



USAID
FROM THE AMERICAN PEOPLE

ADS Chapter 610

Use of Entertainment Account, Representation Allowances, and Program and Operating Expense Funds for Entertainment

Partial Revision Date: 12/04/2012
Responsible Office: GC
File Name: 610_120412

Functional Series 600 – Budget and Finance
Chapter 610 – Use of Entertainment Account, Representation Allowances, and
Program and Operating Expense Funds for Entertainment
POC for ADS 610: Youshea Berry, yberry@usaid.gov

Table of Contents

[610.1](#) [OVERVIEW](#) [3](#)

[610.2](#) [PRIMARY RESPONSIBILITIES](#) [3](#)

[610.3](#) [POLICY DIRECTIVES AND REQUIRED PROCEDURES](#)..... [4](#)

[610.3.1](#) [General](#) [4](#)

[610.3.2](#) [How To Determine Which Funds To Use](#) [6](#)

[610.3.3](#) [Entertainment Account](#) [6](#)

[610.3.4](#) [Representation Allowances](#) [7](#)

[610.3.5](#) [Program Funds](#) [8](#)

[610.3.6](#) [Operating Expense \(OE\) Funds](#) [9](#)

[610.3.7](#) [Necessary Expense Doctrine](#)..... [10](#)

[610.4](#) [MANDATORY REFERENCES](#) [11](#)

[610.4.1](#) [External Mandatory References](#) [11](#)

[610.4.2](#) [Internal Mandatory References](#) [11](#)

[610.4.3](#) [Mandatory Forms](#)..... [11](#)

[610.5](#) [ADDITIONAL HELP](#) [11](#)

[610.6](#) [DEFINITIONS](#) [11](#)

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.

Chapter 610 – Use of Entertainment Account, Representation Allowances, and Program and Operating Expense Funds for Entertainment

610.1 OVERVIEW

Effective Date: 08/14/2001

This chapter establishes the policy directives and required procedures for the use of the Entertainment Account, Representation Allowances, and regular operating expense (OE) and program funds for refreshments, meals, receptions, and similar events, and other entertainment.

610.2 PRIMARY RESPONSIBILITIES

Effective Date: 12/04/2012

a. The **Office of the Executive Secretary (ES)** approves all requests for the use of the Entertainment Account.

b. The **Bureau for Management, Office of Management Services (M/MS)** manages the Entertainment Account. **The Bureau for Management, Office of Management Services, Overseas Management Division (M/MS/OMD)** establishes policies and procedures for the use of Representation Allowances in close coordination with the Office of the General Counsel and the Office of the Chief Financial Officer.

For the Entertainment Account, M/MS is responsible for the budget, obligation, timely liquidation, and deobligation of residual funds. For the Representation Allowances, the Mission Director and/or the Executive Officer are responsible for the budget, obligation, timely liquidation, and deobligation of residual funds as well as the administrative approval of claims at the mission.

c. The **Bureau for Management, Office of Management Policy, Budget and Performance (M/MPBP)** approves the purchase, after receipt of required clearances, of alcohol at domestic events and exceptions to this chapter in close coordination with the Office of the General Counsel and the Office of Budget and Resource Management.

d. The **Office of Budget and Resource Management (BRM)** clears on the purchase of alcohol at domestic events and advises on exceptions to this chapter in close coordination with the Office of the General Counsel and M/MPBP.

e. The **Office of the General Counsel (GC)**, upon request, advises ES, M/MS, M/MPBP, and any requesting Bureau/Office regarding permissible uses of appropriated funds for food or entertainment. GC also clears on the purchase of alcohol at domestic events in conjunction with M/MPBP and BRM.

f. The **Mission Financial Management Office (FMO)** is responsible for the voucher examination and certification of claims overseas, as well as assisting in the

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.

budget, obligation, and closeout process.

g. The **Office of Cash Management and Payments (M/CFO/CMP)** is responsible for voucher examination and certification of claims in Washington.

h. **Washington and Mission employees and officials** are responsible for the timely submission of claims using an SF-1034, Public Voucher and for certifying that amounts are correct, payment has not been made, and no prohibited items are included. See [ADS 630](#) for standard payables processes.

610.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

610.3.1 General

Effective Date: 12/04/2012

a. Scope of USAID Authority to Purchase Food and Entertainment with Appropriated Funds. As a general rule, U.S. law ([31 USC 1345](#)) prohibits the use of appropriated funds for “travel, transportation, and subsistence expenses for a meeting,” unless specifically provided for by law (e.g., entertainment or representation allowances). However, an agency may pay “the expenses of an officer or employee of the United States Government carrying out an official duty” ([31 USC 1345](#)). The general prohibition on meeting-related subsistence expenditures severely limits most federal agencies’ ability to pay for food and refreshment at conferences, meetings, or other agency functions. However, [Section 636\(a\)\(2\) of the Foreign Assistance Act \(FAA\)](#) authorizes USAID to use appropriated funds for the expenses (including subsistence) of attending a meeting concerned with the purposes of funds appropriated pursuant to the FAA.

b. Food during USAID-Funded Conferences. The general rule is that USAID may not provide meals to USAID employees during conferences that are determined to be training activities unless the attendee is in temporary duty status or the meal is a necessary expense. The detailed rules regarding food during USAID-funded conferences is provided in [ADS 580.3.3.2](#).

c. USAID Operating Expense (OE) Representation and Entertainment Allowances. Congress appropriates a small amount of money to USAID specifically for representation and entertainment functions (including food and drink). The purpose of the representation allowance in the OE account is to fund overseas events of a protocol nature. The purpose of the entertainment allowance is to fund entertainment of a protocol nature in the United States.

d. Program and Regular Operating Expense (OE) Funds. Unlike the Entertainment Account and Representation Allowances, there is no specific authorization to use program and regular OE funds (i.e., non-Entertainment Account or non-Representation Allowances funds) for entertainment. However, USAID has the authority to use program and regular OE funds for entertainment under the “necessary

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.

expense" doctrine. GAO decisions to the contrary are not binding on the executive branch.

e. Partial Funding. USAID does not need to fund the other costs of a conference or event in order for the food costs to be eligible for USAID funding. The test is whether the conference, training, or other event **contributes to the achievement of USAID's objectives, as described in the FAA and the relevant appropriations statute, (i.e. it is related to Agency programs and functions).** For example, USAID could fund just the luncheon at a privatization conference in South Africa hosted by other donors.

f. Travel Expenses. This chapter does not prohibit the funding of food as "travel expenses" of attendees under travel regulations. However, the use of program funds for a particular function does not mean that the other travel costs of OE-funded personnel can be paid with program funds.

g. Cost Principles. OMB cost principles **prohibit the purchase of food or entertainment for USAID contractors, grantees, and other recipients incurred for their own purposes as part of their normal business operations.** They do not prohibit USAID from funding food and refreshments **to achieve the agency's own objectives** under contracts, grants, and other agreements for USAID operations and programs.

h. Donations. Donations may be used for entertainment. Donations are not subject to the dollar limitations on the amounts available for the Entertainment Account or Representation Allowances.

i. Acceptance by Employees. Employees may consume USAID-funded food or refreshments provided by contractors, grantees, and other recipients of USAID-funds without further approval. When the food or refreshments are being funded by USAID, they are not considered gifts from outside sources.

j. Alcoholic Beverages. USAID appropriations acts since FY 2000 prohibit the use of Economic Support Fund, Development Assistance, and **Global Health Programs** funds for alcoholic beverages or entertainment expenses that are substantially recreational in nature. Appropriations Acts since 2006 also prohibit the use of the Entertainment Account **(under the OE account)** for the same purposes. **Representation allowance funds may be used to purchase alcohol.**

There is no express legal prohibition against using other program and regular OE-funds to purchase alcoholic beverages. OE and non-prohibited program funds may be used to purchase alcoholic beverages when:

- The cost of such beverages is included in the overall charge for the food,
- It is otherwise impracticable to charge attendees separately, or
- An administrative determination has been made that the expenditure is a

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.

permissible use of appropriated funds under the Necessary Expense Doctrine set forth in **610.3.7**.

For example, USAID could fund wine served as part of a luncheon at a non-USAID conference.

It is USAID policy not to fund alcohol at domestic events. However in exceptional cases, M/MPBP, with BRM and GC clearance, may approve funding for alcohol at domestic events.

NOTE: The use of alcoholic beverages is prohibited in the Ronald Reagan Building and other GSA-owned buildings, absent a specific written exception. See [ADS 519.3.10](#) for more information.

k. Cost and Presentation. Food, meals, and events must be modest in cost and presentation.

l. Exceptions. M/MPBP, in close coordination with GC and BRM, may authorize exceptions to this chapter and the Standardized Regulations.

610.3.2 How To Determine Which Funds To Use

Effective Date: 08/14/2001

The following four sources of funds can be used for entertainment expenses:

- The Entertainment Account (see **610.3.3**)
- Representation Allowances (see **610.3.4**)
- Program Funds (see **610.3.5**)
- Operating Expense Funds (see **610.3.6**)

The following sections describe which funds may be used for which kind of events.

610.3.3 Entertainment Account

Effective Date: 12/04/2012

a. The Entertainment Account is a separate line item within the OE account specifically authorized for entertainment pursuant to the [section 636\(a\)\(6\) of the Foreign Assistance Act \(FAA\)](#) and [22 U.S.C. § 2396\(a\)\(6\)](#). USAID appropriation acts routinely appropriate funds for entertainment. For example, \$5,000 was appropriated for FY 2012. [EOCC #2520200: The mandatory expanded object class code that must be used for reporting requirements.]

b. The Entertainment Account is for entertainment in the United States of a protocol

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.

nature, (i.e., where the meal or other event is not incident to a conference, meeting, or other Agency business and cannot be funded with regular OE or program funds). The event must be for fostering relations with those outside the executive branch. It is not for events attended solely by employees of the executive branch or employee-only Agency events. For example, a "courtesy" luncheon for a visiting foreign government official hosted by the Administrator would be an appropriate use of the Entertainment Account, even if almost all of the other attendees would be USAID employees.

c. ES must approve the use of funds from the Entertainment Account. M/MS obligates funds from the account in accordance with ES decisions. The office or employee requesting funds for entertainment must submit [AID 3-12, Request and Authorization of Official Entertainment Expenses](#), to ES for approval by the Executive Secretary or Deputy Executive Secretary. Once approved in ES, M/MS will obligate funds. Employees may request reimbursement for authorized entertainment expenses by submitting an [SF-1034, Public Voucher for Purchases and Services Other Than Personal](#) to M/CFO/CMP at ei@usaid.gov. Employees must attach the [AID 3-12 Form](#), along with a copy of receipts. ES may also use a purchase card for entertainment expenses. Regardless of the method, the charges for entertainment expenses must be applied to the appropriation account for entertainment.

610.3.4 Representation Allowances

Effective Date: 12/04/2012

a. Like the Entertainment Account, Representation Allowances are a separate line item within the OE account and are for overseas events of a protocol nature. [EOCC #2520201: The mandatory expanded object class code that must be used for reporting requirements.]

b. USAID's authority to issue its own regulations on representation expenses is [Section 905 of the Foreign Service Act of 1980, as amended \(FSA\), 22 U.S.C. 4085](#). Section 905 authorizes the "Secretary" to provide for official receptions and pay entertainment and representational expenses. Under [Section 610\(10\) of the FSA, 22 U.S.C. 3902\(10\)](#), the term "Secretary" includes the head of any agency authorized to utilize the Foreign Service personnel system. Under [Section 202\(a\)\(1\) of the FSA, 22 U.S.C. 3922\(a\)\(1\)](#), the Administrator of USAID is so authorized. USAID appropriation acts routinely appropriate representation funds. For example, \$250,000 was appropriated in FY 2012.

c. USAID adheres to the Department of State's Standardized Regulations (DSSR) on representation allowances (DSSR Chapter 300), except that the following prohibition in DSSR 330 does NOT apply to USAID:

- The hire, purchase, operation, or repair of passenger-carrying vehicles (330a).

USAID does NOT follow 3 FAM 3240, the Department of State procedures on representation allowances. USAID Missions can establish a per capita cost for the

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.

various representation functions that are held at home, such as luncheons, dinners, cocktail parties, etc., and pay without requiring an itemization of actual expenses.

d. Representation Allowances are obligated and reimbursed based on procedures outlined in Mission Orders.

610.3.5 Program Funds

Effective Date: 12/04/2012

Program funds can be used for program-related refreshments, snacks, meals, receptions, and similar events for both non-employees and employees, provided that the expenditures are “necessary expenses” for achieving agency objectives under the FAA and applicable appropriations statutes, as described in **610.3.7**. Examples of permissible expenditures of program funds for food include:

- a. External Conferences and Meetings.** As part of a conference or a meeting sponsored by USAID or others to discuss specific USAID programs with persons or entities outside of USAID. For example, program funds could be used for refreshments for all attendees at a meeting at the Mission to discuss the Mission’s strategic plan with partners.
- b. External Award Ceremonies.** As part of an award ceremony that honors non-government personnel or both employees and non-government personnel in connection with Agency programs or operations and is attended by individuals from outside the Agency. For example, program funds could be allocated for a reception for the End Hunger Awards ceremony.
- c. Public Advisory Committee Meetings.** For public advisory committees (committees not composed entirely of government employees) dealing with program issues. If the advisory committee is chartered to deal with OE matters, OE funds should be used.
- d. Program-Funded Employees.** For program-funded employees, program funds may be used for their costs under the same circumstances as those for OE-funded employees in **610.3.6**. For example, the costs of refreshments at a conference attended by both OE- and program-funded employees could be allocated between OE and program funds, as opposed to funding the entire event with OE funds.
- e. Other program-related uses** as approved at the deputy or higher level of a Bureau/Independent Office or Mission.

[EOCC #2520203 is the mandatory expanded object class code that must be used for reporting requirements.]

610.3.6 Operating Expense (OE) Funds

Effective Date: 12/04/2012

Regular OE funds (i.e., not Entertainment Account or Representation Allowances funds) are available for non-program refreshments, snacks, meals, receptions, and similar events provided that the expenditures are “necessary expenses” for achieving agency objectives under the FAA and applicable appropriations statutes, as described in **610.3.7**. Examples of permissible expenditures of OE funds for food include:

- a. **In-House Conferences and Meetings.** As part of a conference, meeting, or other event primarily attended by or intended for USAID employees, e.g., Mission Directors or Executive Officers Conferences. For example, OE funds could be used for a luncheon where there is a speaker and a luncheon is on the agenda of the conference.
- b. **External Conferences.** As part of a conference sponsored by entities other than USAID that do not deal with specific program activities. For example, OE funds can be used for the cost of meals and receptions at a conference sponsored by a professional association on new accounting developments.
- c. **Development-Related External Conferences.** As part of a conference that has attendees from outside the Agency and that is not related to a specific development program or activity but is concerned with general development assistance policy, e.g., the Tidewater Conference.
- d. **Training.** As part of a training course conducted by the Agency or others. Generally, refreshments are not provided for in-house training unless the course is an all-day course or there are extenuating circumstances, e.g., a place to buy refreshments is not readily available. (See **ADS 580, Conference Planning and Attendance**)
- e. **Internal Award Ceremonies.** As part of an Agency Mission or Bureau/Independent Office award ceremony.
- f. **Tips and gratuities** (in addition to those related to entertainment) to persons not employed by the United States Government, where such gratuities are customary in a foreign country and are necessary or desirable for the promotion of U.S. national interests.
- g. **Other OE-related uses** as approved at the deputy or higher level of a Bureau/Independent Office or Mission.

[EOCC #2520203 is the mandatory expanded object class code that must be used for reporting requirements.]

610.3.7 Necessary Expense Doctrine

Effective Date: 12/04/2012

The "necessary expense" doctrine recognizes that a general appropriation cannot list every possible use and that a general appropriation can be used to pay any expense that is:

- a. Necessary or incident to the achievement of the underlying objectives of the appropriation;
- b. Not prohibited by law; and
- c. Not otherwise provided for, i.e., not within the scope of some other appropriation or statutory funding scheme.

The determination under **610.3.7.a** is administrative, not legal, and Federal officials have considerable discretion in determining whether an expenditure furthers the agency's authorized purposes.

Examples of application of "necessary expense" to non-food items:

Whether the purchase of particular items directly furthers an agency's mission depends largely on the facts and circumstances of the case.

- With regard to expenditures in the nature of souvenirs or gifts, the GAO has opined that those items should directly further an Agency's mission. Items purchased with appropriated funds to increase morale or Agency pride have proven difficult to justify as necessary expenses, and are typically viewed as unallowable gifts. For example, GAO has opined that the purchase of T-shirts stamped with the Combined Federal Campaign logo to be given to employees contributing a certain amount is not an allowable expense.
- In a case involving commemoration of the anniversary of an Agency, the GAO did not object to the purchase of anniversary lapel pins for employees. The GAO advised that items like these, typically viewed as gifts, could be seen to advance legitimate agency goals and policies in other contexts, particularly where the items have "no independent intrinsic value to the recipients." GAO has allowed buttons, stating that unlike "candy, a key chain or an ice scraper, buttons had no other use than to convey a message."

Whether a proposed expense will directly support the Agency's mission requires a policy determination, and should be approved at the deputy or higher level of a Bureau/Office or Mission. Decision makers should consult with GC and note policy considerations such as the cost per item and the total cost of the planned expenditure.

To qualify as a necessary expense, the expenditure has to be more than merely

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.

desirable, important, or a good idea. In all exercises of Agency discretion, good judgment and a sense of fiscal responsibility should prevail.

610.4 MANDATORY REFERENCES

610.4.1 External Mandatory References

Effective Date: 12/04/2012

- a. [31 U.S.C. 1345](#)
- b. [DSSR Chapter 300, Representation Allowances](#)
- c. [Foreign Assistance Act, as amended, Section 636\(a\)\(2\), 636\(a\)\(6\)](#)

610.4.2 Internal Mandatory References

Effective Date: 12/04/2012

- a. [ADS 519, Building Services](#)
- b. [ADS 580, Conference Planning and Attendance](#)
- c. [ADS 621, Obligations](#)
- d. [ADS 630, Payables Management](#)

610.4.3 Mandatory Forms

Effective Date: 12/04/2012

- a. [AID Form 3-12 Request and Authorization of Official Entertainment Expenses](#)

610.5 ADDITIONAL HELP

Effective Date: 12/04/2012

- a. [General Accounting Office, Principles of Federal Appropriations Law, 3d Edition \(2004\), Volume 1, Chapter 4 \[Availability of Appropriations: Purpose\]](#)

610.6 DEFINITIONS

Effective Date: 12/04/2012

See the [ADS Glossary](#) for all ADS terms and definitions.

entertainment

Entertainment is an umbrella term which includes, but is not limited to, food and drink, either as formal meals or snacks and refreshments; receptions and banquets, including the cost of invitations and other associated matters; music, live or recorded; live artistic

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.

performances; and personal gifts and furnishings. For other examples of "entertainment," see [DSSR Chapter 320, Allowable Items of Expenditure](#). (Chapter 610)

entertainment account

The Entertainment Account is a separate line item within the OE account for events in the United States of a protocol nature. (Chapter 610)

Expanded Object Class Codes (EOCC)

Object classes are categories in an OMB-prescribed classification system that classifies obligations according to the items or services purchased by the Federal Government. There are seventeen major classes defined at the two-digit level by OMB that are used by USAID, and USAID has defined numerous sub-classifications of these in Phoenix, thus called expanded object class codes. Obligations posted to Phoenix (generically labeled as SOC in Phoenix) must contain the applicable EOCC code. (For detailed information visit: <https://pages.usaid.gov/M/CFO/expanded-object-class-codes>.) (Chapter 610)

representation allowances

Representation Allowances are a separate line item within the OE account for overseas events of a protocol nature. (Chapter 610)

610_062722