

111TH CONGRESS
1ST SESSION

S. 942

To prevent abuse of Government charge cards.

IN THE SENATE OF THE UNITED STATES

APRIL 30, 2009

Mr. GRASSLEY (for himself, Mr. LIEBERMAN, and Ms. COLLINS) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

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-
10 tablish and maintain safeguards and internal controls to
11 ensure the following:

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

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

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

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

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

23 (4) Any disputed purchase card charge, and
24 any discrepancy between a receipt and other sup-
25 porting documentation and the purchase card state-

1 ment of account, is resolved in the manner pre-
2 scribed in the applicable governmentwide purchase
3 card contract entered into by the Administrator of
4 General Services and in accordance with all laws and
5 executive agency regulations.

6 (5) Payments on purchase card accounts are
7 made promptly within prescribed deadlines to avoid
8 interest penalties.

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

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

19 (8) Periodic reviews are performed to determine
20 whether each purchase cardholder has a need for the
21 purchase card.

22 (9) Appropriate training regarding the proper
23 use of purchase cards is provided to each purchase
24 cardholder in advance of being issued a purchase
25 card and periodically thereafter and to each official

1 with responsibility for overseeing the use of purchase
2 cards issued by an executive agency in advance of
3 assuming such oversight duties and periodically
4 thereafter.

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

15 (11) The executive agency utilizes effective sys-
16 tems, techniques, and technologies to prevent or
17 identify fraudulent purchases.

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

20 (A) ceases to be employed by the agency,
21 immediately upon termination of the employ-
22 ment of the employee; or

23 (B) transfers to another unit of the agency
24 immediately upon the transfer of the employee

1 unless the agency determines that the units are
2 covered by the same purchase card authority.

3 (13) The executive agency takes steps to re-
4 cover the cost of any erroneous, improper, or illegal
5 purchase made with a purchase card or convenience
6 check by an employee, including, as necessary,
7 through salary offsets.

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

15 (c) PENALTIES FOR VIOLATIONS.—

16 (1) IN GENERAL.—The head of each executive
17 agency shall provide for appropriate adverse per-
18 sonnel actions or other punishment to be imposed in
19 cases in which employees of the agency violate agen-
20 cy policies implementing the guidance required by
21 subsection (b) or make improper, erroneous, or ille-
22 gal purchases with purchase cards or convenience
23 checks.

24 (2) DISMISSAL.—Penalties prescribed for em-
25 ployee misuse of purchase cards or convenience

1 checks shall include dismissal of the employee, as
2 appropriate.

3 (3) REPORTS ON VIOLATIONS.—The guidance
4 prescribed under subsection (b) shall direct each
5 head of an executive agency with more than
6 \$10,000,000 in purchase card spending annually,
7 and each Inspector General of such an executive
8 agency on a semiannual basis, to submit to the Di-
9 rector of the Office of Management and Budget a
10 joint report on violations or other actions covered by
11 paragraph (1) by employees of such executive agen-
12 cy. At a minimum, the report shall set forth the fol-
13 lowing:

14 (A) A description of each violation.

15 (B) A description of any adverse personnel
16 action, punishment, other action taken against
17 the employee for such violation.

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

20 (1) conduct periodic assessments of the agency
21 purchase card or convenience check programs to
22 identify and analyze risks of illegal, improper, or er-
23 roneous purchases and payments in order to develop
24 a plan for using such risk assessments to determine

1 the scope, frequency, and number of periodic audits
2 of purchase card or convenience check transactions;

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

5 (A) potentially illegal, improper, erroneous,
6 and abusive uses of purchase cards;

7 (B) any patterns of such uses; and

8 (C) categories of purchases that could be
9 made by means other than purchase cards in
10 order to better aggregate purchases and obtain
11 lower prices (excluding transactions made under
12 card-based strategic sourcing arrangements);

13 (3) report to the head of the executive agency
14 concerned on the results of such analysis or audits;
15 and

16 (4) report to the Director of the Office of Man-
17 agement and Budget on the implementation of rec-
18 ommendations made to the head of the executive
19 agency to address findings of any analysis or audit
20 of purchase card and convenience check transactions
21 or programs for compilation and transmission by the
22 Director to Congress and the Comptroller General.

23 (e) DEFINITION OF EXECUTIVE AGENCY.—In this
24 section, the term “executive agency” has the meaning
25 given such term in section 4(1) of the Office of Federal

1 Procurement Policy Act (41 U.S.C. 403(1)), except as
2 provided under subsection (f)(1).

3 (f) RELATIONSHIP TO DEPARTMENT OF DEFENSE
4 PURCHASE CARD REGULATIONS.—

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

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

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

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

16 “(12) That the Department of Defense utilizes
17 effective systems, techniques, and technologies to
18 prevent or identify fraudulent purchases.

19 “(13) That the Department of Defense takes
20 appropriate steps to invalidate the purchase card of
21 each employee who—

22 “(A) ceases to be employed by the Depart-
23 ment of Defense, immediately upon termination
24 of the employment of the employee; or

1 “(B) transfers to another unit of the De-
2 partment of Defense immediately upon the
3 transfer of the employee unless the Secretary of
4 Defense determines that the units are covered
5 by the same purchase card authority.

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

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

18 (B) by adding at the end the following new
19 subsection:

20 “(d) SEMIANNUAL REPORT.—The Secretary of De-
21 fense and the Inspector General of the Department of De-
22 fense, shall submit to the Director of the Office of Man-
23 agement and Budget on a semiannual basis a joint report
24 on illegal, improper, or erroneous purchases and payments
25 made with purchase cards or convenience checks by em-

1 ployees of the Department of Defense. At a minimum, the
2 report shall include the following:

3 “(1) A description of each violation.

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

7 “(3) A description of actions taken by the De-
8 partment of Defense to address recommendations
9 made to address findings arising out of risk assess-
10 ments and audits conducted pursuant to this sec-
11 tion.”.

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

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

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

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

24 “(A) There is a record in each executive
25 agency of each holder of a travel charge card

1 issued on behalf of the agency for official use,
2 annotated with the limitations on amounts that
3 are applicable to the use of each such card by
4 that travel charge cardholder.

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

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

14 “(D) Appropriate training is provided to
15 each travel charge cardholder and each official
16 with responsibility for overseeing the use of
17 travel charge cards issued by an executive agen-
18 cy.

19 “(E) Each executive agency has specific
20 policies regarding the number of travel charge
21 cards issued for various component organiza-
22 tions and categories of component organiza-
23 tions, the credit limits authorized for various
24 categories of cardholders, and categories of em-
25 ployees eligible to be issued travel charge cards,

1 and designs those policies to minimize the fi-
2 nancial risk to the Federal Government of the
3 issuance of the travel charge cards and to en-
4 sure the integrity of travel charge cardholders.

5 “(F) Each executive agency ensures its
6 contractual arrangement with each servicing
7 travel charge card issuing contractor contains a
8 requirement to evaluate the creditworthiness of
9 an individual before issuing that individual a
10 travel charge card, and that no individual be
11 issued a travel charge card if that individual is
12 found not creditworthy as a result of the eval-
13 uation (except that this paragraph shall not
14 preclude issuance of a restricted use travel
15 charge card or pre-paid card when the indi-
16 vidual lacks a credit history or has a credit
17 score below the minimum credit score estab-
18 lished by the Office of Management and Budg-
19 et). The Director of the Office of Management
20 and Budget shall establish a minimum credit
21 score for determining the creditworthiness of an
22 individual based on rigorous statistical analysis
23 of the population of cardholders and historical
24 behaviors. Notwithstanding any other provision
25 of law, such evaluation shall include an assess-

1 ment of an individual’s consumer report from a
2 consumer reporting agency as those terms are
3 defined in section 603 of the Fair Credit Re-
4 porting Act.

5 “(G) Each executive agency utilizes effec-
6 tive systems, techniques, and technologies to
7 prevent or identify improper purchases.

8 “(H) Each executive agency ensures that
9 the travel charge card of each employee who
10 ceases to be employed by the agency is invali-
11 dated immediately upon termination of the em-
12 ployment of the employee.

13 “(I) Each executive agency utilizes, where
14 appropriate, direct payment to the holder of the
15 travel card contract.

16 “(2) GUIDANCE ON MANAGEMENT OF TRAVEL
17 CHARGE CARDS.—Not later than 180 days after the
18 date of the enactment of this Act, the Director of
19 the Office of Management and Budget shall review
20 the existing guidance and, as necessary, prescribe
21 additional guidance for executive agencies governing
22 the implementation of the requirements in para-
23 graph (1).

24 “(3) PENALTIES FOR VIOLATIONS.—

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

11 “(B) REPORTS ON VIOLATIONS.—The
12 guidance prescribed under paragraph (2) shall
13 require each head of an executive agency with
14 more than \$10,000,000 in travel card spending
15 annually, and each inspector general of such an
16 executive agency, on a semiannual basis, to sub-
17 mit to the Director of the Office of Manage-
18 ment and Budget a joint report on violations or
19 other actions covered by subparagraph (A) by
20 employees of such executive agency. At a min-
21 imum, the report shall set forth the following:

22 “(i) A description of each violation.

23 “(ii) A description of any adverse per-
24 sonnel action, punishment, or other action

1 taken against the employee for such viola-
2 tion or other action.

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

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

13 “(B) perform periodic analysis and audits,
14 as appropriate, of travel charge card trans-
15 actions designed to identify potentially im-
16 proper, erroneous, and illegal uses of travel
17 charge cards;

18 “(C) report to the head of the executive
19 agency concerned on the results of such anal-
20 ysis and audits; and

21 “(D) report to the Director of the Office of
22 Management and Budget on the implementa-
23 tion of recommendations made to the head of
24 the executive agency to address findings of any
25 analysis or audit of travel charge card trans-

1 actions or programs for compilation and trans-
2 mission by the Director to Congress and the
3 Comptroller General.

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

5 “(A) The term ‘executive agency’ means an
6 agency as that term is defined in subpara-
7 graphs (A) and (B) of section 5701(1) of title
8 5, United States Code.

9 “(B) The term ‘travel charge card’ means
10 any Federal contractor-issued travel charge
11 card that is individually billed to each card-
12 holder.”.

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

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

20 (1) Items submitted on an employee’s travel
21 voucher shall be compared with items paid for using
22 a centrally billed account on any related travel to en-
23 sure that an employee is not reimbursed for an item
24 already paid for by the United States Government
25 through a centrally billed account.

1 (2) The executive agency shall dispute unallow-
2 able and erroneous charges and track the status of
3 the disputed transactions to ensure appropriate reso-
4 lution.

5 (3) The executive agency shall submit requests
6 to servicing airlines for refunds of fully or partially
7 unused tickets, when entitled to such refunds, and
8 track the status of unused tickets to ensure appro-
9 priate resolution.

10 (b) GUIDANCE.—Not later than 180 days after the
11 date of the enactment of this Act, the Director of the Of-
12 fice of Management and Budget shall review the existing
13 guidance and, as necessary, prescribe additional guidance
14 for executive agencies implementing the requirements of
15 subsection (a).

16 **SEC. 5. CONSTRUCTION.**

17 Nothing in this Act shall be construed to excuse the
18 head of an executive agency from the responsibilities set
19 out in section 3512 of title 31, United States Code, or
20 in the Improper Payments Act of 2002 (31 U.S.C. 3321
21 note).

○