

by subsection (a), shall not be construed to apply to or invalidate any action taken under such section before March 1, 2007.”

#### CONTRACTS FOR RECOVERY OF INDEBTEDNESS

Pub. L. 101-165, title IX, §9019, Nov. 21, 1989, 103 Stat. 1133, provided that: “During the current fiscal year and hereafter, the Department of Defense may enter into contracts to recover indebtedness to the United States pursuant to section 3718 of title 31, United States Code.”

#### § 2781. Availability of appropriations: exchange fees; losses in accounts

Amounts appropriated to the Department of Defense may be used for—

- (1) exchange fees; and
- (2) losses in the accounts of disbursing officials and agents in accordance with law.

(Added Pub. L. 100-370, §1(m)(1), July 19, 1988, 102 Stat. 849.)

#### HISTORICAL AND REVISION NOTES

Section is based on Pub. L. 99-190, §101(b) [title VIII, §8006(c)], Dec. 19, 1985, 99 Stat. 1185, 1203.

#### § 2782. Damage to real property: disposition of amounts recovered

Except as provided in section 2775 of this title, amounts recovered for damage caused to real property under the jurisdiction of the Secretary of a military department or, with respect to the Defense Agencies, under the jurisdiction of the Secretary of Defense shall be credited to the account available for the repair or replacement of the real property at the time of recovery. In such amounts as are provided in advance in appropriation Acts, amounts so credited shall be available for use for the same purposes and under the same circumstances as other funds in the account.

(Added Pub. L. 104-106, div. B, title XXVIII, §2821(a), Feb. 10, 1996, 110 Stat. 556.)

#### PRIOR PROVISIONS

A prior section 2782, added Pub. L. 101-189, div. A, title XVI, §1603(a)(1), Nov. 29, 1989, 103 Stat. 1597, related to limits on restoration of unobligated balances withdrawn from availability for obligation, prior to repeal by Pub. L. 101-510, div. A, title XIV, §1405(c)(1), Nov. 5, 1990, 104 Stat. 1680.

#### § 2783. Nonappropriated fund instrumentalities: financial management and use of nonappropriated funds

(a) REGULATION OF MANAGEMENT AND USE OF NONAPPROPRIATED FUNDS.—The Secretary of Defense shall prescribe regulations governing—

- (1) the purposes for which nonappropriated funds of a nonappropriated fund instrumentality of the United States within the Department of Defense may be expended; and
- (2) the financial management of such funds to prevent waste, loss, or unauthorized use.

(b) PENALTIES FOR VIOLATIONS.—(1) A civilian employee of the Department of Defense who is paid from nonappropriated funds and who commits a substantial violation of the regulations prescribed under subsection (a) shall be subject to the same penalties as are provided by law for misuse of appropriations by a civilian employee

of the Department of Defense paid from appropriated funds. The Secretary of Defense shall prescribe regulations to carry out this paragraph.

(2) The Secretary shall provide in regulations that a violation of the regulations prescribed under subsection (a) by a person subject to chapter 47 of this title (the Uniform Code of Military Justice) is punishable as a violation of section 892 of this title (article 92 of the Uniform Code of Military Justice).

(c) NOTIFICATION OF VIOLATIONS.—(1) A civilian employee of the Department of Defense (whether paid from nonappropriated funds or from appropriated funds), and a member of the armed forces, whose duties include the obligation of nonappropriated funds, shall notify the Secretary of Defense of information which the person reasonably believes evidences—

- (A) a violation by another person of any law, rule, or regulation regarding the management of such funds; or
- (B) other mismanagement or gross waste of such funds.

(2) The Secretary of Defense shall designate civilian employees of the Department of Defense or members of the armed forces to receive a notification described in paragraph (1) and ensure the prompt investigation of the validity of information provided in the notification.

(3) The Secretary shall prescribe regulations to protect the confidentiality of a person making a notification under paragraph (1).

(Added Pub. L. 102-484, div. A, title III, §362(a), Oct. 23, 1992, 106 Stat. 2379, §2490a; renumbered §2783 and amended Pub. L. 103-160, div. A, title XI, §1182(a)(8)(A), Nov. 30, 1993, 107 Stat. 1771.)

#### AMENDMENTS

1993—Pub. L. 103-160 renumbered section 2490a of this title as this section.

Subsec. (b)(2). Pub. L. 103-160, §1182(a)(8)(A)(i), substituted “chapter 47 of this title” for “chapter 47 of title 10, United States Code”, “Justice is” for “Justice, is”, and “section 892 of this title” for “section 892 of such title”.

Subsec. (c)(1). Pub. L. 103-160, §1182(a)(8)(A)(ii), substituted “armed forces” for “Armed Forces”.

#### STANDARDIZATION OF CERTAIN PROGRAMS AND ACTIVITIES OF MILITARY EXCHANGES

Section 361 of Pub. L. 102-484 provided that:

“(a) STANDARDIZATION OF EXCHANGES.—The Secretary of Defense shall standardize among the military departments the following programs and activities of the military exchanges of the military departments:

“(1) Accounting (including account titles and item descriptions).

“(2) Financial reporting formats.

“(3) Automatic data processing and telecommunications data in order to facilitate the transfer of information among military exchanges.

“(b) TIME AND MANNER.—The standardization of programs and activities required by subsection (a) shall be completed not later than March 31, 1994, and shall be carried out in the most efficient manner practicable.

“(c) REPORT.—Not later than March 31, 1993, the Secretary of Defense shall submit to the Congress a report on other programs and activities of the military exchanges, if any, that the Secretary determines can be economically and efficiently managed through standardization or consolidation under a single nonappropriated fund instrumentality.”

**§ 2784. Management of purchase cards**

(a) **MANAGEMENT OF PURCHASE CARDS.**—The Secretary of Defense shall prescribe regulations governing the use and control of all purchase cards and convenience checks that are issued to Department of Defense personnel for official use. Those regulations shall be consistent with regulations that apply Government-wide regarding use of purchase cards by Government personnel for official purposes.

(b) **REQUIRED SAFEGUARDS AND INTERNAL CONTROLS.**—Regulations under subsection (a) shall include safeguards and internal controls to ensure the following:

(1) That there is a record in the Department of Defense of each holder of a purchase card issued by the Department of Defense for official use, annotated with the limitations on amounts that are applicable to the use of each such card by that purchase card holder.

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

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

(B) forwarding that statement after being so reconciled to the designated disbursing office in a timely manner.

(3) That 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.

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

(5) That rebates and refunds based on prompt payment on purchase card accounts are properly recorded.

(6) That 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.

(7) That periodic reviews are performed to determine whether each purchase card holder has a need for the purchase card.

(8) That the Inspector General of the Department of Defense, the Inspector General of the Army, the Naval Inspector General, and the Inspector General of the Air Force perform periodic audits to identify—

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

(B) any patterns of improper card holder transactions, such as purchases of prohibited items; and

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

(9) That appropriate training is provided to each purchase card holder and each official with responsibility for overseeing the use of purchase cards issued by the Department of Defense.

(10) That the Department of Defense has specific policies regarding the number of purchase cards issued by various organizations and categories of 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.

(c) **PENALTIES FOR VIOLATIONS.**—The regulations prescribed under subsection (a) shall—

(1) provide—

(A) for the reimbursement of charges for unauthorized or erroneous purchases, in appropriate cases; and

(B) for appropriate adverse personnel actions or other punishment to be imposed in cases in which employees of the Department of Defense violate such regulations or are negligent or engage in misuse, abuse, or fraud with respect to a purchase card, including removal in appropriate cases; and

(2) provide that a violation of such regulations by a person subject to chapter 47 of this title (the Uniform Code of Military Justice) is punishable as a violation of section 892 of this title (article 92 of the Uniform Code of Military Justice).

(Added Pub. L. 106–65, div. A, title IX, §933(a)(1), Oct. 5, 1999, 113 Stat. 728; amended Pub. L. 107–314, div. A, title X, §1007(a), (b)(1), Dec. 2, 2002, 116 Stat. 2633, 2634; Pub. L. 110–417, [div. A], title X, §1003(a), Oct. 14, 2008, 122 Stat. 4582.)

**AMENDMENTS**

2008—Subsec. (c)(1). Pub. L. 110–417 substituted “provide—” for “provide”, added subpar. (A), and substituted “(B) for” for “for”.

2002—Pub. L. 107–314, §1007(b)(1)(A), substituted “purchase” for “credit” in section catchline.

Subsec. (a). Pub. L. 107–314, §1007(a)(1), (b)(1)(B), (C), substituted “Purchase” for “Credit” in heading and “purchase” for “credit” in two places in text and struck out “, acting through the Under Secretary of Defense (Comptroller),” after “Secretary of Defense”.

Subsec. (b)(1) to (6). Pub. L. 107–314, §1007(b)(1)(C), substituted “purchase” for “credit” wherever appearing.

Subsec. (b)(7) to (10). Pub. L. 107–314, §1007(a)(2), added pars. (7) to (10).

Subsec. (c). Pub. L. 107–314, §1007(a)(2), added subsec. (c).

**REGULATIONS**

Pub. L. 106–65, div. A, title IX, §933(b)(1), Oct. 5, 1999, 113 Stat. 730, provided that: “Regulations under section 2784 of title 10, United States Code, as added by subsection (a), shall be prescribed not later than 180 days after the date of the enactment of this Act [Oct. 5, 1999].”

**CREDITING OF REFUNDS**

Pub. L. 110–116, div. A, title VIII, §8067, Nov. 13, 2007, 121 Stat. 1329, provided that: “Beginning in the current fiscal year and hereafter, refunds attributable to the use of the Government travel card, refunds attributable to the use of the Government Purchase Card and refunds attributable to official Government travel arranged by Government Contracted Travel Management Centers may be credited to operation and maintenance, and research, development, test and evaluation ac-