

THOMAS P. DiNAPOLI
COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

STEVEN J. HANCOX
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

December 30, 2011

Dr. Kevin Drumm, President
Members of the Board of Trustees
Broome Community College
901 Upper Front St
Binghamton, NY 13905

Report Number: 2011M-171

Dear Dr. Drumm and Community College Officials:

One of the Office of the State Comptroller's primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. Our goals are to develop and promote short-term and long-term strategies to enable and encourage local government officials to reduce costs, improve service delivery, and account for and protect their entity's assets.

In accordance with these goals, we conducted an audit of Broome Community College (College). The objective of our audit was to compare the cost associated with maintaining a vehicle fleet to reimbursing employees for mileage travel using their own vehicles. Within the scope of this audit, we examined vehicle fleet costs of the College for the period September 1, 2009 to April 4, 2011. We expanded our scope back to November 18, 2003 to review fleet maintenance costs. We expanded our scope back to August 11, 2008 to review fuel purchased. We expanded our scope back to July 3, 2008 to review vehicle mileage records.

This report of examination letter contains our findings and recommendation specific to the Broome Community College. The College's response is attached to this report in Appendix A. College officials generally agreed with our recommendation and indicated they planned to initiate corrective action.

Summary of Findings

By continuing to maintain a vehicle fleet rather than reimbursing employees for mileage, the College is saving an average of 24 cents per mile per vehicle. This saves the College approximately \$17,000 per year, or \$141,046 over 100,000 vehicle miles. If the College chooses to maintain the vehicles for longer than 100,000 miles, it will realize even greater savings, as long as maintenance costs do not escalate.

Our analysis also revealed that the College can realize additional savings by discontinuing the use of some of the vehicles in its fleet. For the majority of the 2010 calendar year, no more than two vehicles were in use at one time.

Background and Methodology

Broome Community College is sponsored by Broome County, was founded in 1946, and is part of the State University of New York system. In 2010 the College had over 6,000 enrolled students and 400 faculty members. The College is governed by a Board of Trustees (Board) which comprises nine appointed members and a student trustee. The Board is responsible for the general management and control of the College's financial and educational affairs. The President of the College is the College's chief executive officer, and the acting Vice President for Administrative and Financial Affairs is the College's chief fiscal officer. The Controller is responsible for the daily operation of the Finance Department. The College's 2010-11 budgeted appropriations were approximately \$49.2 million.

The College maintains nine fleet vehicles for business use by employees. The employees use the vehicles for trips to seminars, student trips, mail delivery, and catering for the hotel and restaurant management students. The vehicles are scheduled and signed out by staff from the College's switchboard operator, and are maintained by the College's maintenance department.

To complete our objective, we interviewed College officials to gain an understanding of how employees request and use the vehicle fleet. We reviewed vehicle request forms for 2010 to determine the number of instances where a vehicle was requested. We reviewed fleet maintenance and fuel records from November 2008 to April 2011 and from August 2008 to April 2011 to determine a vehicle cost-per-mile for each and also reviewed odometer readings through December 2010 to determine average miles driven in a year per vehicle. We also reviewed vehicle purchase agreements to determine the cost of each vehicle and contacted third party vendors to get an average rate per day for rental vehicles of like models in the vehicle fleet to determine if renting vehicles would be cost effective. In addition, we analyzed the College's costs to own its fleet and compared those to the cost to rent and to reimburse staff in lieu of ownership.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Audit Results

College officials should consider the cost of owning and maintaining fleet vehicles over the life of those vehicles, and determine whether it is cost effective to keep the vehicles or establish some other means of providing employees with transportation, such as mileage reimbursement for use of their private vehicles. In addition, vehicles that are not specifically assigned and are not needed on a daily basis or sit idle for extended periods of time may not be cost-effective to keep.

The College maintains nine fleet vehicles for business use by employees, but only six of the vehicles were considered in our analysis because the College uses three vehicles for specific purposes and removing them would not be feasible. Of these six vehicles, two are minivans, two are mid-sized sedans, one is a compact hybrid vehicle, and one is a 15 passenger van. To request a vehicle, an employee must complete a travel form that includes the date of departure, the date of return, and the purpose of travel. When a fleet vehicle is not available, the College will reimburse employees for the use of their own vehicles based on the current Federal mileage reimbursement rates.

The College will save an average of 24 cents per mile over the cost of employee mileage reimbursement if they continue to maintain a vehicle fleet.¹ Based on the information provided to us, including 472 travel forms (instances of vehicles requested) for calendar year 2010, we determined the average cost per mile and total average cost per year for the six vehicles tested. We compared those figures to the cost associated with reimbursing employees at the current Federal reimbursement rate.²

We estimate that the College is paying approximately \$17,000 less per year or \$141,046 after 100,000 miles driven, by maintaining its current vehicle fleet rather than reimbursing employees for mileage. If the College chooses to maintain the vehicles longer than 100,000 miles, it will realize even greater savings, as long as maintenance costs do not escalate.³

Our analysis also revealed that the College can realize additional savings by discontinuing the use of some of the vehicles in its fleet. For the majority of the 2010 calendar year, no more than two vehicles were in use at one time. According to the College's records, there were no days where all six vehicles were obligated at one time.

We analyzed the daily use of these vehicles by type, and found that savings may be realized if three vehicles were removed from the College's fleet (a mid-sized sedan, a minivan, and the 15-passenger van), and the College rented these vehicles on the days that a second sedan or minivan was requested. The College's sedans were both used only 79 times during 2010 while the minivans were both used concurrently only 42 times. The cost to rent a second sedan and a second minivan from a local vehicle rental vendor for these occasions would have cost about \$3,600 and \$3,000, respectively. Together, these rentals would save approximately \$4,100 annually based on the fleet usage during 2010 or 20 percent of the average annual costs of these six vehicles.

Recommendation

1. College officials should analyze fleet costs periodically to ensure that maintaining their fleet continues to be the lowest cost option.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and

¹ This savings is based on 100,000 miles driven.

² As of July 1, 2011 the IRS mileage rate was 55.5 cents per mile.

³ Our analysis did not consider additional savings that would be realized when the vehicles are traded in or sold at the end of their useful lives.

forwarded to our office within 90 days, pursuant to Section 35 of the General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Council to make this plan available for public review in the Secretary to the Board's office.

If you have any further questions, please contact Todd Eames at (607) 721-8306.

Sincerely,

Steven J. Hancox
Deputy Comptroller
Office of the State Comptroller
Division of Local Government
and School Accountability

APPENDIX A

RESPONSE FROM COLLEGE OFFICIALS

The College's officials' response to this audit can be found on the following page.

December 21, 2011

H. Todd Eames
Chief Examiner
Division of Local Government
and School Accountability
Office of the New York State Comptroller
110 State Street
Albany, NY 12236

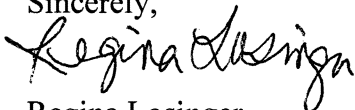
r.e. Response to draft audit of Broome Community College Fleet Vehicles

We are in agreement with the NYS Comptroller's fleet vehicle audit findings to retain our fleet of vehicles, but to downsize it by as many as three vehicles to gain additional savings beyond the current calculated \$17,000 annual savings compared with reimbursing employees for mileage.

In the coming months we will decide which vehicles to remove from the fleet and will send them to auction.

We appreciate you having done this audit – as state funding has been cut, it has become critically important to save money wherever possible in our operations. This is a good way to save money without negatively impacting our instructional quality or operations.

Sincerely,



Regina Losinger
Acting Vice President for Administrative and Financial Affairs
Broome Community College

Cc: Dr. Kevin Drumm, BCC President
Julie Peacock, BCC VPAA
Jeanette Tillotson, BCC Controller
Phil Testa, BCC Facilities Director
Barry Peterson, Assistant Director of Campus Operations