MEMORANDUM

Date: June 22, 2018

To: State Chief Financial Officers

From: Ronald Spilman, State Controller

Subject: Credit Card Usage

Periodically, the Financial Control Division (FCD) of the Department of Finance and Administration (DFA) sends out reminders that since 2002, every General Appropriation Act, has contained language limiting the use of credit cards by any governmental entity. This restriction can usually be found in Section 3.J of the Act and reads as follows:

"Except for gasoline credit cards used solely for operation of official vehicles, telephone credit cards used solely for official business and procurement cards used as authorized by Section 6-5-9.1 NMSA 1978, none of the appropriations contained in the General Appropriation Act may be expended for payment of agency-issued credit card invoices."

We have seen instances where several governmental entities appear to have used credit cards other than those specified under law. To be clear, the credit card authorized under Section 6-5-9.1 NMSA 1978 is the credit card procured under DFA’s FCD’s procurement card program (currently the Bank of America PCard). This is the only credit card, other than cards for gas for official vehicles and telephone cards, which New Mexico governmental entities may use.

If your entity is using any other type of credit card other than those allowed in the General Appropriations Act, you are in potential violation of the law and you should cease such use immediately and report the incident to your independent auditor.

FCD will continue to examine vouchers for unauthorized card expenditures. As advised in the past “open accounts”, which are becoming rarer, do not violate the law. The agency should have proof that the account qualifies as an “open account”. Supporting facts would include

- No physical card or linkage to a card used for the purchase. Please note, it is probable that a card number held within the supplier’s system is supporting your purchases. A sixteen digit account number should be a warning sign.
- Invoice shows no annual percentage rate applied on purchases
• Invoice states that check is payable to supplier and not a credit division of the supplier or a credit finance company. Please note that the case of Home Depot, we are sending the check to Citibank and the invoice states Home Depot Credit Services.

Please verify that “open account” agreements comply with the above. In those case where you need to immediately settle with the supplier, it appears that most of them will allow a direct link to the state’s procurement card, so please pursue that option.

For further information contact Reese McAlister or Lucia Santini.

Thank you for your immediate attention to this matter.