



GAO Technical Bulletin

Arizona Department of Administration ♦ General Accounting Office

Subject:	<i>Rental Vehicles – Reimbursable Expenses and Other Considerations</i>	Issued:	01/24/13
Manual Section(s):	II-D	Effective:	01/24/13
Supersede(s):	References to Collision Damage Waivers	Page:	1 of 4

TO: Technical Bulletin Administrators
All Agencies

FROM: D. Clark Partridge
State Comptroller

AUTHORITY

A.R.S. § 41-703 Duties of director
A.R.S. § 41-722 Powers and duties relating to finance

DEFINITIONS

Agency: Any department, authority, board, commission, council, administration, court, registrar, office, institution, or other entity in the Executive, Legislative, or Judicial branch of Arizona State Government. In contexts that are directive in nature, the use of the term “agency” may imply that employee or those employees within the organization—such as the agency head, the CFO, etc.—responsible for carrying out the procedures under consideration.

CDW: Collision damage waiver.

Collision damage waiver: When dealing with auto rentals, a form of insurance, sold for a fee, which indemnifies the renter and his or her insurance company from losses arising from a collision, theft or other damage (vandalism, weather, loss of use, etc.) to the rental car.

Damage waiver: See “collision damage waiver.”

Employee: Any individual being paid compensation under the authority of any payroll system of the Government of the State of Arizona. The use of the singular form is used throughout, but the plural form may be substituted, as appropriate.

State-contracted vehicle: A vehicle provided by a State contractor (Enterprise Rent-A-Car at the time of publication) for in-state travel. The State contract does not apply to out-of-state use of vehicles that may be provided by the State contractor.

Fleet vehicle: An automobile or other vehicle owned by the State or one of its agencies that should, when circumstances permit, be used to conduct State business when traveling in the State of Arizona.

GPS: Global positioning system; a satellite-based navigation system.

Loss damage waiver: See “collision damage waiver.”

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Privately owned vehicle: In this context, an automobile or similar vehicle owned by an individual but used to conduct State business.

Rental vehicle: An automobile or similar vehicle—other than a State-contracted vehicle—put up for short-term hire by a commercial enterprise.

Vehicle: A motorized conveyance used primarily for personal ground transport. The term vehicle as used herein does not include heavy or special equipment such as bull dozers, cranes, trucks, ambulances, etc.

INTRODUCTION

At times, traveling for the State requires the use of a rental vehicle. This technical bulletin discusses some factors to be considered when authorizing the use of a rental car and those expenses relating to car rentals for which an employee may be reimbursed. This technical bulletin, moreover, eliminates the prohibition against reimbursing an employee for CDW coverage purchased in connection with a car rental when traveling for the State.

POLICIES & PROCEDURES

1. When practicable, an employee’s use of a rental car should require agency pre-approval. Before authorizing the use of a rental vehicle, an agency should consider the necessity, advisability and cost of providing this type of transportation to conduct State business.
2. When traveling within the borders of the State of Arizona, it is generally economically advisable to arrange for a fleet or State-contracted vehicle, or authorize the use of a privately owned vehicle before contracting a rental vehicle. The use of a rental vehicle should be authorized only when a fleet vehicle or State-contracted vehicle is unavailable and:
 - a. The estimated privately owned vehicle reimbursement rate would exceed the cost of the rental vehicle for the contemplated trip, or
 - b. The employee does not have access to a reliable privately owned vehicle.
3. The guidelines set forth immediately below are approximations that may be used to determine which modes of transportation are most economical, given the length of the contemplated round-trip. Variations arise from changes in fuel prices, imprecision in estimated trip length, size and fuel efficiency of the vehicle employed, etc.
 - a. If the agency has an extended term fleet vehicle, for round trips of
 - i. Less than fifteen (15) miles, use a privately owned vehicle.

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- ii. More than fifteen (15) miles, use an extended term fleet vehicle.
 - b. If the agency has to secure a fleet vehicle on a trip-by-trip basis, for round trips of
 - i. Less than eighty-five (85) miles, use a privately owned vehicle.
 - ii. More than eighty-five (85) miles, use a fleet vehicle.
 - c. If *possible*, use of a rental vehicle for in-state travel should be avoided and used only for round trips of one hundred thirty-five (135) miles or more.
4. When traveling out-of-State, it may be necessary, advisable and/or economical to authorize the use of a rental vehicle. Consideration should involve the cost of the vehicle, the cost of alternative means of transport, and the business needs of the agency. A rental vehicle should be engaged only when it is necessary to enable or support the accomplishment of the travel's business purpose.
5. When it has been determined that it is in the best interest of the State that State business be conducted using a rental vehicle:
- a. CDW coverage should be purchased and reimbursed for out-of-State car rentals; this is contrary to and supersedes the prohibitive directives contained in the State of Arizona Accounting Manual, Section II-D.
 - b. Accepting CDW coverage is not permitted and will not be reimbursed for in-State car rentals.
 - c. Whether renting a vehicle in-State or out-of-State, purchases of additional items, including but not limited to the following, will not be reimbursed: GPS; personal accident insurance; personal effects coverage; supplemental liability coverage; etc.

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AREAS IMPACTED

All State agencies.

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QUESTIONS, COMMENTS, CONCERNS, RECOMMENDATIONS AND FEEDBACK

If you have any questions concerning this Technical Bulletin, please contact your GAO Liaison.

We welcome your comments, concerns, recommendations and feedback. You are invited to send your suggestions to us at:

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