

SUBCHAPTER 10 - STATE CREDIT CARDS

19-4-1001. Definition.

As used in this subchapter, the term credit cards means only those credit cards issued to state agencies, boards, or commissions for which the state agencies, boards, or commissions assume responsibility for payment.

History. Acts 1979, No. 676, 1; A.S.A 1947, 12-2378; Acts 2003, No. 656, 2.

The ACA references in this document can be found in the [Financial Management Guide](#).

19-4-1002. Daily allowances, etc., not affected.

This subchapter in no way changes the maximum daily allowance for meals and lodging authorized in this chapter for an individual traveling on official state business within or beyond the borders of this state, nor does it change any special authorizations, exemptions, or limitations set forth in this chapter.

History. Acts 1979, No. 676, 2; A.S.A. 1947, 12-2378.1.

19-4-1003. [Repealed.]

19-4-1004. [Repealed.]

19-4-1005. Responsibility for use.

(a) The responsibility for ensuring that only authorized expenditures are paid for by use of state credit cards for which the state agency assumes responsibility for payment and the collection for any unauthorized expenditures which may occur rests with the board, commission, or administrative head in charge of the agency.

(b) The Chief Fiscal Officer of the State shall not be liable for any unauthorized expenditures through the use of state credit cards for which the state agency assumes liability for payment.

History. Acts 1979, No. 676, 5; A.S.A. 1947, 12-2378.4; Acts 2003, No. 656, 5.

19-4-1006. Rules - Records.

The Chief Fiscal Officer of the State shall:

(1) Promulgate rules with respect to obtaining and utilizing credit cards in payment of products and services;

(2) Prescribe the procedures for reporting, approving, and paying for products and services purchased with credit cards; and

(3) Prescribe the necessary records to be maintained and the supporting documentation to be provided with each voucher presented for payment of charges resulting from the use of credit cards.

History. Acts 1979, No. 676, 4; A.S.A. 1947, 12-2378.3; Acts 2009, No. 251, 11.

RI-19-4-1006

Federal Excise Tax – Motor Fuel

Federal excise taxes are levied on the sale of gasoline and diesel fuel. A general exemption exists for state government entities, including agencies, boards, commissions, constitutional offices, colleges and universities.

Updates, additional information and instructions on federal excise taxes may be found in the Internal Revenue Service (IRS) Publication 378 (Fuel Tax Credits and Refunds) and Publication 510 (Excise Taxes). These documents may be found on the IRS web site at <http://www.irs.gov/>

GASOLINE AND/OR GASOHOL

State agencies and institutions may avoid payment of fuel taxes by taking advantage of the tax exemption on Gasoline and/or Gasohol (Alternatives 1 and 2) or request a refund of tax paid under Alternative 3.

Alternative 1 – “Preferred Vendor”

The preferred method is to utilize the Wright Express (WEX) fuel cards for all individual gasoline purchases for all agencies and institutions who report under the State’s primary Tax Identification Number (TIN). The Office of State Procurement has established an account with WEX as the “ultimate vendor” for all agencies reporting under the State’s primary TIN. All agencies under the State’s primary TIN may get a fuel card, and the excise taxes will have been deducted from the bill monthly when presented for payment. This is the preferred method because the agency does not have to file any forms to receive the excise tax credit.

An ultimate vendor, as defined in the Internal Revenue Code (IRC) section 6416(a)(4), is treated as the person (and the only person) who paid the excise tax and thus is eligible for refund of excise tax on tax-excluded sales of gasoline to state and local governments for the state or local governments' exclusive use, but only if such ultimate vendor is registered under IRC section 4101.

Alternative 2

If the vendor is not registered under IRC section 4101, the purchasing state agency or institution may notify the fuel supplier of the State’s exempt status and request that the amount due be reduced through a credit memo or credit entry on the vendor’s invoice. This specific identification of the gross, excise tax and net amount on the vendor’s invoice will satisfy the requirement prescribed by the IRS. The entity that actually paid the tax to the government is eligible for the refund if it purchases tax-paid gasoline and subsequently sells it at a tax-excluded price directly to a state or local government. A certificate, as described in Internal Revenue Bulletin Notice 2005-80, must be secured from the state or local government by the entity who paid the tax.

This is the preferred method for utilizing the exemption when fuel is purchased in bulk from a fuel supplier or by use of gasoline credit cards other than ones issued by Voyager under the State's primary TIN. A blank certificate that the state agency or institution is required to provide to the person who paid the tax is found at Addendum [P1-19-4-1006](#). The certificate should be completed and signed by the agency or institution head. The certification should be presented to the vendor, whether a credit card company or a bulk dealer.

Alternative 3

As an alternative to a tax-excluded purchase of gasoline, a state or local government is eligible to file its own claim for refund on the tax-paid purchase of gasoline. Under IRC section 6421(c), if gasoline is sold to any person for a purpose including a sale to a state or local government, the Federal government shall pay (without interest) to such person an amount equal to the product of the number of gallons of gasoline sold multiplied by the rate at which tax was imposed on such gasoline by IRC section 4081. As stated under Treas. Regs. §48.6421-3(ii), a claim for payment of a governmental unit or exempt organization described in §48.6421-1(c) or §48.6421-2(c) must be filed no later than three (3) years following the close of its taxable year.

If excise tax is paid, the State may receive refunds of the tax paid by filing Form 8849 which can be found at <http://www.irs.gov/>. If this method of claiming the exemption is used, detailed records must be maintained to support the amounts claimed and should include the following:

- 1. The number of gallons purchased and used during the period covered by the claim;*
- 2. The dates of the purchases;*
- 3. The names and addresses of the suppliers and amounts purchased from each in the period covered by the claim;*
- 4. Credit card receipts and invoices should be kept to verify the correctness of the claim.*

Claims must be filed quarterly if the amount of the claim is \$750.00 or more. If the amount of the claim is less than \$750.00, the amount may be carried forward and filed in a succeeding quarter when the cumulative amount of excise taxes to be claimed exceeds \$750.00. If you cannot file a claim for at least \$750.00 after the fourth calendar quarter, the form must be filed as an "annual" claim after the end of the year. All claims must be filed no later than three (3) years following the close of the taxable year in which taxes were paid.

The claim information must be submitted to the Office of State Procurement to file as only one Form 8849 per tax identification number may be filed. Once Form 8849 is filed with the IRS, they will refund the amount of excise taxes paid to the agency. The receipt is to be treated as a "refund to expenditure" because the Federal government as the taxing authority is both the ultimate receiver of the tax and ultimate refunding agent. The receipt, when properly recorded, will restore the appropriation in the amount of such receipt.

DIESEL

The refund provision for sales of undyed diesel fuel to a state or local government for the state or local government's exclusive use can be found under Treas. Regs. §48.6427-9. A registered

ultimate vendor must obtain a properly executed exemption certificate from the state or local government. See [P1-19-4-1006](#), “Sample Exemption Certificate.”

Note that, unlike gasoline refunds, there is no provision for a state or local government to receive refund or credit of diesel fuel tax paid to its supplier. The only way to avoid tax is through a tax excluded purchase from a registered ultimate vendor.

As an alternative to the purchase of undyed diesel fuel, the State may purchase tax-free dyed diesel fuel for its exclusive use. Submission of an exemption certificate to the State’s supplier is not required for the purchase of dyed diesel fuel. An executed certificate may be requested from DFA-OA. This certificate will suffice for all state agencies utilizing the State’s primary TIN. Those offices and institutions not using the State’s TIN may complete the blank Certification Statement shown as addendum [P1-19-4-1006](#).

19-4-1007. No use of other credit cards.

(a) If it is determined by the Chief Fiscal Officer of the State to be essential to enable an agency, board, or commission to effectively carry out its responsibilities, the Chief Fiscal Officer of the State may authorize an agency, board, or commission, or certain employees thereof, to use state credit cards for which the state agency assumes liability for payment, under rules and regulations as may be prescribed by the Chief Fiscal Officer of the State.

(b) No credit cards shall be used except those approved by the Chief Fiscal Officer of the State.

History. Acts 1979, No. 676, 6; A.S.A 1947, 12-2378.5; Acts 2003, No. 656, 6.

R1-19-4-1007

State Travel Card Use

Procedures for Authority to Use Credit Cards

Approval for use of all credit cards rests with the Chief Fiscal Officer of the State. The State of Arkansas’ “Arkansas Procurement Card,” “Arkansas Business Travel Card” (BTC), and oil company cards in force on December 31, 2002, are approved. No other retail credit cards issued in the name of state agencies and institutions may be used after the adoption of these travel regulations and must be cancelled as soon as practical and billings are paid. Directors of state agencies, boards, and commissions and presidents and chancellors of institutions of higher education may request from the Chief Fiscal Officer of the State, in writing, authority to establish an agency commercial account. Requests shall state:

- *Purpose, intended use of card*
- *Number and type of cards*
- *Detail method of controls*
- *Justification*

The Office of Accounting and the Office of State Procurement shall review requests to establish agency credit cards and provide the Chief Fiscal Officer of the State their recommendation.

The Chief Fiscal Officer of the State shall not be liable for any unauthorized expenditure through the use of credit cards.

The administrative head of the board, commission, agency, department, or institution shall be responsible for ensuring that only authorized charges are paid as the result of the use of any authorized credit card and the collection for any unauthorized expenditures that may occur.

The administrative head of the board, commission, agency, department or institution may appoint a travel administrator to administer travel functions within their activities. However, the responsibility for taking corrective action for any abuses discovered rests with the administrative head of the board, commission, agency, department or institution. Individuals on state business shall use the Arkansas Business Travel Card (BTC) or provide themselves with sufficient funds or personal credit cards for necessary travel expenses. Nothing in this regulation removes the responsibility of the administrative head of an agency from being required to report to the Chief Fiscal Officer of the State and the Arkansas Legislative Audit incidences of fraud and/or theft as required by law.

PLEASE NOTE: For more specific information on the Travel Card Program refer to the DFA – Office of State Procurement web site at:

<http://www.dfa.arkansas.gov/procurement/credit-cards/>

An exception to provision(s) established in this rule shall only be granted by the Chief Fiscal Officer of the State based on written request and justification from the administrative head of an agency or institution. All requests for exceptions should be addressed to the State Procurement Director, who will make a recommendation to the Chief Fiscal Officer of the State regarding such request(s).

19-4-1008. Revolving funds for expenses.

(a)(1) The Chief Fiscal Officer of the State is authorized to promulgate appropriate rules and regulations authorizing state agencies, boards, commissions, and institutions of higher learning to establish revolving funds which shall be within such limitations as the Chief Fiscal Officer of the State may prescribe or to make advances of expense funds for authorized travel by officials and employees of state agencies, boards, commissions, and institutions of higher learning whose travel is in conjunction with institutionally sponsored events or programs. The advanced funds shall be reimbursed by the individual borrowing the funds from moneys to the individual upon filing an authorized expense account in connection with the travel.

(2) These funds shall be used to make advances of expense funds for authorized travel by officials and employees of state agencies, boards, commissions, and institutions of higher learning whose travel is in conjunction with institutionally sponsored events or programs.

(3) These funds shall be reimbursed by the individual borrowing the funds from moneys to the individual upon filing his or her authorized expense account in connection with his or her travel.

(b) The regulations may authorize the state agency, board, commission, or institution of higher learning to require the employee to file an agreement authorizing the agency to recover any amounts advanced for travel expense purposes from the amounts claimed and allowed the

employee or student as reimbursement for actual expenses incurred, to recover them from the next or future salary payments to the employee, or add them to the receivables account of the student.

History. Acts 1979, No. 676, 6; A.S.A. 1947, 12-2378.5; Acts 1995, No. 1258, 1; 2001, No. 1453, 26.

R1-19-4-1008

Travel Advance Revolving Funds

In accordance with ACA 19-4-1008, the Chief Fiscal Officer of the State may approve the establishment of a revolving fund by an agency, department, board, commission or institution to be used to make advances of expense funds for authorized travel by officials, employees of state agencies, boards, commissions, and institutions of higher learning and students when travel is in conjunction with institution-sponsored events or programs.

The Chief Fiscal Officer of the State shall not be liable for any unauthorized expenditure through the failure of any official, employee or student to reimburse revolving funds for travel advances. The responsibility of ensuring that only authorized expenditures are paid by the use of any advance from an established revolving fund and the collection of advances made from a revolving fund ultimately rests with the administrative head of the board, commission, agency, department or institution.

The administrative head of the board, commission, agency, department or institution may appoint a travel administrator to administer travel functions within their activities. However, the responsibility for taking corrective measures for any abuses discovered rests with the administrative head of the board, commission, agency, department or institution.

Establishment of a Revolving Fund

A Travel Advance Fund is established by submitting a request to the Department of Finance and Administration-Office of Accounting. The administrative head of every board, commission, agency, department or institution that wishes to establish and operate a travel advance revolving fund shall do so in accordance with the policies set forth by, and with the approval of, the Chief Fiscal Officer of the State. In addition, a custodian must be designated who will be responsible for operating, maintaining and processing all transactions in the account(s). All Travel Advance Funds in operation on the effective date of this rule are hereby approved.

Policy

The cost of registration and conference fees may not be included in the travel advance request. State personnel who hold an approved State travel card are discouraged from using the Travel Advance Fund. Should it become necessary for a cardholder to apply for a travel advance, a letter of request from the traveler's immediate supervisor will be submitted to the Travel Advance Fund Custodian justifying the advance by explaining why anticipated expenditures may not be charged to the traveler's credit card.

AMOUNTS TO BE ADVANCED:

Travel Advance Revolving Funds may be utilized to make advances of amounts not to exceed 50% of the total anticipated travel expenses, not including those expenses that are direct billed

to the agency or charged on the Business Travel Card (BTC) or Central Travel Service (CTS) Account or “Ghost Account”.

Within Arkansas:

The traveler is allowed to request up to 50% of anticipated meals and other travel expenses except airfare, lodging, vehicle rental or conference registration. These items should be direct billed to the agency using the Business Travel Card (BTC) or Central Travel Service (CTS) Account.

Within the Continental United States:

The traveler is allowed to request up to 50% of anticipated meals and other travel expenses except airfare, lodging, vehicle rental or conference registration. These items should be direct billed to the agency using the Business Travel Card (BTC) or Central Travel Service (CTS) Account.

Outside the Continental United States:

Where the travel destination of the traveler and/or group does not provide access to the Business Travel Card (BTC) or other electronic means of accessing funds, the cash advance may be 75% of total anticipated travel expenses less air fare and hotel which may be direct billed using the Business Travel Card.

When the travel destination of the traveler and/or the group does provide access to the Business Travel Card (SBTC) or other electronic means of accessing funds, the cash advance should not be authorized but in no event will it exceed 50% of the total anticipated travel expenses. Airfare and hotel may be direct billed.

PLEASE NOTE: Travel advances for student/client/group activities as defined by ACA 19-4-904 (d) may be made for 90% of the anticipated expenses that are not to be direct billed to the institution.

Specific exceptions to this policy may be addressed via e-mail to the Administrator, DFA – Office of Accounting at <mailto:acctuser@dfa.arkansas.gov> subject: travel advance. State agencies, boards, commissions and institutions of higher learning shall require employees and/ or students to file an agreement authorizing the agency/institution to recover any amounts advanced for travel expense purposes from the amounts claimed and allowed the employee or student as reimbursement for actual expenses incurred or add them to the receivable account of the student.

Procedure for Obtaining a Travel Advance

The traveler completes the “Travel Advance Fund Repayment Agreement” Form [PI-19-4-1008](#).

The traveler obtains approval of his/her supervisor as indicated on the form and forwards the completed forms to the Travel Advance Fund Custodian.

Travel advance requests, including those submitted by mail, should be processed with advance check prepared within five (5) working days after receipt provided that travel advance check

should not be released more than 10 working days prior to planned travel. Employees should be notified when travel advance checks are available, and/or the advance checks should be routed to the traveler.

Repayment of travel advances: travel advances will be repaid according to the following guidelines:

- *A “Travel Reimbursement” form, TR-1 or equivalent, should be filed within fifteen (15) working days after the traveler completes his/her travel. The total amount of the travel advance to be repaid to the Travel Advance Fund must be stated in the space provided on the TR-1 form when submitted. All TR-1 forms indicating an amount due the Travel Advance Fund must be routed through the Travel Advance Fund Custodian for verification of proper “amount due”. Failure to submit the TR-1 or equivalent to the proper unit in a timely manner or failure to indicate an amount due the Travel Advance Fund may result in the traveler being permanently barred from utilization of the Travel Advance Fund.*
- *After submission of form TR-1, the reimbursement is processed with payment being made to the traveler. It is the agency’s responsibility to see that the traveler reimburses the Travel Advance Fund for the full amount received.*
- *Anyone who has been issued a State travel card and who obtains a travel advance without first obtaining written authorization from his/her supervisor may be permanently barred from using the Travel Advance Fund.*
- *If the traveler is no longer employed by the issuing organization and the travel advance has not been repaid by the borrower, the amount of the travel advance will be deducted from his/her final payroll check. If the travel plans by a current employee are cancelled after a travel advance was made, the travel advance must be repaid within five (5) days of the cancellation date.*