Minnesota Department of Corrections

Policy:	**104.302**
Title:	**Use of Fleet Cards**
Effective Date:	**9/19/17**

PURPOSE: To provide guidelines for the use of State of Minnesota fleet cards to ensure the state's fleet assets are operated and managed efficiently, cost-effectively, and in accordance with state statutes and the policies of the Department of Administration (Admin), fleet and surplus services division, which is responsible for overseeing and managing the fleet card program for the State of Minnesota.

APPLICABILITY: Minnesota Department of Corrections (DOC); department-wide for all department-owned vehicles

DEFINITIONS:

Agency fleet card administrator – employee designated to coordinate the fleet card program.

Authorized users – those individuals authorized to use a fleet card.

Department Account – a specific unit/location account set up with Admin's fleet and surplus services division that maintains fleet information for that unit/location.

Department fleet card coordinators – employees assigned to coordinate fleet activities including fleet cards within the established department account set up with Admin fleet and surplus services division.

Emergency – use of the fleet card for a vehicle-related purchase beyond those uses permitted under Procedure D and requiring prior approval from agency management when such management is not available to give approval.

Fleet card assignment – assignment of a fleet card to a specific vehicle at a specific location.

Fleet card controls – controls placed on the fleet cards at the vendor level.

PROCEDURES:

A. Statewide policy

1. The State of Minnesota authorizes employees to use fleet cards to purchase fuel and related items and services that are necessary for the safe, efficient operation of state vehicles.
   a) A fleet card must be issued to each on-highway vehicle in the agency fleet.

   b) In addition, location-specific cards may be used for fuel for miscellaneous work tools/equipment and short-term rental vehicles.

2. Fleet cards issued to vehicles leased from Admin, fleet services division, are managed by fleet services and governed by the Fleet Card Use Policy.

B. General guidelines

1. The DOC must appoint an agency fleet card administrator and department fleet card coordinators for each account set up with fleet services to oversee location-specific details of the fleet card program.

2. Fleet cards must be used solely for retail purchases of fuel in state vehicles and incidental vehicle costs.

3. Each person authorized to purchase fuel must be assigned a personal identification number (PIN), which must be used to authorize purchases on the fleet card. The PIN is the last six digits of the employee's assigned identification number.

4. To ensure compliance with state insurance requirements, state contracts must be used for regular vehicle-related products and services including tires.

5. Routine vehicle maintenance must be completed using general purchasing practices.

6. With the exception of the last month of the fiscal year, there must be sufficient funds encumbered for the expected expenses for at least two billing cycles at the start of a billing cycle.

C. Requirements for authorized fleet card users include:

1. Review DOC policy and procedures about the responsibilities and requirements of the fleet card, the DOC fleet policy, and purchasing laws, rules, policies, and procedures.

2. Sign a statement agreeing to abide by the provisions of the Statewide Policy on Expenditures by State Employees and Authorized Users and this policy, and understand the consequences of misuse of the fleet card (attached). Signed statements are retained by the agency fleet card program administrator, or the department fleet card coordinators.

3. Seek the lowest-cost fuel vendor accepting the fleet card, refuel at self-service pumps, and purchase cost-effective replacement items.

4. Provide an assigned PIN and an accurate odometer reading with each purchase.

5. Obtain original receipts for all purchases.
   a) If a merchant cannot provide a receipt at the time of sale because of mechanical or technical difficulties, the cardholder must notify the supervisor or designated invoice approver with this information and complete a Statement in Lieu of Receipt (attached).
   b) The invoice approver must identify and specifically approve this transaction when reviewing the fleet card invoice.

6. On the last day of the month, submit receipts to the unit budget manager or department fleet card coordinator, as determined by established unit process.

D. Fleet card transaction limits

1. 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.

2. If a card is used for a transaction in excess of an established limit or an approved exception, the transaction is declined automatically.

3. If a vehicle need occurs above an established limit during normal business hours, the vehicle operator must call the operator's fleet card program administrator.

4. An exception to the monthly maximum may be granted to the central transport area if needed, provided that the overage is due solely to diesel fuel purchases used for bus operation.

E. Permissible fleet card purchases

1. Fuel
   a) Fuel purchases are restricted to self-service fuel of the type and grade specified by the vehicle manufacturer.
   b) Use E85 for flex-fuel vehicles when available, except as noted above.
   c) Use blended-for-the-season diesel fuel in diesel-powered vehicles.

2. Non-fuel
   a) 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, contact the agency fleet card administrator or the department fleet card coordinator.
   b) Examples of permissible non-fuel purchases include: oil changes, windshield washer fluid; anti-freeze/coolant to restore operating levels; wiper blades; a maximum of two vehicle washes per month, and flat tire repair.
   c) Fleet cards may be used at state contract vendors for purchasing the items listed above. When purchasing from a contract vendor, the authorized user must receive the state contract pricing.

F. Prohibited purchases and practices

1. Examples of prohibited purchases include:
   a) Food or other personal items;
   b) Pre-paid services such as coupon books for car washes or other vehicle services;
   c) Bulk fuel of any kind; and
   d) Aviation fuel.

2. Examples of prohibited practices include:
   a) Using the fleet card for any non-state business purpose;
   b) Using the fleet card for a vehicle to which it is not assigned;
   c) Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit; and
   d) Using the fleet card to circumvent the use of state contracts, purchasing laws, rules, policies or procedures.

G. Emergency use

1. Prior to using the fleet card, the authorized card user must call the "1-800" telephone number on the card for authorization of the expenditure amount.

2. Emergency use of the fleet card must be reported to the agency fleet card administrator or the department fleet card coordinator no later than the next business day following the emergency. The department fleet card coordinator must then notify the agency fleet card administrator.

3. Some examples of emergency use include: towing of a stranded or disabled vehicle and broken engine belt replacement.

H. Consequences of improper use

1. If a card is used in violation of this policy, the authorized card user must report the matter to the agency fleet card administrator or the department fleet card coordinator no later than the next business day. The department fleet card coordinator must then notify the agency fleet card administrator.

2. In the case of a prohibited purchase or use, the card user must immediately reimburse the agency for the prohibited purchase.

I. Process for reconciling and paying invoices

1. Each fleet card user must retain receipts according to the unit's established process.
   a) Any charge made to a fleet card where no receipt has been retained requires the completion of a Statement in Lieu of Receipt.
   b) The Statement in Lieu of Receipt must be completed by the driver who incurred the charge.

2. At the end of each month or per a unit's established process, receipts must be forwarded to the department fleet card coordinator or the unit budget manager to be compared to the fleet invoices.

3. Fleet invoices must be approved for payment by the budget manager, and forwarded to accounts payable within three business days for payment.
   a) Discrepancies must be noted on the invoice and communicated to the agency fleet card administrator or the department fleet card coordinator.
   b) Invoices and payment documentation must be retained in the appropriate financial services department.

4. Receipts must be kept in accordance with the established unit process and retained according to the DOC records retention schedule.

5. The agency fleet card administrator or the department fleet card coordinator must respond to requests for information from Admin following the Fleet Services Monthly Reconciliation Process (attached). On a monthly basis, Admin reviews a random sample of transactions, as well as purchases that fall outside of normal fleet card purchasing.

6. In the event that an issue or problem is discovered during the reconciliation process, the department fleet card coordinator must attempt to resolve the issue, working as necessary with the agency fleet card administrator, the vendor, the purchaser, human resources, and Admin's fleet and surplus services.

J. Process for disputes

1. Disputed charges may result from incorrect dollar amounts, duplicate charges, unprocessed credits or fraud. The agency fleet card administrator or the department fleet card coordinators must contact Admin immediately upon discovery of the potential error.

2. The agency fleet card administrator or the department fleet card coordinators must document and maintain disputed items in writing to Admin. The agency must maintain

copies of any written documentation, including documentation describing the resolution of the dispute with the monthly billing statement.

3. Upon notification of a dispute, Admin must investigate the dispute and propose a resolution. If the invoice is reasonable, the invoice must be paid in full to ensure the maximum possible rebate.

4. The department fleet card coordinator must forward a copy of the written documentation of the dispute and resolution to the agency fleet card administrator.

K. Rebates must be managed in accordance with the Minnesota Management and Budget Department (MMB) Statewide Operating Policy and Procedure 0701-01.

L. Auditing of fleet card usage

1. The DOC internal audit section must audit the usage of fleet cards within the department to ensure compliance with the policies of Admin, DOC, and MMB.
   a) Audits must be scheduled as determined by the DOC audit committee.
   b) Audits are retained in the central office Business Continuity and Internal Controls.

2. Random receipt audits must be done at each location as part of the vehicle log audit as outlined in Policy 104.4615, "Use of State Vehicles."

M. Agency fleet card program administrator

1. The agency fleet card administrator and department fleet card coordinators' names and all contact information must be submitted to the fleet card program manager at Admin's fleet and surplus services office.

2. The agency fleet card program administrator is responsible for overall administration of the program consistent with the statewide plan and this policy.

3. Duties of the agency fleet card program administrator include:
   a) Administer card policy and train card users so that cards are properly used;
   b) Designate a department fleet card coordinator for each fleet card account;
   c) Inform vehicle operators of current contracts, provisions, and policies relating to fleet card purchases; and
   d) Oversee exception and dispute reporting and answer questions as necessary.

N. Department fleet card coordinators

1. Department fleet card coordinators must work with the agency fleet card administrator.

2. Duties of the department fleet card coordinator include:
   a) Creating accounts and account access through requests to fleet services, so that card requests and changes may be managed and monitored.
   b) 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.
   c) Ensuring that adequate funds for anticipated fleet card purchases are encumbered so that the agency's use of the fleet card complies with the MMB Statewide Operating Policy 0701-01, "Encumbrances and M.S. 16A.15/16C.05 Compliance."

d) Ensuring the proper retention and storage of receipts and the ability to retrieve receipts for business needs, including audits.
e) Work with the fleet card vendor on billing discrepancies or disputes.
f) Provide exception reporting as required in addition to reconciliations. Examples of exception reporting include: incorrect fuel type; purchases exceeding tank capacity; incorrect odometer tracking; purchases outside the normal range of travel; purchases of food and related items; and purchase of personal items.
g) Respond to the Fleet Services Monthly Verification Worksheet using the reconciliation process attached to this policy.

INTERNAL CONTROLS:

A. Signed Authorized Fleet Card User Provision Agreements are retained by the agency fleet card administrator or the department fleet card coordinator(s).

B. Invoices and payment documentation are retained in the appropriate financial services department.

ACA REFERENCES: None

REFERENCES: Department of Administration Fleet Fuel Card Policy
Minn. Stat. §§43A.38,subd. 4; 43A.39,subd. 2
Policy 104.4615, "Use of State Vehicles"
Policy 104.300, "Purchasing"
Policy 600.600, "Security/Compliance Audit"
MMB Operating Policy and Procedure 0701-01, "Encumbrances and M.S. 16A.15/16C.05 Compliance."

REPLACES: Policy 104.302, "Use of Fleet Cards," 8/2/16.
All facility policies, memos, or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

ATTACHMENTS: Authorized Fleet Card User Provision Agreement (104.302A)
Statement in Lieu of Receipt (104.301E)
Fleet Services Monthly Reconciliation Process (104.302B)
Statewide Policy on Expenditures by State Employees and Authorized Users

APPROVED BY:
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