cross-referenced to appropriate PIPs.
- Interviews with key department personnel confirmed that these employees are knowledgeable and well versed in their respective areas of responsibility.
- There are documented organizational charts for the department with clear lines of reporting and authority.

Recommendations

- The Transportation management team is encouraged to continue with good business practices of documenting standard operating procedures and incorporating PIP's as appropriate.
- There are no exceptions to report.

Management Comments

- *Management concurs with the comments provided.*

Responsible Persons

- Ms. Renee Harber, Assistant Superintendent, Transportation

Support Persons

- Ms. Cathy Lin, | Director, Facilities and Operations
- Mr. Steven Bernheisel, Assistant Director, Maintenance Services
- Mr. Kyle Lorentson, Risk Manager

It has not been a business practice of APS to conduct a periodic review of the Memorandum of Understanding with the County of Arlington.

- There is a twenty-five-year Memorandum of Understanding (MOU), effective July 1, 1999, between the County and APS regarding transportation related business processes.
- The terms of the MOU are stated to "continue indefinitely unless terminated in writing by either party."
- It appears that the MOU is not subject to a periodic review to determine if the terms remain beneficial to either party or if revisions are needed and business processes have changed.

Recommendations

- I am recommending that Transportation management consider revisiting the MOU and discussing any potential modifications of this agreement with officials from the County of Arlington.
- Under the MOU section of Goals and Objectives there is reference to "improve customer satisfaction." APS management is encouraged to explore how customer satisfaction is measured. This may include surveys and feedback from the public.
- It is a strong likelihood that the levels of customer satisfaction have changed over the past twenty-five years. In addition, there needs to be a strategic plan to address the results of the surveys and how best to address any noted grievances or service deliveries that require improvement.
- There is also a reference in the MOU that there should be collaboration between APS and the County of Arlington working with existing resources. Given that it has been twenty-five years since this was stated, APS management is encouraged to work with the County officials on how to address any changes in resources including details for the responsibilities and expectations of both parties.
- The terms of the MOU need to be revisited relating to terms relating to the budgets for both entities. Any appropriate revisions need to be included in a modified MOU.
- Given the changes in vehicle types over the past twenty-five years, specifically electric and hybrid models, provisions covering preventive maintenance need to be included in the MOU.
- Provisions pertaining to risk management need to be revisited and updated as appropriate within the MOU.

Management Comments

- *The Memorandum of Understanding process has historically been extensive, requiring approval from both the APS School Boards and the Arlington County Board. Considering the recent changes in vehicle assignments, staffing, and policies, management agrees that the agreement terms be reviewed more frequently.*

Responsible Persons

- Ms. Renee Harber, Assistant Superintendent, Transportation

Support Persons

- Dr. John Mayo, Chief Operations Officer
- Ms. Cathy Lin, Director, Facilities and Operations
- Mr. Steven Bernheisel, Assistant Director, Maintenance Services
- Mr. Kyle Lorentson, Risk Manager

Management Controls appear to be adequate for the assignment of business vehicles for employees.

- The Assistant Superintendent, the Director Facilities and Operations, and the Assistant Director, Maintenance Services are responsible as a team for deciding on which employees may be entitled to an APS vehicle.
- The primary criterion used to determine eligibility is based on the job duties assigned to the employee. In addition, the location and distance of the employees residence is also taken into consideration for eligibility.
- All employees that are assigned an APS vehicle must be screened. More specifically, background checks are required for the drivers record, drug and alcohol tests are also mandatory.

Recommendations

- The management team is encouraged to continue to maintain proper management controls over the assignment of business vehicles.

Management Comments

- *Management concurs with the audit comments provided.*

Responsible Persons

- Ms. Renee Harber, Assistant Superintendent, Transportation

Support Persons

- Ms. Cathy Lin, Director, Facilities and Operations
- Mr. Steven Bernheisel, Assistant Director, Maintenance Services

Controls appear to be adequate for reporting losses and business protocols for claims.

- The Transportation management team maintains documented business protocols for reporting accidents and filing claims.
- Accident and claims related data are entered into the VACORP portal and upon request can generate claims reports. Reports can include the type of claim, date of injury, and the status.
- Once a claim is entered into VACORP, a claims request is initiated. The Risk Manager and Lead Accident Investigator have access to the VACORP portal to review submitted claims and follow up with our insurance provider on additional data or information needed. Both the Risk Manager and Lead Investigator review the claims for accuracy along with our insurance provider.
- In addition to the support of a Risk Manager, Accident Reports are reviewed on a quarterly basis by the Vehicle Accident Review Committee. The charge of this committee is to determine if an accident was preventable and if feasible support the driver with additional education and refresher training.
- The Transportation Department also engages the services of a Lead Accident Investigator.
- Accident Reports for the past two years were provided for the audit.
- Accident incidents are tracked in the VACORP portal.

VACORP is a self- insurance pool, in which APS is a part of along with other state and local agencies.

Fiscal year 2022	20 claims filed against APS	18 claims were bus fleet, 2 claims were white fleet
Fiscal year 2023	15 claims filed against APS	15 claims were bus fleet
Insurance payouts 2022	\$54,840.63	
Insurance payouts 2023	\$89,554.57	

Recommendations

- The Transportation Management team is encouraged to maintain sound controls over business processes related to claims and accident administration.

Management Comments

- *We concur with the audit observations.*

Responsible Persons

- Ms. Renee Harber, Assistant Superintendent, Transportation

Support Persons

- Ms. Cathy Lin, Director, Facilities and Operations
- Mr. Kyle Lorentson, Risk Manager
- Ms. Amber Davis, Lead Accident Investigator
- Mr. Steven Bernheisel, Assistant Director, Maintenance Services

Business processes appear to be adequate for the rotation “out,” replacement, and assignments of white fleet business vehicles.

- The Transportation Department and the Equipment Bureau (County) maintain extensive records pertaining preventive maintenance, milage, vehicle age, vehicle use, and any accidents pertaining to vehicles.
- All of the factors mentioned in the previous section are considered when decisions are made to rotate a vehicle out of circulation or reassignment to another APS employee. There is a School Board policy that covers these business practices.

Recommendations

- The management team is encouraged to continue to maintain proper management controls for the replacement and rotation “out” of vehicles.

Management Comments

- *We concur with the audit observations.*

Responsible Persons

- Ms. Renee Harber, Assistant Superintendent, Transportation

Support Persons

- Ms. Cathy Lin, Director, Facilities and Operations
- Mr. Steven Bernheisel, Assistant Director, Maintenance Services

Management controls are adequate for tracking vehicle repairs including preventive maintenance protocols and schedules.

- The “Rental Book” includes information related to preventive maintenance services provided by the county. The County Equipment Bureau runs reports for APS regarding preventive maintenance and related schedules.

Recommendations

- The Transportation management team is encouraged to continue to work with the County to ensure that all APS vehicles are subject to proper preventive maintenance services.

Management Comments

- *We concur with the audit observations.*

Responsible Persons

- Ms. Renee Harber, Assistant Superintendent, Transportation

Support Persons

- Ms. Cathy Lin, Director, Facilities and Operations
- Mr. Steven Bernheisel, Assistant Director, Maintenance Services

There are adequate business protocols for roadside assistance.

- The county maintains responsibility for providing resources for roadside assistance.
- There are business protocols, via contact phone numbers in place for roadside assistance for APS drivers.
- It has been confirmed that the Transportation management team ensures that contact information for roadside assistance is readily available for APS drivers.

Recommendations

- None

Management Comments

- Not warranted.

There are adequate business protocols in place for insurance and risk management.

- There are adequate business protocols in place for insurance and risk management. There are documented standard operating procedures for these business functions and there are corresponding APS standards which the department is aware of and incorporates into their business standards. [E-3.31 PIP-8 Risk Management](#)
- There is a full-time professional Risk Manager. His responsibilities include managing all insurance functions. He also serves as the liaison for APS and the insurance carrier.
- The Risk Manager works with the Accident Investigator on any accident-related incidents.
- There are organized business processes for tracking and evaluating claims and related accidents. This includes a data base, Egynte which includes accident-related documentation and other related information.
- VACORP provides insurance coverage and risk management services and manages the group self-insurance risk pool for public entities and schools.

- There are also quarterly meetings held with members of the Vehicle Accident Review Committee (VARC). There are APS policies and procedures governing these business functions, [E-5.30 PIP 4 – Fleet Vehicle Accident and Incident](#)
- The main mission for the Committee is to review each accident to analyze if the accident was preventable or non-preventable.

Recommendations

- The Risk Management and Accident Investigator team are encouraged to continue the process of maintaining a sound system of internal controls for insurance and risk-related business functions.

Management Comments

- Not warranted.

Authority Matrix

- The Equipment Bureau (also referred to as the county) maintains responsibilities over many transportation business processes in support of APS. The following matrix summarizes some of these major roles and responsibilities.

Business Function	Responsible Party	Other Information
Preventive Maintenance for white fleet and buses	County Also referred to as the Equipment Bureau	County is responsible for picking up heavy vehicles.
Maintaining system that is responsible for tracking preventive maintenance for all APS vehicles.	APS pays the County for its fuel use. The County pays the vendor.	
Maintaining system for accident reports and claims.	County and APS	
Accident investigations and results	APS	
Contractual MOU Transportation Services between APS and the County	County and APS	MOU was initiated twenty-five years ago.
Reviewing gas card usage	APS	
Paying for gas purchases	County	
Assigning gas card PIN and assignment of card for users	APS	
Managing reported stolen or lost cards	APS	
Aging (Rotation out) and assignment of APS vehicles	APS	

