



July 16, 2008

The attached Fleet Card Use Policy will help agencies strengthen procedures for using, managing and reconciling purchases made with the State Fleet Card. It is the result of extensive discussions by members of a multi-agency working group and has the support of the State Fleet Council. The policy and procedures, when implemented, will assist your agency in establishing the financial controls necessary for ensuring the appropriate expenditure of public funds and obtaining positive audit results.

The policy establishes:

- Permissible and prohibited Fleet Card purchases;
- A Fleet Card reconciliation process for each agency (a sample process is included in the policy);
- Card spending limits;
- Agency Fleet Card Program Administrators for each fuel card account;
- An exceptions process, outlined below, enabling agencies to modify the policy to meet unique agency needs;
- The retention of Fleet Card receipts in accordance with the agency's records retention schedule.

Agencies can adopt the standard policy, included as Attachment A in *Fleet Card Use Policy 1.0*, by signing and returning it to the Department of Administration Fleet Services Director.

Agencies can also modify the policy to fit their unique needs – for example, setting higher transaction limits – by submitting a request for exception (Attachment B) to Admin's Fleet Services Director. The Commissioner of Administration or the Commissioner's delegate must approve all exceptions, which are effective only for the immediate fiscal year.

Included with the Fleet Card Policy is the *Statewide Policy on Expenditures by State Employees and Authorized Users*, which is the foundation for the Fleet Card Use Policy as well as pending Purchasing Card and Emergency Use Card policies.

The Fleet Council and the Commissioner of Administration have set a goal of completing the Fleet Card Policy approval process within 90 days. Throughout the development of the Fleet Card Use Policy, the Council has been working closely with agency fleet personnel to assure an effective, positive result. Questions about the Fleet Card Use Policy can be directed to your agency's fleet manager, or you can contact me at 651/201-2511.

Sincerely,

Tim Morse, Chair
Minnesota Fleet Council
Director, Fleet and Surplus Services Division
Department of Administration

State of Minnesota Fleet Council
5420 Old Highway 8, Arden Hills, Minnesota 55112
Phone: 651/201-2511 Fax: 651/296-3911

Persons with a hearing or speech disability may contact us by calling Minnesota Relay at 711

Statewide Policy on Expenditures by State Employees and Authorized Users

The State of Minnesota provides a variety of procurement tools to state employees and other authorized users to carry out state business efficiently and effectively. These tools include purchasing cards, fleet fuel cards and emergency cards.

While each of these tools is designed for specific situations and is issued to different categories of authorized users, they are intended to be used solely and specifically for government business-related purposes.

This policy memorandum governs the use of state-provided procurement tools and technology.

Department Head Responsibility: Agency policies may further restrict the use of the procurement tools, but cannot authorize higher limits without written permission from the Department of Administration.

Employee and Authorized User Responsibility: State employees and other authorized users are responsible for appropriate use of all procurement tools, including purchasing cards, fleet cards and emergency cards. They are expected to adhere to the highest ethical standards when conducting state business and to follow the Code of Ethics, M.S.43A.38, subd. 4, and related state statutes. A list of applicable statutes follows this statement. For example:

Minn. Stat., Section 43A.38, Subd. 4 regulates "use of state property:"

- a. An employee shall not use or allow the use of state time, supplies, or state-owned or leased property and equipment for the employee's private interest or any other use not in the interest of the state, except as provided by law.
- b. An employee may use state time, property, or equipment to communicate electronically with other persons including, but not limited to, elected officials, the employer, or an exclusive bargaining representative under chapter 179A, provided this use, including the value of time spent, results in no incremental cost to the state or results in an incremental cost that is so small as to make accounting for it unreasonable or administratively impracticable.

Minn. Stat., section 43A.39, Subd. 2, provides consequences for "noncompliance" with Chapter 43A:

- a. Any employee who intentionally fails to comply with the provisions of Chapter 43A shall be subject to disciplinary action and action pursuant to Chapter 609.

Department of Administration Information Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users

Managers and supervisors are responsible for directing employees and authorized users on appropriate use of all state-provided procurement tools, including purchasing cards, fleet cards, and emergency cards through training, supervising, coaching and taking disciplinary action, when necessary.

Each agency is responsible for establishing internal policies regarding state-provided procurement tool use, and for communicating those policies to staff. Each agency will ensure that its responsible authorities know who may use each issued procurement tool and under what conditions they may use it.

Appropriate Use: State employees and authorized users are expected to ensure that purchases made using a state-issued procurement tool are appropriate and comply with the requirements associated with that particular tool. Users of all state-provided procurement tools, including purchasing cards, fleet cards and emergency cards, must be able to withstand public scrutiny without embarrassment to the agency or the State of Minnesota.

“Inappropriate uses” are those that are contrary to state laws, rules and policies. They include but are not limited to:

1. Purchasing items for personal use
2. Illegal activities
3. Non-authorized use (e.g., family member or friend) at work or away from work;
4. Use of the tool by a non-authorized user
5. Political activities, fund-raising, union-related activities
6. Uses that are in any way disruptive or harmful to the reputation or business of the state

Engaging in any of the above listed activities may subject an employee and other authorized users to discipline, up to and including discharge, where appropriate, and criminal and civil sanctions.

Monitoring: State-issued procurement tools such as purchasing cards, fleet cards and emergency cards are state property and authorize users to make purchases on behalf of the State of Minnesota. Like other State resources, they are intended to be used solely for state business and other agency-sanctioned activities. Accordingly, the state reserves and exercises its rights to monitor all procurement card usage. Therefore, employees and other authorized users are subject to the specific data, receipt and other information collection policies associated with the particular procurement tool that is in use.

Record Retention Schedules: Record retention schedules are the same regardless of the medium or tool used to create or store a procurement/purchasing record. As a result, receipts and other electronic reports of procurement tool usage are official records of the agency and must be retained in accordance with the agency's approved record retention schedule appropriate for the type, nature and content of the procurement tool and

Department of Administration Information Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users

associated record. Improper disposal may subject the employee and the agency to administrative or legal consequences. The same rules that are used to determine if a paper, microform or videotape record should be retained also apply to procurement tool receipts and electronic records.

This statewide policy was developed by the state's chief procurement officer, materials procurement manager, fleet manager, policy managers and state agencies under the auspices of the Departments of Administration and Finance. This policy will be updated and revised as needed. If you have questions, please contact your agency's procurement personnel or designated official in your agency.

Issued: July 15, 2008

Attachments: Fleet Card Use Policy 1.0
Purchasing Card Use Policy 2.0 - *pending*
Emergency Card Use Policy 3.0 - *pending*

Additional References:

Minn. Stat. section 15.43 – Acceptance of an Advantage
Minn. Stat. Chapters 16A, 16B, 16C – Departments of Administration & Finance; State Procurement
Minn. Stat. section 43A.38 -- Code of Ethics
Minn. Stat. sections 138.163 & 138.17 – Public Records Administration
Minn. Stat. section 609.43 -- Misconduct
Minn. Stat. section 609.456 – Reporting to State Auditor
Department of Finance Operating Policy and Procedure No. 3016.00 Credit Agreements
Departments of Administration and Finance Statewide Systems MAPS Reference
Guides Point of Entry (POE)

Fleet Card Use Policy 1.0

This Fleet Card Use Policy is to be read consistently with Statewide Policy on Expenditures by State Employees and Authorized Users, Administration Bulletin 08.03, and outlines use of the state Fleet Card by state employees and establishes requirements for Fleet Card program administration and oversight.

1.1 PURPOSE

The purpose of this policy is to ensure that state employees and other users authorized by the agency to conduct state business (hereinafter together referred to as 'authorized users') use the Fleet Card appropriately so that the state's fleet assets are operated and managed efficiently and cost-effectively.

1.2 POLICY

Agencies shall comply with this policy by adopting the standard Fleet Card policy found at **Attachment A**, or submitting one of their own to the Department of Administration, Fleet Services. An agency's policy shall align with this state policy and *Minn. Stat. § 16B.55, Use of State Vehicles; Compensation for Use of Personal Vehicles*. If an agency establishes its own policy, it may further restrict the use of the Fleet Card, but cannot authorize higher limits without written permission from the Department of Administration. Criteria for agency-developed policies are found at **1.8**, Fleet Card Program Administration.

The Fleet Card shall be used for certain fuel and non-fuel purchases. A state purchasing card should not be used for these purposes, except for certain emergencies defined in this policy.

1.3 POLICY SCOPE

Fleet Card Use Policy 1.0 applies to all state agencies subject to the procurement authority of the Commissioner of Administration and also extends to any and all vehicles leased from Fleet Services in the Department of Administration, regardless of that agency's independent procurement authority.

1.4 USE OF THE FLEET CARD

1.41 Fleet Card Assignment and Authorized Users. "Fleet Card assignment" means the assignment of a Fleet Card to a specific vehicle or, in some cases, to a specific location.

"Authorized users" are those individuals authorized to use a Fleet Card. If authorized users have questions about the use of the Fleet Card, their initial point of contact is their agency Fleet Card administrator.

An assigned Fleet Card is mandatory for every state on- and off-road vehicle to ensure complete, accurate accounting of vehicle operating expenses. Location-specific Fleet Cards have the same purpose – accurate accounting – and are issued for a specific location and are frequently used for specific vehicles (including rentals), boats, and work tools, such as

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

chain saws and lawn mowers.

Fleet Cards may not be used to purchase bulk fuel unless permitted by an agency-specific Fleet Card policy approved by the Department of Administration.

1.42 Convenience. The state Fleet Card is a convenient way of paying for fuel and incidental vehicle costs that allows the state to efficiently and cost-effectively manage fleet vehicle assets and purchases for vehicles. See **1.45** for a list of Fleet Card Permissible Purchases. Consistent with the Statewide Employee Expenditure Policy, Fleet Card users shall:

- a. Ensure cost-effective vehicle operation, including seeking the lowest-cost fuel vendor accepting the Fleet Card, refueling at self-service pumps and purchasing cost-effective replacement items
- b. Use the Fleet Card only for fuel, incidental vehicle maintenance items such as fluids and windshield wiper blades and other vehicle-related or emergency expenses unless permitted by an agency-specific Fleet Card policy approved by the Administration.
- c. Use the Fleet Card for state contract items that are on the list of permissible purchases at 1.45. For a list of state contract items, please consult with your Fleet Card program administrator.

1.43 Using the Fleet Card. Each time a purchase is made using the Fleet Card that is assigned to a vehicle, the authorized card user will be prompted for two pieces of information: 1) Assigned PIN (personal identification number); and 2) odometer reading. A PIN must be unique to the individual authorized user as defined by the agency's policy.

1.44 Fleet Card Transaction Limits. Fleet Cards are subject to three limits:

- a. a maximum transaction dollar amount of \$400,
- b. a daily dollar maximum of \$1,600, and
- c. no more than four transactions a day.

If a card is used for a transaction in excess of an established limit or an approved exception, the transaction will be declined automatically. If a vehicle need above an established limit occurs during normal business hours, the vehicle operator should call their agency's Fleet Card program administrator.

1.45 Fleet Card Purchases.

- a. Permissible Purchases.
 - i. Fuel.
 - Fuel purchases are restricted to self-service fuel of the type and grade specified by the vehicle manufacturer
 - E85 (85% ethanol, 15% gasoline) for flex-fuel vehicles when available
 - Blended-for-the-season diesel fuel in diesel-powered vehicles
 - ii. Non-fuel.

Non-fuel purchases are restricted to routine items and services required for the state vehicle in order to complete the state employee's work. When in doubt, the

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

purchaser should contact their Fleet Card program administrator. Examples of typical, routine non-fuel purchases include:

- Windshield washer fluid
- Oil, transmission and brake fluid, and anti-freeze/coolant for restoring operating levels
- Wiper blades
- Vehicle washes (twice per month maximum)
- Flat tire repair
- Tire rotation/balancing

b. Prohibited Purchases and Practices. The Fleet Card shall not be used for any non-state business purpose. The Fleet Card shall only be used for the vehicle to which it is assigned, unless permitted by an agency-specific Fleet Card policy approved by the Administration.

i. Prohibited purchases. Examples of prohibited purchases include:

- Food or other personal items
- Pre-paid services such as coupon books for car washes or other vehicle services
- Bulk fuel of any kind
- Aviation fuel

ii. Prohibited practices. Examples of prohibited practices include:

- Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit. However, fuel may be purchased for other than the vehicle to which the card is assigned (e.g., small engines, snowmobiles, all-terrain vehicles, lawnmowers) as long as the purchaser makes a separate transaction for it or it is clearly marked on the receipt with the fuel's intended use.
- Using the Fleet Card to circumvent the use of state contracts, purchasing laws, rules, policies or procedures

1.46 Emergency Use. "Emergency" is defined as a use of the card beyond those permitted under **1.45 Fleet Card Purchases** requiring prior approval from agency management and such management is not available to give the approval.

In the event of an emergency, the authorized card user shall call the 1-800 telephone number on the Fleet Card prior to use for authorization of the expenditure amount. Emergency use of the Fleet Card must be reported to the agency's Fleet Card program administrator no later than the next business day following the emergency.

1.5 USER RECORD-KEEPING AND COMPLIANCE

1.51 Original Receipts Required. All Fleet Card users must obtain receipts for Fleet Card transactions. Receipts must be:

- a. Kept and maintained pursuant to the agency's records retention schedule for these records
- b. Readily available during the payment process to assist in verifying correct payment
- c. Original receipts are required; if the card user cannot obtain one from the merchant at

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

the time of sale because of mechanical or technical difficulties, the card user must complete, sign and have notarized an "Affidavit in Lieu of Receipts," which is available from agency financial services offices.

1.52 Contrary Use. If a card is used in violation of this policy, the authorized card user shall report the matter to the agency Fleet Card program administrator no later than the next business day. In the case of a prohibited purchase, the card user shall immediately reimburse the agency for the prohibited purchase. There may be situations where such reimbursement may not be warranted, in which case the agency will assess and resolve such matters on a case-by-case basis.

1.6 FLEET CARD USE EXCEPTIONS

As noted above in **1.0 Policy**, agencies may adopt the standard Fleet Card policy found at **Attachment A**, or submit one of their own to the Department of Administration, Fleet Services. If an agency establishes its own policy, it may further restrict the use of the Fleet Card, but cannot authorize higher limits without written permission from the Department of Administration by submitting a Request for Fleet Card Policy Exception form. See **Attachment B**. Examples of such exceptions include: imposing higher card limits than found under **1.44**, or authorizing purchases beyond those listed under **1.45a**.

1.7 ADVISORY TO AGENCY FISCAL AND FLEET MANAGEMENT PERSONNEL

1.71 Vehicle-related product and service contracts. The state maintains several contracts for vehicle-related products and services, including tires, oil changes and certain repairs (for example, regularly scheduled preventative maintenance). When goods or services are available through a state contract, the agency shall comply with the contract release, such as when tire replacement is scheduled, unless the repair needs to be undertaken to assist in the completion of state business (such as the replacement of a flat tire).

State agencies are encouraged to contract for routine preventive services, such as scheduled maintenance specified in the vehicle owner's manual, in order to avoid violating limits on goods or services purchases.

1.72 Encumbering Funds. State law requires state entities to project and encumber sufficient funds for the cost-effective reimbursement of anticipated expenditures prior to obligating the state to pay for a purchase. For this reason, expected, predictable Fleet Card expenses must be encumbered for the current month and one additional month prior to the use of the Fleet Card. See MAPS Policy 3016.01, which states, "To facilitate the encumbering process, it is recommended that agencies encumber an amount equal to an estimated two months' purchases, and to replenish the encumbrance accordingly once payment is made."

For Fleet Cards, the MAPS Point of Entry (POE) document notes that this can be accomplished by an encumbering document in MAPS Procurement. There must be sufficient funds remaining in the encumbrance for the expected expenses in the next two billing cycles/periods at the start of the billing cycle.

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

1.73 Standardized Data. The state will establish product code listings with the Fleet Card vendor that will provide enough detail about the type of product or service purchased to facilitate accurate reporting. Product codes also help prevent unauthorized purchases.

The State Fleet Council, in conjunction with the Department of Administration and the Fleet Card contract vendor, will develop a standardized data format for use with all fuel card accounts.

1.8 FLEET CARD PROGRAM ADMINISTRATION

1.81 Fleet Card Policy Required. Each state agency operating vehicles and desiring to use the Fleet Card shall develop and maintain a policy for the use of the State Fleet Card. The policy shall align with this state policy and *Minn. Stat. § 16B.55, Use of State Vehicles; Compensation for Use of Personal Vehicles*. The agency's policy may further restrict the use of the Fleet Card, but cannot authorize higher limits without written permission from the Department of Administration. The agency's policy shall:

- a. Specify the consequences of Fleet Card misuse.
- b. Require training for authorized users of Fleet Cards about the responsibilities and requirements of the Fleet Card, the agency's policy, and purchasing laws, rules, policies and procedures.
- c. Require a signed statement from authorized users of a Fleet Card agreeing to abide by the provisions of the Statewide Policy on Expenditures by State Employees and Authorized Users and the agency's Fleet Card Use Policy and understand the consequences of misuse.
- d. Include a statement, signed by the agency head, stipulating that the agency agrees to abide by the Statewide Policy on Expenditures by State Employees and Authorized Users and the agency's Fleet Card Use Policy.
- e. Specify reconciliation/auditing procedures, including: a commitment to periodic audits and the frequency of audits; and in the case of reconciling invoices, whether the agency will examine all invoices or a statistically significant representative sample.
- f. Identify approved exceptions, including procedures and measures for ensuring control and monitoring.
- g. Outline a method or system for identifying employees with a unique identifier (i.e., PIN) that will permit linking any transaction to a specific individual.
- h. Provide a list of contracts that the authorized card user may use.

The agency must submit a signed copy of the agency policy to the Department of Administration for review and approval by the Commissioner of Administration; upon approval, the Commissioner of Administration will sign and return the policy to the agency.

Standard Agency Fleet Card Policy. A standard fleet card policy is included as an attachment to this policy (See **Attachment A**). State agencies may adopt the standard policy provided exceptions are unnecessary. If the standard policy is adopted, the agency shall customize the Fleet Card reconciliation/audit section of the policy. If an agency adopts the standard policy and makes changes, it must identify those changes. A signed copy of the policy, indicating the changes, must then be submitted to the Department of Administration for approval.

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

1.82 Fleet Card Program Administrators. Participating agencies must designate their Fleet Card program administrators. Agencies must report the names of their Fleet Card program administrators, along with contact information (address, phone, fax, e-mail) to the Fleet Card program manager at the Department of Administration's Fleet and Surplus Services office. The agency Fleet Card program administrator is responsible for overall administration of the program consistent with the statewide plan and the agency's approved plan. An agency may delegate the Fleet Card program administrator duties to multiple persons based on the agency's structure and business practices, but the delegation must be outlined and authorized in the agency's policy.

1.83 Fleet Card Program Administrator duties. The duties of the Fleet Card Program Administrator include:

- a. Create account(s) and account access so that card requests and changes may be managed and monitored.
- b. Administer card policy and provide training to employees in the proper use of the Fleet Card.
- c. Monitor card usage and review and reconcile invoices per agency reconciliation practices so that Fleet Card bills are paid in a timely manner and the agency receives available rebate incentives.
- d. Encumber adequate funds for anticipated Fleet Card purchases to ensure that the agency's use of the Fleet Card complies with the MAPS Point of Entry (POE) document and the *Department of Finance and Department of Administration Operating Policy and Procedure 3016.00, Credit Agreements – Purchasing Card and Fleet Card.*

1.84 Requirement to Reconcile Invoices; Records Retention; Auditing. Each agency is responsible for designating a person or persons for reconciling monthly Fleet Card contract vendor invoices and purchase receipts in accordance with the agency policy's reconciliation plan.

- a. Receipts must be submitted to the agency's designated Fleet Card program administrator or designee for reconciliation with the Fleet Card invoice.
- b. Receipts and other documentation must be retained pursuant to the agency's records retention schedule for these records.
- c. Each agency must have a reconciliation or fuel transaction auditing process in place for the review of transactions to prevent theft, abuse and fraud relating to the overall use of the card. This process is required and must be described in the agency Fleet Card policy. It is the responsibility of each agency to review Fleet Card charges and monthly invoices to eliminate unnecessary and inappropriate charges.
- d. It is also the responsibility of agency Fleet Card program administrators to inform vehicle operators of current contracts, provisions and policies relating to Fleet Card purchases.

1.85 Invoice Review. A review of permissible fuel and non-fuel charges shall ensure that:

- a. Authorized users are properly using the Fleet Card for permissible purchases.
- b. Charges for federal excise taxes have been removed, if appropriate.
- c. State sales taxes have been paid, when applicable.
- d. Potentially fraudulent transactions resulting from lost, stolen or returned Fleet Cards are identified.

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

1.86 Unauthorized Purchase. If an agency suspects an unauthorized purchase, the agency should investigate the transaction promptly to determine whether it is an incorrect amount or whether it is an unauthorized purchase. If it is determined that it is an incorrect amount, the agency must attempt to resolve it with the merchant or the contract vendor. If it cannot be resolved, it must be disputed. If it is determined to be an unauthorized purchase, the agency should take the actions specified in the agency policy.

1.87 Discrepancies. Incorrect product codes, incorrect federal excise tax exemptions or incorrect product quantities are billing discrepancies. Discrepancies such as incorrect product quantities or incorrect tax amounts should be directed to the agency's Fleet Card program administrator. Suspected product coding errors should be directed to Fleet and Surplus Services, telephone (651) 296-2163.

1.88 Disputed Charges. Disputed charges can result from incorrect dollar amounts, duplicate charges, unprocessed credits and/or fraud. Agency designated personnel must review the billing statement for accuracy. The Fleet Card program administrator should contact the Fleet Card contract vendor on any erroneous charges or other disputed items immediately upon discovery of the potential error.

- a. **Disputed Charge Documentation.** The agency Fleet Card program administrator must document disputed items in writing to the Fleet Card contract vendor's customer service office. The agency must maintain copies of any written documentation, including documentation describing the resolution of the dispute, with the monthly billing statement.
- b. **Dispute Notification.** Upon notification of a dispute, the contract vendor will investigate the dispute and propose a resolution. If the invoice is reasonable (for example, the maximum rebate would be the same as or greater than the disputed item if the invoice is paid in a timely manner), even with the disputed item(s), the agency should pay the full amount on the invoice to ensure the maximum possible rebate. Utilize the reconciliation process and the dispute process to rectify the situation. See the Contract Release, C-712(5), for details on how to submit a dispute.

1.89 Rebates. The Fleet Card program includes a provision for rebates. Fleet Card rebates must be managed in accordance with *Department of Finance and Department of Administration Operating Policy and Procedure 3016.00, Credit Agreements – Purchasing Card and Fleet Card.*

1.9 DEPARTMENT OF FINANCE; REPORTING REQUIREMENTS

1.91 1099 Reporting Requirements. The Department of Finance will monitor the Fleet Card program for the necessary 1099 reporting information from the Contract Vendor, including:

- a. Reviewing reports for all charges for services
- b. Verifying whether a merchant has an appropriate W-9 in the state's systems
- c. Obtaining a W-9 from merchant when the merchant is not in MAPS
- d. Completing 1099 reporting to Internal Revenue Service

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

1.92 Online Account Management and Reporting. Agency Fleet Card program administrators may manage its Fleet Card accounts and cards on the contract vendor's web site and can create standard reports online. See the Contract Release, C-712(5) on the Materials Management Division web site for more detailed information.

The Fleet Card use policy was developed with the assistance of State Fleet Council. It will be updated and revised as needed. **If you have questions, please contact Fleet & Surplus Services, Department of Administration.**

Issued: July 16, 2008

Attachments:

- A - Standard Agency Policy
- B - Request for Fleet Card Policy Exception

Additional References:

The Fleet Card Contract Release is C-712(5).

Minn. Stat. § 16B.55, Use of State Vehicles; Compensation for use of Personal Vehicles, governs the use of state vehicles.

Department of Finance and Department of Administration Operating Policy and Procedure 3016.00, *Credit Agreements – Purchasing Card and Fleet Card.*

Department of Administration and Finance State-wide Systems MAPS Reference Guide Point of Entry (POE).

ATTACHMENT A
Standard Fleet Fuel Card Policy

I. Purpose

The purpose of this policy is to ensure that state employees and other users authorized by the agency to conduct state business (hereinafter together referred to as 'authorized users') use the Fleet Card appropriately to ensure that the state's fleet assets are operated and managed efficiently and cost-effectively.

II. Background

The Fleet Card program offers state agencies a widely accepted Fleet Card for the purchase of fuel and related items and services that are necessary for the safe, efficient operation of state vehicles. A private vendor provides the Fleet Card program to the state through a contract managed by the Department of Administration's Materials Management Division.

The Fleet Card program also includes a reporting function that helps the state track vehicle usage and costs. The state Fleet Management Information System collects and utilizes this information in order to ensure the effective, efficient utilization of state vehicles.

III. Fleet Card Policy

a. Scope of Use

Fleet Cards Assigned to Vehicles

A Fleet Card will be issued to each on-highway vehicle in the agency fleet.

The Fleet Cards are to be used for retail purchases of fuel used in state vehicles.

Each authorized user will be assigned a PIN number, which must be used to authorize purchases with the Fleet Card.

Fleet Cards Assigned to Locations

Fleet Cards may be issued to locations. "Location-assigned" cards may be used for fuel for miscellaneous equipment such as mowers, chainsaws, tractors and other off-highway work equipment. "Location-assigned" cards may also be used for fuel for on-highway usage such as short-term rental vehicles.

Each person authorized to purchase fuel will be assigned a PIN number, which must be used to authorize purchases on the Fleet Card.

b. Acceptable Card Uses

Acceptable purchases using a fuel card are fuel and other minor items required for the safe, efficient operation of state vehicles.

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

Fleet Cards have three types of controls: transaction dollar limit, daily dollar limit and daily number of transactions limit. See **i. Card Spending Limits**.

c. Fuel Purchases

- Fuel purchases are restricted to self-service fuel of the type and grade specified by the vehicle manufacturer
- E85 (85% ethanol, 15% gasoline) for flex-fuel vehicles when available
- Blended-for-the-season diesel fuel in diesel powered vehicles

d. Non-fuel Purchases Non-fuel purchases are restricted to routine items and services required for the state vehicle in order to complete the state employee's work. When in doubt, the purchaser should contact their Fleet Card program administrator. Examples of typical, routine non-fuel purchases:

- Windshield washer fluid
- Oil, transmission and brake fluid, and anti-freeze/coolant for restoring operating levels
- Wiper blades
- Vehicle washes (twice per month maximum)
- Tire/flat repair
- Tire rotation/balancing

Fleet Cards can be used at state contract vendors for purchasing allowed items on the Fleet Card. When purchasing from a contract vendor, the authorized user should receive the state contract pricing.

Fleet Card use is also authorized for after-hours emergency service. The use of a card for emergency service must be reported to the agency Fleet Card program administrator the first workday following the use of the card. Some examples of emergency after-hours use are:

- Towing of a stranded or disabled vehicle
- Flat tire repair
- Broken engine belt replacement

e. Unacceptable Card Uses. The Fleet Card shall not be used for any non-state business purpose.

i. Prohibited purchases. Examples of prohibited purchases include:

- Food or other personal items
- Pre-paid services such as coupon books for car washes or other vehicle services
- Bulk fuel of any kind
- aviation fuel

ii. Prohibited practices. Examples of prohibited practices include:

- Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit. However, fuel may be purchased for other than the vehicle to which the card is assigned (e.g., small engines, snowmobiles, all-

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

- terrain vehicles, lawnmowers) as long as the purchaser makes a separate transaction or it is clearly marked on the receipt with the fuel's intended use.
- Using the Fleet Card to circumvent the use of state contracts, purchasing laws, rules, policies or procedures

f. Consequences of Improper Use

If a card is used in violation of this policy, the authorized card user shall report the matter to the agency Fleet Card program administrator no later than the next business day. In the case of a prohibited purchase or use, the card user shall immediately reimburse the agency for the prohibited purchase.

Emergency Use. "Emergency" is defined as a use of the card beyond those permitted by this policy requiring prior approval from agency management and such management is not available to give the approval.

In the event of an emergency, the authorized card user shall call the 1-800 number on the Fleet Card prior to use for authorization of the expenditure amount. Emergency use of the Fleet Card must be reported to the agency's Fleet Card program administrator the next business day following the emergency. There may be situations where such reimbursement may not be warranted, in which case the agency will assess and resolve such matters on a case-by-case basis.

g. Encumbrance of funds

State law requires state entities to project and encumber sufficient funds for the cost-effective reimbursement of anticipated expenditures prior to obligating the state to pay for a purchase. For this reason, expected, predictable Fleet Card expenses must be encumbered for the current month and one additional month prior to the use of the Fleet Card. See MAPS Policy 3016.01 which states "To facilitate the encumbering process, it is recommended that agencies encumber an amount equal to an estimated two months' purchases, and to replenish the encumbrance accordingly once payment is made."

For Fleet Cards the MAPS Point of Entry (POE) document notes that this can be accomplished by an encumbering document in MAPS Procurement. There must be sufficient funds remaining in the encumbrance for the expected expenses in the next two billing cycles/periods at the start of the billing cycle.

h. Card Controls

Fleet Card controls are controls that are placed on cards by the state at the vendor level. There are two basic types of controls: soft controls, in which the agency Fleet Card program administrator is notified about a purchase that appears to be outside the scope of normal card purchasing, and hard controls, which disallow products or dollar amounts that are outside the scope of normal card purchasing.

i. Card Spending Limits

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

Cards are limited to a reasonable number of transactions daily with a preset dollar limit per transaction. These limits are set based on typical needs for normal vehicle operation. Limits will be reviewed on a regular basis and adjusted accordingly if needs and economic conditions dictate. The standard state limits for the Fleet Card are:

- **\$400** per transaction
- **\$1,600** per day in total
- **Four (4)** transactions per day

j. Exception Authorization Process

Purchases other than those permissible under this policy must receive advance approval from the agency Fleet Card program administrator.

k. Retention of Receipts

Fleet Card receipts must be retained according to the agency's records retention schedule for these records. Within a reasonable period after the end of each month, Fleet Card receipts must be sent to an authorized location for verification and storage.

The agency Fleet Card program administrator will designate authorized storage locations for Fleet Card receipts. The Fleet Card program administrator is responsible for the proper retention of Fleet Card receipts, including producing these records for audits.

IV. Agency Fleet Card Program Administrator

Participating agencies. Participating agencies must designate Fleet Card program administrators for each Fleet Card account. Agencies must report the names of their Fleet Card program administrators, along with contact information (address, phone, fax, e-mail) to the Fleet Card program manager at the Department of Administration's Fleet and Surplus Services office. The agency Fleet Card program administrator is responsible for overall administration of the program consistent with the statewide plan and the agency's approved plan. An agency may delegate the Fleet Card program administrator duties to multiple persons based on the agency's structure and business practices, but the delegation must be outlined and authorized in the agency's policy.

Fleet Card Program Administrator duties. The duties of the Fleet Card Program Administrator include:

- Creating account(s) and account access so that card requests and changes may be managed and monitored
- Administering card policy and train card users so that cards are properly used
- Monitoring card usage, including reviewing and reconciling invoices per agency reconciliation practices so that Fleet Card bills are paid in a timely manner and the agency receives available rebate incentives
- Encumbering adequate funds for anticipated Fleet Card purchases to ensure that the agency's use of the Fleet Card complies with the MAPS Point of Entry (POE) document

Department of Administration Bulletin 08.02
Statewide Policy on Expenditures by State Employees and Authorized Users
Fleet Card Use Policy 1.0

Appendix A

Reconciliation Process

Each agency is responsible for developing an appropriate reconciliation process. The sample below provides a basic starting point for developing an agency-specific reconciliation process.

“Sample Agency Reconciliation Process”

Each month, a statistically appropriate sampling of the agency fleet (or card) transactions will be selected randomly for reconciliation.

Transactions shall be reviewed and reconciled with paper receipts, to verify that all transactions are legitimate, appropriate, and should be paid by the agency. Agencies are required to document that reconciliation has occurred. This reconciliation shall be completed within a reasonable amount of time.

In the event that an issue or problem is discovered during the reconciliation process, agency Fleet Card program administrators will attempt to resolve the issue, working with others as necessary to help resolve the issue, including the vendor, human resources, the purchaser and the Department of Administration’s Fleet and Surplus Services.

ATTACHMENT B.

**REQUEST FOR FLEET CARD POLICY EXCEPTION AND
 SUBMISSION OF AGENCY FLEET CARD POLICY FOR APPROVAL**

This form must be used when an agency requests approval of its proposed policy to exceed the standard limits or restrictions in the State Fleet Card Use Policy. Requests for Fleet Card Policy exceptions shall be on a fiscal-year basis. The agency head or agency head's delegate must sign the request. The Commissioner of Administration or the Commissioner's delegate must approve Fleet Card Policy exceptions.

Submit the completed form and proposed policy (attached) to: Fleet Services Director, Department of Administration, Fleet and Surplus Services, 5420 Old Highway 8, Arden Hills, MN 55112. The signed form must be retained with the Agency Fleet Card Policy. For questions, contact Tim Morse, Department of Administration, Fleet and Surplus Services at 651/296-2163 or e-mail tim.morse@state.mn.us.

| | |
|-------------------------|--|
| DEPARTMENT NAME: | FISCAL YEAR (FY): |
| DIVISION NAME: | ESTIMATED FY EXPENDITURE: \$ _____ |

AN EXCEPTION IS REQUESTED BECAUSE: Explain why the exception is needed; attach agency policy.

EXCEPTION APPROVAL

Admin Materials Management Review:

 Signature Date

Admin Fleet and Surplus Services Review:

 Signature Date

Approved:

 Signature (Commissioner of Administration or delegate) Date

Not Approved:

Reason: _____