

section (a) [amending this section] shall take effect at the end of the one-year period beginning on the date of the enactment of this Act [Oct. 19, 1984].”

**§ 4754. 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, §2784; 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; renumbered §4754, Pub. L. 116-283, div. A, title XVIII, §1864(b), Jan. 1, 2021, 134 Stat. 4279.)

### Editorial Notes

#### PRIOR PROVISIONS

Prior sections 4771 and 4772 were renumbered sections 7771 and 7772 of this title, respectively.

A prior section 4774, acts Aug. 10, 1956, ch. 1041, 70A Stat. 269; Aug. 30, 1957, Pub. L. 85-241, title IV, §404(a), 71 Stat. 555; Aug. 10, 1959, Pub. L. 86-149, title IV, §410(a), 73 Stat. 321; July 27, 1962, Pub. L. 87-554, title V, §504(a), (c), 76 Stat. 239; Nov. 7, 1963, Pub. L. 88-174, title V, §503, 77 Stat. 325; Dec. 5, 1969, Pub. L. 91-142, title V, §510(b), 83 Stat. 312; Oct. 27, 1971, Pub. L. 92-145, title V, §508(a), (c), 85 Stat. 408; Nov. 29, 1973, Pub. L. 93-166, title V, §509(c), 87 Stat. 677, related to limitations on construction, prior to repeal by Pub. L. 97-214, §§7(1), 12(a), July 12, 1982, 96 Stat. 173, 176, effective Oct. 1, 1982.

A prior section 4775, act Aug. 10, 1956, ch. 1041, 70A Stat. 269, authorized assignment of quarters belonging to United States at a post or station by post quartermaster to officers, grade lieutenant general down to second lieutenant, 10 to 2 rooms, respectively, and prohibited other assignment where quarters existed, prior to repeal by Pub. L. 92-145, title V, §509(a), Oct. 27, 1971, 85 Stat. 408.

Prior sections 4776 to 4780 were renumbered sections 7776 to 7780 of this title, respectively.

A prior section 4781 was renumbered section 7781 of this title.

Another section 4781, added Pub. L. 115-31, div. N, title VI, §602(a), May 5, 2017, 131 Stat. 828, was substantially identical to the prior section 4781, and related to Cyber Center for Education and Innovation-Home of the National Cryptologic Museum, prior to repeal by Pub. L. 115-91, div. A, title X, §1081(a)(49)(A), Dec. 12, 2017, 131 Stat. 1597.

#### AMENDMENTS

2021—Pub. L. 116-283 renumbered section 2784 of this title as this section.

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).

### Statutory Notes and Related Subsidiaries

#### EFFECTIVE DATE OF 2021 AMENDMENT

Amendment by Pub. L. 116-283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116-283, set out as a note preceding section 3001 of this title.

#### 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 [now 10 U.S.C. 4754], 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 [Committees on Armed Services of the Senate and the House of Representatives and Subcommittees

on Defense of the Committees on Appropriations of the Senate and the House of Representatives] a report on the implementation of the requirements and limitations in this section, including the guidelines and procedures established under subsection (c).”

## Subpart I—Defense Industrial Base

### Editorial Notes

#### AMENDMENTS

2018—Pub. L. 115-232, div. A, title VIII, §801(a), Aug. 13, 2018, 132 Stat. 1831, added subpart heading.

## CHAPTER 381—DEFENSE INDUSTRIAL BASE GENERALLY

Sec.  
4801. Definitions.

### Editorial Notes

#### PRIOR PROVISIONS

A prior chapter 381 “DEFENSE INDUSTRIAL BASE GENERALLY”, consisting of reserved section 4801, was repealed by Pub. L. 116-283, div. A, title XVIII, §1866(b), Jan. 1, 2021, 134 Stat. 4279.

### Statutory Notes and Related Subsidiaries

#### NOTICE TO CONTRACTORS AND EMPLOYEES UPON PROPOSED AND ACTUAL TERMINATION OR SUBSTANTIAL REDUCTION IN MAJOR DEFENSE PROGRAMS

Pub. L. 102-484, div. D, title XLIV, §4471, Oct. 23, 1992, 106 Stat. 2753, as amended by Pub. L. 103-160, div. A, title XIII, §1372, Nov. 20, 1993, 107 Stat. 1817; Pub. L. 103-337, div. A, title XI, §1142, Oct. 5, 1994, 108 Stat. 2881; Pub. L. 104-201, div. A, title VIII, §824, Sept. 23, 1996, 110 Stat. 2610; Pub. L. 105-85, div. A, title X, §1073(d)(2)(C), Nov. 18, 1997, 111 Stat. 1905; Pub. L. 105-277, div. A, §101(f) [title VIII, §405(d)(7)(C), (f)(6)(C)], Oct. 21, 1998, 112 Stat. 2681-337, 2681-419, 2681-430, as amended by Pub. L. 116-283, div. A, title XVIII, §1806(e)(2)(E), Jan. 1, 2021, 134 Stat. 4156, provided that:

“(a) NOTICE REQUIREMENT AFTER ENACTMENT OF APPROPRIATIONS ACT.—Each year, not later than 60 days after the date of the enactment of an Act appropriating funds for the military functions of the Department of Defense, the Secretary of Defense, in accordance with regulations prescribed by the Secretary—

“(1) shall identify each contract (if any) under major defense programs of the Department of Defense that will be terminated or substantially reduced as a result of the funding levels provided in that Act; and

“(2) shall ensure that notice of the termination of, or substantial reduction in, the funding of the contract is provided—

“(A) directly to the prime contractor under the contract; and

“(B) directly to the Secretary of Labor.

“(b) NOTICE TO SUBCONTRACTORS.—Not later than 60 days after the date on which the prime contractor for a contract under a major defense program receives notice under subsection (a), the prime contractor shall—

“(1) provide notice of that termination or substantial reduction to each person that is a first-tier subcontractor under that prime contract for subcontracts in an amount not less than \$500,000; and

“(2) require that each such subcontractor—

“(A) provide such notice to each of its subcontractors for subcontracts in an amount in excess of \$100,000; and

“(B) impose a similar notice and pass through requirement to subcontractors in an amount in excess of \$100,000 at all tiers.

“(c) CONTRACTOR NOTICE TO EMPLOYEES AND STATE DISLOCATED WORKER UNIT.—Not later than two weeks after a defense contractor receives notice under sub-

section (a), the contractor shall provide notice of such termination or substantial reduction to—

“(1)(A) each representative of employees whose work is directly related to the defense contract under such program and who are employed by the defense contractor; or

“(B) if there is no such representative at that time, each such employee; and

“(2) the State or entity designated by the State to carry out rapid response activities under [former] section 134(a)(2)(A) of the Workforce Investment Act of 1998 [former 29 U.S.C. 2864(a)(2)(A)], and the chief elected official of the unit of general local government within which the adverse effect may occur.

“(d) CONSTRUCTIVE NOTICE.—The notice of termination of, or substantial reduction in, a defense contract provided under subsection (c)(1) to an employee of a contractor shall have the same effect as a notice of termination to such employee for the purposes of determining whether such employee is eligible to participate in employment and training activities carried out under title I of the Workforce Investment Act of 1998 [29 U.S.C. 2801 et seq.], except in a case in which the employer has specified that the termination of, or substantial reduction in, the contract is not likely to result in plant closure or mass layoff.

“(e) LOSS OF ELIGIBILITY.—An employee who receives a notice of withdrawal or cancellation of the termination of, or substantial reduction in, contract funding shall not be eligible, on the basis of any related reduction in funding under the contract, to participate in employment and training activities under title I of the Workforce Investment Act of 1998 [29 U.S.C. 2801 et seq.], beginning on the date on which the employee receives the notice.

“(f) DEFINITIONS.—For purposes of this section:

“(1) The term ‘major defense program’ means a program that is carried out to produce or acquire a major system (as defined in section 3041 of title 10, United States Code).

“(2) The terms ‘substantial reduction’ and ‘substantially reduced’, with respect to a defense contract under a major defense program, mean a reduction of 25 percent or more in the total dollar value of the funds obligated by the contract.”

## § 4801. Definitions

In this subpart:

(1) The term “national technology and industrial base” means the persons and organizations that are engaged in research, development, production, integration, services, or information technology activities conducted within the United States, the United Kingdom of Great Britain and Northern Ireland, Australia, and Canada.

(2) The term “dual-use” with respect to products, services, standards, processes, or acquisition practices, means products, services, standards, processes, or acquisition practices, respectively, that are capable of meeting requirements for military and nonmilitary applications.

(3) The term “dual-use critical technology” means a critical technology that has military applications and nonmilitary applications.

(4) The term “technology and industrial base sector” means a group of public or private persons and organizations that engage in, or are capable of engaging in, similar research, development, production, integration, services, or information technology activities.

(5) The terms “Federal laboratory” and “laboratory” have the meaning given the term “laboratory” in section 12(d)(2) of the Stevenson-Wydler Technology Innovation Act of 1980