

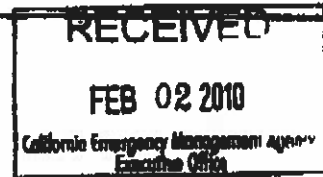


DEPARTMENT OF GENERAL SERVICES

Executive Office

707 Third Street • West Sacramento, CA 95605 • (916) 376-6000 • Fax (916) 376-6016 • www.dgs.ca.gov

January 27, 2010



Dear Agency Director,

The Department of General Services (DGS) has been informed by the State Controller's Office (SCO) that the Internal Revenue Service (IRS) will be conducting an audit regarding tax reporting associated with personal use of state owned or leased vehicles. Specifically, the SCO has requested that DGS assist the SCO by obtaining a list of all civil service and exempt employees from each department and agency that had State owned or leased vehicles assigned to them and/or home storage permits authorized during calendar year 2008. This list must include: 1) Employee Name; 2) Social Security Number; 3) Date Vehicle or Home Storage Permit was assigned that coincides with the 2008 calendar year.

The SCO is working closely with the Department of Personnel Administration to prepare for an eighteen month IRS audit. The IRS informed the SCO that it will issue summons for payroll records to review State employee tax reporting associated with the taxable event triggered by the use of an employer-provided vehicle for personal use. The IRS will begin reviewing the vehicle use data on February 9, 2010.

Please create a list of your department's civil service and exempt employees who had a State owned or leased vehicle assigned to them and/or a home storage permit during calendar year 2008. Because this list includes the employee's name and Social Security Number, it is considered confidential and must be faxed from your Human Resources office to the SCO's encrypted fax.

Please fax your department's list to the SCO no later than close of business on Monday, February 8, 2010, to the following address:

**Attention: Don Scheppmann
State Controllers Office
Personnel/Payroll Services Division
Encrypted Fax Number (916) 322-8137**

Additionally, until this audit is completed, all Monthly Travel Logs (Std. 273) for calendar year 2008 must be maintained by your department.

I thank you for your cooperation. Any questions about the requested list, the IRS audit or fax, should be directed to Don Scheppmann at (916) 324-8497.

Sincerely,

Ronald L. Diedrich
DGS Acting Director