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At the time of our follow-up review, all of O'ahu's approximately 14,200 student bus riders were logged in the Transfinder route planning system, as were all but 369 of the approximately 8,200 regular education riders on Hawai'i Island

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Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, *Management Audit of the Department of Education's School Bus Transportation Services*

Report No. 15-06, May 2015

The 2008 Legislature amended the Auditor's governing statute to require follow-up reporting on recommendations made in various audit reports to ensure agency accountability over audit recommendations. The purpose of this change was to apprise the Legislature annually of recommendations not implemented by audited agencies, and to require such agencies to submit a written report not later than 30 days after issuance of our report explaining why the recommendation was not implemented and the estimated date of its implementation.

The department has significantly reformed its school bus program, but much work remains

Our review focused on the DOE's implementation of 20 audit recommendations made in our 2012 Report No. 12-07, *Management Audit of the Department of Education's School Bus Transportation Services*. This report details each recommendation, its status, and actions taken related to the recommendation. We deemed eight recommendations closed (40 percent), nine open but in progress (45 percent), one open and not likely to be pursued (5 percent), and two were not assessed (10 percent).

Our 2012 audit found substantial deficiencies

Our 2012 audit, released in August 2012, described a sprawling, \$72.4 million operation that was in substantial disarray. The department had no system for evaluating bus routes for efficiency. Complete contract files did not exist. Contract monitoring was sparse, and transportation officers were ill-equipped to perform their duties. Lax procurement policies had allowed program costs to the State to nearly triple since 2006: despite soaring prices and little competition among bus companies bidding for contracts, department procurement personnel repeatedly determined that prices were reasonable—but provided no written rationale for these determinations. The assistant superintendent overseeing the program later said the pervasive pattern of single bids for contracts could have been the result of collusion among bidders, but the department had no guidance on how employees should deal with suspected anticompetitive practices. In brief, the department had lost control of the program.

The department has improved the program significantly

Although the department has taken significant steps to transform its school bus program from an antiquated program with feeble management controls into a modern, well-governed transportation system, the reforms are a work in progress.

The department has developed standard operating procedures and is implementing a computerized route planning system designed to ensure route efficiency. A new contract monitoring system anchors improved procedures for administering contracts. Transportation officers have received substantive training. And improved procurement procedures, including personnel changes, have led to increased competition among bus route bidders.

Nonetheless, reforms have not been rolled out statewide and will require continued work to implement and maintain. Also, the department has not created policies and procedures to deal with single competitive proposals and suspected anticompetitive practices. If, as reported in our 2012 audit, the department had previously lost control of the program, it is now gaining control.