



## Los Angeles Unified School District Office of the Inspector General

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*Inspector General*

September 30, 2025

Mr. Matthew Friedman, Chief Procurement Officer  
Procurement Services Division  
Los Angeles Unified School District  
333 S. Beaudry Avenue, 28th Floor  
Los Angeles, CA 90017

RE: Audit of Zum Services, Inc. – Contract No. 4400010187

Dear Mr. Friedman:

Enclosed is the final report on the audit of Contract No. 4400010187 awarded to Zum Services, Inc.

Please contact our office if you have any questions.

Sincerely,

*Mark H. Pearson*  
Digitally signed by Mark H. Pearson  
DN: cn=Mark H. Pearson, o=ou,  
email=mark.pearson1@lausd.net, c=US  
Date: 2025.09.29 11:22:34 -07'00'

Mark H. Pearson, CPA, CFE, CIGA  
Assistant Inspector General, Audits

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Sue Stengel, Esq., CIG  
Inspector General

c. Jorge Ballardo, Cheri Thomas, Ivory King, Dana Greer, Lisette Pacheco, Daniel Kang,  
Elizabeth Li

Attachment

333 South Beaudry Avenue, 12<sup>th</sup> Floor, Los Angeles, California 90017  
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**Los Angeles Unified School District  
Office of the Inspector General**

**Incurred Cost Audit  
Zum Services, Inc.  
Contract No. 4400010187**



**CA 25-1463  
September 30, 2025**

**Sue Stengel  
Inspector General**





**Los Angeles Unified School District**  
**Incurred Costs and Compliance Examination Report**  
**Zum Services, Inc.**  
**Contract 4400010187**  
***For the Period from July 1, 2022 to June 30, 2024***  
***With Independent Accountant's Report***

**Los Angeles Unified School District**  
**Incurred Costs and Compliance Examination Report**  
**Zum Services, Inc.**  
**Contract 4400010187**  
**For the Period from July 1, 2022 to June 30, 2024**  
***With Independent Accountant's Report***

**Los Angeles Unified School District  
Incurred Costs and Compliance Examination Report  
Under Contract 4400010187 with Zum Services, Inc.  
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## **INTRODUCTION**

The demand for transportation services exceeds the Los Angeles Unified School District's (LAUSD or the District) resources to provide school bus transportation for all eligible students. Awarding school bus transportation services contracts is critical to ensure that the District has sufficient service capacity to support its goal of 100 percent attendance for the 2022-23 school year and beyond.

On June 21, 2022, the Board of Education awarded nine contracts with an aggregate value of \$160,740,400 to Zum Services, Inc. (Zum) to provide pupil transportation services to the District. Contract No. 44000101871<sup>1</sup> (Contract) was one of the nine contracts awarded to Zum, with a value of \$25,100,808 and a two-year term from July 1, 2022 to June 30, 2024. The scope of the Contract was for Zum to provide 25 variable minimum passenger capacity size school buses and drivers to transport District pupils, parents, and personnel at such times and places (e.g., home-to-school, various District pupils, and to/from various locations within and outside the District) as directed and/or requested by the District, in accordance with all Contract terms and conditions.

The Office of the Inspector General (OIG) audited the Contract to monitor Zum's compliance with the standards and deliverables outlined within the Contract.

## **SCOPE AND OBJECTIVES**

As part of its oversight function, the District OIG has engaged Vasquez & Company, LLP (Vasquez) to perform an examination engagement with the following objectives:

- Determine whether (i) the amounts billed were allowable, reasonable, and adequately supported in accordance with the terms and conditions of the Contract; (ii) Zum provided the required transportation services as stipulated in the Contract; and, (iii) Zum complied with the fingerprinting and background check requirements outlined in the Contract.
- Conduct the examination in accordance the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in the "Requirements for the Company's Cost Incurred Examination Engagement" by the District.

<sup>1</sup> Contract 4400010187, <[https://www.lausd.org/cms/lib/CA01000043/Centricity/domain/184/audit\\_files/contract\\_4400010187\\_-\\_ifb\\_2000002362\\_-\\_zum\\_services\\_inc.pdf](https://www.lausd.org/cms/lib/CA01000043/Centricity/domain/184/audit_files/contract_4400010187_-_ifb_2000002362_-_zum_services_inc.pdf)>



## **SCOPE AND OBJECTIVES (CONTINUED)**

- Provide the OIG with a report addressing the examination conducted and any findings and recommendations to Zum and the District.

The scope of the examination covered invoices that were submitted by Zum and paid by the District from July 1, 2022 through June 30, 2024.

## **METHODOLOGY**

To accomplish our examination objectives, we performed the following procedures:

- Inquired with Zum's staff and management to obtain an understanding of Zum's controls and procedures over its timekeeping and billing process.
- Obtained the detailed invoice records for the 5 months selected for testing.
- Recalculated actual time charges based on the Daily Bus Report (DBR) completed by the drivers and compared them with the time charges reported in the Invoice Detail Workbook.
- Reviewed proper classification of regular hours and excess hours and use of the correct billing rates as provided in the Contract.
- Compared and recalculated the number of hours, number of bus days and use of hourly rates reported in the invoice with those reported in the Invoice Detail Workbook and the Contract.
- Reviewed documentation submitted to the Transportation Service Manager at LAUSD (such as the special driver certificate, driver's license, first aid card, and medical examiner's certificate) for compliance with the driver qualification requirements.

## **RESULTS OF THE EXAMINATION**

### **1. Timekeeping and Billing**

#### **Background**

Bus routes are assigned to drivers before the start of the school year. Routes are assigned to Contract (Zum) drivers after the District-employed drivers have selected their routes from the entire pool of routes. The District provides dispatch with the route sheet at the beginning of the school year. Routes are tracked via a GPS system. The GPS tracks the bus during travel, noting time and location. A GPS travel summary is reviewed together with the Daily Bus Report (DBR).



## **RESULTS OF THE EXAMINATION (CONTINUED)**

Drivers are to complete a DBR for all regular school routes. These DBRs must be submitted at the end of each workday. The Billing Administrator collects and reviews the DBRs on the following day. From August 2022 to October 2022, the Billing Administrator manually summarized DBR information into an Excel spreadsheet. In October 2022, Zum initiated a pilot program with about 15 drivers using Optical Character Recognition (OCR) software to summarize DBR information in an Excel spreadsheet. Starting November 2022, the OCR software became the standard method for DBR submission, thereby eliminating the manual entry by the Billing Administrator. The Billing Administrator continues to review the OCR-generated Excel spreadsheet for accuracy and potential errors.

### **Finding**

We selected and tested five (5) months' worth of invoices. During our test, we noted several instances of under and over-reporting of time charges when comparing the time charges in the detail workbook supporting the invoices against the corresponding DBRs. The error rate in the August 2022 invoice was 24% (based on the number of DBRs tested) and went down to 7%-8% in the subsequent months that we tested. These errors were not discovered during the review by the Zum and LAUSD personnel. The table below provides a summary of the DBRs tested and their corresponding error rates.

Invoice Month	No. of DBRs Tested	No. of DBRs With Errors	Error Rate
August 2022	422	100	24%
February 2023	908	68	7%
May 2023	1,028	78	8%
September 2023	767	61	8%
May 2024	800	54	7%
Total	3,925	361	
Average			9%

The higher error rate for August 2022 was due to the manual summarization of the timekeeping data by the Billing Administrator in the Excel spreadsheet. These errors were largely addressed by the automation of timekeeping summarization, but some errors remained.

### **Recommendation**

We recommend that Zum improve its invoice preparation process to ensure accurate and transparent billing by taking the following steps: (1) perform a comprehensive reconciliation between the automated DBR summary spreadsheet and the original DBRs prior to invoice preparation, ensuring that any discrepancies are identified and resolved in a timely manner; and (2) maintain and continuously improve the automation process used to extract and summarize DBR information, with ongoing monitoring to ensure the accuracy and reliability of the data, thereby minimizing the occurrence of discrepancies.





## **RESULTS OF THE EXAMINATION (CONTINUED)**

We also recommend that LAUSD verify all submitted invoices against supporting documentation, including GPS travel summaries, DBRs, the automated DBR summary spreadsheet, and any other relevant documents, to confirm the billed hours and days. Additionally, LAUSD should ensure that authorized rates are correctly applied based on the specific type of transportation services provided and the classification of billable hours, to ensure accurate and appropriate payment.

### **Response from Zum Services, Inc. (Zum)**

Zum has enhanced its error-monitoring process by increasing the frequency of reviews and addressing discrepancies promptly. It is committed to ongoing enhancements of its optical character recognition (OCR) software to further improve the accuracy of scanned data. Please refer to Attachment I for the written response from Zum.

### **Response from LAUSD's Transportation Services Branch (TSB)**

TSB agreed with the findings and recommendations. It is in the process of modernizing systems. An on-board tablet will be installed and utilized. The new system will enable an electronic payroll process, which will eliminate the need for manual review and processing. This will result in higher accuracy of data and payments and decrease processing time. Please refer to Attachment II for the written response from TSB.

## **2. Fingerprinting and Background Check of Bus Drivers**

### **Background**

Zum has established a structured pre-employment screening process for both certified and non-certified school bus drivers. The process is designed to ensure that all drivers meet applicable federal, state, and district-level safety and compliance requirements prior to transporting students.

**Certified Drivers:** Applicants with a valid Commercial Driver's License (CDL) and required endorsements undergo a screening process that includes a Motor Vehicle Report (MVR), background check (including Federal Motor Carrier Safety Administration Pre-Employment Screening Program (FMCSAPSP) and Commercial Driver's License Information System (CDLIS)), Department of Transportation (DOT) drug testing, occupational health physical (if applicable), and Livescan/fingerprinting based on District requirements. Only upon satisfactory completion of these checks are candidates onboarded.

**Non-Certified Drivers:** Applicants without a CDL begin with MVR and physical exams, followed by CDL permit acquisition. Once a contingent offer is signed, they undergo the same background and fingerprinting checks as certified drivers. Upon successful completion, they proceed to behind-the-wheel (BTW) training and are transitioned into the driver role upon licensure.

**Post-Employment Monitoring:** Zum maintains ongoing compliance through DMV electronic pull notices, adherence to the DOT Drug and Alcohol Program adherence, and internal tracking of license and medical certification renewals.



## **RESULTS OF THE EXAMINATION (CONTINUED)**

### **Finding**

To determine the enforcement of the pre-employment screening process by Zum, we obtained the personnel files of 25 drivers to review the submission of the required employment documents, such as the following:

- Special driver certificate for school bus
- Driver's license
- First aid card
- Medical examiner's certificate

The District's Transportation Services Division (TSD) does not request or maintain copies of fingerprinting or background check documentation for the Zum-employed school bus drivers because when the bus drivers apply for a special license to operate a school bus, the California Highway Patrol (CHP) requires the bus drivers to pass the fingerprinting and Department of Justice (DOJ) / Federal Bureau of Investigation (FBI) background check before the CHP issues the special driver certificate.

Standby bus drivers undergo the same pre-employment screening process as regular bus drivers, which includes fingerprinting and background checks prior to being certified and assigned to student transportation duties.

Based on our review of the bus driver's employment documents and information above, it is our opinion that Zum has the control procedures in place to ensure compliance and has complied with the fingerprinting and background check requirements outlined in the Contract.

### **EXAMINATION TEAM**

The following auditors performed this examination:

#### **Vasquez & Company**

Roger A. Martinez, Practice Leader

Isidro Conde, Audit Director

Melissa Ojeda, Audit Supervisor

Regine Enrile, Senior Auditor

Jhelyn Raquepo, Senior Auditor



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**Report on Incurred Costs and Compliance Under Contract No. 4400010187  
for the Period July 1, 2022 to June 30, 2024  
between Los Angeles Unified School District and Zum Services, Inc.  
as Required by the Office of the Inspector General**

**Independent Accountant's Report**

**Office of the Inspector General  
Los Angeles Unified School District**

We have examined Zum Services, Inc.'s (the Company) incurred costs and its compliance with the compliance requirements under Contract No. 4400010187 for the period July 1, 2022 to June 30, 2024 (the specified requirements). The Company's management is responsible for the Company's compliance with the specified requirements. Our responsibility is to express an opinion on the Company's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA); the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for the Company's Costs Incurred Examination Engagement" by the District.. Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the Company complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Company complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable assurance for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Company's compliance with the specific requirements.

Attestation standards established by the AICPA require that we request a written statement from the Company stating that the Company's compliance with the specified requirements that we examined has been complied with. We requested that the Company provide such a written statement but the Company refused to do so.



In our opinion, except for the possible effects of the matters described above, the Company complied, in all material respects, with the specified requirements referenced above during the period July 1, 2022 to June 30, 2024.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the Company's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the Company's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in the attached Results of the Examination.

#### **Intended Purpose**

The purpose of this examination report is solely to express an opinion on whether the Company complied, in all material respects with the specified requirements referenced above during the period July 1, 2022 to June 30, 2024. Accordingly, this report is not suitable for any other purpose.

#### **Restriction on Use**

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

**Glendale, California  
September 24, 2025**

## Attachment I - Response from Zum Services, Inc.



July 30, 2025

### ***Via Email***

Attn: Mark Pearson, CPA, CIGA  
Assistant Inspector General, Audits  
c/o Melissa Ojeda  
Los Angeles Unified School District  
Office of the Inspector General  
333 South Beaudry Avenue, 12<sup>th</sup> Floor  
Los Angeles, CA 90017  
[m\\_ojeda@vasquezcpa.com](mailto:m_ojeda@vasquezcpa.com)

### **RE: Zum Services, Inc. – Audit of Contract Number 4400010187**

Dear Mr. Pearson,

Thank you for providing the draft report (the “Draft Report”) on the audit of Zum Services, Inc. – Contract Number 4400010187 (the “Contract”) covering the period of July 1, 2022 to June 30, 2024. We appreciate the opportunity to review the findings and recommendations. Per your request, we are providing our response, including actions taken to address the identified issues.

#### **1. Time Keeping and Billing.**

Zum’s objective is to invoice timely and correctly and we have significant measures in place that address the recommendations set forth in the Draft Report.

*a. Conducting a thorough comparison of the automated summarized DBR spreadsheet with the DBRs and resolving any discrepancies before preparing the invoices.*

Zum has enhanced its error-monitoring process by increasing the frequency of reviews and addressing discrepancies promptly. We perform reconciliations nearly daily to ensure DBRs align with paper timecards, GPS data, and dispatch logs. Additionally, we conduct weekly preliminary data reviews to verify DBR accuracy. It is our practice to correct any errors on both digital and paper records to maintain consistency. We believe that these proactive measures, implemented prior to invoice preparation, significantly reduce error rates.

*b. Ensuring that the improvements made through the automation of retrieving DBR information are maintained or enhanced and continuously monitored for accuracy to reduce instances of discrepancies.*

Zum’s proprietary optical character recognition (OCR) software, as noted in the Draft Report, substantially reduces error rates over manual invoice processing. We are committed to ongoing enhancements to this software to further improve the accuracy of scanned data. These improvements are complemented by the enhanced monitoring procedures outlined above, which minimize discrepancies in invoicing.

#### **2. Fingerprinting and Background Check of Bus Drivers.**

We appreciate and agree with the Draft Report’s finding that Zum has good fingerprinting and background control procedures in place, and has complied with the requirements outlined in the Contract. Given the positive finding, no further actions are specifically planned at this time beyond maintaining our current robust policies and procedures.

Zūm Services, Inc.

275 Shoreline Dr. | Redwood City, CA 94065 | [www.ridezum.com/](http://www.ridezum.com/) | (206) 669 - 8451

## Attachment I - Response from Zum Services, Inc.

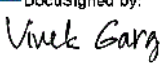
Attn: Mark Pearson, CPA, CIGA

July 30, 2025

Page 2

We are happy to meet to discuss these points further at your convenience.

Sincerely,

DocuSigned by:  
  
4CD287CDED3B429...

Vivek Garg  
Chief Operating Officer  
Zum Services, Inc.

cc: Mark Pearson ([mark.pearson@lausd.net](mailto:mark.pearson@lausd.net))  
Cid Conde ([c\\_conde@vasquezcpa.com](mailto:c_conde@vasquezcpa.com))  
Joanna Vuong ([joanna.vuong@lausd.net](mailto:joanna.vuong@lausd.net))

# Attachment II - Response from LAUSD's Transportation Services Branch

## LOS ANGELES UNIFIED SCHOOL DISTRICT

**ALBERTO M. CARVALHO**  
Superintendent of Schools

**PEDRO SALCIDO**  
Deputy Superintendent of Business  
Services and Operations

**ANDRES E. CHAIT**  
Chief of School Operations



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<https://www.lausd.org/transportation>

**DANIEL KANG**  
Director of Transportation

**DEBORAH DUARTE**  
Deputy Director

July 30, 2025

Mark Pearson, Assistant Inspector General, Audits  
333 South Beaudry Avenue, 12<sup>th</sup> Floor  
Los Angeles, CA 90017

RE: Zum Services, Inc. – Audit of Contract Number 4400010187

Dear Mr. Pearson,

The draft report on Zum Services, Inc. – Contract Number 4400010187 has been reviewed.  
Please see response to audit results.

1. Timekeeping and Billing

- i. I agree with the findings and recommendations provided by this audit. I would like to add clarification on “routes are allocated to (Zum) drivers before the start of the school year.” This is a factual statement however it is needed to add that routes are assigned to Contract drivers after District drivers have selected their routes from the entire pool of routes. The remaining routes are assigned to Contract drivers and not before.
- ii. We will meet with Zum and ensure there are improvements to the invoice preparation process outlined;
  - a. Conducting a thorough comparison of the automated summarized DBR spreadsheet with the DBRs and resolving any discrepancies before preparing the invoices
  - b. Ensuring that the improvements made through the automation of retrieving DBR information are maintained or enhanced and continuously monitored for accuracy to reduce instances of discrepancies.
  - c. LAUSD validate all submitted invoices by checking them against supporting documentation, including GPS travel summaries, DBRs, automated summarized DBR, and other relevant documents to confirm the billed hours and days.
  - d. LAUSD should ensure that the authorized rates are correctly applied based on the specific type of transportation services provided and

## Attachment II - Response from LAUSD's Transportation Services Branch

- classification of billable hours to ensure accurate and appropriate payment.
  - e. Lastly, Transportation Services Branch (TSB) is in process of modernizing systems. An on-board tablet will be installed and utilized. The new system will enable an electronic payroll process, which will eliminate the need for manual review and processing. This will result in higher accuracy of data and payments and decrease processing time.
  - iii. The target date for implementation of these actions is August 14, 2025 (start of School Year 2025-26).
2. Fingerprinting and background Check of Bus Drivers
- i. I agree with the findings and recommendations provided by this audit.
  - ii. No further action needed.
  - iii. Not applicable.

Please advise of any questions or concerns.



Daniel Kang  
Director of Transportation





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## OIG HOTLINE

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