

108TH CONGRESS
1ST SESSION

S. 1744

To prevent abuse of Government credit cards.

IN THE SENATE OF THE UNITED STATES

OCTOBER 16, 2003

Mr. GRASSLEY (for himself and Mr. BYRD) introduced the following bill;
which was read twice and referred to the Committee on Governmental Affairs

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
9 and uses purchase cards and convenience checks shall es-
10 tablish and maintain safeguards and internal controls to
11 ensure the following:

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

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

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

22 (4) That payments on purchase card accounts
23 are made promptly within prescribed deadlines to
24 avoid interest penalties.

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

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

10 (7) That periodic reviews are performed to de-
11 termine whether each purchase cardholder has a
12 need for the purchase card.

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

17 (9) That each executive agency has specific
18 policies regarding the number of purchase cards
19 issued by various organizations and categories of or-
20 ganizations, the credit limits authorized for various
21 categories of cardholders, and categories of employ-
22 ees eligible to be issued purchase cards, and that
23 those policies are designed to minimize the financial
24 risk to the Federal Government of the issuance of

1 the purchase cards and to ensure the integrity of
2 purchase cardholders.

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

16 (11) That each executive agency invalidate the
17 purchase 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 (b) MANAGEMENT OF PURCHASE CARDS.—The head
24 of each executive agency shall prescribe regulations imple-
25 menting the safeguards and internal controls in subsection

1 (a). Those regulations shall be consistent with regulations
2 that apply Governmentwide regarding the use of purchase
3 cards by Government personnel for official purposes.

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

11 (d) The Inspector General of each executive agency
12 shall—

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

20 (2) perform periodic audits of purchase card-
21 holders designed to identify—

22 (A) potentially fraudulent, improper, and
23 abusive uses of purchase cards;

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

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

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

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

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

19 (f) RELATIONSHIP TO DEPARTMENT OF DEFENSE
20 PURCHASE CARD REGULATIONS.—

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

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

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

10 (B) by adding at the end the following new
11 paragraphs:

12 “(11) That the Secretary of Defense shall
13 evaluate the creditworthiness of an individual before
14 issuing the individual a purchase card, and that no
15 individual be issued a purchase card if the individual
16 is not found creditworthy as a result of the evalua-
17 tion. Notwithstanding any other provision of law,
18 such evaluation shall include an assessment of an in-
19 dividual’s consumer report from a consumer report-
20 ing agency as those terms are defined in section 603
21 of the Fair Credit Reporting Act. The obtaining of
22 a consumer report under this subsection is deemed
23 to be a circumstance or purpose authorized or listed
24 under section 604 of the Fair Credit Reporting Act.

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

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

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

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

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

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

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

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

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

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

24 “(F) That the head of each executive agen-
25 cy evaluates the creditworthiness of an indi-

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

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

22 “(2) REGULATIONS.—The Administrator of
23 General Services shall prescribe regulations gov-
24 erning the implementation of the safeguards and in-

1 ternal controls in paragraph (1) by executive agen-
2 cies.

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

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

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

21 “(B) perform periodic audits of travel
22 cardholders designed to identify potentially
23 fraudulent, improper, and abusive uses of travel
24 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 card and travel card programs.

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