STATE OF WEST VIRGINIA

SPECIAL REPORT

OF

REPORTING OF VEHICLE USAGE BY STATE EMPLOYEES FOR COMMUTING PURPOSES UNDER TITLE 148, SERIES 3, DEPARTMENT OF ADMINISTRATION RULES

FOR THE PERIOD

JANUARY 1, 2002 – DECEMBER 31, 2002

OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0610

REPORTING OF VEHICLE USAGE

BY STATE EMPLOYEES FOR COMMUTING PURPOSES

UNDER TITLE 148, SERIES 3, DEPARTMENT OF ADMINISTRATION RULES

FOR THE PERIOD

JANUARY 1, 2002 - DECEMBER 31, 2002

REPORTING OF VEHICLE USAGE

BY STATE EMPLOYEES FOR COMMUTING PURPOSES

UNDER TITLE 148, SERIES 3, DEPARTMENT OF ADMINISTRATION RULES

TABLE OF CONTENTS

REPORTING OF VEHICLE USAGE

BY STATE EMPLOYEES FOR COMMUTING PURPOSES

UNDER TITLE 148, SERIES 3, DEPARTMENT OF ADMINISTRATION RULES

INTRODUCTION

Chapter 5A, Article 3, Section 48 of the West Virginia Code, as amended, states in part:

> "(a) The secretary of administration shall promulgate rules relating to the ownership, purchase, use, storage, maintenance and repair of all motor vehicles and aircraft owned by the state of West Virginia and in the possession of any department, institution or agency thereof: Provided, That the provisions of sections forty-eight through fifty-three, inclusive, of this article do not apply to the division of highways of the department of transportation, the West Virginia state police of the department of military affairs and public safety, the division of natural resources, the division of forestry, the department of agriculture, the higher education policy commission and the higher education governing boards and their institutions...."

By authority set forth in Chapter 5A, Article 3, Section 48 of the West Virginia Code, as amended, the West Virginia Department of Administration promulgated Title 148, Series 3 (State Owned Vehicles) establishing rules directing how State-owned vehicles can be used and setting the "commuting value" of State-owned vehicles in Title 148, Series 3, Section 9. Specifically, Section 9 of Title 148, Series 3 sets forth the rules for permissible uses of State vehicles and how the commuting value of using a State-owned vehicle is to be determined in accordance with Section 9.4 thereof. The provisions of Section 9.4.1 require the use of a monthly payroll deduction for employees who have primary use of a State-owned vehicle and use the vehicle for commuting purposes. Meanwhile, the provisions of Section 9.4.2 with respect to employees who are temporarily assigned a State-owned vehicles requires the completion of a

"Statement of Commuting Value" for each month in which the employee is assigned a State-owned vehicle which is used for commuting purposes.

The Joint Committee on Government and Finance:

The purpose of this study was to determine whether those State spending units who had employees who were assigned State-owned vehicles and were using those vehicles to commute to and from work were following the provisions of Title 148, Series 3 of the West Virginia Department of Administration's Legislative Rules and Regulations. Our first objective was to accumulate a comprehensive listing of those State spending units who leased vehicles through the Fleet Management Program of the Purchasing Division of the West Virginia Department of Administration (WVDOA). This information was made available to us by the WVDOA upon our request to them.

After identifying a total of 63 spending units who we believe would have vehicles covered by the provisions of Title 148, Series 3, we developed a pair of survey questionnaires which were sent to each spending unit. One questionnaire asked a series of questions concerning those vehicles which were used primarily by one employee while the other questionnaire contained a series of questions dealing with vehicles which were temporarily assigned to an employee. After the initial mailing of surveys on June 27, 2003, a second request was mailed on July 15, 2003 to the handful of spending units who did not respond to the initial request. As of August 22, 2003, all 63 spending units who were sent surveys had responded.

An analysis of the survey results shows 39 spending units did not have any vehicles primarily assigned to one individual during calendar year 2002, all vehicles used by these 39 spending units were assigned to a Motor Pool. Another 24 spending units who responded had vehicles during calendar year 2002 which were primarily assigned to one individual. Of these 24 spending units, only three spending units clearly indicated the commuting value related to use of State-owned vehicles was being determined and accounted for in accordance with Title 148, Series 3, Section 9.4.1. The evidence indicates one other spending unit had included the commuting value as a taxable fringe benefit which was reported on the respective employees' Form W-2 rather than making the required monthly payroll deduction or through the completion of the "Statement of Commuting Value" with accompanying reimbursement as called for under Title 148, Series 3, Sections 9.4.1 and 9.4.2. Another spending unit employing Legislative staff issues a Form 1099 to the affected employees within that spending unit; even though, the spending unit was leasing vehicles through the Fleet Management Program of the WVDOA and this spending unit is not required to follow the reporting provisions of Title 148, Series 3. It should be noted that the "Commuting Value' should be reported to each affected employee on a Form W-2, rather than a Form 1099 because such payments are a taxable fringe benefit which are subject to Social Security and Medicare taxes on the employee and matching payments by the employer.

Of the19 remaining spending units who indicated vehicles were primarily assigned to one individual, a total of 13 of these spending units told us that commuting by employees in the vehicle was not allowed and six other spending units indicated they were not following the provisions of Title 148, Series 3 during calendar year 2002 because employees were allowed to use their assigned vehicles to commute to and from work without making the monthly payroll deduction or completing the "Statement of Commuting Value" with accompanying reimbursement. With regard to temporary assignments of vehicles, only one spending unit, the West Virginia Department of Environmental Protection (WVDEP) indicated employees were assigned vehicles on a temporary basis and the WVDEP indicated they followed the requirements of Section 9.4.2 of Title 148, Series 3 by requiring the completion of the “Statement of Commuting Value”, along with reimbursement by the employee.

Next, we analyzed the costs and benefits of alternative approaches available to the WVDOA to accomplish the goal of determining and reporting the commuting value of vehicle usage as allowed by the Internal Revenue Code and the Internal Revenue Service rules and regulations. The current method, the “Reimbursement Method”, which is used by the WVDOA in Title 148, Series 3, is permissible. However, in the alternate, the commuting value of vehicle usage of State-owned vehicles by State employees can be reported as taxable income to the affected employees. This alternate approach, the “Taxable Income Method” has some additional costs to the State of West Virginia which are discussed in detail later in this report.

Lastly, Title 148, Series 3 of the West Virginia Department of Administration’s Legislative Rules was last updated on December 6, 1992. Since that time, the provisions of Chapter 5A, Article 3, Section 48 of the West Virginia Code have been amended by the passage of Chapter 99 by the 1995 Regular Session of the West Virginia Legislature. The provisions of the 1995 legislation expressly empowered the West Virginia Division of Natural Resources; West Virginia Division of Forestry; West Virginia Department of Agriculture; West Virginia Higher Education Policy Commission and the various institutions of Higher Education to purchase their own vehicles.

Sincerely,

Thedford L. Shanklin, CPA, Director
Legislative Post Audit Division

August 22, 2003
Auditor: Michael E. Sizemore, CPA, Supervisor

REPORTING OF VEHICLE USAGE

BY STATE EMPLOYEES FOR COMMUTING PURPOSES

UNDER TITLE 148, SERIES 3, DEPARTMENT OF ADMINISTRATION RULES

SUMMARY OF FINDINGS AND RECOMMENDATIONS

<u>REPORTING OF COMMUTING VALUE FOR VEHICLE USE UNDER TITLE 148, SERIES 3</u>

1. Our survey of 63 State spending units who had State-owned vehicles leased through the Fleet Management Program of the Purchasing Division of the West Virginia Department of Administration (WVDOA) found the following: **(1)** 39 of the 63 spending units responded and indicated they had no vehicles which were primarily assigned to one individual, these spending units had only vehicles assigned to a Motor Pool. (**2)** 24 of the 63 spending units who did respond indicated at least one vehicle in their spending unit was assigned primarily to one individual. Of these 24 spending units, the survey results indicate five spending units were calculating commuting value related to the use of State-owned vehicles. Three of these five spending units were explicitly following the requirements of Title 148, Series 3, Section 9.4.1. However, one other spending unit had included the commuting value as a taxable fringe benefit which was reported on the respective employees' Form W-2 and another spending unit employing Legislative staff issues a Form 1099 to the affected employees within that spending unit; even though, the spending unit was leasing vehicles through the Flee Management Program of the WVDOA and this spending unit is not required to follow the reporting provision of Title 148, Series 3. It should be noted that under the regulations of the Internal Revenue

Service, the “Commuting Value’ should be reported to each affected employee on a Form W-2, rather than a Form 1099 because such payments are a taxable fringe benefit which are subject to Social Security and Medicare taxes on the employee and matching payments by the employer; another 13 spending units who had vehicles assigned primarily to one individual indicated that use of the vehicles in question for commuting purposes was expressly prohibited by them and six other spending units indicated they were not following the provisions of Title 148, Series 3 during calendar year 2002 because employees were allowed to use their assigned vehicles to commute to and from work without making the required monthly deduction or completing the “Statement of Commuting Value” with accompanying reimbursement. The WVDOA needs to update Title 148, Series 3 of their Legislative Rules to make the scope of the rules consistent with the provisions of Chapter 5A, Article 3, Section 48 of the West Virginia Code, as amended.

Auditors’ Recommendation

We recommend the WVDOA update Title 148, Series 3 of their Legislative Rules to make them consistent with the provisions of Chapter 5A, Article 3, Section 48 of the West Virginia Code, as amended. Also, we recommend the WVDOA include language in the Lease Agreement for any vehicle leased through the Fleet Management Program which would require the spending unit leasing such vehicle to follow the requirements of Title 148, Series 3 of their Legislative Rules for reporting the “Commuting Value”, if any, related to the use of the vehicle.

Agency's Response

We will comply with the audit recommendation. (See pages 8 - 11.)

COST AND BENEFITS OF DIFFERENT APPROACHES

Currently, the WVDOA rules only allow employees to use the "Reimbursement Method" to account for the commuting value of State-owned vehicles by State employees meaning affected employees would have been required to reimburse as much as $636.00 in calendar year 2002. An alternative method, the "Taxable Income Method", allowed by the Internal Revenue Service has certain income tax advantages for affected employees which means the $636.00 commuting value would be added to each employees' Form W-2. The net cost to the State of West Virginia resulting from the use of the "Taxable Income Method" would be approximately $10.50 for each affected employee.

Auditors' Recommendation

We recommend the WVDOA consider amending Title 148, Series 3 to allow affected employees to use either the "Reimbursement Method" or the "Taxable Income Method" to recognize the commuting value of their use of assigned State vehicles.

Agency's Response

We will comply with the audit recommendation. (See pages 12 - 14.)

REPORTING OF VEHICLE USAGE

BY STATE EMPLOYEES FOR COMMUTING PURPOSES

UNDER TITLE 148, SERIES 3, DEPARTMENT OF ADMINISTRATION RULES

GENERAL REMARKS

REPORTING OF COMMUTING VALUE FOR VEHICLE USE UNDER TITLE 148, SERIES 3

We were assigned to review the degree of compliance with the provisions of Title 148, Series 3, Sections 9.4.1 and 9.4.2 of the West Virginia Department of Administration's (WVDOA) Legislative Rules by State agencies in accounting for the commuting value of the use of State-owned vehicles by State employees. The provisions of Title 148, Series 3, Sections 9.4.1 and 9.4.2 dealing with determining the commuting value of State-owned vehicles when used by State employees are consistent with the requirements of the Internal Revenue Code and the Internal Revenue Service rules and regulations. Under the WVDOA rules, the commuting value is either required to be paid for through a monthly payroll deduction by the affected employee or a "Statement of Commuting Value" along with payment is required to be filed by a State employee who is using an assigned vehicle for commuting to and from work.[1] Based on information made available to us by the Purchasing Division of the West Virginia Department of Administration's Fleet Management Program, we determined a total of 63 State spending units were leasing State vehicles. In order to determine whether the covered State spending units were complying with the requirements of Title

[1] **There are a few State employees not covered by the Commuting Rule, but are covered under the Control Employee Rule. See Fleet Management Office Rule 2.1. (Title 148, Series 3, Section 2.1) and IRS Publication 15B.**

148, Series 3 of the WVDOA rules, we developed a pair of survey questionnaires.

One questionnaire asked a series of questions concerning those vehicles which were used primarily by one employee while the other questionnaire contained a series of questions dealing with vehicles which were temporarily assigned to an employee. After the initial mailing of surveys on June 27, 2003, a second request was mailed on July 15, 2003 to the handful of spending units who did not respond to the initial request.

As of August 22, 2003, all 63 spending units who were sent surveys had responded as categorized in the following schedule:

SUMMARY OF SPENDING UNIT RESPONSES	**NUMBER OF SPENDING UNITS**
No Vehicles Primarily Assigned to One Employee (Motor Pool Only)	39
Some Vehicles Are Primarily Assigned to One Employee but Commuting is Not Allowed	13
Commuting is Allowed - Title 148, Series 3 Section 9.4.1 **is** Complied With.	3
Commuting is Allowed - "Commuting Value" Reported on Form W-2	1
Commuting is Allowed - "Commuting Value" Reported on Form 1099	1
Commuting is Allowed - But Title 148, Series 3, Section 9.4.1 **is not** Complied With.	6
	63

An analysis of the survey results shows 39 spending units did not have any vehicles primarily assigned to one individual during calendar year 2002, all vehicles used by these 39 spending units were assigned to a Motor Pool. Another 24 spending units who responded had vehicles during calendar year 2002 which were primarily assigned to one individual. Of these 24 spending units, only three spending units clearly indicated the provisions of Title 148, Series 3, Section 9.4.1 were being followed. The evidence indicates one other spending unit had included the commuting value as a taxable fringe benefit which was reported to the employee on the respective employees' Form W-2 rather than making the required monthly payroll deduction or through the completion of the "Statement of Commuting Value" with accompanying reimbursement as called for under Title 148, Series 3, Sections 9.4.1 and 9.4.2 while another spending unit employing Legislative staff issues a Form 1099 to the affected employees within that spending unit; even though, the spending unit was leasing vehicles through the Fleet Management Program of the WVDOA and this spending unit is not required to follow the reporting provisions of Title 148, Series 3. It should be noted that the "Commuting Value' should be reported to each affected employee under Internal Revenue Service regulations on a Form W-2, rather than a Form 1099 because such payments are a taxable fringe benefit which are subject to Social Security and Medicare taxes on the employee and matching payments by the employer.

Of the 19 remaining spending units who indicated vehicles were primarily assigned to one individual, a total of 13 of these spending units told us that commuting by employees in the vehicle was not allowed and six other spending units indicated they were not following the provisions of Title 148, Series 3 during calendar year 2002 because employees were allowed to use their assigned vehicles to commute to and from work without making the monthly payroll deduction or completing the "Statement of Commuting Value" with accompanying reimbursement. However, it should be noted that because the WVDOA has established formal rules regarding the use of State-owned vehicles and determining the commuting value related to those vehicles means the State of West Virginia has no liability for any tax consequences related to the use of these State-owned vehicles as long as the WVDOA and the State spending units covered by Title 148, Series 3 are practicing the necessary due diligence to ensure the requirements of Title 148, Series 3, Sections 9.4.1 and 9.4.2 are being followed. In regard to temporary assignments of vehicles, only one spending unit, the West Virginia Department of Environmental Protection (WVDEP) indicated employees were assigned vehicles on a temporary basis and the WVDEP indicated they followed the requirements of Section 9.4.2 of Title 148, Series 3 by requiring the completion of the "Statement of Commuting Value", along with reimbursement by the employee.

Lastly, Title 148, Series 3 of the West Virginia Department of Administration's Legislative Rules was last updated on December 6, 1992. Since that time, the provisions of Chapter 5A, Article 3, Section 48 of the West Virginia Code have been amended by the passage of Chapter 99 by the 1995 Regular Session of the West Virginia Legislature. The provisions of the 1995 legislation expressly empowered the West Virginia Division of Natural Resources; West Virginia Division of Forestry; West Virginia Department of Agriculture; West Virginia Higher Education Policy Commission and the various institutions of Higher Education to purchase their own vehicles. Accordingly, the WVDOA needs to update their Legislative Rules to make the scope of the rules consistent with the provisions of Chapter 5A, Article 3, Section 48 of the West Virginia Code, as amended.

We recommend the WVDOA update Title 148, Series 3 of their Legislative Rules to make them consistent with the provisions of Chapter 5A, Article 3, Section 48 of the West Virginia Code, as amended. Also, we recommend the WVDOA include language in the Lease

Agreement for any vehicle leased through the Fleet Management Program which would require the spending unit leasing such vehicle to follow the requirements of Title 148, Series 3 of their Legislative Rules for reporting the "Commuting Value", is any, related to the use of the vehicle.

Agency's Response

We agree to update Title 148, Series 3 of their legislative Rules to make them consistent with the provisions of Chapter 5A, Article 3, Section 48 of the West Virginia Code, as amended. We also agree to include language in the Lease Agreement for any vehicle leased through the Fleet Management Program which would require the spending unit leasing such vehicle to follow the requirements of Title 148, Series 3, of their Legislative Rules for reporting the "Communing Value", if any, related to the use of the vehicle.

COSTS AND BENEFITS OF DIFFERENT APPROACHES

As stated earlier, the current requirements of Title 148, Series 3 which calls for "reimbursement" by employees for the commuting value of vehicles assigned to them is a permissible approach under the United States Internal Revenue Code. Under Title 26 of the United States Code, the value of fringe benefits provided to an employee which are not specifically excluded from income by either the Internal Revenue Code or the Regulations of the Internal Revenue Service must be reported as part of gross income to the employee as stated in Section 61 of Title 26 which states in part,

> "(a) General definition
> Except as otherwise provided in this article, gross income means all income from whatever source derived, including (but not limited to) the following items:
>
> (1) Compensation for services, including fees, commissions, **fringe benefits**, and similar items;..." (**Emphasis added**)

One of the special valuation rules provided by the Internal Revenue Service to place a value on the use of vehicles by employees, other than control employees, for the purpose of commuting to and from work is known as the Commuting Rule. The Commuting Rule can be used by employers to account for the use of vehicles provided to employees under certain circumstances according to Publication 15-B of the Internal Revenue Service as set forth below:

> "... Commuting Rule
> Under this rule, you determine the value of a vehicle that you provide to an employee for commuting use by determining each one-way commute (that is, from home to work or from work to home) by $1.50. If more than one employee commutes in the vehicle, this value applies to each employee. **This amount must be included in the employee's wages or reimbursed by the employee**...." (**Emphasis added)**

Using the "Reimbursement Method" described above as currently called for in the WVDOA rules to account for the commuting value of State-owned vehicles by State employees means the affected employees would have been required to reimburse as much as $636.00 in calendar year 2002 for the commuting value of the vehicle. While there was no income tax reporting by State spending units using the WVDOA rules, certain administrative costs involved in monitoring usage of the State-owned vehicles for compliance with the provisions of Title 148, Series 3 and complying with the WVDOA rules in terms of setting up the monthly payroll deductions and collecting and processing reimbursement payments received from employees who elected to file the "Statement of Commuting Value" still existed.

An alternative approach which would recognize the Commuting Value as taxable income to the affected employees has certain income tax advantages for the employee while having only minor costs to the State spending units. Assuming the same conditions, the employee enjoyed the use of a State-owned vehicle for commuting purposes throughout calendar year 2002 and the employee’s effective State income tax rate was 6% and the employee and the employing State agency were required to pay Social Security and Medicare taxes totaling 7.65% each or a total of 15.30% on the affected employee’s income, the use of “Taxable Income Method” would mean the employee’s reported income would increase by $636.00 and the costs to the State of using the “Taxable Income Method” would involve the employing State agency paying the Social Security tax and Medicare tax matching share of 7.65% which would total $48.66 on $636.00 of income for each affected employee. However, this amount must be netted against the 6% income tax on $636.00 totaling $38.16 which would be due the State since the commuting value would be subject to West Virginia income taxes. Therefore, the net cost to the State of West Virginia for using this alternative approach based on the facts and circumstances in this example would be $10.50 for each affected employee.

We recommend the WVDOA consider amending Title 148, Series 3 to allow affected employees to use either the “Reimbursement Method” or the “Taxable Income Method to recognize the commuting value of their use of assigned State vehicles.

Agency’s Response

We agree to provide agencies the alternative approach to recognize commuting value as described in the report.

APPENDIX III

LEGISLATIVE POST AUDIT DIVISION

SURVEY QUESTIONNAIRE
VEHICLE USED PRIMARILY BY ONE EMPLOYEE

DEPARTMENT OF ADMINISTRATION - PROCEDURAL RULE
TITLE 148, SERIES 3, SECTIONS 9.3 and 9.4 (State-Owned Vehicles)

NAME OF SPENDING UNIT ____
CONTACT PERSON ____
TELEPHONE NUMBER ____

(1) How many employees of your spending unit had primary use of a State-Owned Vehicle during the calendar year ended December 31, 2002 as set out in Title 148, Series 3, Section 9.3? ____________

(1) How many of these employees authorized a monthly payroll deduction for the commuting value? ____________ How many of these employees completed a "Statement of Commuting Value"? ______________

(2) Do you have available the monthly "Statement of Commuting Value" for each employee submitted to you for the calendar year ended December 31, 2002 Yes ______ No_____

Please submit completed questionnaire by mail or fax as follows
by 4:30 p.m. Monday, July 7, 2003:

Thedford L. Shanklin, CPA, Director
Legislative Post Audit Division
Building 1, Room W-329
1900 Kanawha Blvd., East
Charleston, WV 25305-0610
Fax Number:(304) 347-4889

LEGISLATIVE POST AUDIT DIVISION

SURVEY QUESTIONNAIRE
<u>VEHICLE USED TEMPORARILY BY EMPLOYEE</u>

DEPARTMENT OF ADMINISTRATION - PROCEDURAL RULE
TITLE 148, SERIES 3, SECTIONS 9.3 and 9.4 (State-Owned Vehicles)

NAME OF SPENDING UNIT ____
CONTACT PERSON ____
TELEPHONE NUMBER ____

(1) How many employees of your spending unit had temporary assignment of a State-Owned Vehicle during the calendar year ended December 31, 2002 as set out in Title 148, Series 3, Section 9.4(b)? ____________

(2) How many of these employees completed the required "Statement of Commuting Value" and made the reimbursement to you? ______________

(3) Do you have available the monthly "Statement of Commuting Value" for each employee submitted to you for the calendar year ended December 31, 2002 Yes ______ No_____

Please submit completed questionnaire by mail or fax as follows
by 4:30 p.m. Monday, July 7, 2003:

Thedford L. Shanklin, CPA, Director
Legislative Post Audit Division
Building 1, Room W-329
1900 Kanawha Blvd., East
Charleston, WV 25305-0610
Fax Number:(304) 347-4889

LEGISLATIVE POST AUDIT DIVISION

SURVEY QUESTIONNAIRE - SUPPLEMENTAL
VEHICLE USED PRIMARILY BY ONE EMPLOYEE

DEPARTMENT OF ADMINISTRATION - PROCEDURAL RULE
TITLE 148, SERIES 3, SECTIONS 9.3 and 9.4 (State-Owned Vehicles)

NAME OF SPENDING UNIT ____
CONTACT PERSON ____
TELEPHONE NUMBER ____

Recently, you completed a Survey Questionnaire concerning your implementation of Title 148, Series 3, West Virginia Department of Administration - Procedural Rules for State-owned vehicles. In reviewing your responses to the questionnaire, we need additional information to evaluate your answers to Questions 1 through 3 of the original questionnaire. We have provided a copy of your answers to the original survey as a part of this fax transmission. Please provide us with a response to Question 4 below:

4. If your answer to Question 1 which asked how many employees had primary use of a State-owned vehicle during the calendar year 2002 was that at least 1 employee had such primary use, were the affected employees expressly prohibited from using the assigned vehicle for the purpose of commuting to and from work? Yes _________ No _________

5. If the answer to Question 4 was "No", were the affected employees using their assigned vehicle for the purpose of commuting to and from work during calendar year 2002? Yes _____ No ____

Please submit completed questionnaire by fax as follows:

Phone Number: (304) 347-4880
Fax Number: (304) 347-4889

LEGISLATIVE POST AUDIT DIVISION

SURVEY QUESTIONNAIRE - SUPPLEMENTAL
VEHICLE USED PRIMARILY BY ONE EMPLOYEE

DEPARTMENT OF ADMINISTRATION - PROCEDURAL RULE
TITLE 148, SERIES 3, SECTIONS 9.3 and 9.4 (State-Owned Vehicles)

NAME OF SPENDING UNIT ____
CONTACT PERSON ____
TELEPHONE NUMBER ____

Recently, you completed a Survey Questionnaire concerning your implementation of Title 148, Series 3, West Virginia Department of Administration - Procedural Rules for State-owned vehicles. In reviewing your responses to the questionnaire, we need additional information to evaluate your answers to Questions 1 through 3 of the original questionnaire. We have provided a copy of your answers to the original survey as a part of this fax transmission. Please provide us with a response to Question 4 below:

4. If your answer to Question 1 which asked how many employees had primary use of a State-owned vehicle during the calendar year 2002 was that at least 1 employee had such primary use, were the affected employees expressly prohibited from using the assigned vehicle for the purpose of commuting to and from work? Yes __________ No __________

5. If the answer to Question 4 was "No", were the affected employees, among the various uses made of the vehicle, using their assigned vehicle for the purpose of commuting to and from work during calendar year 2002?
Yes _____ No ____

Please submit completed questionnaire by fax as follows:

Phone Number: (304) 347-4880
Fax Number: (304) 347-4889

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Thedford L. Shanklin, CPA, Director of the Legislative Post Audit Division, do hereby certify that the Special Report appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said Special Report.

Given under my hand this 8TH day of December, 2003.

Thedford L Shanklin

Thedford L. Shanklin, CPA, Director
Legislative Post Audit Division

Copy forwarded to the Secretary the Department of Administration to be filed as a public record. Copies forwarded to the Governor; Attorney General; State Auditor; and, Director of Finance Division, Department of Administration.