WASHINGTON – The U.S. Senate this afternoon passed legislation sponsored by Senator Chuck Grassley of Iowa, Senator Joe Lieberman of Connecticut and Senator Susan Collins of Maine to require federal agencies to put new safeguards and controls on government charge cards used by federal employees. The bill also would require penalties for violations.

The Government Charge Card Abuse Prevention Act, S.300, was approved in April by the Homeland Security and Governmental Affairs Committee. Lieberman is the Committee Chairman, and Collins serves as Ranking Member.

“This bill is about accountability,” Grassley said. “The public trust has been violated by abusive use of government charge cards. The federal bureaucracy needs to improve the way it manages the use of these cards.”

“This legislation would impose common sense controls on the users of government charge cards, which allow federal workers to purchase goods and travel in a timely and cost-efficient manner. In any economy, but especially the one we are now in, there is no room for waste, much less fraud or abuse. These safeguards will make all users of federal charge cards accountable for their use,” Lieberman said.

“This bill would require agencies to ensure that purchase and travel cards are used only for approved spending to take action for misuse of cards. While purchase and travel cards have been important tools in meeting the government’s procurement needs in a timely and cost-efficient manner, their use often has been subject to some malfeasance and inappropriate purchases by individual card holders. American taxpayers get the bill for these federal credit cards and they deserve complete assurance that their money is going to legitimate business purposes,” Collins said.

The senators’ effort to codify new controls and penalties responds to outrageous accounts of purchases made with government charge cards, as well as independent analysis which found inadequate and inconsistent controls within government agencies. At issue are purchase cards, which are used by authorized federal employees for small-scale items needed for official business, such as office supplies, as well as travel cards, which are issued to federal employees to pay for official travel expenses. When purchase cards are misused, taxpayer money is wasted. When travel cards are misused and the bills aren’t paid, the government risks

losing millions of dollars in rebates.

Grassley has put the spotlight on problematic use of these cards for the last decade, first at the Department of Defense and then also at the Department of Housing and Urban Development, the U.S. Forest Service, the Federal Aviation Administration, and elsewhere.

Over the years, the nonpartisan Government Accountability Office has documented fraudulent, questionable and overly expensive purchases made by federal workers with government purchase and travel cards, including kitchen appliances, jewelry, gambling, cruises, and even the tab at gentlemen's clubs and legalized brothels.

Below is a summary of the reform legislation. The Senate previously passed the measure, in 2009, but it was never taken up by the House of Representatives.

Summary of the Government Charge Card Abuse Prevention Act

The bill would require all federal agencies to establish certain safeguards and internal controls for government charge card programs, and to establish penalties for violations, including dismissal when circumstances warrant. The bill would also increase oversight by providing that each agency Inspector General periodically conduct risk assessments and audits to identify fraud and improper use of government charge cards. These reforms are based on the experience of Senator Grassley and other members of Congress, the GAO, and agency Inspectors General in investigating the weaknesses in agency policies and procedures that have lead to instances of waste, fraud, and abuse in government charge card programs.

The required safeguards and internal controls include:

- · performing credit checks for travel card holders and issuing restricted cards for those with poor or no credit to reduce the potential for misuse
- · maintaining a record of each cardholder, including single transaction limits and total transaction limits so agencies can effectively manage their cardholders
- · implementing periodic reviews to determine if cardholders have a need for a card

- · properly recording rebates to the government based on prompt payment, sales volume, etc.
- · providing training for cardholders and managers
- · utilizing effective systems, techniques, and technologies to prevent or catch fraudulent purchases
- · establishing specific policies about the number of cards to be issued, the credit limits for certain categories of cardholders, and categories of employees eligible to be issued cards
- · invalidating cards when employees leave the agency or transfer
- · establishing an approving official other than the purchase card holder so employees cannot approve their own purchases
- · reconciling purchase card charges on the bill with receipts and supporting documentation
- · reconciling disputed purchase card charges and discrepancies with the bank according to the proper procedure
- · making purchase card payments promptly to avoid interest penalties
- · retaining records of purchase card transactions in accordance with standard government record keeping polices
- · utilizing direct payments to the bank when reimbursing employees for travel card purchases to ensure that travel card bills get paid
- · comparing items submitted on travel vouchers with items already paid for with centrally billed accounts to avoid reimbursing employees for items already paid for by the agency
- · submitting refund requests for unused airline tickets so the taxpayers don’t pay for tickets that were not used
- · disputing unauthorized charges and tracking the status of disputed charges to proper resolution

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