

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Purchasing Mementos

1. Over the last year we have uncovered questionable practices regarding the use of government funds to purchase "mementos". In one case we identified a fiscal violation. This Resource Management/Command Counsel memorandum provides guidance about purchasing mementos. By "mementos", we mean things like plaques, trophies, caps, jackets, tote bags, pencils, stickers, mouse pads, coasters, magnets, jar openers, and knives that we give to employees, customers, or other people. The basic rule is that we cannot use appropriated funds to purchase these types of items. The General Accounting Office (GAO) has consistently told us that they do not want us to use our program funds for mementos because they consider them to be personal "gifts". That said, there are several exceptions to the basic rule, each of which we have listed below. The rules for these exceptions vary depending on the type of funds, the recipient, and the purpose of the purchase.

2. Appropriated Funds - Authorized Promotional Materials:

a. Under limited circumstances, we can use appropriated funds to purchase modest promotional items. Generally, we have to show that the items are a necessary expense for the fulfillment of our mission. This means that the mementos must make a "direct contribution" to carrying out our mission. In order to meet this standard, we must be able to point to a law or regulation that allows us to purchase and distribute mementos.

b. Sometimes this means that the law or regulation explicitly permits us to purchase and distribute mementos. For example, AR 5-17 permits the purchase of certain promotional items in support of the Army Ideas for Excellence Program and AR 420-90 and AR 385-10 permits the purchase of certain fire prevention and safety-related promotional items, respectively.

c. In other cases, this means that the law or regulation, while silent on the purchase of mementos, nevertheless explicitly authorizes education, outreach, or other activities with customers or members of the public. In that situation, a memento can sometimes make a direct contribution to our mission. For example, if our mission is to prepare local communities for an emergency, we could probably distribute a modest item, such as a refrigerator magnet, provided it had the local emergency telephone numbers on it or other important information which met the goals of our mission - i.e., preparing local citizens for an emergency. On the other hand, if our mission is to develop and produce the next-generation of weapons systems, we could not distribute the refrigerator magnets to people (including to Government employees), even if the magnets contained our telephone number and web site address. The reason? The magnets do not make a direct contribution to producing the weapon system.

d. Some people feel that distributing mementos can enhance community relations, improve employee morale, or build team esprit de corps. While these are all worthy goals, the GAO has consistently held that these do not meet the legal standard. Instead of making a direct contribution to our mission, these goals make an indirect contribution. This means that we cannot purchase and distribute mementos even though they educate people about

us, generate conversation about us, improve the surrounding community's views about us, enhance employee morale, or serve as a favorable reminder about us. Again, these are all-important goals, but the GAO has told us that this is not the way they want us to spend our program funds.

3. Appropriated Funds - Awards:

a. In addition to certain authorized promotional materials, we can also use appropriated funds to purchase mementos when they are given as awards for exceptional service or achievement. In order to do this, we must first establish an officially approved awards program. This means that we must establish the criteria and procedures for issuing the awards, as well as maintain documentation in accordance with applicable awards regulations. Since these regulations vary for military members, civilians, and private citizens, we have summarized each below.

b. Appropriated Funds - Military Members. We may present modest mementos, including plaques, trophies, or other items, to recognize accomplishments which clearly contribute to the increased effectiveness or efficiency of a military unit. Generally, the awards should be made on a one-time basis where the achievement is unique and clearly contributes to increased effectiveness. The military awards regulations contain other requirements, including that MACOM Commanders approve awards programs; that commanders avoid the presentation of duplicate awards; and that the cost of the award not exceed \$75.00 for an individual or \$250.00 for a team award. AR 600-8-22.

c. Appropriated Funds -- Civilian Employees. We may present modest items to recognize superior accomplishment through the Incentive Awards Program. Generally, these items must be centrally purchased through HQDA, although we may locally purchase command-unique presentation items. The civilian awards regulations also contain other requirements, such as the criteria for issuance of an award. AR 672-20.

d. Appropriated Funds ñ Private Citizens. In addition, we can occasionally (i.e., not routinely) present plaques and medallions to private citizens. There, we have to consider the significance and merits of the citizen's contributions and determine that those contributions warrant an honorary award. However, the rules are different if we want to give an award to a person or organization with a business relationship with us or with another DoD component - i.e., contractors. There, we cannot give a plaque or medallion unless the contractor's contribution is substantially beyond that specified in the contract and the recognition is clearly in the public interest. DoDD 1432.2.

e. Appropriated Funds -- Commanders' Coins. Finally, these same rules apply for the distribution of Commanders' coins to military, civilians, and private citizens respectively. Commanders should distribute coins only when recognizing exceptional service or achievement, as above.

4. Non-Appropriated Funds - Awards: In addition to the above, Commanders can use non-appropriated funds to purchase modest mementos for distinguished military and other visitors who have contributed to the Army's MWR program; or for participants who show excellence in certain athletic or non-athletic competitions and events. AR 215-1, paragraph 4-6 contains additional details about the criteria for these awards. Also, AR 215-3 contains additional details about incentive awards programs for non-appropriated fund employees.

5. Appropriated Funds - Gifts for Distinguished Guests: "Contingency Funds" are the only authorized category of appropriated funds for the purchase of gifts. This is a special, separately controlled sub-account of funds, sometimes known as ".0012" funds. We can

purchase gifts using these funds provided that we meet the criteria in the contingency fund regulation, AR 37-47. Generally, the gifts must be for "authorized guests" - that is, for certain high-level government officials, certain foreign guests, and certain prominent citizens who make a substantial contribution to the Nation or the Army. In addition, the gift cannot be more than \$200, and it must be given in connection with an official ceremony or function. Finally, prior to using these funds, there are certain documentation and review requirements.

6. Personal Funds -- Everything Else:

a. Assuming our purchase does not fall into any of the categories, as above, we must use personal funds to purchase mementos and gifts. In some offices, this is referred to as a "cup and flower fund" -- where employees voluntarily contribute a modest amount to purchase gifts and/or mementos for employees leaving a position or experiencing an important personal event, such as a marriage, birth, or adoption. As an example, we should use personal funds to present flowers or a corsage to a retiring employee or their spouse. Similarly, we should use personal funds to present the retiring employee with a gift, a guest book or other favorable reminder of the retirement ceremony or event.

b. Of course, gifts between employees are covered by other laws and regulations, especially the Standards of Ethical Conduct for Employees of the Executive Branch. Before we take up a collection or offer a personal gift, we should consult with our Ethics Counselor to ensure we remain on solid legal ground.

7. Finally, we encourage you to contact your Resource Management Office or your Legal Office for any questions about specific purchases. Within HQ, AMC those points of contact are AMCRM-P, Mr. Pete Rodenbaugh, DSN 767-9038, and AMCCC-B-BI, Ms. Lisa Simon, DSN 767-2552.

8. AMC--America's Arsenal for the Brave.

FOR THE COMMANDER:

(signed)
EDWARD J. KORTE
Command Counsel

(signed)
BARBARA A. LEIBY
Deputy Chief of Staff
for Resource Management

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