

## Fleet Card Use Policy Guidelines

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 Office of State Procurement.

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.

This Fleet Card Use Policy Guidelines is to be read consistently with Statewide Policy on Expenditures by State Employees and Authorized Users, Administration Bulletin 08.02, and outlines use of the state Fleet Card by state employees and establishes requirements for Fleet Card program administration and oversight.

### 1.1 Purpose

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The purpose of these policy guidelines 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 Guidelines

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Agencies shall comply with these policy guidelines by adopting the Department of Administration Fleet Card policy, 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.

### 1.3 Policy Scope

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Fleet Card Use Policy Guidelines 1a 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

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#### 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 (Department Card).

“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- 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 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:

- 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.
- Use the Fleet Card only for fuel, incidental vehicle maintenance items such as fluids and windshield wiper blades, car washes, and other vehicle-related or emergency expenses unless permitted by an agency-specific Fleet Card policy approved by the Administration.
- 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 maximum transaction dollar amount of \$4,800,
- a daily dollar maximum of \$2,400,
- a maximum transaction dollar amount of \$6,000 for Public Safety - law enforcement vehicles and,
- no more than six 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 FleetCard Purchases.

- Permissible Purchases.

- Fuel.

- Fuel purchases are restricted to self-service fuel of the type and grade specified by the vehicle manufacturer
    - Blended-for-the-season diesel fuel in diesel-powered vehicles
    - Electric Vehicle Charging

- 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 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
    - Emergency (or agency permitted) tire repair/rotation/balancing
    - Emergency Vehicle towing (when alternative established contracts for this service is not applicable)

- 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.

- 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
    - Replenishing agency bulk fuel tanks
    - Aviation fuel

- Prohibited practices. Examples of prohibited practices include:

- Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit.
    - Fuel may not be purchased for other than the vehicle to which the card is assigned (e.g., small engines, snowmobiles, all-terrain vehicles, lawnmowers) A Department Card or non-vehicle card should be used for this type of purchase..
    - 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

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### 1.51 Receipt of Transaction Required.

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

- Kept and maintained pursuant to the agency’s records retention schedule for these records
- Readily available during the payment process to assist in verifying correct payment
- Receipt of transactions are required; if the card user cannot obtain one from the merchant at 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.
- Scanned copies of receipts are acceptable for records retention.

### 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

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As noted above in **1.2 Policy Guidelines**, agencies may adopt the standard Fleet Card policy, 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.

Examples of such exceptions include: imposing higher card limits than found under **1.44**, or authorizing purchases beyond those listed under **1.45, Permissible Purchases**.

## 1.7 Advisory to Agency Fiscal and Fleet Management Personnel

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### 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. Note: Vehicles leased through the Department of Admin Fleet Services must use contract release F-533 (services for vehicle maintenance/repairs).

### 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 in SWIFT prior to the use of the Fleet Card.

### 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

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### 1.81 Fleet Card Policy Required.

Each state agency operating vehicles and desiring to use the Fleet Card shall adopt this policy or develop and maintain a policy for the use of the State Fleet Card. The policy shall align with this state policy guidelines 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:

- Specify the consequences of Fleet Card misuse.
- 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.
- 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.

- 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.
- 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.
- Identify approved exceptions, including procedures and measures for ensuring control and monitoring.
- 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.
- 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.** 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 for internal use. 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.

### **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:

- Create account(s) and account access so that card requests and changes may be managed and monitored.
- Administer card policy and provide training to employees in the proper use of the Fleet Card.
- 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.
- Encumber adequate funds for anticipated Fleet Card purchases to ensure that the agency's use of the Fleet Card complies with the Department of Administration Statewide Operating Policy 21-01.
- Ensure the proper retention and storage of receipts and the ability to retrieve receipts for business needs, including audits.

### **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.

- Receipts must be submitted to the agency's designated Fleet Card program administrator or designee for reconciliation with the Fleet Card invoice.
- Receipts and other documentation must be retained pursuant to the agency's records retention schedule for these records.
- 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 procedures. It is the responsibility of each agency to review Fleet Card charges and monthly invoices to eliminate unnecessary and inappropriate charges.
- 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.

#### **Fleet Card Reconciliation**

- Each agency shall reconcile Fleet Card invoices with purchase receipts. This reconciliation may be conducted on a spot basis, with all or an appropriate sample percentage of transactions reconciled each month, based on the volume of transactions. If a sampling is used, the appropriate sample percentage will be determined by the agency in accordance with agency audit requirements. In addition to sample reconciliation, exception reporting will be done. 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, or OSP Fleet Card Acquisition Management Specialist.

- 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 food and related items

Purchases of personal items

### 1.85 Invoice Review.

A review of permissible fuel and non-fuel charges shall ensure that:

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

### 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 procedures.

### 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 fuel card contract vendor for resolution. If this is not resolved by the vendor, call the OSP Fleet Card Acquisition Management Specialist.

### 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 Agency 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.

- **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.
- **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. Contract Release, C-712(5), see section 5.4 Disputed Amounts. Department of Administration; Reporting Requirements



### **1.89 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 Office of State Procurement web site for more detailed information.

#### **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.