

Army Regulation 37-47

Financial Administration

Representation Funds of the Secretary of the Army

**Headquarters
Department of the Army
Washington, DC
12 March 2004**

UNCLASSIFIED

SUMMARY of CHANGE

AR 37-47

Representation Funds of the Secretary of the Army

This revision dated 12 March 2004--

- o Includes in the description of funds Operation and Maintenance, Army National Guard and Operation and Maintenance, Army Reserve appropriations (para 1-1).
- o Transfers proponency for this regulation to the Administrative Assistant to the Secretary of the Army from the General Counsel (para 1-4).
- o Changes the responsibilities of the Assistant Secretary of the Army (Financial Management and Comptroller) (para 1-4b).
- o Changes the responsibilities of the General Counsel of the Army (para 1-4c).
- o Changes the responsibilities of the Administrative Assistant to the Secretary of the Army (para 1-4d).
- o Adds the General Counsel to the list of Department of Defense senior officials (para 2-3b(4)).
- o Increases the level of expenditure for any one event (para 2-4b).
- o Changes the dollar amount authorized for gifts and mementos consistent with Department of Defense Directive 7250-13 (para 2-4c).
- o Changes the address for submitting all requests for exceptions to The Administrative Assistant to the Secretary of the Army, ATTN: SAAA-ZA, 105 Army Pentagon, Washington, DC 20310-0105 (para 2-10a).
- o Precludes the use of official representation funds for recreational purposes or events (para 2-10b(4)).
- o Changes the title of chapter 3 from "Approval and Accounting Procedures" to "Fund Management, Control, and Accountability".
- o Eliminates figures 3-1 through 3-7 (chap 3).

Effective 12 April 2004

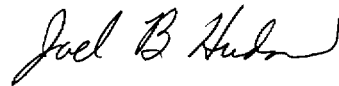
Financial Administration

Representation Funds of the Secretary of the Army

By order of the Secretary of the Army:

PETER J. SCHOOMAKER
General, United States Army
Chief of Staff

Official:



JOEL B. HUDSON
Administrative Assistant to the
Secretary of the Army

History. This publication is a major revision.

Summary. This regulation covers Army policies, authorities, responsibilities, limitations, and reporting requirements for use of official representation funds of the Secretary of the Army. This regulation implements Department of Defense Directive 7250.13, which implements Section 127, Title 10, United States Code.

Applicability. This regulation applies to the Active Army, the Army National

Guard/Army National Guard of the United States, and the U.S. Army Reserve.

Proponent and exception authority.

The proponent of this regulation is the Administrative Assistant to the Secretary of the Army. The proponent has the authority to approve exceptions or waivers to this regulation that are consistent with controlling law and regulation. The proponent may delegate this approval authority, in writing, to a division chief within the proponent agency or a direct reporting unit or field operating agency of the proponent agency in the grade of colonel or the civilian equivalent. Activities may request a waiver to this regulation by providing justification that includes a full analysis of the expected benefits and must include formal review by the activity's senior legal officer. All waiver requests will be endorsed by the commander or senior leader of the requesting activity and forwarded through their higher headquarters to the policy proponent. Refer to Army Regulation 25-30 for specific guidance.

Army management control process.

This regulation contains management control provisions and identifies key management controls that must be evaluated. The

management control checklist is located in appendix B.

Supplementation. Supplementation of this regulation and establishment of command or local forms are prohibited without prior approval from the Administrative Assistant to the Secretary of the Army, ATTN: SAAA-ZA, 105 Army Pentagon, Washington, DC 20310-0105.

Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the Administrative Assistant to the Secretary of the Army, Attn: SAAA-ZA, 105 Army Pentagon, Washington, DC 20310-0105.

Distribution. This publication is available in electronic media only and is intended for command levels C, D, and E for the Active Army; levels D and E for the Army National Guard/Army National Guard of the United States; and levels D and E for the U.S. Army Reserve.

Contents (Listed by paragraph and page number)

Chapter 1

Introduction, *page 1*

Purpose • 1-1, *page 1*

References • 1-2, *page 1*

Explanation of abbreviations and terms • 1-3, *page 1*

Responsibilities • 1-4, *page 1*

Categories of emergency and extraordinary expense funds • 1-5, *page 2*

Chapter 2

Uses of Official Representation Funds, *page 2*

Official courtesies • 2-1, *page 2*

Authorized guests • 2-2, *page 2*

Department of Defense personnel • 2-3, *page 3*

*This regulation supersedes AR 37-47, dated 31 May 1996.

Contents—Continued

Level of expenditures • 2-4, *page 4*

Required ratios of authorized guests to Department of Defense personnel • 2-5, *page 4*

Authority to issue invitations • 2-6, *page 5*

Invitation list versus attendance list • 2-7, *page 5*

Official representation funded visits of authorized guests • 2-8, *page 5*

Gifts • 2-9, *page 6*

Prohibition on uses of official representation funds • 2-10, *page 6*

Chapter 3

Fund Management, Control, and Accountability, *page 7*

Fund management • 3-1, *page 7*

Representation fund custodian • 3-2, *page 8*

Inventory control • 3-3, *page 8*

Fund control register • 3-4, *page 8*

Emergency and Extraordinary Expense Report • 3-5, *page 8*

Appendixes

A. References, *page 9*

B. Management Control Evaluation Checklist, *page 10*

Glossary

Index

Chapter 1 Introduction

1-1. Purpose

This regulation establishes Army policy for the administration, control, and use of emergency and extraordinary expense limitation .0012—Miscellaneous Expenses, official representation funds (ORFs) of the Secretary of the Army (SA). ORFs do not constitute a separate program account. They are part of the annual Operation and Maintenance, Army (OMA); Operation and Maintenance, Army National Guard (OMARNG); and Operation and Maintenance, Army Reserve (OMAR) appropriations, available from any program account, to be used as the SA determines appropriate subject to the annual amount limitation. Responsible officials, certifying officers, and contracting officers will comply with the fiscal and contracting laws and regulations that govern all Operation and Maintenance appropriations.

1-2. References

Required and related publications and prescribed and referenced forms are listed in Appendix A.

1-3. Explanation of abbreviations and terms

Abbreviations and terms used in this publication are explained in the glossary.

1-4. Responsibilities

a. The SA provides final approval authority for all uses of ORFs not specifically covered by this regulation, provided that such use is consistent with the general policies and guidelines set forth in Department of Defense Directive (DODD) 7250.13.

b. The Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C)) assists the Administrative Assistant to the Secretary of the Army (AASA) in the overall policy and administration of ORFs and ensures the highest order of propriety and integrity of all expenditures. Responsibilities include—

(1) Obtaining the SA approval on the distribution of emergency and extraordinary expense limitations and allocating fund limitations on fund authorization documents.

(2) Issuing a letter of authority to authorized officials, normally at the beginning of the fiscal year, authorizing expenditure of ORFs.

(3) Assisting the AASA in keeping the fiscal procedures and reporting requirements current in this regulation.

(4) Providing quarterly reports on the execution of ORFs to the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer no later than 30 calendar days following the close of the quarter being reported.

c. The General Counsel of the Army responsibilities include—

(1) Advising the SA or the AASA, as requested, on appropriate use for miscellaneous expenses.

(2) Assisting the AASA in keeping the fiscal law and ethics policy current in this regulation.

d. The AASA is the proponent of this regulation. Responsibilities include—

(1) Evaluating requests for exceptions to this regulation, obtaining a legal opinion on all requests for exceptions to this regulation, and making recommendations to the SA for approval. All requests for exception to the regulation or uses beyond the scope of the regulation will be forwarded to The Administrative Assistant to the Secretary of the Army, ATTN: SAAA-ZA, 105 Army Pentagon, Washington, DC 20310-0105.

(2) Revising and republishing this regulation as necessary.

e. The Auditor General of the Army is responsible for auditing all emergency and extraordinary expense accounts (limitations .0012, .0014, .0015, and .0017 (see para 1-5)).

f. Responsibilities of commanders and other officials include—

(1) Personally monitoring the use of ORFs within their area of responsibility to ensure the propriety, integrity, and proper documentation of all expenditures.

(2) Ensuring compliance with fiscal laws and regulations concerning Operation and Maintenance-appropriated funds and their use for official representation purposes. Obtaining legal review by the appropriate Staff Judge Advocate or other legal advisor for requests that by type, nature, or exception have no prior legal opinion or precedence.

(3) Ensuring compliance with contracting laws and regulations concerning contracting with Operation and Maintenance-appropriated funds as they apply equally to contracting actions using funds for emergency and extraordinary expenses.

(4) Publishing standing operating procedures (SOPs), to include procedures for requesting, using, controlling, and distributing ORFs.

(5) Using the management control evaluation checklist at appendix B as a guide to execute the management control process in accordance with AR 11-2 and taking positive corrective action if deficiencies exist. This requirement may be satisfied through periodic audits.

(6) Ensuring approval is obtained, as described in paragraph 2-10, for any use of ORFs not covered in this regulation.

(7) Adhering to the limitations in AR 215–1, paragraphs 4–11 and 4–12, on use of nonappropriated funds for activities (other than those related to morale, welfare, and recreation).

(8) Appointing a certifying and approving officer and a representation fund custodian in accordance with chapter 3.

1–5. Categories of emergency and extraordinary expense funds

Emergency and extraordinary expense funds are subject to the express appropriation limitation that they be used for emergencies and extraordinary expenses and for confidential military purposes (Section 127, Title 10, United States Code (10 USC 127)). The administrative categories of emergency and extraordinary expense funds are—

a. Limitation .0012—Miscellaneous Expenses, Category A. Official representation funds for official courtesies and other representation expenses as enumerated in this regulation.

b. Limitation .0014—Miscellaneous Expenses, Category B. Miscellaneous expenses (other than for official representation) that are not provided for in other appropriations, upon specific approval of the SA. Examples of these expenses are awards for emergency rescues, witness fees for the Armed Services Board of Contract Appeals, and settlement of meritorious claims.

c. Limitation .0015—Criminal Investigation Activities (governed by Army Regulation (AR) 195–4). These emergency and extraordinary expenses are in support of worldwide U.S. Army Criminal Investigation Command activities.

d. Limitation .0017—Intelligence Contingency Funds (governed by AR 381–141). These emergency and extraordinary expenses are in support of worldwide intelligence activities.

Chapter 2 Uses of Official Representation Funds

2–1. Official courtesies

a. Official representation funds will primarily be used to extend official courtesies to authorized guests. Official courtesies will be in keeping with propriety as dictated by the occasion and conducted on a modest basis. For the purposes of this regulation, official courtesies are defined as the following:

(1) Hosting authorized guests to maintain the standing and prestige of the United States at home and abroad.

(2) Luncheons, dinners, receptions, and participation expenses at DOD-sponsored events held in honor of authorized guests.

(3) Luncheons, dinners, and receptions for local authorized guests that are required to maintain civic or community relations.

(4) Receptions for local authorized guests to meet with newly assigned commanders or appropriate senior officials.

(5) Entertainment of authorized guests incident to visits by U.S. vessels to foreign ports and visits by foreign vessels to U.S. ports.

(6) Official functions, floral wreaths, decorations, and awards in observance of foreign national holidays and similar occasions taking place in foreign countries.

(7) Dedications of facilities.

b. The “official party” discussed in this regulation consists of authorized guests along with their official party plus the DOD host and personnel. All official courtesies are subject to the authorized guests to DOD personnel ratio limitations set forth in paragraph 2–5.

c. Hosts are encouraged to extend official courtesies within their quarters.

(1) If the event complies with this regulation and the host obtains approval before the event, he or she may be reimbursed with ORFs for expenses incurred. Hosting events within quarters does not mitigate the requirement for costs to be modest, reflecting a level of hospitality that the typical American host, whose rank and position are equal to that of the guest, would provide to a special guest.

(2) Hosts must be aware of and compliant with the laws and regulations that govern the use of military and civilian personnel if they will be used to assist the host in conducting an event. Coerced volunteerism, augmentation of salaries, and fair compensation are examples of factors to be considered.

(3) Use of caterers is permissible at modest expense.

d. Costs incidental to an event funded by ORFs (for example, salaries, airplane fuel, and travel and transportation of DOD personnel, excluding those authorized by paras 2–8e(4), (5), and (6)) will be charged to the appropriation legally available for such purposes.

2–2. Authorized guests

Authorized guests are defined as—

a. Foreign citizens whose rank, position, function, or stature justifies official courtesies. These guests may be distinguished citizens, military personnel, or government officials. See paragraph 2–8e for special rules.

b. Federal, State, county, and local government officials such as the President and Vice President of the United States, Cabinet members, Members of Congress and congressional staff, State governors, and city mayors.

c. National or regional dignitaries, officials of citizens committees, and prominent citizens of local communities who make a substantial contribution to the Nation or DOD, or to the Army's primary mission. These include individuals who are recognized leaders in their fields of expertise and members of the news media on certain occasions. This category applies particularly in foreign countries where training exercises, maneuvers, community relations programs, and associated military/civilian activities are conducted throughout the local community.

d. Other distinguished and prominent citizens who have made a substantial contribution to the United States, DOD, or the Department of the Army (DA). Under certain circumstances, retired or former DA civilian or military officials may be considered guests when they are being invited because of their current position when the incumbent of that position would be invited regardless of other conditions.

2-3. Department of Defense personnel

a. For purposes of this regulation, unless otherwise qualifying as authorized guests as defined in paragraph 2-2, DOD personnel include—

- (1) Military members of the Armed Forces and civilian employees of DOD.
- (2) Reserve forces and the Army and Air National Guard.
- (3) Ambassadors of the Army Reserve.
- (4) State Adjutants General who have received Federal recognition in any grade and any other National Guard general officers who have ever received Federal recognition.
- (5) Civilian aides to the Secretary of the Army.
- (6) Retired military and civilian persons.
- (7) Spouses or dependents of DOD personnel included in the official party as described in paragraph 2-5*c*.

b. Guidelines for senior DOD officials listed in *b*(4), below:

(1) Senior DOD officials will normally pay their own expenses when visiting Army installations unless either (2) or (3), below, apply. For example, when attending a function held in an open officer's mess, public restaurant, or similar location where per capita charges can be identified, members of the visiting party and other participants will pay their respective charges prior to departure.

(2) ORFs may be used to pay expenses for small, modest functions to extend minimally required official courtesies, excluding mementos, to senior DOD officials when on official visits to the field (for example, command, installation, or equivalent).

(3) The visiting senior DOD official and his or her party may be counted as authorized guests for the purpose of computing ratios required by paragraph 2-5.

(4) Senior DOD officials are—

- (a)* Secretary and Deputy Secretary of Defense.
- (b)* Under Secretaries of Defense.
- (c)* Director, Defense Research and Engineering.
- (d)* Assistant Secretaries of Defense.
- (e)* General Counsel, DOD.
- (f)* Inspector General, DOD.
- (g)* Director, Operational Test and Evaluation.
- (h)* Assistants to the Secretary of Defense.
- (i)* Chairman, Joint Chiefs of Staff.
- (j)* Vice Chairman, Joint Chiefs of Staff.
- (k)* Director, Joint Staff.
- (l)* Combatant commanders.
- (m)* Deputy Commander, Europe.
- (n)* Secretaries, Under Secretaries, Assistant Secretaries, and General Counsels of the Military Departments.
- (o)* Chiefs and Vice Chiefs of Staff, Army and Air Force.
- (p)* Chief and Vice Chief of Naval Operations.
- (q)* Commandant and Assistant Commandant of the Marine Corps.
- (r)* Directors of the Defense Agencies.
- (s)* President, Uniformed Services University of the Health Sciences.

c. Use of ORFs for retirement; change of command; activation, establishment, deactivation, or disestablishment of command; or agency ceremonies and receptions for DOD civilian and military personnel is generally prohibited. The SA may approve limited expenditures for such ceremonies that he or she deems in the Army's interest. Inability to

meet the ratios in paragraph 2–5 will not alone require denial of a request. Requests for approval will be submitted as described in paragraph 2–10.

2–4. Level of expenditures

a. ORFs will be expended only on functions conducted on a modest basis. In determining a modest basis, the rank and position of the authorized guest(s) will be taken into consideration. Commanders and officials authorized to expend ORFs are encouraged to establish expense limits for the various types of expenses they commonly incur.

b. The SA has established a \$20,000 expense threshold for any one event. An entire visit by an authorized guest constitutes one event for purposes of this threshold. Only one reciprocal activity will be approved for each event or visit. Reciprocal events are those hosted to express a mutual relationship on an interchange (received and given) basis. Reciprocal events may be based on preplanned agreements to maintain consistency and continuity of a relationship of benefit to both parties or may be a one-time or infrequent response to a courtesy received.

c. Gifts presented pursuant to this authority will cost no more than the amount authorized in DODD 7250.13. For example, as of the publication date of this regulation, this amount is \$285. This amount is subject to change; approving officials and certifying officers should consult the DOD reference or 22 USC 2694 for the most recent authorized amount. Mementos, such as coins, paperweights, lapel pins, and plaques, should cost less than \$40.

2–5. Required ratios of authorized guests to Department of Defense personnel

a. ORFs may finance the total cost of official courtesies only when the ratios in (1) and (2), below, are met or exceeded. Ratios are determined by comparing the number of authorized guests and members of their party to the number of DOD personnel who are not otherwise qualified as authorized guests. For the purpose of determining ratios, persons accompanying authorized guests in accordance with paragraph 2–8*e* are counted as members of the authorized guest's party. Contract personnel are not to be included in the DOD personnel ratio. Unless contract personnel are members of the authorized guest party, they must pay on a pro rata basis as DOD personnel would that are outside the computed ratio (for example, para 2–5*b*).

(1) For parties of less than 30 total persons, a minimum of approximately 20 percent of the official guest list should consist of authorized guests and members of their party: a ratio of one authorized guest to four DOD personnel.

(2) For parties of 30 or more persons, a minimum of approximately 50 percent of the official guest list should consist of authorized guests and members of their party: a ratio of one authorized guest to one DOD person.

b. If the ratios in *a*(1) and (2), above, are not met, DOD personnel in excess of the ratios may attend by paying their pro rata share of event expenses. The additional personnel may bear the cost of their attendance, or the cost may be allocated among all DOD attendees. The following examples illustrate how to calculate these shares.

(1) An official guest list contains 50 people requiring a 50 percent ratio. Ten people on the list are authorized guests. Applying the one to one ratio, only 10 DOD personnel may be properly funded with ORFs. These 20 people (10 authorized and 10 DOD) comprise 40 percent of the total guest list and, therefore, ORFs may cover 40 percent of the total cost of the function. The remaining 60 percent of the cost must be paid either on a pro rata basis by the additional 30 DOD persons or as divided among all DOD attendees. In dollar terms, if the function cost \$10/person, the total cost would be \$500. ORFs pay \$200 for the 10 authorized and 10 DOD personnel. The remaining 30 DOD personnel pay \$300, or \$10 each, their pro rata share, or all 40 DOD personnel pay \$7.50.

(2) An official guest list contains 25 people requiring a 20 percent ratio. Three people on the list are authorized guests. Applying the one to four ratio, only 12 DOD personnel may be properly funded with ORFs. These 15 people (3 authorized and 12 DOD) comprise 60 percent of the total guest list and, therefore, ORFs may cover 60 percent of the total cost of the function. The remaining 40 percent of the cost must be paid either on a pro rata basis by the additional 10 DOD persons or as divided among all DOD attendees. In dollar terms, if the function cost \$16/person, the total cost would be \$400. ORFs pay \$240 for the 3 authorized and 12 DOD personnel. The remaining 10 DOD personnel pay \$160, or \$16 each, their pro rata share, or all 22 DOD personnel pay \$7.27.

c. Normally, DOD spouses or dependents will not be included as members of the official party for ORF-funded events, unless—

(1) The spouse or dependent is an authorized guest as described in paragraph 2–2. In such cases, the spouse or dependent would be counted as an authorized guest or member of the authorized guest party.

(2) Spouses of authorized guests are invited and expected to attend, and the host determines that attendance of DOD spouses is appropriate and desirable under the circumstances. When included in the official DOD party, spouses of DOD personnel will be counted along with other DOD personnel for purposes of determining the allowable number of guests to be financed with ORFs.

d. Planning officials are reminded that these ratios are intended as a minimum allowable percentage to justify the expenditure of ORFs for an entire function. In no circumstance will the applicable ratio be exploited to allow the attendance of more DOD personnel than absolutely necessary without DOD personnel having to pay their share of the cost of the function. The practice of adding unnecessary DOD personnel as function participants merely to achieve the minimum ratio is specifically prohibited. Events at which actual authorized guest attendance is significantly less, or

DOD personnel attendance is significantly more, than the planned invitation list on a recurring basis will be subject to close scrutiny prior to approval.

2-6. Authority to issue invitations

a. The SA; Chief of Staff, Army (CSA); Under Secretary of the Army; Vice Chief of Staff, Army; principal officials of Headquarters, Department of the Army (HQDA); commanders; and other officials who receive a letter of authority from OASA(FM&C) may extend invitations on behalf of the U.S. Government. With an inviting official's prior written permission, subordinate officials under an inviting official's command or supervision may extend an invitation and host an event on the inviting official's behalf. The authority may not be further delegated.

b. Invitations to foreign authorized guests to visit the United States at the expense of the DA will be extended only by the SA or the CSA. However, major Army command (MACOM) commanders and principal officials of HQDA may issue invitations on behalf of the SA or the CSA by notifying those officials at least 10 days before dispatching an invitation. Upon approval of the invitation, send notification to the Office of the Deputy Chief of Staff, G-2, ATTN: DAMI-POC, 1000 Army Pentagon, Washington, DC 20310-1000.

2-7. Invitation list versus attendance list

a. A complete list of guests invited to an event will be provided during the approval process in order to distinguish authorized guests from DOD personnel. Such lists, as described in paragraph 3-1e(1), will be revised after the function to show who actually attended. The revised Guest/Attendance Sheet (DA Form 4843-R) will be retained in the file in addition to the original invitation list. Reasonable efforts will be made to ensure that guests on the official guest list attend the event in order to maintain the basis for the ratios applied. However, the function may be funded with ORFs, and DOD personnel will not be required to pay pro rata shares of total expenses when ratios are distorted by the simple failure of an authorized guest to attend a function.

b. Officials hosting annual events with ORFs will provide actual attendance lists from the events of the last 2 years when requesting funds in order to support the estimates for the current year. Annual events at which actual authorized guest attendance is significantly less, or DOD personnel attendance is significantly more, than the planned invitation list on a recurring basis will be subject to close scrutiny prior to approval.

2-8. Official representation funded visits of authorized guests

a. Lodging and meals, including formal luncheons, dinners, and receptions, are the normal responsibility of the DA host. These accommodations will be provided on a modest basis in accordance with paragraph 2-4.

b. Military quarters will be used to the maximum extent possible to house visiting authorized guests. Commercial facilities will be used only when military quarters are not available or not suitable for the authorized guest or the occasion. In locations within close proximity to military facilities, an Army official will issue a statement as to the nonavailability or unsuitability of military quarters if they are not used. The statement will be retained with the official records of the visit.

c. Costs of activities occurring before and after the official portion of the visit will normally be borne by the visiting authorized guests. Lodging, food, and official entertainment costs for the night before and the night after the visit may also be paid when approved in advance by the inviting official.

d. The following guidelines apply to the leisure activities and entertainment of visiting authorized guests:

(1) Leisure activities or entertainment or both will be planned to coincide with the military orientation aspect of the visit. Based on the approved itinerary, these activities may be paid for with ORFs on a modest basis. For purposes of this regulation, leisure activities and entertainment do not include recreation activities (see para 2-10b(4)).

(2) Absent SA approval, significant detours or deviations from an established itinerary to accommodate leisure activities and entertainment requested by the visiting authorized guest will only be arranged if the costs are borne by the visiting guests.

(3) Nonappropriated funds may be used for distinguished guests only as specified in AR 215-1, paragraphs 4-11 and 4-12.

e. Invitations to foreign distinguished visitors will be limited to foreign counterparts of the DOD officials listed in paragraph 2-2a and counterparts of MACOM commanders or principal officials of HQDA when the invitation is extended on behalf of the SA or CSA in accordance with paragraph 2-6b. Invitations for counterparts also extend to the counterpart's spouse and no more than two accompanying staff officials. The following guidelines apply to visits by foreign authorized guests:

(1) Transportation to and from the continental United States (CONUS) normally will be the responsibility of the visiting foreign authorized guests.

(2) When most economical, travel within the United States will be by military aircraft in accordance with DODD 4500.56.

(3) The invitation normally will be for a period of not more than 10 days.

(4) U.S. personnel traveling with the official party will be limited to the minimum number necessary to provide

escort, interpreting, security, or other essential services that may be necessary for a successful visit. The lodging, meal, and travel costs of these personnel may be paid from ORFs as part of the total cost of the visit.

(5) When desired by the foreign authorized guest, at the discretion of the inviting official, and in the Army's interest, the Washington-based foreign defense or military service attaché may be included in the official party. The lodging, meal, and travel costs of these personnel will be paid from ORFs as part of the total cost of the visit.

(6) If the inviting official thinks it is in the Army's best interest, he or she may authorize the inclusion of the appropriate U.S. defense or military Service attaché in the official party. The lodging, meal, and CONUS travel costs of these personnel will be paid from ORFs as part of the total cost of the visit.

2-9. Gifts

a. Official representation funds may be used to purchase gifts and mementos that will be presented to authorized guests in connection with official courtesies within the guidelines of paragraph 2-4*c*. Generally, gifts are items for which the salient features are the primary intent of the offering; even though the item may carry an emblem, it is secondary to the object itself (for example, an item of glassware). Mementos, on the other hand, are items primarily intended to convey (carry) a token symbol or souvenir of the giving organization. A coin, for example, is a memento; it is the medium for carrying the seal, emblem, or engraving.

b. The SA; CSA; Under Secretary of the Army; Vice Chief of Staff, Army; principal officials of HQDA; commanders; and other officials who receive a letter of authority from OASA(FM&C) may present gifts on behalf of the U.S. Government. With prior written permission from one of these senior officials, subordinate officials under a presenting official's command or supervision may present a gift on the senior official's behalf. The authority may not be further delegated. If the presentation is in conjunction with a function the subordinate official is hosting in accordance with paragraph 2-6*a*, permission for both the event and the gift may be contained in a single document.

c. Gift items procured in bulk may not include the presenting official's name unless the official is the SA, the CSA, or the Sergeant Major of the Army. This limitation does not prohibit the specific inscribing or engraving of a single item individually selected for a certain presentation or occasion.

d. ORFs will not be used to purchase gifts or mementos of any kind for presentation to, or acceptance by, DOD personnel. Under no circumstances may gifts or mementos for DOD personnel be purchased with ORFs.

2-10. Prohibition on uses of official representation funds

a. The SA or his or her delegate must approve any use of ORFs not specifically authorized in this regulation as an exception to policy. All such requests will be forwarded to the Administrative Assistant to the Secretary of the Army, ATTN: SAAA-ZA, 105 Army Pentagon, Washington, DC 20310-0105. Specific justification, including the name of the monitoring organization (command, agency, or installation), details of the event, cost involved, benefit to the Army (if any), and reason why other funds cannot be used will be submitted with each request.

b. No exceptions will be approved for any of the following uses:

(1) Expenses for the cost of meals and refreshments for DOD employees in connection with routine interagency or intra-agency working meetings.

(2) Expenses for official courtesies or social events intended primarily for the entertainment or benefit of DOD officials and employees, their families, contractors, or personal guests, except as provided in paragraphs 2-3*b* and 2-3*c*.

(3) Expenses for gifts or mementos to DOD personnel.

(4) Recreation activities or related costs. Sound judgment must be taken to distinguish leisure activities or entertainment allowed in paragraph 2-8*d*(1) from recreational activities such as golf, boating, skiing, and so on. Recreation activities requested by the visiting authorized guests will be arranged only if the costs are borne by the visiting guests.

(5) Expenses for classified projects for intelligence purposes.

(6) Membership fees or dues.

(7) Expenses assumed as a personal obligation, such as the purchase and mailing of seasonal holiday cards or any other form of greeting cards, the purchase of business cards, or the purchase of flowers to mark a purely personal occasion (for example, a dignitary's birthday, anniversary, or birth of a baby).

(8) Gifts or flowers that an authorized guest wishes to present to any other individual.

(9) Clothing, toilet articles, all tobacco products, hair and beauty care, shoeshine, souvenirs, or any other personal items a guest purchases.

(10) Long distance telephone calls and Internet service charges incurred by authorized guests, except when directly related to the purpose of the visit.

(11) Any portion of any event that is eligible for sponsorship with nonappropriated funds, except expenses of authorized guests.

(12) Repair, maintenance, and renovation projects to enhance the appearance of DOD facilities.

c. DOD personnel on temporary duty status are reminded that meals provided at events paid with ORFs are provided at Government expense and cannot be claimed as reimbursable expenses.

Chapter 3

Fund Management, Control, and Accountability

3-1. Fund management

a. Obligation and expenditure of ORFs must be handled in the same manner as other appropriated funds.

(1) OASA(FM&C) will issue—

(a) A letter to authorized officials establishing their annual funding program for ORFs. Normally this is performed at the beginning of each fiscal year.

(b) Fund authorization document(s) (FAD) providing both .0012 program limitation and fund allocation. Obligation prior to or in excess of an allotment violates 31 USC 1517.

(2) Together the letter and the FAD provide sufficient documentation to clear payments under this appropriation with disbursing officials. Commitment, obligation, disbursement, and records maintenance must comply with DFAS-IN Regulation 37-1 and DOD 7000.14-R.

(3) Use of a purchase credit card is unauthorized unless the credit card account is established citing the .0012 line of accounting and is used solely to purchase ORF-approved goods and services (in other words, events, gifts, and mementos). Consider the volume or other efficiency factors in determining whether this is the appropriate course of procurement. Credit card policies and procedures apply to .0012 purchases the same as any other credit card procurement. The Federal Acquisition Regulation (FAR) applies to purchases made with ORFs.

b. Authorizing officials and commanders will appoint in writing an independent certifying and approving officer (CAO) and a representation fund custodian (RFC) to provide the necessary controls to preclude exceeding fund limitations. One person will not serve as both CAO and RFC simultaneously. The CAO will generally be superior in grade or rank to the RFC; the RFC will generally be a minimum of an E-7/GS-11. Only one of these officials should be a member of the comptroller's office. Both officials should be knowledgeable in all aspects of fund control, obligation and expenditure, accountability, files, and recordkeeping of ORFs. Neither will be designated simultaneously as any category of agent officer or payee on a Standard Form (SF) 1034 (Public Voucher for Purchases and Services Other Than Personal) they review.

c. The RFC will—

(1) Ensure requests for ORF expenditures have the necessary supporting documentation.

(2) Make a preliminary determination of whether the expenditure is allowable. If not allowable, the RFC will return the documentation to the requestor for additional justification.

(3) Ensure sufficient .0012 limitation and funds are available before an obligation is incurred. The RFC must obtain an increase in limitation funds when he or she anticipates that more funds will be needed.

(4) Obtain a legal review, on behalf of the authorizing official, for requests that by type, nature, or exception have no prior legal opinion or precedence.

(5) Forward the documentation to the CAO or HQDA-designated approval authority with a recommendation for approval.

(6) Communicate approval to the requestor to execute the event and ensure commitments and obligations are recorded in advance of disbursements made against the fund. This may require using DD Form 2406 (Miscellaneous Obligation Document) or other approved obligating document.

(7) Obtain all documentation from the requestor following the event.

(8) Prepare an SF 1034. Two copies of the letter of authority authorizing the expenditure of ORFs will accompany the first voucher prepared each fiscal year. All subsequent vouchers will contain a statement that the letter of authority was attached to the original voucher (cite voucher number). The RFC will forward the voucher and supporting documentation to the CAO for signature.

d. The CAO or HQDA approval authority will—

(1) Approve or deny requests and return them to the RFC for action.

(2) If the request requires an exception to policy for an expenditure not specifically authorized by this regulation, the CAO or HQDA approval authority will forward the necessary justification for SA approval in accordance with paragraph 2-10.

(3) Certify and approve the SF 1034, including a determination of correctness of the voucher, the propriety of the payment, and the availability of funds. The CAO may be held pecuniary liable for deficiencies subsequently noted during an audit or MACOM inspection. The voucher will then be forwarded to the finance office for payment.

e. Requestors of ORFs will—

(1) Prepare supporting documentation for each use of ORFs and submit it to the RFC for approval in advance of an event.

(a) Any request for reimbursement for an event that did not receive prior approval must be submitted to the SA for retroactive approval. The SA, his or her designee, and the AASA are the only officials with retroactive approval authority.

(b) The supporting documentation will contain a written justification for the expenditure, an itemized list of expected expenses, and, when applicable, an invitation list (DA Form 4843 (Guest/Attendance Sheet)) to show the names and titles of all guests, including DOD personnel.

(2) Ensure sufficient funds are available and authorized before an obligation is incurred.

(3) Provide the actual receipts and attendance list to the RFC.

3-2. Representation fund custodian

In addition to the role described in paragraphs 3-1 and 3-3, the RFC will—

a. Maintain copies of the letter of authority for the authorized official, the RFC and CAO appointment letters, and applicable DD Form 577 (Signature Card).

b. Maintain a file, by fiscal year, and on a function-by function basis, of data on how and why ORFs were used, to include each paid voucher with attached supporting documentation.

c. Maintain a policy and precedent file containing—

(1) Copies of any exceptions granted by the SA.

(2) Policies and guidance issued by higher headquarters.

(3) A copy of the latest Auditor General's audit report with the command reply.

(4) A copy of any inspection report performed by the local command or any other agency.

d. Ensure that the foreign currency budget exchange rate is noted on the invoices received from vendors providing supplies or services in foreign countries. Both the amount obligated at the budgeted foreign currency exchange rate and the amount disbursed at the current exchange rate should appear on the vouchers.

e. Maintain a fund control register or ledger type record in accordance with paragraph 3-4.

3-3. Inventory control

a. The RFC is responsible for maintaining an accurate inventory record for beverage stock and gift items that are purchased in bulk and intended to be used over a period of time.

b. Inventory of these items will not exceed a 3-month requirement. Beverage stock and gift items will be inventoried and reconciled with inventory records semiannually and when custodianship of funds is transferred.

c. Subvouchers showing the titles and names of the recipients and the purpose of the issue from stock will support all inventory records.

d. If the CAO or RFC does not have physical control of the inventory, the CAO may delegate in writing recordkeeping responsibility to an inventory control officer.

3-4. Fund control register

a. The fund control register will be used to record the receipt of and changes to the annual funding program. The register will contain, at a minimum: voucher number of expenditure; purpose of expenditure; amount obligated and expended; and unobligated balance of the fund. It will list all obligations, expenditures, and adjustments to the fund. This register can be maintained by capitalizing on existing accounting system data and reports (for example, Data Base Commitment Accounting System) or manually if necessary.

b. Obligations will be recorded in accordance with DFAS-IN Regulation 37-1. Record all disbursements promptly after payment by the disbursing accounting officer (DAO).

c. This register will be maintained by the RFC in the permanent voucher files by fiscal year.

d. The RFC will balance and reconcile the register with the accounting reports quarterly. A notation will be made on the fund control register when this is accomplished. Any adjustments between the records will be fully explained.

e. DD Form 1131 (Cash Collection Voucher) or SF 1081 (Voucher and Schedule of Withdrawals and Credits) will be prepared by the DAO, and a copy will be filed in the custodian's records to support the adjustments on the fund control register.

3-5. Emergency and Extraordinary Expense Report

a. OASA (FM&C) will submit the Emergency and Extraordinary Expense Report, RCS DD-COMP (Q) 1390, as required by DODD 7250.13.

b. Authorizing officials and commanders will use official accounting reports to monitor ORF obligations and disbursements to ensure compliance with fund authorization. Vouchers and supporting documentation must be readily available when requested by auditors and investigators.

Appendix A References

Section I Required Publications

10 USC 127

Emergency and extraordinary expenses. (Cited in para 1–5.) (Available at <http://www.gpoaccess.gov/uscode/index.html>.)

31 USC 1517

Prohibited obligations and expenditures. (Cited in para 3–1a(1)(b).) (Available at <http://www.gpoaccess.gov/uscode/index.html>.)

AR 215–1

Morale, Welfare, and Recreation Activities and Nonappropriated Fund Instrumentalities. (Cited in paras 1–5f(4) and 2–8d(3).)

DOD 7000.14–R

Department of Defense Financial Management Regulations (FMRs). (Cited in para 3–1a(2).) (Available at <http://www.dtic.mil/whs/directives/>)

DODD 7250.13

Official Representation Funds (ORFs). (Cited in paras 1–4a, 2–4c, and 3–5a.) (Available at <http://www.dtic.mil/whs/directives/>)

DFAS–IN Regulation 37–1

Department of Defense Financial Management Regulation. (Cited in paras 3–1a(2) and 3–4b.) (Available at <http://www.asafm.army.mil/budget/di/di.asp>.)

FAR

Federal Acquisition Regulation. (Cited in para 3–1a(3).) (Available at <http://www.arnet.gov/far/>.)

Section II Related Publications

A related publication is a source of additional information. The user does not have to read a related reference to understand this regulation.

22 USC 2649

Limitation on purchase of gifts for foreign individuals. (Available at <http://www.gpoaccess.gov/uscode/index.html>.)

AR 195–4

Use of Contingency Limitation .0015 Funds for Criminal Investigative Activities

(C) AR 381–141

Intelligence Contingency Funds (ICF) (U)

DODD 4500.56

DOD Policy on the Use of Government Aircraft and Air Travel. (Available at <http://www.dtic.mil/whs/directives/>.)

DOD 5500.7–R

Joint Ethics Regulation (JER). (Available at <http://www.dtic.mil/whs/directives/>.)

RCS DD–COMP (Q) 1390

Emergency and Extraordinary Expense Report

Section III Prescribed Forms

DA forms are available on the Army Publishing Directorate Web site (<http://www.apd.army.mil>) unless otherwise stated.

DA Form 4843

Guest/Attendance Sheet. (Prescribed in para 3-1e(1)(b)).

Section IV**Referenced Forms**

Forms are available on these sites unless otherwise stated: DA forms are available on the Army Publishing Directorate Web site (<http://www.apd.army.mil>); DD forms are available on the OSD Web site (<http://www.dior.whs.mil>); and SFs are available on the GSA Web site (<http://www.gsa.gov>).

DA Form 11-2-R

Management Control Evaluation Certification Statement

DD Form 577

Signature Card

DD Form 1131

Cash Collection Voucher

DD Form 2406

Miscellaneous Obligation Document

SF 1034

Public Voucher for Purchases and Services Other Than Personal

SF 1081

Voucher and Schedule of Withdrawals and Credits. (Available through normal forms supply channels.)

Appendix B**Management Control Evaluation Checklist****B-1. Function**

The function covered by this checklist is the proper use of Secretary of the Army official representation funds (ORFs).

B-2. Purpose

The purpose of this checklist is to assist responsible officials, certifying and approving officers (CAOs), representation fund custodians (RFCs), and managers in evaluating the key management controls within their areas of responsibility. The test questions in paragraph B-4 provide a general theme of issues to be considered in maintaining reasonable management controls; they are not intended to cover all controls or potential risks.

B-3. Instructions

Answers must be based on the actual testing of key management controls (document analysis, direct observations, sampling, simulation, or other). Answers that indicate deficiencies must be explained and corrective action indicated in supporting documentation. These management controls must be tested at least once every 5 years. Certification that this evaluation has been conducted must be accomplished on DA Form 11-2-R (Management Control Evaluation Certification Statement).

B-4. Test questions

- a. Are there two separate officials who are knowledgeable in all aspects of fund control, accountability, files, and recordkeeping designated in writing as the RFC and CAO?
- b. Does the RFC require and review all supporting documentation for expenditure requests—such as the proposed guest list, estimated expenses, and written justification—before forwarding the request to the CAO for approval?
- c. Has each request for expenditure of ORFs been approved by the CAO or sent to HQDA for approval when required by AR 37-47?
- d. Are sufficient funds requested and made available before obligations are incurred?
- e. Are funds monitored to ensure limitations or ceilings are not exceeded?
- f. Did the CAO certify and approve each SF 1034 before payment, ensuring a complete guest list and original receipts were attached?
- g. Does the RFC maintain accurate inventory records for bulk purchases of beverage stock and gift items?

h. Are beverage stock and gift items inventoried and reconciled on a semiannual basis and when the custodianship of funds is transferred?

i. Does the RFC account for the exchange rate when foreign currency is involved?

j. Does the RFC maintain a fund control register that is balanced and reconciled with accounting reports quarterly?

B-5. Supersession

This checklist replaces the checklist for financial management/contingency funds previously published in DA Circular 11-87-3.

B-6. Comments

Help make this a better tool for evaluating management controls. Submit comments to the Administrative Assistant to the Secretary of the Army, Attn: SAAA-ZA, 105 Army Pentagon, Washington, DC 20310-0105.

Glossary

Section I Abbreviations

AASA

Administrative Assistant to the Secretary of the Army

AR

Army regulation

ASA (FM&C)

Assistant Secretary of the Army (Financial Management and Comptroller)

CONUS

continental United States

CSA

Chief of Staff, Army

DA

Department of the Army

DOD

Department of Defense

DODD

Department of Defense Directive

HQDA

Headquarters, Department of the Army

MACOM

major Army command

OMA

Operations and Maintenance, Army

OMAR

Operation and Maintenance, Army Reserve

OMARNG

Operation and Maintenance, Army National Guard

SA

Secretary of the Army

SF

standard form

SOP

standing operating procedure

Section II

Terms

This section contains no entries.

Section III
Special Abbreviations and Terms

This publication uses the following abbreviations, brevity codes, and acronyms not contained in AR 310–50.

CAO

certifying and approving officer

DAO

disbursing accounting officer

FAD

fund authorization document

ORFs

official representation funds

RFC

representation fund custodian

Index

This index is organized alphabetically by topics and subtopics within topics. Topics and subtopics are identified by paragraph number.

Annual events, 2-7b

Attaché, 2-8e(5), 2-8e(6)

Attendance list, 2-7

Change of command ceremonies, 2-3c

Contract personnel, 2-5a

Counterpart visits, 2-8e

Credit cards, 3-1a(3)

Dependents, 2-3a, 2-5c

Emergency and extraordinary expense funds, 1-1, 1-4e, 1-5

Entertainment, 2-1a(5), 2-8c, 2-8d, 2-10b(2), 2-10b(4)

Guest lists, 2-5, 2-7, 3-1e(1)

Incidental expenses, 2-1d

Interagency or intra-agency working meetings, 2-10b(1)

Invitation list, 2-7

Legal compliance and review, 1-4f(2), 1-4f(3), 3-1c(4)

Letter of authority, 1-4b(2), 2-6a, 2-9b, 3-1c(8), 3-2a

Limitations .0012, .0014, .0015, .0017, 1-5

Management control process, 1-4f(5)

Membership fees, 2-10b(6)

Modest basis or standard, 2-1a, 2-1c, 2-3b(2), 2-4a

Official party, 2-1b, 2-3a(7), 2-5c, 2-8e(4), 2-8e(5), 2-8e(6)

Operation and Maintenance, Army appropriation, 1-1

Quarters, 2-1c, 2-8b

Recreational activities, 2-8d(1), 2-10b(4)

Retired personnel, 2-2d, 2-3a(6)

Retirement ceremonies, 2-3c

Spouses, 2-3a(7), 2-5c, 2-8e

Standing operating procedures, 1-4f(4)

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