

108TH CONGRESS
1ST SESSION

H. R. 3329

To prevent abuse of Government credit cards.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 16, 2003

Mr. WILSON of South Carolina (for himself, Mr. HENSARLING, Mrs. BLACKBURN, Mr. GOODE, Mrs. MYRICK, Mr. KINGSTON, Mr. CHOCOLA, Mr. BARRETT of South Carolina, Mr. PAUL, Mr. PLATTS, Mrs. MUSGRAVE, Mrs. NORTHUP, Mr. GREEN of Wisconsin, and Mr. PUTNAM) introduced the following bill; which was referred to the Committee on Government Reform, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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 “Credit Card Abuse
5 Prevention Act of 2003”.

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

7 (a) **REQUIRED SAFEGUARDS AND INTERNAL CON-**
8 **TROLS.**—The head of each executive agency that issues

1 and uses purchase cards and convenience checks shall es-
2 tablish and maintain safeguards and internal controls to
3 ensure the following:

4 (1) That there is a record in each executive
5 agency of each holder of a purchase card issued by
6 the agency for official use, annotated with the limi-
7 tations on single transaction and total credit
8 amounts that are applicable to the use of each such
9 card by that purchase cardholder.

10 (2) That the holder of a purchase card and
11 each official with authority to authorize expenditures
12 charged to the purchase card are responsible for rec-
13 onciling the charges appearing on each statement of
14 account for that purchase card with receipts and
15 other supporting documentation and forwarding
16 such reconciliation to the designated official who cer-
17 tifies the bill for payment in a timely manner.

18 (3) That any disputed purchase card charge,
19 and any discrepancy between a receipt and other
20 supporting documentation and the purchase card
21 statement of account, is resolved in the manner pre-
22 scribed in the applicable Governmentwide purchase
23 card contract entered into by the Administrator of
24 General Services.

1 (4) That payments on purchase card accounts
2 are made promptly within prescribed deadlines to
3 avoid interest penalties.

4 (5) That rebates and refunds based on prompt
5 payment on purchase card accounts are monitored
6 for accuracy and properly recorded as a receipt to
7 the agency that pays the monthly bill.

8 (6) That records of each purchase card trans-
9 action (including records on associated contracts, re-
10 ports, accounts, and invoices) are retained in accord-
11 ance with standard Government policies on the dis-
12 position of records.

13 (7) That periodic reviews are performed to de-
14 termine whether each purchase cardholder has a
15 need for the purchase card.

16 (8) That appropriate training is provided to
17 each purchase cardholder and each official with re-
18 sponsibility for overseeing the use of purchase cards
19 issued by an executive agency.

20 (9) That each executive agency has specific
21 policies regarding the number of purchase cards
22 issued by various organizations and categories of or-
23 ganizations, the credit limits authorized for various
24 categories of cardholders, and categories of employ-
25 ees eligible to be issued purchase cards, and that

1 those policies are designed to minimize the financial
2 risk to the Federal Government of the issuance of
3 the purchase cards and to ensure the integrity of
4 purchase cardholders.

5 (10) That the head of each executive agency
6 evaluate the creditworthiness of an individual before
7 issuing the individual a purchase card, and that no
8 individual be issued a purchase card if the individual
9 is found not creditworthy as a result of the evalua-
10 tion. Notwithstanding any other provision of law,
11 such evaluation shall include an assessment of an in-
12 dividual's consumer report from a consumer report-
13 ing agency as those terms are defined in section 603
14 of the Fair Credit Reporting Act. The obtaining of
15 a consumer report under this subsection is deemed
16 to be a circumstance or purpose authorized or listed
17 under section 604 of the Fair Credit Reporting Act.

18 (11) That each executive agency invalidate the
19 purchase 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 (b) MANAGEMENT OF PURCHASE CARDS.—The head
2 of each executive agency shall prescribe regulations imple-
3 menting the safeguards and internal controls in subsection
4 (a). Those regulations shall be consistent with regulations
5 that apply Governmentwide regarding the use of purchase
6 cards by Government personnel for official purposes.

7 (c) PENALTIES FOR VIOLATIONS.—The regulations
8 prescribed under subsection (a) shall provide for appro-
9 priate adverse personnel actions or other punishment to
10 be imposed in cases in which employees of an executive
11 agency violate such regulations or are negligent or engage
12 in misuse, abuse, or fraud with respect to a purchase card,
13 including removal in appropriate cases.

14 (d) The Inspector General of each executive agency
15 shall—

16 (1) periodically conduct risk assessments of the
17 agency purchase card program and associated inter-
18 nal controls and analyze identified weaknesses and
19 the frequency of improper activity in order to de-
20 velop a plan for using such risk assessments to de-
21 termine the scope, frequency, and number of peri-
22 odic audits of purchase cardholders;

23 (2) perform periodic audits of purchase card-
24 holders designed to identify—

1 (A) potentially fraudulent, improper, and
2 abusive uses of purchase cards;

3 (B) any patterns of improper cardholder
4 transactions, such as purchases of prohibited
5 items; and

6 (C) categories of purchases that should be
7 made by means other than purchase cards in
8 order to better aggregate purchases and obtain
9 lower prices;

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

12 (4) report to the Director of the Office of Man-
13 agement and Budget and the Comptroller General
14 on the implementation of recommendations made to
15 the head of the executive agency to address findings
16 during audits of purchase cardholders.

17 (e) DEFINITION OF EXECUTIVE AGENCY.—For the
18 purpose of this section the term “executive agency” has
19 the meaning provided in section 4(1) of the Office of Fed-
20 eral Procurement Policy Act (41 U.S.C. 403(1)).

21 (f) RELATIONSHIP TO DEPARTMENT OF DEFENSE
22 PURCHASE CARD REGULATIONS.—

23 (1) The requirements under this section shall
24 not apply to the Department of Defense.

1 (2) Section 2784(b) of title 10, United States
2 Code, is amended—

3 (A) in paragraph (8), by striking “periodic
4 audits” and inserting “risk assessments of the
5 agency purchase card program and associated
6 internal controls and analyze identified weak-
7 nesses and the frequency of improper activity in
8 order to develop a plan for using such risk as-
9 sessments to determine the scope, frequency,
10 and number of periodic audits of purchase card-
11 holders.”; and

12 (B) by adding at the end the following new
13 paragraphs:

14 “(11) That the Secretary of Defense shall
15 evaluate the creditworthiness of an individual before
16 issuing the individual a purchase card, and that no
17 individual be issued a purchase card if the individual
18 is not found creditworthy as a result of the evalua-
19 tion. Notwithstanding any other provision of law,
20 such evaluation shall include an assessment of an in-
21 dividual’s consumer report from a consumer report-
22 ing agency as those terms are defined in section 603
23 of the Fair Credit Reporting Act. The obtaining of
24 a consumer report under this subsection is deemed

1 to be a circumstance or purpose authorized or listed
2 under section 604 of the Fair Credit Reporting Act.

3 “(12) That the Secretary of Defense invalidate
4 the purchase card of each employee who ceases to be
5 employed by the department immediately upon ter-
6 mination of the employment of the employee or
7 transfers to another agency or subunit within the
8 department immediately upon transfer.”.

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

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

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

15 “(1) REQUIRED SAFEGUARDS AND INTERNAL
16 CONTROLS.—The head of each executive agency that
17 has employees that use travel charge cards shall es-
18 tablish and maintain safeguards and internal con-
19 trols over travel charge cards to ensure the fol-
20 lowing:

21 “(A) That there is a record in each execu-
22 tive agency of each holder of a travel charge
23 card issued by the agency for official use, anno-
24 tated with the limitations on amounts that are

1 applicable to the use of each such card by that
2 travel charge cardholder.

3 “(B) That rebates and refunds based on
4 prompt payment on travel charge card accounts
5 are properly recorded as a receipt of the agency
6 that employs the cardholder.

7 “(C) That periodic reviews are performed
8 to determine whether each travel charge card-
9 holder has a need for the travel charge card.

10 “(D) That appropriate training is provided
11 to each travel charge cardholder and each offi-
12 cial with responsibility for overseeing the use of
13 travel charge cards issued by an executive agen-
14 cy.

15 “(E) That each executive agency has spe-
16 cific policies regarding the number of travel
17 charge cards issued by various organizations
18 and categories of organizations, the credit limits
19 authorized for various categories of cardholders,
20 and categories of employees eligible to be issued
21 travel charge cards, and that those policies are
22 designed to minimize the financial risk to the
23 Federal Government of the issuance of the trav-
24 el charge cards and to ensure the integrity of
25 travel charge cardholders.

1 “(F) That the head of each executive agen-
2 cy evaluates the creditworthiness of an indi-
3 vidual before issuing the individual a travel
4 charge card, and that no individual be issued a
5 travel charge card if the individual is found not
6 creditworthy as a result of the evaluation (ex-
7 cept that this paragraph shall not preclude
8 issuance of a restricted use travel charge card
9 when the individual lacks a credit history). Not-
10 withstanding any other provision of law, such
11 evaluation shall include an assessment of an in-
12 dividual’s consumer report from a consumer re-
13 porting agency as those terms are defined in
14 section 603 of the Fair Credit Reporting Act.
15 The obtaining of a consumer report under this
16 subsection is deemed to be a circumstance or
17 purpose authorized or listed under section 604
18 of the Fair Credit Reporting Act.

19 “(G) That each executive agency ensures
20 that the travel charge card of each employee
21 who ceases to be employed by the agency is in-
22 validated immediately upon termination of the
23 employment of the employee.

24 “(2) REGULATIONS.—The Administrator of
25 General Services shall prescribe regulations gov-

1 erning the implementation of the safeguards and in-
2 ternal controls in paragraph (1) by executive agen-
3 cies.

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

12 “(4) The Inspector General of each executive
13 agency shall—

14 “(A) periodically conduct risk assessments
15 of the agency travel card program and associ-
16 ated internal controls and analyze identified
17 weaknesses and the frequency of improper ac-
18 tivity in order to develop a plan for using such
19 risk assessments to determine the scope, fre-
20 quency, and number of periodic audits of pur-
21 chase cardholders;

22 “(B) perform periodic audits of travel
23 cardholders designed to identify potentially
24 fraudulent, improper, and abusive uses of travel
25 cards;

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

4 “(D) report to the Director of the Office of
5 Management and Budget and the Comptroller
6 General on the implementation of recommenda-
7 tions made to the head of the executive agency
8 to address findings during audits of travel card-
9 holders.

10 “(5) DEFINITIONS.—For purposes of this sub-
11 section:

12 “(A) The term ‘executive agency’ means an
13 agency as that term is defined in section 5701
14 of title 5, United States Code, except that it is
15 in the executive branch.

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

19 **SEC. 4. REGULATIONS.**

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

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

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

4 (b) BEST PRACTICES.—Regulations promulgated
5 under this section shall reflect best practices for con-
6 ducting purchase and travel card programs.

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