

## Calendar No. 163

111TH CONGRESS  
1ST SESSION**S. 942****[Report No. 111-76]**

To prevent abuse of Government charge cards.

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IN THE SENATE OF THE UNITED STATES

APRIL 30, 2009

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

SEPTEMBER 21, 2009

Reported by Mr. LIEBERMAN, without amendment

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**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”.

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 transactions and total transactions  
11 that are applicable to the use of each such card or  
12 check by that purchase cardholder.

13 (2) Each purchase cardholder and individual  
14 issued a convenience check is assigned an approving  
15 official other than the cardholder with the authority  
16 to approve or disapprove transactions.

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

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

24 (B) forwarding such reconciliation to the  
25 certifying official in a timely manner to enable  
26 the certifying official to ensure that the Federal

1 Government ultimately pays only for valid  
2 charges.

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

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

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

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

1           (8) Periodic reviews are performed to determine  
2           whether each purchase cardholder has a need for the  
3           purchase card.

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

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

22          (11) The executive agency utilizes effective sys-  
23          tems, techniques, and technologies to prevent or  
24          identify fraudulent purchases.

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

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

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

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

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

22          (c) PENALTIES FOR VIOLATIONS.—

23               (1) IN GENERAL.—The head of each executive  
24       agency shall provide for appropriate adverse per-  
25       sonnel actions or other punishment to be imposed in

1 cases in which employees of the agency violate agen-  
2 cy policies implementing the guidance required by  
3 subsection (b) or make improper, erroneous, or ille-  
4 gal purchases with purchase cards or convenience  
5 checks.

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

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

21 (A) A description of each violation.

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

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

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

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

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

14 (B) any patterns of such uses; and

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

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

23 (4) report to the Director of the Office of Man-  
24 agement and Budget on the implementation of rec-  
25 ommendations made to the head of the executive

1       agency to address findings of any analysis or audit  
2       of purchase card and convenience check transactions  
3       or programs for compilation and transmission by the  
4       Director to Congress and the Comptroller General.

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

10       (f) RELATIONSHIP TO DEPARTMENT OF DEFENSE  
11       PURCHASE CARD REGULATIONS.—

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

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

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

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

23               “(12) That the Department of Defense utilizes  
24       effective systems, techniques, and technologies to  
25       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 Man-  
 4 agement and Budget on a semiannual basis a joint report  
 5 on 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

“(D) report to the Director of the Office of Management and Budget on the implementation of recommendations made to the head of the executive agency to address findings of any analysis or audit of travel charge card transactions or programs for compilation and transmission by the Director to Congress and the Comptroller General.

“(5) DEFINITIONS.—In this subsection:

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

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

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

(a) **REQUIRED INTERNAL CONTROLS FOR CENTRALLY BILLED ACCOUNTS.**—The head of an executive agency that has employees who use a travel charge card that is billed directly to the United States Government shall establish and maintain the following internal control 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).



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11<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

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## A BILL

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