

# **Office of the Secretary Standard Operating Procedures**



## **Gifts and Bequests Fund Official Entertainment and Representation**

**September 2005**

**OPERATING INSTRUCTIONS  
Office of the Secretary**

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## **I. PURPOSE**

This manual provides guidance and internal procedures applicable to program offices within the Office of the Secretary (OS) (Departmental Management), for the receipt and use of gifts and bequests and for expenditure of funds for official entertainment and representation. Each bureau's budget/finance office should develop and maintain published, bureau-specific, internal operating procedures for accepting, holding, administering, and using gifts and bequests. Policies and procedures must be consistent with regulations set forth in DAO 203-9 *Gifts and Bequests*.

## **II. LEGAL AUTHORITY**

The Gifts and Bequests (G&B) Fund Account was established by Public Law 88-611, October 2, 1964, for the receipt and use of gifts and bequests to aid or facilitate the work of the Department. Section 1522-1524 of Title 15 United States Code (U.S.C.) authorizes the Secretary to accept and use gifts and bequests.

**AUTHORIZATION** for Official Entertainment and Representation is set forth in Department Administrative Order (DAO) 203-10 effective October 8, 2004, which is contained in Appendix A to this manual. Authorization for Gifts and Bequests is set forth in DAO 203-9 effective September 7, 2004, also contained in Appendix A

Various bureaus within the Department have been granted specific legal authority in their appropriation language to spend appropriated funds for official entertainment. Gifts and bequests funds described in this document may also be used for official entertainment and representation. Please refer to DAO 203-10 for guidelines for official entertainment or representation expenditures.

## **III. ACCEPTANCE AND PROCESSING OF OFFICIAL ENTERTAINMENT REQUESTS**

Official entertainment is entertainment which furthers a Departmental purpose directly associated with the Department's statutorily mandated mission. Representation is official entertainment abroad for the purpose of furthering the interests of the United States.

**OFFICIAL ENTERTAINMENT INCLUDES** luncheons, dinners, and receptions for entertaining guests who are involved in activities of interest to the Department; and the purchase of flowers, wreaths and similar tokens for dignitaries according to their customs.

**OFFICIAL ENTERTAINMENT DOES NOT INCLUDE** social functions that do not have a legitimate connection with official Department functions and activities as statutorily mandated; or activities that primarily benefit Government employees, e.g., refreshments at office, staff, or work-related meetings. Expenditures should not be made for acquiring, maintaining, operating, or hiring passenger motor vehicles; paying membership fees; supporting charitable activities; giving mementos for Government employees; and for the purchase of alcoholic beverages, unless the serving of such beverages is deemed to be a necessary part of an official entertainment program.

**THE 50/50 RULE**, as it is referred, is the requirement that the majority of the attendees at an official entertainment function must be non-Federal employees. When entertainment functions are being held where at least 50% of the attendees will be Federal employees, the Secretarial Officers or heads of primary operating units may approve the function after determining that the function is not primarily for the benefit of the Federal employees. **This authority may not be further delegated.** (DAO 203-10, Sec. 5.02).

**THE PROCEDURE FOR DEPARTMENTAL MANAGEMENT OFFICES:** Official entertainment requests are initiated by the requesting office completing and submitting a Form CD-464, *Request for Authorization by Primary Operating Unit for Official Entertainment or Representation*. (Appendix B). All CD-464's for Departmental Management, regardless of dollar amount, should be submitted at least two weeks prior to the event for the Chief Financial Officer and the Assistant Secretary for Administration's (CFO/ASA) approval. The form should be signed by the director of the requesting office and submitted to the Office of Financial Management (OFM). The request should include itemized cost estimates and a guest list. Once the request has been approved, purchases are generally made via credit card. Employees should not use personal funds to pay for entertainment expenses. **The requesting office should provide copies of all bills, receipts and supporting documentation to OFM/OEB as soon as possible.**

**THE OFFICE HOSTING THE OFFICIAL ENTERTAINMENT FUNCTION WILL:**

- A. Prepare a CD-464 to include:
  - 1. A detailed description of event – who, what, when, and where.
  - 2. A cost estimate with backup.
  - 3. A guest list defining government and non-government attendees.
- B. Submit the CD-464 to the Office of Executive Budgeting (OEB)
  - 1. If submitted less than two weeks prior to event, include a memo from the Secretarial Officer/Head of operating unit, addressed to the CFO/ASA, detailing the events that led to the late submission of the request.

**OFM/OFFICE OF EXECUTIVE BUDGETING (OEB) WILL:**

- C. Log in the CD-464, assign the request a tracking number, and prepare a file.
- D. Review the request for timeliness of submission, compliance with the 50/50 rule, and ask for a guest list and cost estimates, if not attached.
- E. Determine if sufficient funds are available, if the purpose meets the criteria for official entertainment, and prepare a recommendation memorandum for the CFO/ASA, summarizing the request.
- F. Initial the recommendation memo, retain a copy of the package in the OEB pending file, and forward the package for the Deputy CFO's review and signature of the memo. The Deputy CFO will forward the package to the CFO/ASA, who reviews and approves the CD-464 and sends it back to OFM.
- G. Copy the signed CD-464 and place in pending file until copies of bills/receipts arrive; contacts the requesting office to pick up the approved package. Requesting office should submit receipts/billings and supporting documentation as soon as possible.
- H. Review all bills, receipts and supporting documentation received from the requesting office and perform a monthly reconciliation of all outstanding transactions.

**IV. AUTHORIZATION FOR ACCEPTING GIFTS AND**

## **BEQUESTS**

Authorization for accepting gifts and bequests on behalf of the Department is outlined in Departmental Management Order (DAO), 203-9, effective September 7, 2004, which is contained in Appendix A to this manual.

DAO 202-739 governs gifts from Foreign Governments; gifts for training are governed by DAO 202-410, and property and services accepted through the Mutual Educational and Exchange Act and all other bureau authorities are governed by Pub. L. 87-256, 22 U.S.C. 2451.

## **V. ACCEPTANCE AND PROCESSING OF GIFTS AND BEQUESTS**

**THE SECRETARY OF COMMERCE APPROVES** the acceptance of all gifts valued in excess of \$35,000. The gift must be approved by the Secretary prior to acceptance.

**THE CFO/ASA MUST APPROVE**, prior to acceptance, gifts of real property, gifts offered on the condition that the Department undertake activities not part of regular programs, gifts that must be deposited, invested or managed according to particular requirements, gifts which involve unusual conditions or requirements, gifts which require more than incidental expenditures in connection with administration and use, and gifts which involve an in-kind donation for travel and are valued at \$500 or more over the amount allowable under the Department's Travel Handbook.

**A GIFT OR BEQUEST MAY BE ACCEPTED** by an **authorized official** only if the donation would aid or facilitate the work of the Department, constitute a "bona fide" gift or bequest rather than a payment in exchange for goods and not cause questions as to the integrity of the agency programs or operations. Acceptance of gifts should not create a conflict of interest or the appearance of impropriety. Authorized officials should seek the advice of the General Counsel where necessary. In-kind gifts are not limited solely to travel. Employees not authorized to accept gifts should obtain prior approval, when possible, from an authorized official.

**ALL CHECKS SUBMITTED BY A DONOR** should be made payable to "United States Department of Commerce" or the "United States Government." All checks should be brought to the primary operating unit's budget/finance

office for deposit together with a copy of Form CD-210 *“Record of Gifts or Bequests”* (see Appendix B), and as applicable, travel vouchers, travel orders, and receipts. If a check has been made payable to an employee, it should be endorsed over to the Department or the United States Government.

**ALL PROPERTY SUBMITTED BY A DONOR** other than monies or in-kind donations should be sent to the Bureau’s property office, along with a CD-210 signed by the CFO/ASA, for recording in the property records.

**THE PROCEDURE FOR DEPARTMENTAL MANAGEMENT OFFICES** is initiated when the receiving office is notified of an offer of a gift or bequest. The receiving office should acknowledge gifts and bequests in writing, to the donor. An authorized official should indicate approval by signing a CD-210 prior to acceptance. A copy, with supporting documentation, should be submitted to OEB/OFM.

**OFM/OEB WILL:**

- A. Sign and date the bottom of the CD-210 and verify receipt of a check, if appropriate; assign a G&B number, set up a file folder and include documentation. If the gift is “in-kind,” the process is complete. If the gift is in the form of a check for reimbursement, proceed to (B).
- B. Log in the check, including the amount, name of the donor, name of traveler and date. Prepare a cover letter to NIST accounting office requesting the check be deposited into the Secretary’s G&B Account - 6002000/1100/2111. Send cover letter, check and travel documentation to NIST accounting office. This should be done within **one day** of receipt in OEB.
- C. Set up a G&B pending file until actual travel costs are incurred. (All travel will be charged as usual to the employee’s office) Perform monthly reconciliation using the accounting detail report, to verify actual costs. The travel voucher number is necessary to locate these costs.
- D. Transfer actual costs to the G&B account using an Advice of Correction (AOC). Send the AOC and copies of supporting documentation, to NIST accounting office to process by end of the month.

**THE PROCEDURE FOR ACCEPTING GIFTS VALUED IN EXCESS OF \$35,000** is initiated by the receiving office completing Form CD-210 and submitting to CFO/ASA. The CD-210 should include all supporting

documentation and memorandums for signature.

### **THE OFFICE RECEIVING THE GIFT WILL**

- E. Ensure the CD-210 is signed by the director of the receiving office.
- F. Verify all calculations are mathematically accurate.
- G. Attach a copy of the agreement or the offer letter from the donor.
- H. Prepare memorandum for the Secretary;
  - 1. Route package through the Department's Office of General Counsel, Ethics Division for clearance.
  - 2. Submit complete package to OFM for review.

### **THE OFM/OEB WILL**

- I. Log in the Form CD-210, assign the request a tracking number and prepare a folder with tracking number.
- J. Review request for completeness and prepare a recommendation memorandum for the CFO/ASA, which summarizes the request.
- K. Initial the recommendation memorandum and make a copy of complete package for the file.
- L. Forward package to the Deputy CFO for signature on the memorandum. The Deputy CFO forwards the package to the CFO/ASA who reviews and clears package. The CFO/ASA forwards package to the Executive Secretariat for Secretary's signature. Once the Secretary signs the CD-210, the Executive Secretariat returns package to originating office. Originating office sends a signed copy to OFM.

## **VI. GIFTS OF TRAVEL**

**GIFTS OF TRAVEL** received from a non-federal source will be accepted and reported in accordance with the policies in DAO 203-9, the Federal Travel Regulations, 41 CFR Part 304-1, or other relevant law. A CD-210 must be prepared documenting the donation. An authorized official must approve, in advance of travel, all gifts or bequests for official travel. If the acceptance of a donation arises when on official travel, Department employees may be designated by authorized officials to accept gifts and bequests on an ad hoc basis.



This approval may also be given retroactively. The amount of the donation should not exceed the value of expenses authorized by the Department's Travel Handbook. Lavish travel accommodations in most circumstances will not be accepted. Gifts may be received as in-kind, prepaid or reimbursable.

**TYPES OF DONATIONS** received from a non-federal source for travel costs should be received one of three ways. Donors who agree to pay for travel costs incurred by an invited DOC official may do so by:

1) **Furnishing travel tickets and paying meal and lodging expenses directly to an airline and hotel.**

These transactions are known as services "in-kind". The traveler and NIST accounting do not handle any expenditures or checks.

2) **Reimbursing the Department for actual expenses.**

The donor reimburses all expenses paid by the Department after the trip is completed.

3) **A combination of Services in-kind and Reimbursement of actual expenses.**

For example, the donor furnishes an airline ticket and later pays for per diem and related expenses with a check.

**ONCE A CHECK IS RECEIVED** for a gift, the employee should submit it to the OFM/OEB. The related CD-210, travel vouchers, travel orders, and receipts must accompany the check.

**THE SEMI-ANNUAL REPORT** of payments from non-federal sources for travel, subsistence and related expenses which totals more than \$250 per event is due to the Office of Government Ethics each year in April and October. The Departmental G&B contact in OFM coordinates this effort for the OS by issuing a request to each program office to submit a completed Form SF-326, *Semi-Annual Report of Payments accepted From A Non-Federal Source*, listing each payment from a non-federal source in excess of \$250 along with the related travel orders, travel vouchers and receipts.

## **VII. TRACKING COSTS & RECONCILING ACCOUNT**

Tracking costs and reconciling the Office of the Secretary's G&B account is the responsibility of OFM. NIST accounting office generates and distributes the Fund Status and Detail Reports to OFM each month. These reports are used to

balance the G&B account on a monthly basis.

## **VIII. MAINTAINING QUARTERLY REPORTS FOR THE DEPARTMENT**

The G&B Manager for each Bureau shall provide the available balance (designated and non-designated) in the Bureau's account, along with a copy of the SF-133, *Report on Budget Execution and Budgetary Resources*, for each quarter, to the Office of the Secretary G&B Manager in the OFM. For those Bureaus not serviced by NIST accounting office, provide a copy of the Bureau's SF-133 to NIST for preparation of the Department's consolidated SF-133. The OFM will prepare a quarterly Departmental consolidated G&B Report that tracks the available, as well as the unavailable, fund balances to be provided to the CFO/ASA upon request. This Report will also include any transfers to the Office of the Secretary from other Bureaus.

## **IX. ANNUAL MEETING OF G&B MANAGERS**

In keeping with the Office of Inspector General's recommendation, cited in the FY 1995 audit of the G&B Trust Fund Principal Statements, there will be an annual meeting of all G&B Managers, upon bureau or CFO/ASA office request, coordinated by OFM. All pertinent G&B matters will be discussed including changes to or implementation of procedures. Bureaus shall notify OFM promptly of any changes to their designated G&B manager function.

**This manual can be accessed on the OFM web-site by logging onto [www.osec.doc.gov/ofm](http://www.osec.doc.gov/ofm) and clicking on the OFM Publications link and selecting budget Management Handbook**