

Calendar No. 933

110TH CONGRESS
2D SESSION**S. 789****[Report No. 110-437]**

To prevent abuse of Government credit cards.

IN THE SENATE OF THE UNITED STATES

MARCH 7, 2007

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

AUGUST 1, 2008

Reported by Mr. LIEBERMAN, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To prevent abuse of Government credit 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 Credit
5 Card Abuse Prevention Act of 2007”.

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

2 (a) **REQUIRED SAFEGUARDS AND INTERNAL CON-**
3 **TROLS.**—The head of each executive agency that issues
4 and uses purchase cards and convenience checks shall es-
5 tablish and maintain safeguards and internal controls to
6 ensure the following:

7 (1) There is a record in each executive agency
8 of each holder of a purchase card issued by the
9 agency for official use, annotated with the limita-
10 tions on single transaction and total credit amounts
11 that are applicable to the use of each such card by
12 that purchase cardholder.

13 (2) Each purchase cardholder is assigned an
14 approving official other than the cardholder with the
15 authority to approve or disapprove expenditures.

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

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

23 (B) forwarding such reconciliation to the
24 designated official who certifies the bill for pay-
25 ment in a timely manner.

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.

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

11 (6) Rebates and refunds based on prompt pay-
12 ment on purchase card accounts are monitored for
13 accuracy and properly recorded as a receipt to the
14 agency that pays the monthly bill.

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

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

23 (9) Appropriate training is provided to each
24 purchase cardholder and each official with responsi-

1 bility for overseeing the use of purchase cards issued
2 by an executive agency.

3 (10) The executive agency has specific policies
4 regarding the number of purchase cards issued by
5 various organizations and categories of organiza-
6 tions; the credit limits authorized for various cat-
7 egories of cardholders; and categories of employees
8 eligible to be issued purchase cards; and that those
9 policies are designed to minimize the financial risk
10 to the Federal Government of the issuance of the
11 purchase cards and to ensure the integrity of pur-
12 chase cardholders.

13 (11) The executive agency utilizes technologies
14 to prevent or identify fraudulent purchases, includ-
15 ing controlling merchant codes and utilizing statis-
16 tical machine learning and pattern recognition tech-
17 nologies that review the risk of every transaction.

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 (13) The executive agency takes steps to re-
2 cover the cost of any improper or fraudulent pur-
3 chase made by an employee, including, as necessary,
4 through salary offsets.

5 (b) MANAGEMENT OF PURCHASE CARDS.—The head
6 of each executive agency shall prescribe regulations imple-
7 menting the safeguards and internal controls in subsection
8 (a). The regulations shall be consistent with regulations
9 that apply Governmentwide regarding the use of purchase
10 cards by Government personnel for official purposes.

11 (c) PENALTIES FOR VIOLATIONS.—The regulations
12 prescribed under subsection (b) shall provide for appro-
13 priate adverse personnel actions or other punishment to
14 be imposed in cases in which employees of an executive
15 agency violate such regulations or are negligent or engage
16 in misuse, abuse, or fraud with respect to a purchase card,
17 including imposition of the following penalties:

18 (1) In the case of an employee who is suspected
19 by the executive agency to have engaged in fraud,
20 referral of the case to the United States Attorney
21 with jurisdiction over the matter.

22 (2) In the case of an employee who is found
23 guilty of fraud or found by the executive agency to
24 have egregiously abused a purchase card, dismissal
25 of the employee.

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

3 (1) periodically conduct risk assessments of the
4 agency purchase card program and associated inter-
5 nal controls and analyze identified weaknesses and
6 the frequency of improper activity in order to de-
7 velop a plan for using such risk assessments to de-
8 termine the scope, frequency, and number of peri-
9 odic audits of purchase cardholders;

10 (2) perform periodic audits of purchase card-
11 holders designed to identify—

12 (A) potentially fraudulent, improper, and
13 abusive uses of purchase cards;

14 (B) any patterns of improper cardholder
15 transactions, such as purchases of prohibited
16 items; and

17 (C) categories of purchases that should be
18 made by means other than purchase cards in
19 order to better aggregate purchases and obtain
20 lower prices;

21 (3) report to the head of the executive agency
22 concerned on the results of such audits; and

23 (4) report to the Director of the Office of Man-
24 agement and Budget and the Comptroller General
25 on the implementation of recommendations made to

1 the head of the executive agency to address findings
2 during audits of purchase cardholders.

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)).

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

9 (1) IN GENERAL.—Except as provided by the
10 amendments made by paragraph (2), the require-
11 ments under this section shall not apply to the De-
12 partment of Defense.

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

15 (A) in paragraph (8), by striking “periodic
16 audits” and all that follows through the period
17 at the end and inserting “risk assessments of
18 the agency purchase card program and associ-
19 ated internal controls and analyze identified
20 weaknesses and the frequency of improper ac-
21 tivity in order to develop a plan for using such
22 risk assessments to determine the scope, fre-
23 quency, and number of periodic audits of pur-
24 chase cardholders.”; and

1 (B) by adding at the end the following new
2 paragraphs:

3 “(11) That the Department of Defense utilizes
4 technologies to prevent or identify fraudulent pur-
5 chases, including controlling merchant codes and uti-
6 lizing statistical machine learning and pattern rec-
7 ognition technologies that review the risk of every
8 transaction.

9 “(12) That the Secretary of Defense—

10 “(A) invalidates the purchase card of each
11 employee who ceases to be employed by the De-
12 partment of Defense immediately upon termi-
13 nation of the employment of the employee; and

14 “(B) invalidates the purchase card of each
15 employee who transfers to another agency or
16 subunit within the Department of Defense im-
17 mediately upon such transfer.”.

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 safeguards and internal con-
3 trols over travel charge cards to ensure the fol-
4 lowing:

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

11 “(B) Rebates and refunds based on
12 prompt payment on travel charge card accounts
13 are properly recorded as a receipt of the agency
14 that employs the cardholder.

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

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

23 “(E) Each executive agency has specific
24 policies regarding the number of travel charge
25 cards issued by various organizations and cat-

1 categories of organizations, the credit limits au-
2 thorized for various categories of cardholders,
3 and categories of employees eligible to be issued
4 travel charge cards, and that those policies are
5 designed to minimize the financial risk to the
6 Federal Government of the issuance of the trav-
7 el charge cards and to ensure the integrity of
8 travel charge cardholders.

9 “(F) The head of each executive agency
10 negotiates with the holder of the applicable
11 travel card contract, or a third party provider
12 of credit evaluations if such provider offers
13 more favorable terms, to evaluate the credit-
14 worthiness of an individual before issuing the
15 individual a travel charge card, and that no in-
16 dividual be issued a travel charge card if the in-
17 dividual is found not creditworthy as a result of
18 the evaluation (except that this paragraph shall
19 not preclude issuance of a restricted use travel
20 charge card when the individual lacks a credit
21 history or the issuance of a pre-paid card when
22 the individual has a credit score below the min-
23 imum credit score established by the agency).
24 Each executive agency shall establish a min-
25 imum credit score for determining the credit-

1 worthiness of an individual based on rigorous
2 statistical analysis of the population of card-
3 holders and historical behaviors. Notwith-
4 standing any other provision of law, such eval-
5 uation shall include an assessment of an indi-
6 vidual's consumer report from a consumer re-
7 porting agency as those terms are defined in
8 section 603 of the Fair Credit Reporting Act.
9 The obtaining of a consumer report under this
10 subsection is deemed to be a circumstance or
11 purpose authorized or listed under section 604
12 of the Fair Credit Reporting Act.

13 “(G) Each executive agency utilizes tech-
14 nologies to prevent or identify fraudulent pur-
15 chases, including controlling merchant codes
16 and utilizing statistical machine learning and
17 pattern recognition technologies that review the
18 risk of every transaction.

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

1 “(1) Each executive agency utilizes manda-
2 tory split disbursements for travel card pur-
3 chases.

4 “(2) REGULATIONS.—The Administrator of
5 General Services shall prescribe regulations gov-
6 erning the implementation of the safeguards and in-
7 ternal controls in paragraph (1) by executive agen-
8 cies.

9 “(3) PENALTIES FOR VIOLATIONS.—The regu-
10 lations prescribed under paragraph (2) shall provide
11 for appropriate adverse personnel actions or other
12 punishment to be imposed in cases in which employ-
13 ees of an executive agency violate such regulations
14 or are negligent or engage in misuse, abuse, or fraud
15 with respect to a travel charge card, including re-
16 moval in appropriate cases.

17 “(4) ASSESSMENTS.—The Inspector General of
18 each executive agency shall—

19 “(A) periodically conduct risk assessments
20 of the agency travel card program and associ-
21 ated internal controls and analyze identified
22 weaknesses and the frequency of improper ac-
23 tivity in order to develop a plan for using such
24 risk assessments to determine the scope, fre-

1 quency, and number of periodic audits of pur-
2 chase cardholders;

3 “(B) perform periodic audits of travel
4 cardholders designed to identify potentially
5 fraudulent, improper, and abusive uses of travel
6 cards;

7 “(C) report to the head of the executive
8 agency concerned on the results of such audits;
9 and

10 “(D) report to the Director of the Office of
11 Management and Budget and the Comptroller
12 General on the implementation of recommenda-
13 tions made to the head of the executive agency
14 to address findings during audits of travel card-
15 holders.

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

17 “(A) The term ‘executive agency’ means an
18 agency as that term is defined in section 5701
19 of title 5, United States Code, except that it is
20 in the executive branch.

21 “(B) The term ‘travel charge card’ means
22 the Federal contractor-issued travel charge card
23 that is individually billed to each cardholder.”.

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

2 The head of an executive agency that has employees
3 who use a centrally billed account shall establish and
4 maintain safeguards and internal controls to ensure the
5 following:

6 (1) Items submitted on an employee's travel
7 voucher are compared with items paid for using a
8 centrally billed account to ensure that an employee
9 is not reimbursed for an item already paid for
10 through a centrally billed account.

11 (2) The executive agency submits requests for
12 refunds for unauthorized purchases to the holder of
13 the applicable contract for a centrally billed account.

14 (3) The executive agency submits requests for
15 refunds for fully or partially unused tickets to the
16 holder of the applicable contract for a centrally
17 billed account.

18 **SEC. 5. REGULATIONS.**

19 (a) IN GENERAL.—Not later than 180 days after the
20 date of the enactment of this Act—

21 (1) the head of each executive agency shall pro-
22 mulgate regulations to implement the requirements
23 of sections 2 and 4; and

24 (2) the Administrator of General Services shall
25 promulgate regulations required pursuant to the
26 amendments made by section 3.

1 (b) **BEST PRACTICES.**—Regulations promulgated
2 under this section shall reflect best practices for con-
3 ducting purchase card and travel card programs.

4 **SECTION 1. SHORT TITLE.**

5 *This Act may be cited as the “Government Credit Card*
6 *Abuse Prevention Act of 2008”.*

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

8 (a) **REQUIRED SAFEGUARDS AND INTERNAL CON-**
9 **TROLS.**—*The head of each executive agency that issues and*
10 *uses purchase cards and convenience checks shall establish*
11 *and maintain safeguards and internal controls to ensure*
12 *the following:*

13 (1) *There is a record in each executive agency of*
14 *each holder of a purchase card issued by the agency*
15 *for official use, annotated with the limitations on sin-*
16 *gle transaction and total credit amounts that are ap-*
17 *plicable to the use of each such card by that purchase*
18 *cardholder.*

19 (2) *Each purchase cardholder is assigned an ap-*
20 *proving official other than the cardholder with the au-*
21 *thority to approve or disapprove expenditures.*

22 (3) *The holder of a purchase card and each offi-*
23 *cial with authority to authorize expenditures charged*
24 *to the purchase card are responsible for—*

1 (A) reconciling the charges appearing on
2 each statement of account for that purchase card
3 with receipts and other supporting documenta-
4 tion; and

5 (B) forwarding such reconciliation to the
6 designated official in a timely manner to enable
7 the designated official to ensure that the Federal
8 government ultimately pays only for valid
9 charges.

10 (4) Any disputed purchase card charge, and any
11 discrepancy between a receipt and other supporting
12 documentation and the purchase card statement of ac-
13 count, is resolved in the manner prescribed in the ap-
14 plicable Governmentwide purchase card contract en-
15 tered into by the Administrator of General Services
16 and in accordance with all laws and executive agency
17 regulations.

18 (5) Payments on purchase card accounts are
19 made promptly within prescribed deadlines to avoid
20 interest penalties.

21 (6) Rebates and refunds based on prompt pay-
22 ment on purchase card accounts are monitored for ac-
23 curacy, unless otherwise provided by law, and prop-
24 erly recorded as a receipt to the agency that pays the
25 monthly bill.

1 (7) *Records of each purchase card transaction*
2 *(including records on associated contracts, reports, ac-*
3 *counts, and invoices) are retained in accordance with*
4 *standard Government policies on the disposition of*
5 *records.*

6 (8) *Periodic reviews are performed to determine*
7 *whether each purchase cardholder has a need for the*
8 *purchase card.*

9 (9) *Appropriate training is provided to each*
10 *purchase cardholder and each official with responsi-*
11 *bility for overseeing the use of purchase cards issued*
12 *by an executive agency.*

13 (10) *The executive agency has specific policies*
14 *regarding the number of purchase cards issued by*
15 *various organizations and categories of organizations,*
16 *the credit limits authorized for various categories of*
17 *cardholders, and categories of employees eligible to be*
18 *issued purchase cards, and that those policies are de-*
19 *signed to minimize the financial risk to the Federal*
20 *Government of the issuance of the purchase cards and*
21 *to ensure the integrity of purchase cardholders.*

22 (11) *The executive agency utilizes technologies to*
23 *prevent or identify fraudulent purchases.*

24 (12) *The executive agency invalidates the pur-*
25 *chase card of each employee who—*

1 (A) ceases to be employed by the agency im-
2 mediately upon termination of the employment
3 of the employee; or

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

8 (13) The executive agency takes steps to recover
9 the cost of any improper or fraudulent purchase made
10 by an employee, including, as necessary, through sal-
11 ary offsets.

12 (b) *GUIDANCE ON MANAGEMENT OF PURCHASE*
13 *CARDS.*—Not later than 180 days after the date of the en-
14 *actment of this Act, the Director of the Office of Manage-*
15 *ment and Budget shall prescribe guidance governing the im-*
16 *plementation of the safeguards and internal controls re-*
17 *quired by subsection (a) by executive agencies.*

18 (c) *PENALTIES FOR VIOLATIONS.*—

19 (1) *IN GENERAL.*—The regulations prescribed
20 under subsection (b) shall provide for appropriate ad-
21 verse personnel actions or other punishment to be im-
22 posed in cases in which employees of an executive
23 agency violate such regulations or are negligent or en-
24 gage in misuse, abuse, or fraud with respect to a pur-

1 *chase card, including imposition of the following pen-*
2 *alties:*

3 *(A) In the case of an employee who is sus-*
4 *pected by the executive agency to have engaged*
5 *in fraud, referral to the Inspector General of the*
6 *agency for investigation, and, upon determina-*
7 *tion by the Inspector General that a crime may*
8 *have occurred, referral of the case to the United*
9 *States Attorney with jurisdiction over the mat-*
10 *ter.*

11 *(B) In the case of an employee who is found*
12 *guilty of fraud or found by the Inspector General*
13 *of the agency to have egregiously abused a pur-*
14 *chase card knowingly and willingly, dismissal of*
15 *the employee.*

16 *(2) REPORTS ON VIOLATIONS.—The regulations*
17 *prescribed under subsection (b) shall require each*
18 *head of an executive agency, and each Inspector Gen-*
19 *eral of an executive agency, on a semi-annual basis,*
20 *to submit to the Director of the Office of Management*
21 *and Budget a report on violations or other actions*
22 *covered by paragraph (1) by employees of such execu-*
23 *tive agency. At a minimum, the report shall set forth*
24 *the following:*

1 (A) *A description of each violation or other*
2 *action covered by the report.*

3 (B) *A description of any adverse personnel*
4 *action, punishment, other action taken against*
5 *the employee for such violation or other action.*

6 (d) *RISK ASSESSMENTS AND AUDITS.—The Inspector*
7 *General of each executive agency shall—*

8 (1) *periodically conduct risk assessments of the*
9 *agency purchase card program and associated inter-*
10 *nal controls and analyze identified weaknesses and*
11 *the frequency of improper activity in order to develop*
12 *a plan for using such risk assessments to determine*
13 *the scope, frequency, and number of periodic audits of*
14 *purchase cardholders;*

15 (2) *perform periodic audits of purchase card*
16 *transactions designed to identify—*

17 (A) *potentially fraudulent, improper, and*
18 *abusive uses of purchase cards;*

19 (B) *any patterns of improper cardholder*
20 *transactions, such as purchases of prohibited*
21 *items; and*

22 (C) *categories of purchases that should be*
23 *made by means other than purchase cards in*
24 *order to better aggregate purchases and obtain*
25 *lower prices;*

1 (3) report to the head of the executive agency
2 concerned on the results of such audits; and

3 (4) report to the Director of the Office of Man-
4 agement and Budget and the Comptroller General on
5 the implementation of recommendations made to the
6 head of the executive agency to address findings dur-
7 ing audits of purchase cardholders.

8 (e) *DEFINITION OF EXECUTIVE AGENCY.*—In this sec-
9 tion, the term “executive agency” has the meaning given
10 such term in section 4(1) of the Office of Federal Procure-
11 ment Policy Act (41 U.S.C. 403(1)), except as provided
12 under subsection (f)(1).

13 (f) *RELATIONSHIP TO DEPARTMENT OF DEFENSE*
14 *PURCHASE CARD REGULATIONS.*—

15 (1) *IN GENERAL.*—The requirements of sub-
16 section (a) through (d) shall not apply to the Depart-
17 ment of Defense.

18 (2) *CONFORMING AMENDMENTS.*—Section 2784
19 of title 10, United States Code, is amended—

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

22 “(11) That each purchase cardholder is assigned
23 an approving official other than the cardholder with
24 the authority to approve or disapprove expenditures.

1 “(12) That the Department of Defense utilizes
2 technologies to prevent or identify fraudulent pur-
3 chases.

4 “(13) That the Department of Defense takes ap-
5 propriate steps to invalidate the purchase card of
6 each employee who—

7 “(A) ceases to be employed by the Depart-
8 ment of Defense immediately upon termination
9 of the employment of the employee; or

10 “(B) transfers to another unit of the De-
11 partment of Defense immediately upon the trans-
12 fer of the employee unless the units are covered
13 by the same purchase card authority.

14 “(14) That the Department of Defense takes ap-
15 propriate steps to recover the cost of any improper or
16 fraudulent purchase made by an employee, including,
17 as necessary, through salary offsets.

18 “(15) That the Inspector General of the Depart-
19 ment of Defense conducts periodic risk assessments of
20 purchase card programs and associated internal con-
21 trols and analyzes identified weaknesses and the fre-
22 quency of improper activity and uses such risk assess-
23 ments to develop appropriate corrective actions.”; and

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

1 “(d) *SEMI-ANNUAL REPORT.*—*The Secretary of De-*
2 *fense shall submit to the Director of the Office of Manage-*
3 *ment and Budget on a semi-annual basis a report on mis-*
4 *use, abuse, or fraud with respect to purchase cards by em-*
5 *ployees of the Department of Defense. At a minimum, the*
6 *report shall include the following:*

7 “(1) *A description of each incident covered by*
8 *the report.*

9 “(2) *A description of any adverse personnel ac-*
10 *tion, punishment, or other action taken against the*
11 *employee in connection with each such incident.*

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

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

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

21 “(h) *MANAGEMENT OF TRAVEL CHARGE CARDS.*—

22 “(1) *REQUIRED SAFEGUARDS AND INTERNAL*
23 *CONTROLS.*—*The head of each executive agency that*
24 *has employees that use travel charge cards shall estab-*

1 *lish and maintain safeguards and internal controls*
2 *over travel charge cards to ensure the following:*

3 *“(A) There is a record in each executive*
4 *agency of each holder of a travel charge card*
5 *issued by the agency for official use, annotated*
6 *with the limitations on amounts that are appli-*
7 *cable to the use of each such card by that travel*
8 *charge cardholder.*

9 *“(B) Rebates and refunds based on prompt*
10 *payment on travel charge card accounts are*
11 *monitored for accuracy and, unless otherwise*
12 *provided by law, properly recorded as a receipt*
13 *of the agency that employs the cardholder.*

14 *“(C) Periodic reviews are performed to de-*
15 *termine whether each travel charge cardholder*
16 *has a need for the travel charge card.*

17 *“(D) Appropriate training is provided to*
18 *each travel charge cardholder and each official*
19 *with responsibility for overseeing the use of trav-*
20 *el charge cards issued by an executive agency.*

21 *“(E) Each executive agency has specific*
22 *policies regarding the number of travel charge*
23 *cards issued by various organizations and cat-*
24 *egories of organizations, the credit limits author-*
25 *ized for various categories of cardholders, and*

1 *categories of employees eligible to be issued travel*
2 *charge cards, and that those policies are designed*
3 *to minimize the financial risk to the Federal*
4 *Government of the issuance of the travel charge*
5 *cards and to ensure the integrity of travel charge*
6 *cardholders.*

7 “(F) *Each executive agency negotiates with*
8 *the holder of the applicable travel card contract*
9 *to evaluate the creditworthiness of an individual*
10 *before issuing the individual a travel charge*
11 *card, and that no individual be issued a travel*
12 *charge card if the individual is found not credit-*
13 *worthy as a result of the evaluation (except that*
14 *this paragraph shall not preclude issuance of a*
15 *restricted use travel charge card or pre-paid card*
16 *when the individual lacks a credit history or has*
17 *a credit score below the minimum credit score es-*
18 *tablished by the Office of Management and*
19 *Budget). The Director of the Office of Manage-*
20 *ment and Budget shall establish a minimum*
21 *credit score for determining the creditworthiness*
22 *of an individual based on rigorous statistical*
23 *analysis of the population of cardholders and*
24 *historical behaviors. Notwithstanding any other*
25 *provision of law, such evaluation shall include*

1 *an assessment of an individual’s consumer re-*
2 *port from a consumer reporting agency as those*
3 *terms are defined in section 603 of the Fair*
4 *Credit Reporting Act.*

5 “(G) *Each executive agency utilizes tech-*
6 *nologies to prevent or identify fraudulent pur-*
7 *chases.*

8 “(H) *Each executive agency ensures that the*
9 *travel charge card of each employee who ceases to*
10 *be employed by the agency is invalidated imme-*
11 *diately upon termination of the employment of*
12 *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.—The Director of the Office of Man-*
18 *agement and Budget shall prescribe guidance gov-*
19 *erning the implementation of the safeguards and in-*
20 *ternal controls in paragraph (1) by executive agen-*
21 *cies.*

22 “(3) *PENALTIES FOR VIOLATIONS.—*

23 “(A) *IN GENERAL.—The regulations pre-*
24 *scribed under paragraph (2) shall provide for*
25 *appropriate adverse personnel actions or other*

1 *punishment to be imposed in cases in which em-*
2 *ployees of an executive agency violate such regu-*
3 *lations or are negligent or engage in misuse,*
4 *abuse, or fraud with respect to a travel charge*
5 *card, including removal in appropriate cases.*

6 *“(B) REPORTS ON VIOLATIONS.—The regu-*
7 *lations prescribed under paragraph (2) shall re-*
8 *quire each head of an executive agency, and each*
9 *Inspector General of an executive agency, on a*
10 *semi-annual basis, to submit to the Director of*
11 *the Office of Management and Budget a report*
12 *on violations or other actions covered by para-*
13 *graph (1) by employees of such executive agency.*
14 *At a minimum, the report shall set forth the fol-*
15 *lowing:*

16 *“(i) A description of each violation or*
17 *other action covered by the report.*

18 *“(ii) A description of any adverse per-*
19 *sonnel action, punishment, or other action*
20 *taken against the employee for such viola-*
21 *tion or other action.*

22 *“(4) ASSESSMENTS.—The Inspector General of*
23 *each executive agency shall—*

24 *“(A) periodically conduct risk assessments*
25 *of the agency travel card program and associated*

1 *internal controls and analyze identified weak-*
2 *nesses and the frequency of improper activity in*
3 *order to develop a plan for using such risk as-*
4 *essments to determine the scope, frequency, and*
5 *number of periodic audits of travel cardholders;*

6 “(B) *perform periodic audits of travel card*
7 *purchases designed to identify potentially fraud-*
8 *ulent, improper, and abusive uses of travel cards;*

9 “(C) *report to the head of the executive*
10 *agency concerned on the results of such audits;*
11 *and*

12 “(D) *report to the Director of the Office of*
13 *Management and Budget and the Comptroller*
14 *General on the implementation of recommenda-*
15 *tions made to the head of the executive agency to*
16 *address findings during audits of travel card-*
17 *holders.*

18 “(5) *DEFINITIONS.—In this subsection:*

19 “(A) *The term ‘executive agency’ means an*
20 *agency as that term is defined in section 5701*
21 *of title 5, United States Code, except that it is*
22 *in the executive branch.*

23 “(B) *The term ‘travel charge card’ means*
24 *the Federal contractor-issued travel charge card*
25 *that is individually billed to each cardholder.”.*

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

2 (a) *REQUIRED MANAGEMENT OF CENTRALLY BILLED*
3 *ACCOUNTS.*—*The head of an executive agency that has em-*
4 *ployees who use a centrally billed account shall establish*
5 *and maintain safeguards and internal controls to ensure*
6 *the following:*

7 (1) *Items submitted on an employee's travel*
8 *voucher are compared with items paid for using a*
9 *centrally billed account to ensure that an employee is*
10 *not reimbursed for an item already paid for through*
11 *a centrally billed account.*

12 (2) *The executive agency disputes unauthorized*
13 *charges and tracks the status of the disputed trans-*
14 *actions to ensure appropriate resolution.*

15 (3) *The executive agency submits requests for re-*
16 *funds for fully or partially unused tickets to the air-*
17 *lines and tracks the status of unused tickets to ensure*
18 *appropriate resolution.*

19 (b) *GUIDANCE.*—*The Director of the Office of Manage-*
20 *ment and Budget shall prescribe guidance implementing the*
21 *requirements of subsection (a) not later than 180 days after*
22 *the date of the enactment of this Act.*

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A BILL

To prevent abuse of Government credit cards.

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