

**Department of Administration
Fleet Fuel Card Policy**

I. Purpose

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

II. Background

The fleet card program offers authorized users a widely accepted fleet card for the purchase of fuel and related items and services that are necessary for the safe, efficient operation of governmental 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 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. Administrator and Coordinators

Fleet Services will designate a Fleet Services Administrator (hereinafter referred to as 'FSA') to oversee and manage the fleet card program at the Department of Administration, Fleet and Surplus Services Division.

Fleet Services Customers will designate a Department Coordinator (hereinafter referred to as 'DC') for each "Department Account" that is set up with Fleet Services. Customers will report the names of their DCs, along with contact information (address, phone, fax, e-mail) to the FSA.

b. Scope of Use

Fleet Cards Assigned to Vehicles

A fleet card will be issued to each on-highway state vehicle.

The fleet cards are to be used for retail purchases of fuel used in state vehicles.

Fleet Cards Assigned to Locations or Sites

Location or site cards will be issued upon request of the DC and may be used for miscellaneous equipment or short-term rental vehicles as authorized by the DC. Site cards may be used only for items authorized by the DC.

All Fleet Cards

Each authorized user, as identified by the DC, will be assigned a Driver ID number which must be used to authorize purchases on the fleet card.

c. Acceptable Card Uses

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

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

Fuel purchases should be made in a cost-effective manner. In some market areas, fuel pricing may vary significantly.

d. Non-fuel Purchases

Non-fuel purchases are restricted to routine items required for the state vehicle in order to complete the employee's work. When in doubt, the purchaser should contact their DC and/or the FSA at the Department of Administration, Fleet and Surplus Services Division. 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

Note: Cardholders must check that the vendor did apply sales tax on taxable items.

Fleet card use is also authorized for after-hours emergency service. The use of a card for emergency services must be reported to the DC the first workday following the use of the card. The DC in turn must report emergency use to the FSA. Some examples of emergency after-hours use are:

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

e. Unacceptable Card Uses

The Fleet card shall not be used for any purchase other than purchases related to the operation of a state vehicle.

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
 - Routine maintenance, except as noted in approved non-fuel purchases list or listed as addendum to this policy.
- ii. Prohibited practices. Examples of prohibited practices include:
- Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit is prohibited.
 - Using the fleet card to circumvent the use of state contracts, purchasing laws, rules, policies or procedures
 - Acceptance of premiums or gifts through a vendor promotional or frequent purchase program.
 - Using the Fleet Card for a vehicle or location other than that to which it is assigned.
 - Using a Fleet Card for any non-state business purpose.

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 DC no later than the next business day. When appropriate, the card user shall immediately reimburse the state for the prohibited purchase.

Emergency Use. "Emergency" is defined as a use of the card beyond those permitted by this policy and requiring prior approval from 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 as identified on the fleet card prior to use for authorization of the expenditure amount. Emergency use of the fleet card must be reported to the DC the next business day following the emergency.

Fraud. Pursuant to Minn. Stat. 609.456 subd 2, all suspected fraud with the state's fleet card must be reported via a memo to the Office of the Legislative Auditor (OLA). This requirement includes those instances when the state-owned fleet card account number has been compromised and unauthorized use of the account is discovered either by the servicing contract vendor or a state employee.

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

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

i. Card Spending Limits

- Cards are limited to a reasonable number of transactions with a preset dollar limit. These limits are set based on typical needs for normal vehicle operation. Limits will be reviewed on regular basis and, if needs and economic conditions dictate, adjusted accordingly.

j. Exception Authorization Process

Purchases other than those permissible under this policy must receive advance approval from the DC and/or the FSA. Any approved exception will be considered a onetime exception and should be filed with the payment documents when the approved purchase was paid.

k. Retention of Fleet Fuel Card Transaction Slips

Fleet card transaction slips must be retained according to the agency's records retention schedule for these records or 36 months, whichever is greater. Within a reasonable period after the end of each month, fleet card transaction slips must be sent to an authorized location for verification and storage.

For lost or missing fleet card transaction slips each agency should follow their individual agency policy regarding procedures for missing backup invoice support. If a transaction slip cannot be obtained, the authorized user must complete an "Affidavit in Lieu Receipts". The affidavit should only be for exceptional circumstances.

The DC will designate authorized storage locations for fleet card transaction slips. Designated storage locations are responsible for the proper retention of fleet card transaction slips, including producing these records for audits.

l. Document Converting

For record storage, agencies can convert the fuel card transaction slips to other media, such as fiche, compact disc, hard drive, etc. Requirements for converting documents.

- Original receipts for card transactions must be marked as original to confirm that they were the originals prior to conversion.

- If scanned, the resulting stored copy must be in locked format in the software used.
- There is a backup of the converted documents to prevent loss or destruction
- The documents must be easily retrieved with short notice and provided for reference, inspection and audit.

IV. Fleet Services Administrator

The duties of the Fleet Services Administrator include:

- Manage the additions, changes and deletions of cards, drivers and departments (if necessary) so that requests and changes may be managed and monitored.
- Administer card policy and train DCs so that cards are properly used.
- Monitor card usage, reviewing and reconciling invoices with the assistance of the DCs.
- Ensure that adequate funds are encumbered 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.*

V. Department Coordinator

The duties of the DC include:

- Administer fleet card policy and train card users so that fleet cards are properly used.
- Inform Fleet and Surplus Services of any additions, changes or deletions of authorized drivers so the account is accurate and update to date
- Inform vehicle operators of current contracts, provisions and policies relating to fleet card purchases.
- Assist with monitoring the card usage, including working with Fleet and Surplus Services on reviewing and reconciling all card purchases.
- Ensure the proper retention and storage of transaction slips and the ability to retrieve transaction slips for business needs, including audits.

VI. Fleet Card Reconciliation Process

Fleet Services with the assistance of the DCs will reconcile fleet card invoices with purchase transaction slips. This reconciliation will be conducted on a random sample basis, with an appropriate sample percentage of transactions reconciled each month, based on the volume of transactions.

In addition to sample reconciliation, exception reporting will be done. Exception reconciliation

will take place for purchases that fall outside of normal purchasing. Some examples of exception reporting include:

- Incorrect fuel type
- Purchases exceeding the tank capacity
- Incorrect odometer tracking
- Purchases outside of the normal range of travel
- Purchases of non-fuel items or services

SIGNATURES



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Date

Appendix A

Reconciliation Process

“Fleet Services Reconciliation Process”

Each month a statistically appropriate sampling of the cards will be randomly selected to be reconciled. This sample along with any transactions selected through the exception reporting process will be sent to the DC's for reconciliation.

Transactions shall be reviewed and reconciled with paper transaction slips, to verify that all transactions are legitimate, appropriate, and should be paid. DC's will be required to sign a document stating that this reconciliation has taken place. This reconciliation process should be completed within a reasonable amount of time.

In the event that an issue or problem is discovered during the reconciliation process, DC's will attempt to resolve the issue, working with other people as necessary to help resolve the issue, including, human resources, the purchaser, and the Department of Administration's Fleet & Surplus Services.

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Addendum A

Department of Commerce- Exception for department owned vehicles to purchase oil change
services and other small repairs that total \$50 or less.

Department of Corrections- Exception for department owned vehicles to purchase oil change
services.

Department of Revenue- Exception for department owned vehicles to purchase maintenance and
repair and certain other car related items