

## **Government Charge Card Abuse Prevention Act of 2012**

[Public Law 112–194]

[As Amended Through P.L. 116–117, Enacted March 2, 2020]

【Currency: This publication is a compilation of the text of Public Law 112-194. It was last amended by the public law listed in the As Amended Through note above and below at the bottom of each page of the pdf version and reflects current law through the date of the enactment of the public law listed at <https://www.govinfo.gov/app/collection/comps/>】

【Note: While this publication does not represent an official version of any Federal statute, substantial efforts have been made to ensure the accuracy of its contents. The official version of Federal law is found in the United States Statutes at Large and in the United States Code. The legal effect to be given to the Statutes at Large and the United States Code is established by statute (1 U.S.C. 112, 204).】

AN ACT To prevent abuse of Government charge cards.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

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

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

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

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

(1) IN GENERAL.—Chapter 19 of title 41, United States Code, is amended by adding at the end the following new section:

#### **“SEC. 1909. [41 U.S.C. 1909] MANAGEMENT OF PURCHASE CARDS**

“(a) REQUIRED SAFEGUARDS AND INTERNAL CONTROLS. The head of each executive agency that issues and uses purchase cards and convenience checks shall establish and maintain safeguards and internal controls to ensure the following:

“(1) There is a record in each executive agency of each holder of a purchase card issued by the agency for official use, annotated with the limitations on single transactions and total transactions that are applicable to the use of each such card or check by that purchase card holder.

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

“(3) The holder of a purchase card and each official with authority to authorize expenditures charged to the purchase card are responsible for—

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“(A) reconciling the charges appearing on each statement of account for that purchase card with receipts and other supporting documentation; and

“(B) forwarding a summary report to the certifying official in a timely manner of information necessary to enable the certifying official to ensure that the Federal Government ultimately pays only for valid charges that are consistent with the terms of the applicable Government-wide purchase card contract entered into by the Administrator of General Services.

“(4) Any disputed purchase card charge, and any discrepancy between a receipt and other supporting documentation and the purchase card statement of account, is resolved in the manner prescribed in the applicable Government-wide purchase card contract entered into by the Administrator of General Services.

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

“(6) Rebates and refunds based on prompt payment, sales volume, or other actions by the agency on purchase card accounts are reviewed for accuracy and properly recorded as a receipt to the agency that pays the monthly bill.

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

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

“(9) Appropriate training is provided to each purchase card holder and each official with responsibility for overseeing the use of purchase cards issued by the executive agency.

“(10) The executive agency has specific policies regarding the number of purchase cards issued by various component organizations and categories of component organizations, the credit limits authorized for various categories of card holders, and categories of employees eligible to be issued purchase cards, and that those policies are designed to minimize the financial risk to the Federal Government of the issuance of the purchase cards and to ensure the integrity of purchase card holders.

“(11) The executive agency uses effective systems, techniques, and technologies to prevent or identify illegal, improper, or erroneous purchases.

“(12) The executive agency invalidates the purchase card of each employee who—

“(A) ceases to be employed by the agency, immediately upon termination of the employment of the employee; or

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

“(13) The executive agency takes steps to recover the cost of any illegal, improper, or erroneous purchase made with a

purchase card or convenience check by an employee, including, as necessary, through salary offsets.

“(b) GUIDANCE. The Director of the Office of Management and Budget shall review existing guidance and, as necessary, prescribe additional guidance governing the implementation of the requirements of subsection (a) by executive agencies.

“(c) PENALTIES FOR VIOLATIONS.

“(1) IN GENERAL. The head of each executive agency shall provide for appropriate adverse personnel actions or other punishment to be imposed in cases in which employees of the agency violate agency policies implementing the guidance required by subsection (b) or make illegal, improper, or erroneous purchases with purchase cards or convenience checks.

“(2) DISMISSAL. Penalties prescribed for employee misuse of purchase cards or convenience checks shall include dismissal of the employee, as appropriate.

“(3) REPORTS ON VIOLATIONS. The guidance prescribed under subsection (b) shall direct each head of an executive agency with more than \$10,000,000 in purchase card spending annually, and each Inspector General of such an executive agency, on a semiannual basis, to submit to the Director of the Office of Management and Budget a joint report on violations or other actions covered by paragraph (1) by employees of such executive agency. At a minimum, the report shall set forth the following:

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

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

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

“(1) conduct periodic assessments of the agency purchase card or convenience check programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments in order to develop a plan for using such risk assessments to determine the scope, frequency, and number of periodic audits of purchase card or convenience check transactions;

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

“(A) potentially illegal, improper, or erroneous uses of purchase cards;

“(B) any patterns of such uses; and

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

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

“(4) report to the Director of the Office of Management and Budget on the implementation of recommendations made to

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

“(e) RELATIONSHIP TO DEPARTMENT OF DEFENSE PURCHASE CARD REGULATIONS. The requirements of this section shall not apply to the Department of Defense. See section 2784 of title 10 for provisions relating to management of purchase cards in the Department.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 19 of title 41, United States Code, is amended by adding at the end the following new item:

“1909. Management of purchase cards.”.

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

(1) by moving paragraph (8) to the end of the subsection and redesignating that paragraph as paragraph (14);

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

(3) by inserting after paragraph (1) the following new paragraph (2):

“(2) That each purchase card holder and individual issued a convenience check is assigned an approving official other than the card holder with the authority to approve or disapprove transactions.”;

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

“(11) That the Department of Defense uses effective systems, techniques, and technologies to prevent or identify potential fraudulent purchases.

“(12) That the Department of Defense takes appropriate steps to invalidate the purchase card of each card holder who—

“(A) in the case of an employee of the Department—

“(i) ceases to be employed by the Department, immediately upon termination of the employment of the employee; or

“(ii) transfers to another unit of the Department, immediately upon the transfer of the employee unless the Secretary of Defense determines that the units are covered by the same purchase card authority; and

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

“(13) That the Department of Defense takes steps to recover the cost of any illegal, improper, or erroneous purchase made with a purchase card or convenience check by an employee or member of the armed forces, including, as necessary, through salary offsets.”; and

(5) by adding at the end the following new paragraph:

“(15) That the Inspector General of the Department of Defense conducts periodic audits or reviews of purchase card or convenience check programs to identify and analyze risks of illegal, improper, or erroneous purchases and payments and that

the findings of such audits or reviews, along with recommendations to prevent abuse of purchase cards or convenience checks, are reported to the Director of the Office of Management and Budget and Congress.”.

(c) **[41 U.S.C. 1909 note]** **DEADLINE FOR GUIDANCE ON MANAGEMENT OF PURCHASE CARDS.**—The Director of the Office of Management and Budget shall prescribe the guidance required by section 1909(b) of title 41, United States Code, as added by subsection (a), not later than 180 days after the date of the enactment of this Act.

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

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

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

“(1) **REQUIRED SAFEGUARDS AND INTERNAL CONTROLS.** The head of each executive agency that has employees that use travel charge cards shall establish and maintain the following internal control activities to ensure the proper, efficient, and effective use of such travel charge cards:

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

“(B) Rebates and refunds based on prompt payment, sales volume, or other actions by the agency on travel charge card accounts are monitored for accuracy and properly recorded as a receipt of the agency that employs the card holder.

“(C) Periodic reviews are performed to determine whether each travel charge card holder has a need for the travel charge card.

“(D) Appropriate training is provided to each travel charge card holder and each official with responsibility for overseeing the use of travel charge cards issued by the executive agency.

“(E) Each executive agency has specific policies regarding travel charge cards issued for various component organizations and categories of component organizations, the credit limits authorized for various categories of card holders, and categories of employees eligible to be issued travel charge cards, and designs those policies to minimize the financial risk to the Federal Government of the issuance of the travel charge cards and to ensure the integrity of travel charge card holders.

“(F) Each executive agency has policies to ensure its contractual arrangement with each travel charge card issuing contractor contains a requirement that the creditworthiness of an individual be evaluated before the individual is issued a travel charge card, and that no individual be issued a travel charge card if that individual is found not creditworthy as a result of the evaluation (ex-

cept that this paragraph shall not preclude issuance of a restricted use, prepaid, declining balance, controlled-spend, or stored value card when the individual lacks a credit history or has a credit score below the minimum credit score established by the Director of the Office of Management and Budget). The Director of the Office of Management and Budget shall establish a minimum credit score for determining the creditworthiness of an individual based on rigorous statistical analysis of the population of card holders and historical behaviors. Notwithstanding any other provision of law, such evaluation shall include an assessment of an individual's consumer report from a consumer reporting agency as those terms are defined in section 603 of the Fair Credit Reporting Act (15 U.S.C. 1681a).

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

“(H) Each executive agency ensures that the travel charge card of each employee who ceases to be employed by the agency is invalidated immediately upon termination of the employment of the employee (or, in the case of a member of the uniformed services, upon separation or release from active duty or full-time National Guard duty).

“(I) Each executive agency shall ensure that, where appropriate, travel card payments are issued directly to the travel card-issuing bank for credit to the employee's individual travel card account.

“(2) GUIDANCE ON MANAGEMENT OF TRAVEL CHARGE CARDS. Not later than 180 days after the date of the enactment of the Government Charge Card Abuse Prevention Act of 2012, the Director of the Office of Management and Budget shall review the existing guidance and, as necessary, prescribe additional guidance for executive agencies governing the implementation of the requirements in paragraph (1).

“(3) INSPECTOR GENERAL AUDIT. The Inspector General of each executive agency with more than \$10,000,000 in travel card spending shall conduct periodic audits or reviews of travel card programs to analyze risks of illegal, improper, or erroneous purchases and payments. The findings of such audits or reviews along with recommendations to prevent improper use of travel cards shall be reported to the Director of the Office of Management and Budget and Congress.

“(4) PENALTIES FOR VIOLATIONS. Consistent with the guidance prescribed under paragraph (2), each executive agency shall provide for appropriate adverse personnel actions to be imposed in cases in which employees of the executive agency fail to comply with applicable travel charge card terms and conditions or applicable agency regulations or commit fraud with respect to a travel charge card, including removal in appropriate cases.

“(5) DEFINITIONS. In this subsection:

“(A) EXECUTIVE AGENCY. 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) TRAVEL CHARGE CARD. The term ‘travel charge card’ means any Federal contractor-issued travel charge card that is individually billed to each card holder.”.

**SEC. 4. [5 U.S.C. 5701 note] 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) The executive agency shall ensure that officials with the authority to approve official travel verify that centrally billed account charges are not reimbursed to an employee.

(2) The executive agency shall dispute unallowable and erroneous charges and track the status of the disputed transactions to ensure appropriate resolution.

(3) The executive agency shall submit requests to servicing airlines for refunds of fully or partially unused tickets, when entitled to such refunds, and track the status of unused tickets to ensure appropriate resolution.

(b) **GUIDANCE.**—Not later than 180 days after the date of the enactment of this Act, the Director of the Office of Management and Budget shall review the existing guidance and, as necessary, prescribe additional guidance for executive agencies implementing the requirements of subsection (a).

**SEC. 5. [5 U.S.C. 5701 note] DEFINITIONS.**

In this Act:

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

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

**SEC. 6. [5 U.S.C. 5701 note] CONSTRUCTION.**

(a) **EXECUTIVE AGENCY ACCOUNTING.**—Nothing in this Act, or the amendments made by this Act, shall be construed to excuse the head of an executive agency from the responsibilities set out in section 3512 or subchapter IV of chapter 33 of title 31, United States Code.

(b) **PERSONAL INFORMATION.**—Nothing in this Act, or the amendments made by this Act, shall be construed to require the disclosure of personally identifying information that is otherwise protected from disclosure under section 552a of title 5, United States Code (popularly known as the Privacy Act of 1974).