

**APPENDIX B**

**Improving the Management of Government Charge Card Programs**

**Chapter 6 - Credit Worthiness**

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**6.1 Are agencies required to assess the credit worthiness of all new travel charge card applicants prior to issuing a card?**

Yes, pursuant to Section 846 of the Consolidated Appropriations Act, 2008 (P.L. 110-161, Title VII, section 743), each agency must assess the credit worthiness of all **new** travel charge card applicants prior to issuing a card. Credit worthiness assessments are an important internal control in Federal travel charge card programs. Current cardholders are not subject to the requirements of this chapter.

Credit worthiness evaluations for new purchase card applicants are no longer legislatively mandated due to the passage of the 2006 Consolidated Appropriations Act. However, agency officials and charge card managers may continue to require these evaluations at their discretion. At a minimum, they must remain mindful of the risks involved with charge card issuance, and continue to consider pertinent factors before issuing new purchase cards.

Further, a current cardholder who leaves government service and then returns would be considered a new applicant for the purposes of credit worthiness requirements. However, a hiring agency may, but is not required to, assess the credit worthiness of a current cardholder who transfers from another agency.

**6.2 Why is it important to assess the credit worthiness of a travel charge card applicant?**

Credit worthiness assessments are an important internal control to ensure that charge cardholders are financially responsible.

### **6.3 What steps are required before issuing a travel charge card to a first-time applicant?**

Consistent with the requirements of this Chapter, all agencies must perform a credit worthiness evaluation prior to issuing a travel charge card to first time applicants.

#### **6.3.1 Obtain credit score.**

In order for a first time applicant to receive a card to which standard agency restrictions apply, a credit score must be obtained for that employee. The credit score obtained must be 660 or higher. (Examples of credits scores acceptable are FICO, an acronym for Fair Isaac Corporation, a Beacon score, etc.) The numerical score indicates the credit risk level associated with a specific credit applicant. Credit scores obtained during any other process of background clearance that are less than 12 months old may also be used.

#### **6.3.2 First time travel charge card applicants with a credit score less than 660.**

For first time travel charge card applicants with a credit score of less than 660, the agency may issue a card, but more stringent restrictions will apply. In implementing such additional restrictions, the agency will take one or more of the following actions:

Reduce the overall dollar limit for the card;

Reduce the limit on individual transaction amounts;

Limit (or further limit, if applicable) the types of transactions allowed;

Issue a pre-paid card that automatically restricts dollar amount and transaction types;

Limit (or further limit, if applicable) the dollar amount of transactions that can be applied to the card within a particular time period;

Limit (or further limit, if applicable) the length of time a card remains active, such as for the length of time in travel status only; and/or

Restrict (or further restrict, if applicable) use at ATMs.

### **6.4 What process is required if obtaining a credit score is not possible?**

If obtaining a credit score is not possible (e.g., the applicant refuses to provide consent or does not have a credit history), an agency may still issue a "restricted" (as defined in Section 6.3.2 above) travel charge card to a first time applicant, but the agency must conduct an alternative credit worthiness assessment to determine whether the individual possesses a satisfactory credit history. Specifically, the agency must review the proposed applicant's most recent Standard Form (SF) 85P, Section 22, Questionnaire for Public Trust Positions, or SF 86, Section 27, or use a similar vehicle containing the same type of questions as in the forms and sections noted and use the information provided to assess credit worthiness. In either case the vehicle used must not be older than one year.

### **6.5. May agencies issue individually-billed travel charge cards to foreign nationals?**

No, foreign nationals are not eligible to hold individually-billed travel charge cards issued by Federal agencies, as they are not Federal employees. However, centrally-billed travel accounts may be used to pay for their travel expenses when required by and approved by the agency.

### **6.6 Are credit worthiness assessments required for new centrally-billed travel account applicants?**

No. Because centrally-billed travel accounts and purchase card accounts share common characteristics in terms of structure, purpose and risk, credit worthiness assessments are not required for centrally-billed travel accounts, and are to be treated in the same manner as purchase card accounts for the purpose of this Chapter of the Guidance.

### **6.7 When are re-evaluations of credit worthiness required?**

A credit worthiness assessment must be conducted for restricted cardholders before the cardholder is issued a renewed card. The re-evaluation of credit worthiness may be conducted by obtaining a credit score as described in Sections 6.3 of this Chapter, or at the agency's discretion, may be conducted by reviewing the restricted cardholder's card usage during the initial period of card issuance.

### **6.8 What options do agencies have to offer applicants denied a charge card due to the outcome of their credit worthiness evaluation?**

Applicants who were denied a charge card due to the outcome of their creditworthiness evaluations can be re-evaluated at a time deemed most appropriate by the agency. The applicant's credit worthiness will again be evaluated based on the requirements of this Chapter. If official travel is required, the agency may issue a restricted charge card per section 6.3.2 above.

### **6.9 Are there separate recordkeeping requirements for the credit worthiness evaluation process?**

No, there are not separate or additional recordkeeping requirements from requirements that are currently in effect for the government-wide travel charge card program. Use of agency existing systems of record is adequate.

### **6.10 Is there any circumstance in which credit worthiness restrictions may be temporarily lifted?**

Yes. The credit worthiness restrictions may be temporarily lifted at the discretion of a Department or Agency head, in order to ensure the safety of American citizens and/or property. (e.g., during times of national emergency, contingency, peacekeeping, or humanitarian missions).

### **6.11 Is there a Federal source for obtaining charge card applicant credit scores?**

Yes. Agencies may, but are not required to, contact the Office of Personnel Management (OPM), Center for Federal Investigative Services (CFIS), which has developed a reimbursable process to provide credit scores, and to transmit them to designated agency personnel. For further information, agencies can contact OPM's Program Manager/Customer Service Group at 202-606-1042.

### **6.12 May an agency contract with their respective bank card issuer to manage the credit worthiness assessments on its behalf?**

Yes, agencies may negotiate this requirement into their respective task orders, as long as the bank agrees to comply with the guidelines outlined in this Guidance, including the recordkeeping requirements of the Privacy Act.

In addition, credit scores are also available through GSA's Financial and Business Solutions (FABS) Schedule contractors. Information in this Schedule can be found at <http://www.gsa.gov/financial>.