

In the House of Representatives, U. S.,

August 1, 2012.

Resolved, That the bill from the Senate (S. 300) entitled “An Act to prevent abuse of Government charge cards.”, do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE.***

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

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

5 *(a) GOVERNMENT-WIDE SAFEGUARDS AND INTERNAL*
6 *CONTROLS.—*

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

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

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

1 “(1) *There is a record in each executive agency*
2 *of each holder of a purchase card issued by the agency*
3 *for official use, annotated with the limitations on sin-*
4 *gle transactions and total transactions that are appli-*
5 *cable to the use of each such card or check by that*
6 *purchase card holder.*

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

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

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

18 “(B) *forwarding a summary report to the*
19 *certifying official in a timely manner of infor-*
20 *mation necessary to enable the certifying official*
21 *to ensure that the Federal Government ulti-*
22 *mately pays only for valid charges that are con-*
23 *sistent with the terms of the applicable Govern-*
24 *ment-wide purchase card contract entered into*
25 *by the Administrator of General Services.*

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 prescribed
5 in the applicable Government-wide purchase card
6 contract entered into by the Administrator of General
7 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, sales volume, or other actions by the agency on
13 purchase card accounts are reviewed for accuracy and
14 properly recorded as a receipt to the agency that pays
15 the monthly bill.

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

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

24 “(9) Appropriate training is provided to each
25 purchase card holder and each official with responsi-

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

3 *“(10) The executive agency has specific policies*
4 *regarding the number of purchase cards issued by*
5 *various component organizations and categories of*
6 *component organizations, the credit limits authorized*
7 *for various categories of card holders, and categories*
8 *of employees eligible to be issued purchase cards, and*
9 *that those policies are designed to minimize the finan-*
10 *cial risk to the Federal Government of the issuance of*
11 *the purchase cards and to ensure the integrity of pur-*
12 *chase card holders.*

13 *“(11) The executive agency uses effective systems,*
14 *techniques, and technologies to prevent or identify il-*
15 *legal, improper, or erroneous purchases.*

16 *“(12) The executive agency invalidates the pur-*
17 *chase card of each employee who—*

18 *“(A) ceases to be employed by the agency,*
19 *immediately upon termination of the employ-*
20 *ment of the employee; or*

21 *“(B) transfers to another unit of the agency,*
22 *immediately upon the transfer of the employee*
23 *unless the agency determines that the units are*
24 *covered by the same purchase card authority.*

1 “(13) *The executive agency takes steps to recover*
2 *the cost of any illegal, improper, or erroneous pur-*
3 *chase made with a purchase card or convenience check*
4 *by an employee, including, as necessary, through sal-*
5 *ary offsets.*

6 “(b) *GUIDANCE.—The Director of the Office of Man-*
7 *agement and Budget shall review existing guidance and, as*
8 *necessary, prescribe additional guidance governing the im-*
9 *plementation of the requirements of subsection (a) by execu-*
10 *tive agencies.*

11 “(c) *PENALTIES FOR VIOLATIONS.—*

12 “(1) *IN GENERAL.—The head of each executive*
13 *agency shall provide for appropriate adverse per-*
14 *sonnel actions or other punishment to be imposed in*
15 *cases in which employees of the agency violate agency*
16 *policies implementing the guidance required by sub-*
17 *section (b) or make illegal, improper, or erroneous*
18 *purchases with purchase cards or convenience checks.*

19 “(2) *DISMISSAL.—Penalties prescribed for em-*
20 *ployee misuse of purchase cards or convenience checks*
21 *shall include dismissal of the employee, as appro-*
22 *priate.*

23 “(3) *REPORTS ON VIOLATIONS.—The guidance*
24 *prescribed under subsection (b) shall direct each head*
25 *of an executive agency with more than \$10,000,000 in*

1 *purchase card spending annually, and each Inspector*
 2 *General of such an executive agency, on a semiannual*
 3 *basis, to submit to the Director of the Office of Man-*
 4 *agement and Budget a joint report on violations or*
 5 *other actions covered by paragraph (1) by employees*
 6 *of such executive agency. At a minimum, the report*
 7 *shall set forth the following:*

8 *“(A) A summary description of confirmed*
 9 *violations involving misuse of a purchase card*
 10 *following completion of a review by the agency*
 11 *or by the Inspector General of the agency.*

12 *“(B) A summary description of all adverse*
 13 *personnel action, punishment, or other action*
 14 *taken based on each violation.*

15 *“(d) RISK ASSESSMENTS AND AUDITS.—The Inspector*
 16 *General of each executive agency shall—*

17 *“(1) conduct periodic assessments of the agency*
 18 *purchase card or convenience check programs to iden-*
 19 *tify and analyze risks of illegal, improper, or erro-*
 20 *neous purchases and payments in order to develop a*
 21 *plan for using such risk assessments to determine the*
 22 *scope, frequency, and number of periodic audits of*
 23 *purchase card or convenience check transactions;*

24 *“(2) perform analysis or audits, as necessary, of*
 25 *purchase card transactions designed to identify—*

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

3 “(B) any patterns of such uses; and

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

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

12 “(4) report to the Director of the Office of Man-
13 agement and Budget on the implementation of rec-
14 ommendations made to the head of the executive agen-
15 cy to address findings of any analysis or audit of
16 purchase card and convenience check transactions or
17 programs for compilation and transmission by the
18 Director to Congress and the Comptroller General.

19 “(e) *RELATIONSHIP TO DEPARTMENT OF DEFENSE*
20 *PURCHASE CARD REGULATIONS.*—The requirements of this
21 section shall not apply to the Department of Defense. See
22 section 2784 of title 10 for provisions relating to manage-
23 ment of purchase cards in the Department.”.

24 (2) *CLERICAL AMENDMENT.*—The table of sec-
25 tions at the beginning of chapter 19 of title 41,

1 *United States Code, is amended by adding at the end*
 2 *the following new item:*

“1909. Management of purchase cards.”.

3 **(b) CONFORMING AMENDMENTS TO DEPARTMENT OF**
 4 **DEFENSE PURCHASE CARD PROVISIONS.**—*Subsection (b) of*
 5 *section 2784 of title 10, United States Code, is amended—*

6 *(1) by moving paragraph (8) to the end of the*
 7 *subsection and redesignating that paragraph as para-*
 8 *graph (14);*

9 *(2) by redesignating paragraphs (2), (3), (4),*
 10 *(5), (6), and (7) as paragraphs (3), (4), (5), (6), (7),*
 11 *and (8), respectively;*

12 *(3) by inserting after paragraph (1) the fol-*
 13 *lowing new paragraph (2):*

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

18 *(4) by adding after paragraph (10) the following*
 19 *new paragraphs:*

20 *“(11) That the Department of Defense uses effec-*
 21 *tive systems, techniques, and technologies to prevent*
 22 *or identify potential fraudulent purchases.*

23 *“(12) That the Department of Defense takes ap-*
 24 *propriate steps to invalidate the purchase card of*
 25 *each card holder who—*

1 “(A) in the case of an employee of the De-
2 partment—

3 “(i) ceases to be employed by the De-
4 partment, immediately upon termination of
5 the employment of the employee; or

6 “(ii) transfers to another unit of the
7 Department, immediately upon the transfer
8 of the employee unless the Secretary of De-
9 fense determines that the units are covered
10 by the same purchase card authority; and

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

14 “(13) That the Department of Defense takes steps
15 to recover the cost of any illegal, improper, or erro-
16 neous purchase made with a purchase card or conven-
17 ience check by an employee or member of the armed
18 forces, including, as necessary, through salary off-
19 sets.”; and

20 (5) by adding at the end the following new para-
21 graph:

22 “(15) That the Inspector General of the Depart-
23 ment of Defense conducts periodic audits or reviews
24 of purchase card or convenience check programs to
25 identify and analyze risks of illegal, improper, or er-

1 roneous purchases and payments and that the find-
 2 ings of such audits or reviews, along with rec-
 3 ommendations to prevent abuse of purchase cards or
 4 convenience checks, are reported to the Director of the
 5 Office of Management and Budget and Congress.”.

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

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) is
 15 amended by adding at the end the following new subsection:

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

17 “(1) *REQUIRED SAFEGUARDS AND INTERNAL*
 18 *CONTROLS.*—The head of each executive agency that
 19 has employees that use travel charge cards shall estab-
 20 lish and maintain the following internal control ac-
 21 tivities to ensure the proper, efficient, and effective
 22 use of such travel charge cards:

23 “(A) There is a record in each executive
 24 agency of each holder of a travel charge card
 25 issued on behalf of the agency for official use, an-

1 *notated with the limitations on amounts that are*
2 *applicable to the use of each such card by that*
3 *travel charge card holder.*

4 “(B) *Rebates and refunds based on prompt*
5 *payment, sales volume, or other actions by the*
6 *agency on travel charge card accounts are mon-*
7 *itored for accuracy and properly recorded as a*
8 *receipt of the agency that employs the card hold-*
9 *er.*

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

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

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

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

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

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

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

7 *“(H) Each executive agency ensures that the*
8 *travel charge card of each employee who ceases to*
9 *be employed by the agency is invalidated imme-*
10 *diately upon termination of the employment of*
11 *the employee (or, in the case of a member of the*
12 *uniformed services, upon separation or release*
13 *from active duty or full-time National Guard*
14 *duty).*

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

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

1 *guidance for executive agencies governing the imple-*
2 *mentation of the requirements in paragraph (1).*

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

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

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

23 “(A) *EXECUTIVE AGENCY.*—*The term ‘exec-*
24 *utive agency’ means an agency as that term is*

1 *defined in subparagraphs (A) and (B) of section*
 2 *5701(1) of title 5, United States Code.*

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

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

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

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

17 *(2) The executive agency shall dispute unallow-*
 18 *able and erroneous charges and track the status of the*
 19 *disputed transactions to ensure appropriate resolu-*
 20 *tion.*

21 *(3) The executive agency shall submit requests to*
 22 *servicing airlines for refunds of fully or partially un-*
 23 *used tickets, when entitled to such refunds, and track*
 24 *the status of unused tickets to ensure appropriate res-*
 25 *olution.*

1 (b) *GUIDANCE*.—Not later than 180 days after the date
 2 of the enactment of this Act, the Director of the Office of
 3 Management and Budget shall review the existing guidance
 4 and, as necessary, prescribe additional guidance for execu-
 5 tive agencies implementing the requirements of subsection
 6 (a).

7 **SEC. 5. DEFINITIONS.**

8 *In this Act:*

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

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

16 **SEC. 6. CONSTRUCTION.**

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

23 (b) *PERSONAL INFORMATION*.—Nothing in this Act, or
 24 the amendments made by this Act, shall be construed to re-
 25 quire the disclosure of personally identifying information

1 *that is otherwise protected from disclosure under section*
2 *552a of title 5, United States Code (popularly known as*
3 *the Privacy Act of 1974).*

Attest:

Clerk.

112TH CONGRESS
2^D SESSION

S. 300

AMENDMENT