

111TH CONGRESS
1ST SESSION

H. R. 2189

To prevent abuse of Government charge cards.

IN THE HOUSE OF REPRESENTATIVES

APRIL 30, 2009

Mr. WILSON of South Carolina (for himself and Mr. ELLSWORTH) introduced the following bill; which was 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

A BILL

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Government Charge
5 Card Abuse Prevention Act of 2009”.

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

7 (a) **REQUIRED SAFEGUARDS AND INTERNAL CON-**
8 **TROLS.**—The head of each executive agency that issues
9 and uses purchase cards and convenience checks shall es-

1 tablish and maintain safeguards and internal controls to
2 ensure the following:

3 (1) There is a record in each executive agency
4 of each holder of a purchase card issued by the
5 agency for official use, annotated with the limita-
6 tions on single transactions and total transactions
7 that are applicable to the use of each such card or
8 check by that purchase cardholder.

9 (2) Each purchase cardholder and individual
10 issued a convenience check is assigned an approving
11 official other than the cardholder with the authority
12 to approve or disapprove transactions.

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

16 (A) reconciling the charges appearing on
17 each statement of account for that purchase
18 card with receipts and other supporting docu-
19 mentation; and

20 (B) forwarding such reconciliation to the
21 certifying official in a timely manner to enable
22 the certifying official to ensure that the Federal
23 Government ultimately pays only for valid
24 charges.

1 (4) Any disputed purchase card charge, and
2 any discrepancy between a receipt and other sup-
3 porting documentation and the purchase card state-
4 ment of account, is resolved in the manner pre-
5 scribed in the applicable governmentwide purchase
6 card contract entered into by the Administrator of
7 General Services and in accordance with all laws and
8 executive agency regulations.

9 (5) Payments on purchase card accounts are
10 made promptly within prescribed deadlines to avoid
11 interest penalties.

12 (6) Rebates and refunds based on prompt pay-
13 ment, sales volume, or other actions by the agency
14 on purchase card accounts are reviewed for accuracy
15 and properly recorded as a receipt to the agency
16 that pays the monthly bill.

17 (7) Records of each purchase card transaction
18 (including records on associated contracts, reports,
19 accounts, and invoices) are retained in accordance
20 with standard Government policies on the disposition
21 of records.

22 (8) Periodic reviews are performed to determine
23 whether each purchase cardholder has a need for the
24 purchase card.

1 (9) Appropriate training regarding the proper
2 use of purchase cards is provided to each purchase
3 cardholder in advance of being issued a purchase
4 card and periodically thereafter and to each official
5 with responsibility for overseeing the use of purchase
6 cards issued by an executive agency in advance of
7 assuming such oversight duties and periodically
8 thereafter.

9 (10) The executive agency has specific policies
10 regarding the number of purchase cards issued by
11 various component organizations and categories of
12 component organizations, the credit limits author-
13 ized for various categories of cardholders, and cat-
14 egories of employees eligible to be issued purchase
15 cards, and that those policies are designed to mini-
16 mize the financial risk to the Federal Government of
17 the issuance of the purchase cards and to ensure the
18 integrity of purchase cardholders.

19 (11) The executive agency utilizes effective sys-
20 tems, techniques, and technologies to prevent or
21 identify fraudulent purchases.

22 (12) The executive agency invalidates the pur-
23 chase card of each employee who—

1 (A) ceases to be employed by the agency,
2 immediately upon termination of the employ-
3 ment of the employee; or

4 (B) transfers to another unit of the agency
5 immediately upon the transfer of the employee
6 unless the agency determines that the units are
7 covered by the same purchase card authority.

8 (13) The executive agency takes steps to re-
9 cover the cost of any erroneous, improper, or illegal
10 purchase made with a purchase card or convenience
11 check by an employee, including, as necessary,
12 through salary offsets.

13 (b) GUIDANCE ON MANAGEMENT OF PURCHASE
14 CARDS.—Not later than 180 days after the date of the
15 enactment of this Act, the Director of the Office of Man-
16 agement and Budget shall review the existing guidance
17 and, as necessary, prescribe additional guidance governing
18 the implementation of the safeguards and internal controls
19 required by subsection (a) by executive agencies.

20 (c) PENALTIES FOR VIOLATIONS.—

21 (1) IN GENERAL.—The head of each executive
22 agency shall provide for appropriate adverse per-
23 sonnel actions or other punishment to be imposed in
24 cases in which employees of the agency violate agen-
25 cy policies implementing the guidance required by

1 subsection (b) or make improper, erroneous, or ille-
2 gal purchases with purchase cards or convenience
3 checks.

4 (2) DISMISSAL.—Penalties prescribed for em-
5 ployee misuse of purchase cards or convenience
6 checks shall include dismissal of the employee, as
7 appropriate.

8 (3) REPORTS ON VIOLATIONS.—The guidance
9 prescribed under subsection (b) shall direct each
10 head of an executive agency with more than
11 \$10,000,000 in purchase card spending annually,
12 and each Inspector General of such an executive
13 agency on a semiannual basis, to submit to the Di-
14 rector of the Office of Management and Budget a
15 joint report on violations or other actions covered by
16 paragraph (1) by employees of such executive agen-
17 cy. At a minimum, the report shall set forth the fol-
18 lowing:

19 (A) A description of each violation.

20 (B) A description of any adverse personnel
21 action, punishment, or other action taken
22 against the employee for such violation.

23 (d) RISK ASSESSMENTS AND AUDITS.—The Inspec-
24 tor General of each executive agency shall—

1 (1) conduct periodic assessments of the agency
2 purchase card or convenience check programs to
3 identify and analyze risks of illegal, improper, or er-
4 roneous purchases and payments in order to develop
5 a plan for using such risk assessments to determine
6 the scope, frequency, and number of periodic audits
7 of purchase card or convenience check transactions;

8 (2) perform analysis or audits as necessary, of
9 purchase card transactions designed to identify—

10 (A) potentially illegal, improper, erroneous,
11 and abusive uses of purchase cards;

12 (B) any patterns of such uses; and

13 (C) categories of purchases that could be
14 made by means other than purchase cards in
15 order to better aggregate purchases and obtain
16 lower prices (excluding transactions made under
17 card-based strategic sourcing arrangements);

18 (3) report to the head of the executive agency
19 concerned on the results of such analysis or audits;
20 and

21 (4) report to the Director of the Office of Man-
22 agement and Budget on the implementation of rec-
23 ommendations made to the head of the executive
24 agency to address findings of any analysis or audit
25 of purchase card and convenience check transactions

1 or programs for compilation and transmission by the
2 Director to Congress and the Comptroller General.

3 (e) DEFINITION OF EXECUTIVE AGENCY.—In this
4 section, the term “executive agency” has the meaning
5 given such term in section 4(1) of the Office of Federal
6 Procurement Policy Act (41 U.S.C. 403(1)), except as
7 provided under subsection (f)(1).

8 (f) RELATIONSHIP TO DEPARTMENT OF DEFENSE
9 PURCHASE CARD REGULATIONS.—

10 (1) IN GENERAL.—The requirements of sub-
11 sections (a) through (d) shall not apply to the De-
12 partment of Defense.

13 (2) CONFORMING AMENDMENTS.—Section 2784
14 of title 10, United States Code, is amended—

15 (A) in subsection (b), by adding at the end
16 the following new paragraphs:

17 “(11) That each purchase cardholder and indi-
18 vidual issued a convenience check is assigned an ap-
19 proving official other than the cardholder with the
20 authority to approve or disapprove transactions.

21 “(12) That the Department of Defense utilizes
22 effective systems, techniques, and technologies to
23 prevent or identify fraudulent purchases.

1 “(13) That the Department of Defense takes
2 appropriate steps to invalidate the purchase card of
3 each employee who—

4 “(A) ceases to be employed by the Depart-
5 ment of Defense, immediately upon termination
6 of the employment of the employee; or

7 “(B) transfers to another unit of the De-
8 partment of Defense immediately upon the
9 transfer of the employee unless the Secretary of
10 Defense determines that the units are covered
11 by the same purchase card authority.

12 “(14) That the Department of Defense takes
13 appropriate steps to recover the cost of any erro-
14 neous, improper, or illegal purchase made with a
15 purchase card or convenience check by an employee,
16 including, as necessary, through salary offsets.

17 “(15) That the Inspector General of the De-
18 partment of Defense conducts periodic assessments
19 of purchase card or convenience check programs to
20 identify and analyze risks of illegal, improper, or er-
21 roneous purchases and payments and uses such risk
22 assessments to develop appropriate recommendations
23 for corrective actions.”; and

24 (B) by adding at the end the following new
25 subsection:

1 “(d) SEMIANNUAL REPORT.—The Secretary of De-
2 fense and the Inspector General of the Department of De-
3 fense shall submit to the Director of the Office of Manage-
4 ment and Budget on a semiannual basis a joint report on
5 illegal, improper, or erroneous purchases and payments
6 made with purchase cards or convenience checks by em-
7 ployees of the Department of Defense. At a minimum, the
8 report shall include the following:

9 “(1) A description of each violation.

10 “(2) A description of any adverse personnel ac-
11 tion, punishment, or other action taken against the
12 employee for such violation.

13 “(3) A description of actions taken by the De-
14 partment of Defense to address recommendations
15 made to address findings arising out of risk assess-
16 ments and audits conducted pursuant to this sec-
17 tion.”.

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

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

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

24 “(1) REQUIRED SAFEGUARDS AND INTERNAL
25 CONTROLS.—The head of each executive agency that

1 has employees that use travel charge cards shall es-
2 tablish and maintain the following internal control
3 activities to ensure the proper, efficient, and effec-
4 tive use of such travel charge cards:

5 “(A) There is a record in each executive
6 agency of each holder of a travel charge card
7 issued on behalf of the agency for official use,
8 annotated with the limitations on amounts that
9 are applicable to the use of each such card by
10 that travel charge cardholder.

11 “(B) Rebates and refunds based on
12 prompt payment, sales volume, or other actions
13 by the agency on travel charge card accounts
14 are monitored for accuracy and properly re-
15 corded as a receipt of the agency that employs
16 the cardholder.

17 “(C) Periodic reviews are performed to de-
18 termine whether each travel charge cardholder
19 has a need for the travel charge card.

20 “(D) Appropriate training is provided to
21 each travel charge cardholder and each official
22 with responsibility for overseeing the use of
23 travel charge cards issued by an executive agen-
24 cy.

1 “(E) Each executive agency has specific
2 policies regarding the number of travel charge
3 cards issued for various component organiza-
4 tions and categories of component organiza-
5 tions, the credit limits authorized for various
6 categories of cardholders, and categories of em-
7 ployees eligible to be issued travel charge cards,
8 and designs those policies to minimize the fi-
9 nancial risk to the Federal Government of the
10 issuance of the travel charge cards and to en-
11 sure the integrity of travel charge cardholders.

12 “(F) Each executive agency ensures its
13 contractual arrangement with each servicing
14 travel charge card issuing contractor contains a
15 requirement to evaluate the creditworthiness of
16 an individual before issuing that individual a
17 travel charge card, and that no individual be
18 issued a travel charge card if that individual is
19 found not creditworthy as a result of the eval-
20 uation (except that this paragraph shall not
21 preclude issuance of a restricted use travel
22 charge card or pre-paid card when the indi-
23 vidual lacks a credit history or has a credit
24 score below the minimum credit score estab-
25 lished by the Office of Management and Budg-

1 et). The Director of the Office of Management
2 and Budget shall establish a minimum credit
3 score for determining the creditworthiness of an
4 individual based on rigorous statistical analysis
5 of the population of cardholders and historical
6 behaviors. Notwithstanding any other provision
7 of law, such evaluation shall include an assess-
8 ment of an individual’s consumer report from a
9 consumer reporting agency as those terms are
10 defined in section 603 of the Fair Credit Re-
11 porting Act.

12 “(G) Each executive agency utilizes effec-
13 tive systems, techniques, and technologies to
14 prevent or identify improper purchases.

15 “(H) Each executive agency ensures that
16 the travel charge card of each employee who
17 ceases to be employed by the agency is invali-
18 dated immediately upon termination of the em-
19 ployment of the employee.

20 “(I) Each executive agency utilizes, where
21 appropriate, direct payment to the holder of the
22 travel card contract.

23 “(2) GUIDANCE ON MANAGEMENT OF TRAVEL
24 CHARGE CARDS.—Not later than 180 days after the
25 date of the enactment of this Act, the Director of

1 the Office of Management and Budget shall review
2 the existing guidance and, as necessary, prescribe
3 additional guidance for executive agencies governing
4 the implementation of the requirements in para-
5 graph (1).

6 “(3) PENALTIES FOR VIOLATIONS.—

7 “(A) IN GENERAL.—Consistent with the
8 guidance prescribed under paragraph (2), each
9 executive agency shall provide for appropriate
10 adverse personnel actions to be imposed in
11 cases in which employees of the executive agen-
12 cy fail to comply with applicable travel charge
13 card terms and conditions or applicable agency
14 regulations or commit fraud with respect to a
15 travel charge card, including removal in appro-
16 priate cases.

17 “(B) REPORTS ON VIOLATIONS.—The
18 guidance prescribed under paragraph (2) shall
19 require each head of an executive agency with
20 more than \$10,000,000 in travel card spending
21 annually, and each inspector general of such an
22 executive agency, on a semiannual basis, to sub-
23 mit to the Director of the Office of Manage-
24 ment and Budget a joint report on violations or
25 other actions covered by subparagraph (A) by

1 employees of such executive agency. At a min-
2 imum, the report shall set forth the following:

3 “(i) A description of each violation.

4 “(ii) A description of any adverse per-
5 sonnel action, punishment, or other action
6 taken against the employee for such viola-
7 tion or other action.

8 “(4) RISK ASSESSMENTS AND AUDITS.—The in-
9 spector general of each executive agency shall—

10 “(A) conduct periodic assessments of the
11 agency travel charge card program and associ-
12 ated internal controls to identify and analyze
13 risks of illegal, improper, or erroneous travel
14 charges and payments in order to develop a
15 plan for using such risk assessments to deter-
16 mine the scope, frequency, and number of peri-
17 odic audits of travel charge card transactions;

18 “(B) perform periodic analysis and audits,
19 as appropriate, of travel charge card trans-
20 actions designed to identify potentially im-
21 proper, erroneous, and illegal uses of travel
22 charge cards;

23 “(C) report to the head of the executive
24 agency concerned on the results of such anal-
25 ysis and audits; and

1 “(D) report to the Director of the Office of
2 Management and Budget on the implementa-
3 tion of recommendations made to the head of
4 the executive agency to address findings of any
5 analysis or audit of travel charge card trans-
6 actions or programs for compilation and trans-
7 mission by the Director to Congress and the
8 Comptroller General.

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

10 “(A) The term ‘executive agency’ means an
11 agency as that term is defined in subpara-
12 graphs (A) and (B) of section 5701(1) of title
13 5, United States Code.

14 “(B) The term ‘travel charge card’ means
15 any Federal contractor-issued travel charge
16 card that is individually billed to each card-
17 holder.”.

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

19 (a) **REQUIRED INTERNAL CONTROLS FOR CEN-**
20 **TRALLY BILLED ACCOUNTS.**—The head of an executive
21 agency that has employees who use a travel charge card
22 that is billed directly to the United States Government
23 shall establish and maintain the following internal control
24 activities:

1 (1) Items submitted on an employee’s travel
2 voucher shall be compared with items paid for using
3 a centrally billed account on any related travel to en-
4 sure that an employee is not reimbursed for an item
5 already paid for by the United States Government
6 through a centrally billed account.

7 (2) The executive agency shall dispute unallow-
8 able and erroneous charges and track the status of
9 the disputed transactions to ensure appropriate reso-
10 lution.

11 (3) The executive agency shall submit requests
12 to servicing airlines for refunds of fully or partially
13 unused tickets, when entitled to such refunds, and
14 track the status of unused tickets to ensure appro-
15 priate resolution.

16 (b) GUIDANCE.—Not later than 180 days after the
17 date of the enactment of this Act, the Director of the Of-
18 fice of Management and Budget shall review the existing
19 guidance and, as necessary, prescribe additional guidance
20 for executive agencies implementing the requirements of
21 subsection (a).

22 **SEC. 5. CONSTRUCTION.**

23 Nothing in this Act shall be construed to excuse the
24 head of an executive agency from the responsibilities set
25 out in section 3512 of title 31, United States Code, or

1 in the Improper Payments Act of 2002 (31 U.S.C. 3321
2 note).

○