

Suspend the Rules and Pass the Bill S. 300, With an Amendment
**(The amendment strikes all after the enacting clause and inserts a
new text)**

112TH CONGRESS
1ST SESSION

S. 300

IN THE HOUSE OF REPRESENTATIVES

JULY 25, 2011

Referred to the Committee on Oversight and Government Reform and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

AN ACT

To prevent abuse of Government charge cards.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Government Charge
3 Card Abuse Prevention Act of 2012”.

4 **SEC. 2. MANAGEMENT OF PURCHASE CARDS.**

5 (a) GOVERNMENT-WIDE SAFEGUARDS AND INTER-
6 NAL CONTROLS.—

7 (1) IN GENERAL.—Chapter 19 of title 41,
8 United States Code, is amended by adding at the
9 end the following new section:

10 **“§ 1909. Management of purchase cards**

11 “(a) REQUIRED SAFEGUARDS AND INTERNAL CON-
12 TROLS.—The head of each executive agency that issues
13 and uses purchase cards and convenience checks shall es-
14 tablish and maintain safeguards and internal controls to
15 ensure the following:

16 “(1) There is a record in each executive agency
17 of each holder of a purchase card issued by the
18 agency for official use, annotated with the limita-
19 tions on single transactions and total transactions
20 that are applicable to the use of each such card or
21 check by that purchase card holder.

22 “(2) Each purchase card holder and individual
23 issued a convenience check is assigned an approving
24 official other than the card holder with the authority
25 to approve or disapprove transactions.

1 “(3) The holder of a purchase card and each of-
2 ficial with authority to authorize expenditures
3 charged to the purchase card are responsible for—

4 “(A) reconciling the charges appearing on
5 each statement of account for that purchase
6 card with receipts and other supporting docu-
7 mentation; and

8 “(B) forwarding a summary report to the
9 certifying official in a timely manner of infor-
10 mation necessary to enable the certifying offi-
11 cial to ensure that the Federal Government ulti-
12 mately pays only for valid charges that are con-
13 sistent with the terms of the applicable Govern-
14 ment-wide purchase card contract entered into
15 by the Administrator of General Services.

16 “(4) Any disputed purchase card charge, and
17 any discrepancy between a receipt and other sup-
18 porting documentation and the purchase card state-
19 ment of account, is resolved in the manner pre-
20 scribed in the applicable Government-wide purchase
21 card contract entered into by the Administrator of
22 General Services.

23 “(5) Payments on purchase card accounts are
24 made promptly within prescribed deadlines to avoid
25 interest penalties.

1 “(6) Rebates and refunds based on prompt pay-
2 ment, sales volume, or other actions by the agency
3 on purchase card accounts are reviewed for accuracy
4 and properly recorded as a receipt to the agency
5 that pays the monthly bill.

6 “(7) Records of each purchase card transaction
7 (including records on associated contracts, reports,
8 accounts, and invoices) are retained in accordance
9 with standard Government policies on the disposition
10 of records.

11 “(8) Periodic reviews are performed to deter-
12 mine whether each purchase card holder has a need
13 for the purchase card.

14 “(9) Appropriate training is provided to each
15 purchase card holder and each official with responsi-
16 bility for overseeing the use of purchase cards issued
17 by the executive agency.

18 “(10) The executive agency has specific policies
19 regarding the number of purchase cards issued by
20 various component organizations and categories of
21 component organizations, the credit limits author-
22 ized for various categories of card holders, and cat-
23 egories of employees eligible to be issued purchase
24 cards, and that those policies are designed to mini-
25 mize the financial risk to the Federal Government of

1 the issuance of the purchase cards and to ensure the
2 integrity of purchase card holders.

3 “(11) The executive agency uses effective sys-
4 tems, techniques, and technologies to prevent or
5 identify illegal, improper, or erroneous purchases.

6 “(12) The executive agency invalidates the pur-
7 chase card of each employee who—

8 “(A) ceases to be employed by the agency,
9 immediately upon termination of the employ-
10 ment of the employee; or

11 “(B) transfers to another unit of the agen-
12 cy, immediately upon the transfer of the em-
13 ployee unless the agency determines that the
14 units are covered by the same purchase card
15 authority.

16 “(13) The executive agency takes steps to re-
17 cover the cost of any illegal, improper, or erroneous
18 purchase made with a purchase card or convenience
19 check by an employee, including, as necessary,
20 through salary offsets.

21 “(b) GUIDANCE.—The Director of the Office of Man-
22 agement and Budget shall review existing guidance and,
23 as necessary, prescribe additional guidance governing the
24 implementation of the requirements of subsection (a) by
25 executive agencies.

1 “(c) PENALTIES FOR VIOLATIONS.—

2 “(1) IN GENERAL.—The head of each executive
3 agency shall provide for appropriate adverse per-
4 sonnel actions or other punishment to be imposed in
5 cases in which employees of the agency violate agen-
6 cy policies implementing the guidance required by
7 subsection (b) or make illegal, improper, or erro-
8 neous purchases with purchase cards or convenience
9 checks.

10 “(2) DISMISSAL.—Penalties prescribed for em-
11 ployee misuse of purchase cards or convenience
12 checks shall include dismissal of the employee, as
13 appropriate.

14 “(3) REPORTS ON VIOLATIONS.—The guidance
15 prescribed under subsection (b) shall direct each
16 head of an executive agency with more than
17 \$10,000,000 in purchase card spending annually,
18 and each Inspector General of such an executive
19 agency, on a semiannual basis, to submit to the Di-
20 rector of the Office of Management and Budget a
21 joint report on violations or other actions covered by
22 paragraph (1) by employees of such executive agen-
23 cy. At a minimum, the report shall set forth the fol-
24 lowing:

1 “(A) A summary description of confirmed
2 violations involving misuse of a purchase card
3 following completion of a review by the agency
4 or by the Inspector General of the agency.

5 “(B) A summary description of all adverse
6 personnel action, punishment, or other action
7 taken based on each violation.

8 “(d) RISK ASSESSMENTS AND AUDITS.—The Inspec-
9 tor General of each executive agency shall—

10 “(1) conduct periodic assessments of the agency
11 purchase card or convenience check programs to
12 identify and analyze risks of illegal, improper, or er-
13 roneous purchases and payments in order to develop
14 a plan for using such risk assessments to determine
15 the scope, frequency, and number of periodic audits
16 of purchase card or convenience check transactions;

17 “(2) perform analysis or audits, as necessary,
18 of purchase card transactions designed to identify—

19 “(A) potentially illegal, improper, or erro-
20 neous uses of purchase cards;

21 “(B) any patterns of such uses; and

22 “(C) categories of purchases that could be
23 made by means other than purchase cards in
24 order to better aggregate purchases and obtain

1 lower prices (excluding transactions made under
2 card-based strategic sourcing arrangements);

3 “(3) report to the head of the executive agency
4 concerned on the results of such analysis or audits;
5 and

6 “(4) report to the Director of the Office of
7 Management and Budget on the implementation of
8 recommendations made to the head of the executive
9 agency to address findings of any analysis or audit
10 of purchase card and convenience check transactions
11 or programs for compilation and transmission by the
12 Director to Congress and the Comptroller General.

13 “(e) RELATIONSHIP TO DEPARTMENT OF DEFENSE
14 PURCHASE CARD REGULATIONS.—The requirements of
15 this section shall not apply to the Department of Defense.
16 See section 2784 of title 10 for provisions relating to man-
17 agement of purchase cards in the Department.”.

18 (2) CLERICAL AMENDMENT.—The table of sec-
19 tions at the beginning of chapter 19 of title 41,
20 United States Code, is amended by adding at the
21 end the following new item:

“1909. Management of purchase cards.”.

22 (b) CONFORMING AMENDMENTS TO DEPARTMENT OF
23 DEFENSE PURCHASE CARD PROVISIONS.—Subsection (b)
24 of section 2784 of title 10, United States Code, is amend-
25 ed—

1 (1) by moving paragraph (8) to the end of the
2 subsection and redesignating that paragraph as
3 paragraph (14);

4 (2) by redesignating paragraphs (2), (3), (4),
5 (5), (6), and (7) as paragraphs (3), (4), (5), (6),
6 (7), and (8), respectively;

7 (3) by inserting after paragraph (1) the fol-
8 lowing new paragraph (2):

9 “(2) That each purchase card holder and indi-
10 vidual issued a convenience check is assigned an ap-
11 proving official other than the card holder with the
12 authority to approve or disapprove transactions.”;

13 (4) by adding after paragraph (10) the fol-
14 lowing new paragraphs:

15 “(11) That the Department of Defense uses ef-
16 fective systems, techniques, and technologies to pre-
17 vent or identify potential fraudulent purchases.

18 “(12) That the Department of Defense takes
19 appropriate steps to invalidate the purchase card of
20 each card holder who—

21 “(A) in the case of an employee of the De-
22 partment—

23 “(i) ceases to be employed by the De-
24 partment, immediately upon termination of
25 the employment of the employee; or

1 “(ii) transfers to another unit of the
2 Department, immediately upon the trans-
3 fer of the employee unless the Secretary of
4 Defense determines that the units are cov-
5 ered by the same purchase card authority;
6 and

7 “(B) in the case of a member of the armed
8 forces, is separated or released from active duty
9 or full-time National Guard duty.

10 “(13) That the Department of Defense takes
11 steps to recover the cost of any illegal, improper, or
12 erroneous purchase made with a purchase card or
13 convenience check by an employee or member of the
14 armed forces, including, as necessary, through salary
15 offsets.”; and

16 (5) by adding at the end the following new
17 paragraph:

18 “(15) That the Inspector General of the De-
19 partment of Defense conducts periodic audits or re-
20 views of purchase card or convenience check pro-
21 grams to identify and analyze risks of illegal, im-
22 proper, or erroneous purchases and payments and
23 that the findings of such audits or reviews, along
24 with recommendations to prevent abuse of purchase
25 cards or convenience checks, are reported to the Di-

1 rector of the Office of Management and Budget and
2 Congress.”.

3 (c) DEADLINE FOR GUIDANCE ON MANAGEMENT OF
4 PURCHASE CARDS.—The Director of the Office of Man-
5 agement and Budget shall prescribe the guidance required
6 by section 1909(b) of title 41, United States Code, as
7 added by subsection (a), not later than 180 days after the
8 date of the enactment of this Act.

9 **SEC. 3. MANAGEMENT OF TRAVEL CARDS.**

10 Section 2 of the Travel and Transportation Reform
11 Act of 1998 (Public Law 105–264; 5 U.S.C. 5701 note)
12 is amended by adding at the end the following new sub-
13 section:

14 “(h) MANAGEMENT OF TRAVEL CHARGE CARDS.—

15 “(1) REQUIRED SAFEGUARDS AND INTERNAL
16 CONTROLS.—The head of each executive agency that
17 has employees that use travel charge cards shall es-
18 tablish and maintain the following internal control
19 activities to ensure the proper, efficient, and effec-
20 tive use of such travel charge cards:

21 “(A) There is a record in each executive
22 agency of each holder of a travel charge card
23 issued on behalf of the agency for official use,
24 annotated with the limitations on amounts that

1 are applicable to the use of each such card by
2 that travel charge card holder.

3 “(B) Rebates and refunds based on
4 prompt payment, sales volume, or other actions
5 by the agency on travel charge card accounts
6 are monitored for accuracy and properly re-
7 corded as a receipt of the agency that employs
8 the card holder.

9 “(C) Periodic reviews are performed to de-
10 termine whether each travel charge card holder
11 has a need for the travel charge card.

12 “(D) Appropriate training is provided to
13 each travel charge card holder and each official
14 with responsibility for overseeing the use of
15 travel charge cards issued by the executive
16 agency.

17 “(E) Each executive agency has specific
18 policies regarding travel charge cards issued for
19 various component organizations and categories
20 of component organizations, the credit limits
21 authorized for various categories of card hold-
22 ers, and categories of employees eligible to be
23 issued travel charge cards, and designs those
24 policies to minimize the financial risk to the
25 Federal Government of the issuance of the trav-

1 el charge cards and to ensure the integrity of
2 travel charge card holders.

3 “(F) Each executive agency has policies to
4 ensure its contractual arrangement with each
5 travel charge card issuing contractor contains a
6 requirement that the creditworthiness of an in-
7 dividual be evaluated before the individual is
8 issued a travel charge card, and that no indi-
9 vidual be issued a travel charge card if that in-
10 dividual is found not creditworthy as a result of
11 the evaluation (except that this paragraph shall
12 not preclude issuance of a restricted use, pre-
13 paid, declining balance, controlled-spend, or
14 stored value card when the individual lacks a
15 credit history or has a credit score below the
16 minimum credit score established by the Direc-
17 tor of the Office of Management and Budget).
18 The Director of the Office of Management and
19 Budget shall establish a minimum credit score
20 for determining the creditworthiness of an indi-
21 vidual based on rigorous statistical analysis of
22 the population of card holders and historical be-
23 haviors. Notwithstanding any other provision of
24 law, such evaluation shall include an assessment
25 of an individual’s consumer report from a con-

1 sumer reporting agency as those terms are de-
2 fined in section 603 of the Fair Credit Report-
3 ing Act (15 U.S.C. 1681a).

4 “(G) Each executive agency uses effective
5 systems, techniques, and technologies to prevent
6 or identify improper purchases.

7 “(H) Each executive agency ensures that
8 the travel charge card of each employee who
9 ceases to be employed by the agency is invali-
10 dated immediately upon termination of the em-
11 ployment of the employee (or, in the case of a
12 member of the uniformed services, upon separa-
13 tion or release from active duty or full-time Na-
14 tional Guard duty).

15 “(I) Each executive agency shall ensure
16 that, where appropriate, travel card payments
17 are issued directly to the travel card-issuing
18 bank for credit to the employee’s individual
19 travel card account.

20 “(2) GUIDANCE ON MANAGEMENT OF TRAVEL
21 CHARGE CARDS.—Not later than 180 days after the
22 date of the enactment of the Government Charge
23 Card Abuse Prevention Act of 2012, the Director of
24 the Office of Management and Budget shall review
25 the existing guidance and, as necessary, prescribe

1 additional guidance for executive agencies governing
2 the implementation of the requirements in para-
3 graph (1).

4 “(3) INSPECTOR GENERAL AUDIT.—The Inspec-
5 tor General of each executive agency with more than
6 \$10,000,000 in travel card spending shall conduct
7 periodic audits or reviews of travel card programs to
8 analyze risks of illegal, improper, or erroneous pur-
9 chases and payments. The findings of such audits or
10 reviews along with recommendations to prevent im-
11 proper use of travel cards shall be reported to the
12 Director of the Office of Management and Budget
13 and Congress.

14 “(4) PENALTIES FOR VIOLATIONS.—Consistent
15 with the guidance prescribed under paragraph (2),
16 each executive agency shall provide for appropriate
17 adverse personnel actions to be imposed in cases in
18 which employees of the executive agency fail to com-
19 ply with applicable travel charge card terms and
20 conditions or applicable agency regulations or com-
21 mit fraud with respect to a travel charge card, in-
22 cluding removal in appropriate cases.

23 “(5) DEFINITIONS.—In this subsection:

24 “(A) EXECUTIVE AGENCY.—The term ‘ex-
25 ecutive agency’ means an agency as that term

1 is defined in subparagraphs (A) and (B) of sec-
2 tion 5701(1) of title 5, United States Code.

3 “(B) TRAVEL CHARGE CARD.—The term
4 ‘travel charge card’ means any Federal con-
5 tractor-issued travel charge card that is individ-
6 ually billed to each card holder.”.

7 **SEC. 4. MANAGEMENT OF CENTRALLY BILLED ACCOUNTS.**

8 (a) **REQUIRED INTERNAL CONTROLS FOR CEN-**
9 **TRALLY BILLED ACCOUNTS.**—The head of an executive
10 agency that has employees who use a travel charge card
11 that is billed directly to the United States Government
12 shall establish and maintain the following internal control
13 activities:

14 (1) The executive agency shall ensure that offi-
15 cials with the authority to approve official travel
16 verify that centrally billed account charges are not
17 reimbursed to an employee.

18 (2) The executive agency shall dispute unallow-
19 able and erroneous charges and track the status of
20 the disputed transactions to ensure appropriate reso-
21 lution.

22 (3) The executive agency shall submit requests
23 to servicing airlines for refunds of fully or partially
24 unused tickets, when entitled to such refunds, and

1 track the status of unused tickets to ensure appro-
2 priate resolution.

3 (b) GUIDANCE.—Not later than 180 days after the
4 date of the enactment of this Act, the Director of the Of-
5 fice of Management and Budget shall review the existing
6 guidance and, as necessary, prescribe additional guidance
7 for executive agencies implementing the requirements of
8 subsection (a).

9 **SEC. 5. DEFINITIONS.**

10 In this Act:

11 (1) EXECUTIVE AGENCY.—The term “executive
12 agency” has the meaning given such term in section
13 133 of title 41, United States Code.

14 (2) EMPLOYEE.—The term “employee” has the
15 meaning given such term in section 2(d)(3) of the
16 Travel and Transportation Reform Act of 1998
17 (Public Law 105–264; 5 U.S.C. 5701 note).

18 **SEC. 6. CONSTRUCTION.**

19 (a) EXECUTIVE AGENCY ACCOUNTING.—Nothing in
20 this Act, or the amendments made by this Act, shall be
21 construed to excuse the head of an executive agency from
22 the responsibilities set out in section 3512 of title 31,
23 United States Code, or in the Improper Payments Infor-
24 mation Act of 2002 (31 U.S.C. 3321 note).

1 (b) PERSONAL INFORMATION.—Nothing in this Act,
2 or the amendments made by this Act, shall be construed
3 to require the disclosure of personally identifying informa-
4 tion that is otherwise protected from disclosure under sec-
5 tion 552a of title 5, United States Code (popularly known
6 as the Privacy Act of 1974).