

**ARKANSAS LEGISLATIVE AUDIT  
REPORT ON:  
DEPARTMENT OF EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2020**

**Finding:**

The Northwest Technical Institute (NWTI) assigns a vehicle to the President that can be used for commuting purposes between his home and office. Arkansas Code and Department of Finance and Administration (DFA) regulations require reimbursement to the State for all commuting and other personal use of state-owned vehicles at a rate of 42 cents per mile. Additionally, DFA and Internal Revenue Service (IRS) regulations require the value of commuting and other personal mileage be reported as taxable fringe benefits to the employees using the vehicle. DFA regulations also require usage logs for every mile driven in state-owned vehicles.

NWTI did not record or report the commuting taxable benefit, nor did it record, maintain usage logs for, or receive reimbursement for the miles driven between home and official work station for the assigned vehicle.

**Recommendation:**

We recommend the Agency comply with Arkansas Code, DFA regulations, and IRS regulations. The Agency should coordinate with DFA to value and report taxable fringe benefits and determine amounts to be reimbursed for commuting and other personal use of state-owned vehicles.

**Agency Response:**

Agency management sustains the audit finding. NWTI has updated their vehicle policy to include vehicle logs and maintenance, and commuting and personal mileage reimbursements. The new vehicle logs are located in each State vehicle and will track the date, time, beginning and ending mileage, fuel purchases in both cost and gallons, employee name, any vehicle concerns, and the destination. The Head of the Maintenance Department at NWTI will be responsible for maintaining and reviewing the logs on a regular basis at least twice a month. Commuting and personal mileage will be reported to the Business Office who will then issue an invoice for reimbursement. Reimbursement rates will be calculated following the regulations in the State of Arkansas Vehicle Use and Management Handbook and will be reported in accordance with these regulations. Personal mileage will be reimbursed at a rate of \$0.42 per mile. Commuting and other personal mileage will be reported as taxable fringe benefits at \$1.50 per one-way trip from the individual's residence to their official work station on their W-2 form.