

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 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) 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.

(4) 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.

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

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

(7) 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.

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

(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.

(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.

(14) 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.

(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) **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; Pub. L. 112-194, §2(b), Oct. 5, 2012, 126 Stat. 1447.)

AMENDMENTS

2012—Subsec. (b)(2) to (15). Pub. L. 112-194 added pars. (2), (11) to (13), and (15) and redesignated former pars. (2) to (7) and (8) as (3) to (8) and (14), respectively.

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 accounts of the Department of Defense which are current when the refunds are received.”

GOVERNMENT CHARGE CARD ACCOUNTS: LIMITATION ON NUMBER; REQUIREMENTS FOR ISSUANCE; DISCIPLINARY ACTION FOR MISUSE; REPORT

Pub. L. 107-248, title VIII, §8149, Oct. 23, 2002, 116 Stat. 1572, as amended by Pub. L. 108-87, title VIII, §8144, Sept. 30, 2003, 117 Stat. 1108, provided that:

“(a) LIMITATION ON NUMBER OF GOVERNMENT CHARGE CARD ACCOUNTS DURING FISCAL YEAR 2003.—The total number of accounts for government purchase charge cards and government travel charge cards for Department of Defense personnel during fiscal year 2003 may not exceed 1,500,000 accounts.

“(b) REQUIREMENT FOR CREDITWORTHINESS FOR ISSUANCE OF GOVERNMENT CHARGE CARD.—(1) The Secretary of Defense shall evaluate the creditworthiness of an individual before issuing the individual a government purchase charge card or government travel charge card.

“(2) An individual may not be issued a government purchase charge card or government travel charge card

if the individual is found not credit worthy as a result of the evaluation under paragraph (1).

“(3) This subsection shall remain in effect for fiscal year 2004.

“(c) DISCIPLINARY ACTION FOR MISUSE OF GOVERNMENT CHARGE CARD.—(1) The Secretary shall establish guidelines and procedures for disciplinary actions to be taken against Department personnel for improper, fraudulent, or abusive use of government purchase charge cards and government travel charge cards.

“(2) The guidelines and procedures under this subsection shall include appropriate disciplinary actions for use of charge cards for purposes, and at establishments, that are inconsistent with the official business of the Department or with applicable standards of conduct.

“(3) The disciplinary actions under this subsection may include—

“(A) the review of the security clearance of the individual involved; and

“(B) the modification or revocation of such security clearance in light of the review.

“(4) The guidelines and procedures under this subsection shall apply uniformly among the Armed Forces and among the elements of the Department.

“(d) REPORT.—Not later than June 30, 2003, the Secretary shall submit to the congressional defense committees a report on the implementation of the requirements and limitations in this section, including the guidelines and procedures established under subsection (c).”

§ 2784a. Management of travel cards

(a) DISBURSEMENT OF TRAVEL ALLOWANCES DIRECTLY TO CREDITORS.—(1) The Secretary of Defense shall require that any part of a travel or transportation allowance of an employee of the Department of Defense or a member of the armed forces be disbursed directly to the issuer of a Defense travel card if the amount is disbursed to the issuer in payment of amounts of expenses of official travel that are charged by the employee or member on the Defense travel card.

(2) The Secretary of Defense may waive the requirement for a direct payment to a travel card issuer under paragraph (1) in any case the Secretary determines appropriate.

(3) For the purposes of this subsection, the travel and transportation allowances referred to in paragraph (1) are amounts to which an employee of the Department of Defense is entitled under section 5702 of title 5 or a member of the armed forces is entitled under section 474 of title 37.

(b) OFFSETS FOR DELINQUENT TRAVEL CARD CHARGES.—(1) The Secretary of Defense may require that there be deducted and withheld from any basic pay payable to an employee of the Department of Defense or a member of the armed forces any amount that is owed by the employee or member to a creditor by reason of one or more charges of expenses of official travel of the employee or member on a Defense travel card issued by the creditor if the employee or member—

(A) is delinquent in the payment of such amount under the terms of the contract under which the card is issued; and

(B) does not dispute the amount of the delinquency.

(2) The amount deducted and withheld from pay under paragraph (1) with respect to a debt owed a creditor as described in that paragraph