



**U.S. Department of the Interior
Office of Inspector General**

AUDIT REPORT

**SCHOOL BUS OPERATIONS,
DEPARTMENT OF PUBLIC WORKS,
GOVERNMENT OF GUAM**

**REPORT NO. 97-I-1294
SEPTEMBER 1997**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

MEMORANDUM

SEP 30 1997

TO: The Secretary

FROM: Wilma A. Lewis
Inspector General

SUBJECT SUMMARY: Final Audit Report for Your Information - "School Bus Operations, Department of Public Works, Government of Guam" (No. 97-I-1294)

Attached for your information is a copy of the subject final audit report. The objective of the review was to determine whether the Bus Operations Division, Department of Public Works: (1) used its personnel and buses efficiently and effectively in providing transportation for the students of Guam and (2) efficiently assessed and collected fees for private school bus charters.

We found that the Division used its buses effectively in providing transportation to the students of Guam. However, the Division: (1) did not adequately control overtime and other personnel costs; (2) expended bus charter revenues without an appropriation; and (3) did not adequately control bus charter fees, billings, and collections. These conditions occurred because the Division had not established alternative work schedules and had not developed written procedures for controlling bus charter fees and billings. In addition, the Division was not aware that an appropriation from the Guam Legislature was needed before charter revenues could be spent. As a result, the Division incurred unnecessary overtime and other personnel costs of about \$2.9 million during fiscal years 1994, 1995, and 1996. In addition, the Division: (1) improperly spent bus charter revenues of \$187,519; (2) had little assurance that all bus charter fees were billed and collected; and (3) had bus charter costs that exceeded collections by at least \$490,000.

To correct these deficiencies, we recommended that the Governor of Guam require the Director, Department of Public Works, to: (1) perform a study of the Bus Operations Division to identify methods to minimize overtime and other personnel costs; (2) discontinue the practice of spending bus charter revenues without an appropriation; and (3) develop and implement written procedures for establishing charter rates and controlling bus charter billing and collection activities. Since the Governor of Guam did not provide a response to our draft report, all of the report's six recommendations are considered to be unresolved.

If you have any questions concerning this matter, please contact me at (202) 208-5745 or Mr. Robert J. Williams, Assistant Inspector General for Audits, at (202) 208-4252.

Attachment



N-IN-GUA-012-96

United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

SEP 30 1997

The Honorable Carl T.C. Gutierrez
Governor of Guam
Office of the Governor
Agana, Guam 96910

Subject: Audit Report on School Bus Operations, Department of Public Works,
Government of Guam (No. 97-I-1294)

Dear Governor Gutierrez:

This report presents the results of our review of school bus operations at the Department of Public Works during fiscal years 1994, 1995, and 1996. The objective of our audit was to determine whether the Bus Operations Division, Department of Public Works: (1) used its personnel and buses efficiently and effectively in providing transportation for the students of Guam and (2) efficiently assessed and collected fees for private school bus charters.

Based on our review, we concluded that the Division used its buses effectively in providing transportation to the students of Guam. However, we found that the Bus Operations Division: (1) did not adequately control overtime and other personnel costs; (2) expended bus charter revenues without an appropriation from the Guam Legislature; (3) did not adequately control bus charter fee billings and collections; and (4) did not establish school bus charter rates sufficient to recover the costs of providing bus charter services. These conditions occurred because the Division had not established alternative work schedules, such as split shifts and/or part-time employment, to reduce overtime and personnel costs. In addition, the Division was not aware that an appropriation was needed before bus charter revenues could be spent and had not developed written procedures for controlling bus charter fee billings and collections and for establishing bus charter rates. As a result of these deficiencies, the Division incurred unnecessary overtime costs of about \$2.8 million during fiscal years 1994, 1995, and 1996 and incurred other unnecessary personnel costs of \$132,368 during two pay periods we reviewed in fiscal year 1996. In addition, the Division: (1) improperly spent bus charter revenues of \$187,519; (2) had little assurance that all bus charter fees were eventually billed and collected; and (3) had bus charter costs that exceeded collections by at least \$490,000.

To correct these conditions, we recommended that you, as Governor of Guam, require the Director, Department of Public Works, to: (1) perform an operational study of the Bus Operations Division to identify methods, such as the use of split shifts and part-time bus drivers, to minimize overtime and personnel costs; (2) discontinue the practice of

spending bus charter revenues without an appropriation; (3) develop and implement written procedures to ensure that adequate controls are established over bus charter billings and collections; (4) develop and implement written procedures to require the Bus Operations Division to perform annual analyses of all school bus operational costs to serve as a basis for establishing new bus charter rates; and (5) use the newly established bus charter rates when billing customers for bus charter services.

During the audit we also noted that your "Vision 2001" statement addressed the issue of public transportation systems on Guam. In that regard, the Director of Policy, Development and Operations and the Director of the Guam Mass Transit Authority told us that your administration was considering a strategy which would consolidate Guam's six public transportation systems. Because of the deficiencies we identified during the audit, we believe that this strategy will provide for a more efficient public transportation system on Guam. Therefore, we believe that you should consider studying operational alternatives for school bus operations, such as merging these operations with those of the Guam Mass Transit Authority.

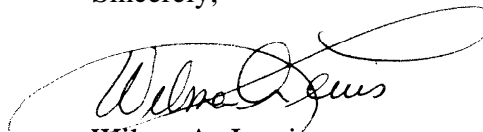
On August 18, 1997, we transmitted a draft of this report to you requesting your comments by September 12, 1997. However, a response to the draft report has not been provided. Therefore, since this final report is being issued without the benefit of your response, all of the recommendations are considered to be unresolved (see Appendix 4).

The Inspector General Act, Public Law 95-452, Section 5(a)(3), as amended, requires semiannual reporting to the U.S. Congress on all audit reports issued, the monetary impact of audit findings (Appendix 1), actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

In view of the above, please provide a response, as required by Public Law 97-357, to this report by October 31, 1997. A copy of your response should be addressed to our North Pacific Region, 238 Archbishop F.C. Flores Street, Suite 807, Pacific News Building, Agana, Guam 96910. The response should provide the information requested in Appendix 4.

We appreciate the assistance of Bus Operations staff during the conduct of our audit.

Sincerely,



Wilma A. Lewis
Inspector General

cc: Acting Director, Bureau of Budget and Management Research
Director, Department of Public Works

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INTRODUCTION

BACKGROUND

The Department of Public Works was established in 1952 by Title VI, Chapter II, Section 5104, of the Government Code of Guam. In accordance with the Code, the Director of the Department of Public Works is appointed by the Governor of Guam and confirmed by the Guam Legislature and is responsible for managing Public Works operations and administrative activities. The Department of Public Works has seven divisions: Administrative Services, Building Maintenance, Capital Improvement Projects, Highway, Solid Waste Management, Transportation Maintenance, and Bus Operations.

In 1996, the Bus Operations Division was responsible for transporting about 38,000 students to and from public and private schools, and the Transportation Maintenance Division was responsible for maintaining 188 school buses that operate from eight substations islandwide. In addition to transporting the students, the school buses were used for private charters to transport people to and from school functions and community activities, such as civic and nonschool sporting events. The Bus Operations Division's bus charter rates were \$21 per hour for nonschool-related activities occurring during school hours and \$30 per hour for all activities occurring after school hours.

The Bus Operations Division's appropriations for fiscal years 1994, 1995, and 1996 were about \$9.0 million, \$9.9 million, and \$8.1 million, respectively (see Appendix 2). The Division's operating expenditures, including encumbrances,¹ for fiscal years 1994, 1995, and 1996, were about \$8.9 million, \$9.5 million, and \$7.6 million, respectively (see Appendix 2). According to Division records, bus charter fee collections for fiscal years 1994, 1995, and 1996 totaled \$122,293, \$201,406, and \$214,238, respectively (see Appendix 2). During fiscal year 1996, the Division had 194 full-time employees (177 bus drivers and 17 administrative and supervisory personnel).

OBJECTIVE AND SCOPE

The audit objective was to determine whether the Department of Public Works Bus Operations Division: (1) used its personnel and buses efficiently and effectively in providing transportation for the students of Guam and (2) efficiently assessed and collected fees for private school bus charters. The scope of the audit included a review of the Division's operations and activities that occurred during fiscal years 1994, 1995, and 1996.

Our audit was conducted at the Division's offices from July 1996 to February 1997. In addition, we obtained information relating to school bus operations from Government of

¹An encumbrance is the commitment of funds that will be needed to pay for unfilled purchase orders and contracts for goods and services.

Guam officials at the Governor's Office, the Department of Administration, the Bureau of Budget and Management Research, the Civil Service Commission, and the Guam Mass Transit Authority.

The audit was made, as applicable, in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances.

As part of the audit, we evaluated the system of internal controls for the management of personnel and buses, the establishment of school bus charter rates, the assessment and collection of bus charter fees, and procurement to the extent that we considered necessary to accomplish our audit objective. Based on our review, we concluded that the Division used its buses effectively in providing transportation to the students of Guam. However, significant internal control weaknesses were identified in the areas of personnel expenditures and the collection and use of bus charter revenues. These weaknesses are discussed in the Findings and Recommendations section of this report. Our recommendations, if implemented, should improve the internal controls in these areas.

PRIOR AUDIT COVERAGE

During the past 5 years, neither the General Accounting Office nor the Office of Inspector General had audited the operations and activities of the Bus Operations Division, Department of Public Works. However, an independent public accounting firm issued single audit reports on the Government of Guam for fiscal years 1993, 1994, and 1995, which did not report any deficiencies or questioned costs related to school bus operations.

FINDINGS AND RECOMMENDATIONS

A. PERSONNEL EXPENDITURES

The Bus Operations Division did not establish work schedules that would minimize the amount of overtime paid to school bus drivers or adequately control personnel costs. Executive Order No. 87-02 requires all agencies to develop work schedules to minimize the amount of overtime and night differential payments made to Government of Guam employees. In addition, the Guam Code Annotated requires officers of the Executive Branch to manage public funds in a responsible manner. However, the Division had not established an alternative work schedule, such as split shifts and/or part-time employment, to reduce the amount of bus driver overtime and personnel costs. As a result, the Division incurred unnecessary overtime costs of about \$2.8 million during fiscal years 1994, 1995, and 1996 and incurred other unnecessary personnel costs of \$132,368 during two pay periods we reviewed in fiscal year 1996.

Overtime Costs

Executive Order No. 87-02, issued by the Governor of Guam on January 8, 1987, states that "all executive agencies shall minimize the scheduling of employees which may result in accrual of overtime or night differential payment" and that "overtime shall be a management tool of last resort." In addition, Title 5, Guam Code Annotated, Chapter 7, Section 7 102, states:

Any officer, agent, contractor, or employee of the Executive Branch of the government of Guam who is charged with or assumes responsibility for the certification of availability of funds or the spending of money belonging to the territory of Guam, including the Governor and Lt. Governor of Guam, stands in a fiduciary relationship to the people of Guam in regard to the management of public money. Any such officer, agent, contractor, or employee of the Executive Branch shall discharge their duties with respect to the management of public money solely in the interest of the people of the territory of Guam. Any such officer, agent, contractor, or employee shall discharge his duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

However, based on our review of the Bus Operations Division's daily time records at all eight bus substations for the biweekly pay period ending May 11, 1996 (which we believe was typical for the school year), we determined that 156 of the Division's 177 bus drivers were paid overtime. For example, bus drivers usually reported to their assigned bus substations at about 6 a.m. and returned to the substations at about 8 a.m., after completing their morning school bus routes. The time records also showed that the afternoon school bus routes began at about 1:30 p.m. and ended at about 4 p.m. Thus,

during the 10-hour period (6 a.m. to 4 p.m.), minus 1 hour for lunch, bus drivers were paid for an 8-hour day plus a minimum of 1 hour of overtime each school day.

We reviewed expenditure reports maintained by the Department of Administration to determine the amount of overtime costs incurred by the Division. Based on our review of expenditure reports for fiscal years 1994, 1995, and 1996, we determined that the Division incurred overtime costs of \$1.2 million, \$1 .0 million, and \$0.9 million, respectively, for a total of \$3.1 million for the 3 fiscal years reviewed. However, the overtime costs shown on the expenditure reports included overtime that was incurred as a result of bus charters during nonschool hours. Therefore, we reviewed bus charter billing documents and estimated that overtime costs for bus charters during fiscal years 1994, 1995, and 1996 were about \$112,000, \$110,000, and \$66,000, respectively, for a total of about \$288,000. Thus, for the 3 fiscal years reviewed, the Division's overtime costs, net of estimated bus charter overtime costs, were about \$2.8 million.

Other Personnel Costs

In addition to unnecessary overtime hours, bus drivers were inappropriately paid a total of \$132,368 during the regular school year for idle hours and for work that was not directly related to driving buses as follows:

- Based on our analysis of daily time reports for 156 school bus drivers during the pay period ended May 11, 1996, we found that, during the school year, most of the drivers completed their morning bus routes at about 8:00 a.m. and started their afternoon bus routes at about 1: 30 p.m. Therefore, after subtracting 1 hour for lunch, the drivers had about 4.5 hours of idle time each school day. Our analysis of 1,560 daily time reports for the pay period reviewed disclosed that the drivers were paid about \$62,000 for about 5,000 hours of idle time.²

- Based on a review of daily time reports for 153 school bus drivers during the pay period ended August 3, 1996 (during the summer vacation period), we found that these school bus drivers were given various work assignments which, in our opinion, were made primarily to keep them occupied during the time they were not needed to drive the buses. For example, they removed vegetation from near school bus shelters, served as security guards at school bus substations, and warmed up school buses (see Appendix 3). For the pay period reviewed, the drivers were paid about \$70,000 for about 7,000 hours of these types of work assignments.

We discussed the possibility of using split shifts and/or part-time drivers to reduce overtime and personnel costs with the Acting Superintendent of the Bus Operations Division, who stated that he did not want to use these alternative methods because the bus

²In some instances, the daily time records showed that the drivers were assigned to transport students to attend Head Start Program or Dental Program activities or school field trips between 8:00 a.m. and 1:30 p.m. Therefore, our estimate of idle time excludes the time that bus drivers were assigned to transport students to these activities.

drivers were needed in case the schools had to close early because of an emergency. Further, the Acting Superintendent said that the Division's bus drivers needed to be full-time employees in order for them to be paid "adequate wages. "

We disagree with the Acting Superintendent's rationale for not using split shifts and/or part-time drivers to reduce overtime and personnel costs. In our opinion, the costs associated with having full-time bus drivers available only to respond to emergencies is not an effective use of the Division's resources. In addition, if the Division employed bus drivers on a split shift and/or part-time basis, we believe that the Division would have sufficient lead time to contact and dispatch bus drivers to transport students to their homes when an emergency, such as an approaching typhoon, occurs. Regarding the amount of wages paid to bus drivers, we do not believe that bus drivers should be full-time employees so that they can be provided "adequate wages. " In that regard, the Department of Public Works needs to perform a study of the Division's operations to identify methods to minimize overtime and personnel costs. In addition, the Department may wish to consider developing a contingency plan to transport students to their homes in those instances when the schools must close early.

Recommendation

We recommend that the Governor of Guam require the Director, Department of Public Works, to perform an operational study of the Bus Operations Division so that methods such as the use of split shifts, part-time bus drivers, or other practical alternatives can be identified and used to minimize overtime and other personnel costs. Based on the results of this study, an alternative work schedule should be implemented.

Governor of Guam Response and Office of Inspector General Reply

The Governor of Guam did not provide a response to the draft report. Therefore, the recommendation is considered unresolved (see Appendix 4).

B. BUS CHARTER REVENUES

The Bus Operations Division spent bus charter revenues without an appropriation, did not adequately control bus charter revenues, and did not periodically adjust bus charter rates to ensure that bus charter costs were recovered. These conditions occurred because the Division: (1) was not aware that, based on the Guam Code Annotated, an appropriation from the Guam Legislature was needed before bus charter revenues could be spent; (2) did not have sufficient administrative staff to establish adequate controls over bus charter fee billings and collections; and (3) had not developed and implemented written procedures to require periodic studies of bus operations costs to serve as a basis for determining bus charter rates. As a result, the Division improperly expended bus charter revenues of \$187,519 and could not be assured that all bus charter fees were properly billed, collected, and deposited during fiscal years 1995 and 1996. In addition, we estimated that the Division's bus charter costs exceeded collections by at least \$490,000 during fiscal years 1994, 1995, and 1996.

Bus Charter Revenue Controls

Before July 31, 1995, the Bus Operations Division deposited bus charter collections into the Government of Guam's General Fund. However, in a June 8, 1995, memorandum, the Director of the Department of Public Works requested the Director of the Department of Administration to establish a revenue account for school bus charter collections. The request stated:

The revenue account shall be used to fund expenditures not otherwise provided for under the normal appropriations accounts of the Bus Operations Division but which shall be restricted to appropriate personnel and operating expenditures applicable to the Division's requirements or directly to the activity from which the revenue was generated.

In addition, the request stated, "To initiate the account, a check in the amount of \$52,000 is enclosed and to be appropriated as follows: \$12,000 for contractual services, \$35,000 for supplies and materials, and \$5,000 for equipment." Accordingly, on July 31, 1995, the revenue account was established by the Department of Administration. During fiscal years 1995 (July 31 through September 30, 1995) and 1996, the Division deposited bus charter revenues of \$173,266³ and \$214,238, respectively, into the revenue account and expended \$11,754 and \$175,765, respectively, from the revenue account (see Appendix 2).

None of the officials we interviewed at the Division, the Department of Administration, and the Bureau of Budget and Management Research were aware of any appropriation for

³Bus charter revenues during fiscal year 1995 totaled \$201,406. Of this amount, \$173,266 was deposited into the revenue account during the period of July 31 through September 30, 1995. The remaining \$28,140 was deposited into a Bus Operations Division appropriation account.

bus charter revenues. Further, based on our review of the appropriations laws for fiscal years 1995 and 1996, we found no evidence in the appropriations that the Division was authorized to expend bus charter revenues. In our opinion, the Division's use of bus charter revenues violated Title 5, Guam Code Annotated, Section 22401(a), "Illegal Expenditures, " which states:

No officer or employee of the Government of Guam, including the Governor of Guam, shall: . . . (2) Commence, continue, or proceed with any operational activity, construction, improvement, contract, or obligation without an appropriation or fund for the payment thereof; or after any such appropriation or fund is exhausted.

In addition, Section 22401(a)(6)(1) defines "appropriation" as "the funds allocated by the Legislature which directs how the amount, manner and purpose of the funds are to be used. " Finally, Section 22401(c) states that if the individuals cited in the section spend money without an appropriation, they will be "subjected to appropriate disciplinary action . . . including removal . . ." and "be guilty of a misdemeanor. " Consequently, the Division should discontinue the practice of spending bus charter revenues without an appropriation from the Guam Legislature.

During our audit, we also noted that improvements were needed in the Division's controls over bus charter billings and collections. Specifically, the Division did not maintain adequate separation of duties between the bus charter billing and collection functions; did not establish and maintain a receivable account for bus charter billings; and did not reconcile bus charter billings, collections, and deposits with the official accounting records maintained by the Department of Administration. The Division Acting Superintendent stated that these controls deficiencies occurred because he did not have sufficient administrative staff to implement the controls.

We believe that the Division needs to develop and implement written procedures to ensure that all bus charter fees are billed, collected, and deposited and that bus charter revenues are safeguarded from misappropriation. In addition, these procedures should address: (1) establishing and maintaining adequate separation of duties between personnel responsible for issuing bus charter bills and personnel responsible for collecting bus charter fees; (2) establishing and using a receivable account to ensure that bus charter customers are billed; and (3) reconciling, on a periodic basis, bus charter billings, collections, and deposits with the Department of Administration's accounting records to ensure that bus charter revenues are adequately protected. In addition, if sufficient staff are not available within the Bus Operations Division, the Acting Superintendent should consider requesting that the Director of the Department of Public Works transfer the billing, collecting, depositing, and reconciling functions to the Fiscal and Supply Section of the Department's Administrative Services Division.

Bus Charter Rates

Executive Order 87-39, issued by the Governor of Guam on December 28, 1987, authorizes the Department of Public Works to provide transportation to various groups when public or commercial transportation is not available, provided that the Government is reimbursed "at a rate comparable to prevailing commercial rates for bus rental. "

We found, in the Administrative Officer's files, a Department of Administration analysis that was prepared in 1994 to support the bus charter rates of \$21 for school hours and \$30 for nonschool hours. However, we determined that the analysis did not include all Bus Operations Division labor costs, any bus fuel costs, applicable Transportation Maintenance Division labor costs, and an allocated portion of the Departmental overhead costs.⁴ Although we attempted to determine these expenditure amounts, expenditure data either were incomplete or were not readily available. Therefore, we were unable to determine all of the exact costs associated with operating the school buses. However, based on the expenditure data that we did obtain, we estimated that the hourly bus charter rates for fiscal years 1994, 1995, and 1996 should have been at least \$53, \$49, and \$48, respectively, for charters during school hours and \$59, \$56, and \$55, respectively, for charters after school hours. Based on our analysis of bus charter rates, we estimated that the Division's costs exceeded bus charter collections by at least \$210,000, \$170,000, and \$110,000, for fiscal years 1994, 1995, and 1996, respectively, for a total of \$490,000.

Recommendations

We recommend that the Governor of Guam require the Director, Department of Public Works, to:

1. Discontinue the practice of spending bus charter revenues without an appropriation from the Guam Legislature.
2. Develop and implement written procedures to ensure that adequate separation of duties is maintained between the personnel responsible for issuing bus charter fee bills and the personnel responsible for collecting bus charter fees.
3. Develop and implement written procedures to ensure that a receivable account is established and used for bus charter billings and that bus charter billings, collections, and deposits are reconciled on a periodic basis with the Department of Administration's accounting records.
4. Ensure that there is sufficient administrative staff to implement the Division's controls over bus charter billings and collections.

⁴The Bureau of Budget and Management Research, Government of Guam, said that the Department's overhead costs for fiscal year 1994 totaled \$1.9 million. However, the actual overhead costs for fiscal years 1995 and 1996 were not available during the audit.

5. Develop and implement written procedures that require the Bus Operations Division to perform annual analyses of all school bus operational costs, including overhead and maintenance costs, to serve as a basis for establishing new bus charter rates. When completed, the Division should use the newly established bus charter rates when billing customers for bus charter services.

Governor of Guam Response and Office of Inspector General Reply

The Governor of Guam did not provide a response to the draft report. Therefore, the recommendations are considered unresolved (see Appendix 4).

OTHER MATTERS

In 1995, the Governor of Guam prepared a “Vision 2001” statement, which stated:

[M]any of the systems currently in place to manage our resources and delivery systems are antiquated and not properly organized. . . . [W]e have a separate transportation system for the elderly, a separate system for the general public, a separate system for persons with disabilities, a separate system for school children, a separate system for school children with disabilities, and a huge network of cars, trucks, vans, and heavy vehicles parceled out to the over 50 agencies that make up GovGuam. . . . This is no way to run a railroad or a transportation system and this, too, has to change.

The Director of Policy, Development and Operations, Office of the Governor, in commenting on the Governor’s strategy for implementing Vision 2001 issues relating to public transportation, said that the public transit systems should be consolidated. However, the Director stated that before any action to consolidate the public transit systems could be taken, issues such as sources of capital funding, impact on Government employees, and proper drafting and monitoring of any contracts awarded to firms supporting transportation services should be addressed. Also, the Guam Mass Transit Authority’s Director, at a Guam Legislature oversight hearing in June 1996, presented the Transit Authority’s short- and long-term goals for a public transportation system in Guam, which included: (1) the consolidation of public and paratransit operations and maintenance functions; (2) plans for and development of a consolidated transportation system; and (3) eventual consolidation of the six public transportation systems.⁵ The Director said that he estimated that by consolidating the six separate public transportation systems, annual savings of \$9 million would be realized by making better use of some bus drivers who are working only about 4 hours and getting paid for 9 hours each day. In addition, the Director stated that the savings would occur through more efficient use of administrative, dispatcher, and mechanic personnel and through the elimination of duplicate personnel services. Finally, the Director said that, although problems with consolidation, such as government drivers losing their jobs, would occur, he believed that these problems could be resolved by requiring contractors to offer employment to government drivers.

Because of the inefficiencies we identified during our audit, we agree with the consolidated transportation system concept proposed by the Governor and the Transit Authority’s Director. Therefore, in order to contain personnel costs and provide for a more efficient public transportation system, we believe that the Governor should consider initiating a plan to implement operational alternatives for school bus operations, such as merging operations with the Guam Mass Transit Authority.

⁵The six public transportation systems are of the Guam Mass Transit Authority, the Department of Public Works School Bus Operations, SPIMA (“Servicio Para I Man-Amko,” which is “transportation services for the elderly”), the Department of Education’s Special Education, and Guma Mami and Paratransit (both provide transportation services for handicapped individuals).

CLASSIFICATION OF MONETARY AMOUNTS

<u>Finding Areas</u>	<u>Funds To Be Put To Better Use*</u>	<u>Lost Revenues*</u>
A. Personnel Expenditures		
Overtime Costs	\$2,774,147	
Personnel Costs	132,368	
B. Bus Charter Revenues		
Bus Charter Revenue Controls	187,519	
Bus Charter Rates	_____	<u>\$490,000</u>
Totals	<u>\$3,094,034</u>	<u>\$490,000**</u>

*Amounts represent local funds.

**See Appendix 2.

**SUMMARY OF FUNDING, EXPENDITURES, FUNDS
TO BE PUT TO BETTER USE, AND LOST REVENUES FOR
FISCAL YEARS 1994, 1995, AND 1996**

<u>Funding Source</u>	<u>Total Funding</u>	<u>Total Expenditures/ Encumbrances</u>	<u>Total Expenditures Audited</u>	<u>Total Revenues Audited</u>	<u>Funds To Be Put To Better Use</u>	<u>Lost Revenues</u>
Fiscal Year 1994						
Local Funding:						
Appropriations	\$9,031,702	\$8,873,393	\$8,472,915		\$1,079,384	
Bus Charter Revenues*	<u>122,293</u>	<u>0</u>	<u>0</u>	\$122,293	<u>0</u>	\$210,000
Subtotals - FY94	<u>\$9,153,995</u>	<u>\$8,873,393</u>	<u>\$8,472,915</u>	<u>\$122,293</u>	<u>\$1,079,384</u>	<u>\$210,000</u>
Fiscal Year 1995						
Local Funding:						
Appropriations	\$9,874,074	\$9,470,390	\$7,862,725		\$904,553	
Bus Charter Revenues*	<u>201,406</u>	<u>11,754</u>	<u>11,316</u>	\$201,406	<u>11,754</u>	\$170,000
Subtotals - FY95	<u>\$10,075,480</u>	<u>\$9,482,144</u>	<u>\$7,874,041</u>	<u>\$201,406</u>	<u>\$916,307</u>	<u>\$170,000</u>
Fiscal Year 1996						
Local Funding						
Appropriations	\$8,125,679	\$7,557,362	\$7,001,280		\$922,578	
Bus Charter Revenues	<u>214,238</u>	<u>175,765</u>	<u>11,697</u>	\$214,238	<u>175,765</u>	\$110,000
Subtotals - FY96	<u>\$8,339,917</u>	<u>\$7,733,127</u>	<u>\$7,012,977</u>	<u>\$214,238</u>	<u>\$1,098,343</u>	<u>\$110,000</u>
Grand Totals	<u>\$27,569,392</u>	<u>\$26,088,664</u>	<u>\$23,359,933</u>	<u>\$537,937</u>	<u>\$3,094,034</u>	<u>\$490,000</u>

*The total funding amounts for bus charter revenues are based on the total deposits shown in the official accounting records maintained by the Department of Administration. In addition, bus charter fee collections for the period of October 1, 1993, through July 30, 1995, were in addition to appropriations and were deposited into a General Fund account. Because these revenues were commingled in the General Fund, we were unable to identify through the official accounting records the total expenditures made during this period.

**SUMMARY OF WORK ASSIGNED TO SCHOOL BUS DRIVERS
FOR THE BIWEEKLY PAY PERIOD ENDING AUGUST 3, 1996**

<u>Work Assignment</u>	<u>Non-Job-Related Work Days Charged</u>	<u>Job-Related Work Days Charged</u>	<u>Total Days Charged</u>
Unidentified	235		235
Security at Bus Substations	213*		213
Shelter Maintenance	100**		100
Warming Up Buses	92***		92
School Field Trips	20***	127	147
Stand By****	13		13
Driving Buses	7***	186	193
Cleaning Buses/Substations		16	16
Training		9	9
Assigned to Central Office		2	2
Totals	<u>680</u>	<u>340</u>	<u>1,020</u>

*Drivers provided security at three substations for 24 hours each day, 7 days per week. (Note: The Bus Operations Division did not provide any security for the substations during the school year.)

**Drivers removed vegetation around bus shelters and cleaned bus shelters.

***Division officials were unable to provide documentation to adequately support these work assignments.

****This work assignment designation was used only during the summer and only by drivers at two of the eight bus substations. According to the Acting Superintendent, the drivers who warmed up buses assisted other drivers, if needed, for field trips.

STATUS OF AUDIT REPORT RECOMMENDATIONS

Finding/Recommendation Reference	Status	Action Required
A. 1 and B.1-B.5	Unresolved.	Provide a response to each recommendation indicating concurrence or nonconcurrence. If concurrence is indicated, provide an action plan that identifies the target date and the title of the official responsible for implementation. If nonconcurrence is indicated, provide specific reasons for the nonconcurrence.

**ILLEGAL OR WASTEFUL ACTIVITIES
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