



ADS Chapter 610

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

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

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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: 08/14/2001

- 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 Administrative Services (M/AS) manages the Entertainment Account and, under its authority for overseas management, establishes policies and procedures for the use of Representation Allowances.
- c. The Bureau for Policy and Program Coordination, Office of Budget (PPC/B) approves exceptions to this chapter.

610.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

*610.3.1 General

Effective Date: 01/01/2007

- a. **Program and Regular OE Funds.** Unlike the Entertainment Account and Representation Allowances, there is no specific authorization to use program and regular OE funds (i.e., not Entertainment Account or Representation Allowances funds) for entertainment. USAID has the authority to use program and regular OE funds for entertainment under the "necessary expense" doctrine. GAO decisions to the contrary are not binding on the executive branch.
- b. **Partial Funding.** USAID need not 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 is related to Agency programs and functions. For example, USAID could fund just the luncheon at a privatization conference in Russia hosted by other donors.
- c. **Travel Expenses.** Nothing in this chapter prohibits the funding of food as "travel expenses" of attendees under travel regulations. But 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.

- d. Cost Principles.** The OMB cost principles disallowing certain food and refreshment expenses only apply to 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 under contracts, grants, and other agreements for USAID operations and programs.
- e. 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.
- f. 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.
- *g. Alcoholic Beverages.** USAID appropriations acts since FY 2000 have prohibited the use of Economic Support Fund, Development Assistance, and Child Survival funds for alcoholic beverages or entertainment expenses that are substantially recreational in nature. The FY 2006 appropriations act also prohibited the use of the Entertainment Account for the same purposes. There is no 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, when it is otherwise impracticable to charge attendees separately, or when an administrative determination has been made under the Necessary Expense Doctrine as set forth in ADS 610.3.7. For example, USAID could fund wine served as part of a luncheon at a non-USAID conference. There are no restrictions on the use of Representation Allowances for alcoholic beverages.
- h. Cost and Presentation.** Food, meals, and events are to be modest in cost and presentation.
- i. Exceptions.** PPC/B 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

There are four sources of funds that 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: 08/14/2001

- 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), 22 U.S.C. § 2396(a)(6). USAID appropriation acts routinely appropriate funds for entertainment. \$5,000 was appropriated for FY 2001.
- M/AS manages the Entertainment Account. ES must approve every use of the Entertainment Account. The requesting office submits a request for entertainment funds in advance in advance of the scheduled event to M/AS through ES.
- The Entertainment Account is for entertainment in the United States of a protocol 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.
- Employees may be reimbursed directly for expenses.

610.3.4 Representation Allowances

Effective Date: 08/14/2001

- Like the Entertainment Account, Representation Allowances are a separate line item within the OE account and are for overseas events of a protocol nature.
- 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 FY 2001, \$95,000 was appropriated.
- USAID adheres to the Department of State's Standardized Regulations (SR) on representation allowances (SR Chapter 300), except that the following prohibitions in SR 330 do NOT apply to USAID: the hire, purchase, operation, or repair of passenger-

carrying vehicles (330a); printing or engraving expenses (330c); and printing of Christmas cards or other types of greeting cards (330d). **(See Mandatory Reference, [SR 300, Representation Allowances](#))** USAID does NOT follow 3 FAM 3240, the Department of State procedures on representation allowances. Also, USAID Missions can establish a per capita cost for the various representation functions that are held at home, such as luncheons, dinners, cocktail parties, etc., and pay without requiring an itemization of actual expenses.

610.3.5 Program Funds

Effective Date: 08/14/2001

Program funds can be used for program-related refreshments, snacks, meals, receptions, and similar events for both non-employees and employees as follows:

- 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 office, Independent Office, or Mission.

610.3.6 Operating Expense (OE) Funds

Effective Date: 08/14/2001

Regular OE funds (i.e., not Entertainment Account or Representation Allowances funds) are available for non-program refreshments, snacks, meals, receptions, and similar events as follows:

- 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. Normally 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.
- e. Internal Award Ceremonies.** As part of an Agency Mission, Independent Office, or Bureau 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 office, Independent Office, or Mission.

610.3.7 Necessary Expense Doctrine

Effective Date: 08/14/2001

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.

Moreover, GAO decisions to the contrary are not binding on the executive branch.

610.4 MANDATORY REFERENCES

610.4.1 External Mandatory References

Effective Date: 08/14/2001

a. [Standardized Regulations Chapter 300, Representation Allowances](#)

610.4.2 Internal Mandatory References

Effective Date: 08/14/2001

610.5 ADDITIONAL HELP

Effective Date: 08/14/2001

610.6 DEFINITIONS

Effective Date: 08/14/2001

All terms and definitions listed below have been included into the ADS Glossary. See the ADS Glossary for all ADS terms and definitions. (See [ADS Glossary](#))

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 performances; and personal gifts and furnishings. For other examples of "entertainment," see Standardized Regulations Chapter 320, Allowable Items of Expenditure. (Chapter 610)

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