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COMPTROLLER'S MEMORANDUM NO. 1991-28

TO: Heads of Departments

FROM: Russel S. Nagata, Comptroller

SUBJECT: Telephone Credit Card Expenditures

The purpose of this memorandum is to supplement current policy regarding expenditures made through the use of credit cards, to address specifically credit cards used to make toll telephone calls that are to be charged to an expending agency's program funds. Current policy on the use of credit cards generally is documented in Comptroller's Circular 1970-7, dated June 1, 1971.

Subject to the written approval of the Comptroller, an expending agency may acquire a telephone credit card when its usage can be justified on the basis of increased efficiency or increased economy for the program whose funds are to be charged. The efficiency or economy justification must be covered in the expending agency's written request to the Comptroller for approval to acquire the card. If an expending agency cannot explain how the use of a telephone credit card would be more efficient for a program's operations or would be more economical for the program, approval to acquire a telephone credit card should not be requested; instead, the program should continue to incur its toll telephone charges by other means.

An expending agency's request for approval should also include other pertinent information, such as any reasons other than efficiency and economy that a telephone credit card is needed, the position of the officer or employee who would use the card, and any restrictions on the circumstances under which the card would be used. The purpose of this additional information is to provide a sufficient basis for the requested approval decision.

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Upon approval by the Comptroller, an expending agency may select the issuing company most appropriate to the program needs. In fairness to all vendors of telephone credit cards, the expending agency will be held responsible for contacting at least three issuing companies to give them an opportunity to present their telephone credit card product. An expending agency must be prepared to show, upon request, that it has selected the company most appropriate to program needs.

An expending agency must also be prepared to terminate use of a telephone credit card whenever a statewide contract or other statewide authority supersedes this memorandum.

In line with the control requirements of Comptroller's Circular 1970-7, an expending agency is required to keep on file with the Comptroller a current list of approved credit cards for the purpose of identifying them as follows:

- by credit card company name
- by credit card account number
- by the name of the employee authorized to use the card.

In our pre-audit of expenditure vouchers, payment will not be approved for any telephone credit card billing for which the above information has not been furnished. It is therefore important for an expending agency to update its list promptly upon the issuance of each card that has been approved.

RUSSEL S. NAGATA
Comptroller