

<b>STATE OF VERMONT AGENCY OF ADMINISTRATION</b>			
<b>Bulletin Title:</b>	<b>State Vehicles Policy</b>	<b>Bulletin #:</b>	<b>2.3</b>
<b>Appendix B:</b>	<b>Fuel Card Use – State Owned Vehicles</b>	<b>Effective Date:</b> <b>Rev. Date:</b>	<b>02/21/2016</b> <b>N/A</b>
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## I. PURPOSE

The statewide universal fuel card program (hereinafter referred to as “fuel card”) is designed to provide State agencies and departments with a vehicle and/or equipment fuel card that allows State employees (hereinafter together referred to as “Authorized Users”) to purchase fuel and other vehicle-related supplies and services for State vehicles and/or State-owned fuel-powered equipment in order to conduct governmental business. This policy establishes the requirements for managing and using the fuel cards.

For the purposes of this policy, the definition of State employees includes those employees within the Executive branch of State government, as defined in the Human Resources Policy 5.1 Employment Categories, to include those employees who are in Exempt, Classified, Limited Service, Confidential, Managerial/Supervisory, Contractual, Provisional, Temporary, State Police, Elected, and Appointed positions. For the purposes of this policy, this definition is intended to be inclusionary for employees within the Judicial, and Legislative branches of State government.

Human Resources Policy 5.1 can be found at the following link:

<http://humanresources.vermont.gov/sites/dhr/files/Documents/Policy%20Manual/Number%205.1%20-%20EMPLOYMENT%20CATEGORIES%20.pdf>

## II. BACKGROUND

The fuel card program offers authorized users a widely accepted fuel card for the purchase of fuel and vehicle-related items and services that are necessary for the safe, efficient operation of governmental vehicles and to purchase fuel for governmental equipment. A private vendor provides the fuel card program to the State through a contract managed by the Department of Buildings & General Services (BGS) Purchasing & Contracting Division.

The Department of Buildings & General Services (BGS) will manage this policy on behalf of the Agency of Administration through the Purchasing & Contracting Division.

### **Current Contract**

The current contract is with WEX (Wright Express) Corporation. The fuel card issued under this contract can be used only at vendors who have an agreement with WEX to accept the fuel card. The fuel card vendors’ logos will be displayed on the fuel pump.

### **Two Types of Cards**

There are two types of cards available from the vendor and customarily used by State agencies:

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- 1. Vehicle Fuel Card** -- for fueling State-owned motor vehicles
  - a. A vehicle fuel card must be assigned to a specific vehicle, with the exception of the Department of Public Safety based on their operational needs.
  - b. A vehicle fuel card must not be used to fuel equipment
  - c. The card will show the license plate of that vehicle
  - d. Enter accurate odometer/hour reading as directed by managing department.
  
- 2. Equipment Card** – for fueling non-vehicular uses, e.g., State-owned lawn mower, boat motor, ATV, etc.
  - a. An equipment fuel card is not assigned to a specific piece of equipment
  - b. An equipment fuel card must not be used to fuel a vehicle.
  - c. The equipment fuel card will say “Equipment”

**Clarification: For departments who lease vehicles through BGS/Fleet Management Services**

- Vehicle fuel cards -- FMS will continue to manage those vehicle fuel cards.
- Equipment fuel cards – Departments must independently manage in compliance with this policy and departments must designate a primary/secondary Fuel Card Administrator (FCA) to manage the equipment cards.

### **III. ACCOUNT MANAGEMENT – AGENCY/DEPARTMENT RESPONSIBILITIES, POLICIES AND REQUIREMENTS**

#### **A. Agencies and Departments**

Agencies and departments may be assigned a fleet fuel card account to make fuel purchases for agency/department-owned vehicles and equipment and are responsible for managing the fuel cards and purchasing activity on their account.

Agencies and departments are responsible for making timely monthly payments to the fuel card provider for the invoiced amount.

A fuel card is assigned to a State-owned vehicle; that fuel card must be used to fuel that vehicle and only that vehicle.

Each agency and department with the authority to manage State-owned vehicles -- which includes Fleet Management Services (FMS), Agency of Transportation, Public Safety and all other state agencies/departments granted exemption from the FMS program -- must use the fuel card program.

**Agencies and departments must:**

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1. Designate a minimum of two Fuel Card Administrators (FCA) for each account to oversee the fuel card activity.
  - a. Designate a Primary and Secondary FCA.
  - b. Additional FCA may be requested to accommodate a department’s program needs.
  - c. Provide the FCA contact information to Purchasing & Contracting.
  
2. Establish internal procedures and assign responsibilities to manage fuel card use. Procedures and responsibilities shall include the following:
  - a. Timely/online account management to provide/rescind online employee access based on termination or transfer of employees.
  - b. Monthly invoices are to be reviewed for the following prior to payment to ensure:
    - o All federal excise taxes have been appropriately removed
      - Federal Tax – State government is exempt from paying federal tax on fuel purchases
      - Non-Fuel Items – State government does not pay tax on these items, e.g., washer fluid, windshield wipers, etc.
      - When fuel cards are reissued, WEX will add the tax exempt number to the face of each card.
    - o All transactions for non-fuel products are investigated and verified as authorized (may also be accomplished through the daily interface of rejected transactions if available)
    - o Any unauthorized purchases, errors or potentially fraudulent transactions are addressed.
    - o Invoice verification are processed in accordance with Finance policies and procedures
    - o **Note:** State Tax – State government pays State taxes for fuel purchases, although a rebate of any Diesel taxes pay may be pursued through the Department of Motor Vehicles.
  - c. Retain monthly invoices to include individual transactional detail provided by Fuel Card Issuer according to State record retention policies.
    - 1) Receipts, with invoice, are required for all non-fuel purchases.
  - d. Resolve billing disputes in accordance with fleet fuel card contract.

**B. Fuel Card Administrator(s)**

Agencies and departments will designate (at a minimum) two individuals to authorize and cancel fuel cards and manage internal controls.

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**Fuel Card Administrator(s) (FCA):**

1. Will assign a fuel card to each agency-owned vehicle showing the vehicle's ID number -- license plate number or vehicle number, in accordance with the managing department's practice -- on the front of the card.
2. Will issue separate Equipment Cards for fueling non-vehicular uses (e.g., State-owned lawn mower, boat, ATV)
3. Will not assign cards to individuals or groups or for non-vehicular use, with the exception of Public Safety based on their operating needs.
4. Will require each Authorized User to comply with any applicable policies and procedures related to State vehicle and fuel card use.
5. Will manage and adjust default controls through the fuel card vendor in accordance with the agency's procedures and business needs.
6. Will immediately cancel fuel cards that are lost, stolen, or assigned to a vehicle that is transferred or sold. Only the Authorizing Official(s) may request replacement cards. This is intended to deter anyone from reporting a card lost/stolen in order to receive a replacement card for unauthorized use.
7. Will review fuel card transaction reports for irregularities to identify possible fraudulent use.
8. Will provide timely/online account management to provide/rescind online employee access based on termination or transfer of employees
9. The FCA shall be responsible to establish internal controls for using fuel cards. This may include revising the built-in flexible default controls. There are default controls built into the program -- including the requirement for a PIN and odometer/hour reading. Currently, available default controls include:
  - a. Limit or flag the number of transactions during a certain time period (day, week, month).
    - i. Four (4) transactions per day
  - b. Limit or flag dollar amount threshold per transaction.
    - i. \$250 per transaction

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- c. Limit or flag dollar amount per certain time period (day, week, month).
  - i. \$250 per day
- d. Allowed Non-Fuel Product/Services List: Vehicle-related supplies and services for the exclusive use of the state-owned vehicle including, but not limited to:
  - i. Towing
  - ii. Flat tire repair/replacement
  - iii. Emergency mechanical repairs under \$150.00
  - iv. Fluids (oils, washer fluid, etc.)
  - v. Windshield wipers
  - vi. Snow brush/ice scraper
  - vii. Exterior car wash
  - viii. Restrict purchase to specific hours of the day or days of the week
  - ix. No default control currently in place; however, this is an option.

### **C. Authorized Users**

For the purposes of this policy, the definition of State employees comes from Title 3, Section 1101(b) (1-9):

(<http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=03&Chapter=029&Section=01101>)

**All Authorized Users must comply with applicable policies and procedures related to State vehicles and fuel card usage.**

## **IV. SCOPE OF USE**

### **A. Acceptable Card Uses/Purchases**

When a fuel card is assigned to a State-owned vehicle, it must be used to fuel that vehicle and only that vehicle.

Enter accurate odometer/hour reading (as directed by managing department) for each fuel purchase.

Employee will enter PIN assigned to that individual.

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PINs (personal identification numbers) are assigned to individual employees and must not be shared.

Acceptable fuel card purchases include fuel and, when permitted by the issuing agency or department, other vehicle-related supplies and services for the safe, efficient operation of state vehicles.

**Non-fuel Purchases:** Non-fuel purchases, when permitted by the issuing agency or department, are restricted to routine items required for the state vehicle in order to complete the employee's work.

**Tax Note:** Authorized users must verify that the vendor did not apply sales tax on taxable items.

- a. Federal Tax – State government is reimbursed federal tax for fuel purchases.
- b. State Tax – State government pays State taxes for fuel purchases, although a rebate of any Diesel taxes pay may be pursued through the Department of Motor Vehicles.
- c. Non-Fuel Items – State government does not pay tax on these items, e.g., washer fluid, windshield wipers, etc.

Fuel card use, depending on the internal policies of the issuing agency or department, may be authorized for after-hours emergency service. The use of a card for emergency services must be reported to the Authorizing Official on the first business day following the use of the card.

## **B. Unacceptable Card Uses**

Fuel cards are for official State business use only. Fuel cards are never to be used to fuel or purchase maintenance for personal vehicles.

Prohibited Purchases include, but are not limited to:

- Food, beverage or other personal items
- Fuel, maintenance or supplies for personal vehicles
- Full service or premium grades of gasoline unless specifically required by the vehicle manufacturer or if the cost is the same or less than self-serve regular unleaded
- Pre-paid services such as tokens or coupon books for car washes or other vehicle services

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- Bulk fuel of any kind
- Routine, non-emergency maintenance or repairs

Prohibited Practices include, but are not limited to:

- Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit
- Using the fuel card to circumvent the use of state contracts, purchase rules, policies or procedures
- Using the fuel card for a vehicle or purpose other than that to which the card is assigned
- Using a fuel card for any non-state business purpose.

## V. MISUSE

A. Violation of this policy may result in disciplinary action in accordance with State of Vermont personnel policies and referral to the Attorney General 's Office for determination of possible criminal conduct.

## VI. REQUEST FOR POLICY EXCEPTIONS

The authorizing official (FCA) may submit a request for an exception to any part of this policy to Purchasing & Contracting for consideration by the Agency of Administration. Exception may be granted based on the following criteria:

- The policy has created an undue hardship on the agency;
- The circumstances are non-traditional and require unique accommodation; or
- The exception will not compromise internal controls.

## VII. FAQs AND AVAILABLE LINKS:

1. Frequently Asked Questions (FAQs):
  - a. Fuel Card FAQs & Driver's Guide
    - i. At the Purchasing & Contracting website: <http://bgs.vermont.gov/purchasing/forms>
  - b. Commuting Use of State Vehicles: <http://humanresources.vermont.gov/content/personal-use-state-vehicles>
2. Administrative Bulletin 2.3 – Re-issued January 26, 2016, and effective February 21, 2016  
<http://aoa.vermont.gov/bulletins>
3. Definition of State employees used for this policy - Human Resources Policy 5.1 Employment Categories found at the following link:

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