

**FDA Staff Manual Guides, Volume III – General Administration**

**Procurement and Supply Management**

**Procurement**

**Awards Ceremonies**

Effective Date: 01/08/2021

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**1. Purpose.**

This Staff Manual Guide (SMG) prescribes the Food and Drug Administration's (FDA) policies and procedures governing financial expenditures for FDA Formal Awards Ceremonies and Informal Recognition Awards Ceremonies.

**2. Background.**

A. In accordance with Title 5 of the U.S. Code (U.S.C.) and Title 5 of the Code of Federal Regulations (CFR), the FDA has the authority to grant awards to meritorious employees. These policies promote the HHS' commitment to comply with appropriations law and to ensure taxpayer dollars are spent efficiently and wisely, and support the following Executive Orders and policies:

1. Executive Order on Promoting Efficient Spending  
(<https://obamawhitehouse.archives.gov/the-press-office/2011/11/09/executive-order-13589-promoting-efficient-spending>)
2. Executive Order on Delivering an Efficient, Effective, and Accountable Government  
(<https://obamawhitehouse.archives.gov/the-press-office/2011/06/13/executive-order-13576-delivering-efficient-effective-and-accountable-gov>)

3. Office of Management and Budget (OMB). “Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda.”  
(<https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-26.pdf>)

### **3. Reference/Authority.**

FDA policy is consistent with guidance set forth in the following legal references and formal regulations:

- A. 5 CFR, § 451.101 – 451.303  
(<https://www.ecfr.gov/cgi-bin/text-idx?SID=6aa56e4a8ac8af19a3f3035ae5fa5d34&mc=true&node=pt5.1.451&rgn=div5>)
- B. 5 U.S.C., § 4501 et seq. (2020)  
(<https://uscode.house.gov/view.xhtml?path=/prelim@title5/part3/subpartC/chapter45&edition=prelim>)
- C. 5 U.S.C., § 4301 et seq. (2020)  
(<https://uscode.house.gov/view.xhtml?req=granuleid%3AUSC-prelim-title5-chapter43&saved=L3ByZWxpbUB0aXRsZTUvcGFydDMvc3VicGFydEMvY2hhcHRlcjQ1%7CZ3JhbnVsZWIKOIVTQy1wcmVsaW0tdGI0bGU1LWNoYXB0ZXI0NQ%3D%3D%7C%7C0%7Cfalse%7Cprelim&edition=prelim>)
- D. United States Department of Health and Human Services and National Treasury Employees Union, Case No. 18 FSIP 077  
(<https://www.flra.gov/file/24777/download?token=Fx9d5bYo>)
- E. Negotiated Agreement between U.S. Food and Drug Administration, Minneapolis District, DHHS Region V and American Federation of Government Employees, Local 3381, AFL-CIO.
- F. FDA Instruction 451-1, FDA Reward and Recognition Program Policy and Appendices.
- G. Government Accountability Office, The Red Book, 4th Edition, Chapter 3  
(<https://www.gao.gov/assets/690/687162.pdf>)
- H. Government Accountability Office, B-241987, Apr 25, 1991, 70 Comp.Gen. 440.  
(<https://www.gao.gov/products/478148#mt=e-report>)
- I. Human Resources Manual HHS Instructions 451-1.  
(<https://www.hhs.gov/sites/default/files/asa/ohr/manual/files/451-1.pdf>)

- J. Office of Personnel Management (OPM) Frequently Asked Questions: Performance Management: Awards – Honorary or Informal. (<https://www.opm.gov/faqs/topic/perform/index.aspx?cid=8615ab64-5900-4652-9da4-57f2f70f45e5>)
- K. Office of Personnel Management (OPM) Performance Management: Awards Ceremony Suggestions. (<https://www.opm.gov/policy-data-oversight/performance-management/performance-management-cycle/rewarding/awards-ceremony-suggestions/>)
- L. Office of Personnel Management (OPM) Performance Management: Performance Lifecycle. (<https://www.opm.gov/policy-data-oversight/performance-management/performance-management-cycle/rewarding/promotional-items-%E2%80%93-%E2%80%9Cswag%E2%80%9D-%E2%80%93-in-the-context-of-agency-awards-programs/>)
- M. U.S. Federal Labor Relations Authority. “United States Department of Health and Human Services and National Treasury Employees Union.” (<https://www.flra.gov/node/78667>)
- N. Executive Order 13589 – Promoting Efficient Spending. (<https://obamawhitehouse.archives.gov/the-press-office/2011/11/09/executive-order-13589-promoting-efficient-spending>)
- O. HHS Policy on Promoting Efficient Spending (<https://www.hhs.gov/grants/contracts/contract-policies-regulations/efficient-spending/index.html>)
- P. 41 U.S.C., § 10a et seq. (2020) (Buy American Act) (<https://uscode.house.gov/view.xhtml?req=granuleid:USC-1999-title41-section10a&num=0&edition=1999>)
- Q. Executive Order 13881 - Maximizing Use of American-Made Goods, Products, and Materials (<https://www.federalregister.gov/documents/2019/07/18/2019-15449/maximizing-use-of-american-made-goods-products-and-materials>)

#### 4. Definitions.

- A. **Formal Award:** Something bestowed or an action taken to recognize and reward individual or team achievement that contributes to meeting organizational goals or improving the efficiency, effectiveness, and economy of the Government or is otherwise in the public interest. Such awards include but are not limited to employee incentives which are based on predetermined criteria such as productivity standards, performance goals, measurement systems, award formulas, or payout schedules. Formal Awards are referred to as “Incentive Awards” in 5 U.S.C. and are authorized under the Incentive Awards Act.

- B. **Formal Awards Ceremony:** A formal event organized and facilitated to publicly recognize FDA employees for meritorious contributions by granting them Formal Awards.
- C. **Formal Awards Program:** The specific procedures and requirements established by an agency or a component of an agency for granting awards.
- D. **Formal Honor Awards:** Honor awards are a type of Formal Award and serve as an expression of respect and admiration given to an employee and designed to recognize his or her superior performance and value to the organization. Honor awards typically involve formal nominations with specific eligibility criteria, are granted in limited numbers, and are approved and presented by senior agency officials at formal ceremonies. Honor awards are generally symbolic in nature.
- E. **Informal Recognition Awards Ceremony:** An informal event organized and facilitated to recognize FDA employees for meritorious actions, but without connection to formally established and recognized awards programs.
- F. **Informal Recognition Awards:** Informal Recognition Awards are given to recognize performance that, taken alone, does not merit a larger award, such as cash, time-off, or an Honor Award. These Awards are presented at Informal Recognition Awards Ceremonies, such as occurs at a staff meeting.
- G. **Light Refreshments:** Light refreshments include nonalcoholic beverages and snacks; they are not intended as a substitute for meals. Examples include coffee, soft drinks, doughnuts, snack crackers, fruit, cheese, and cinnamon buns.
- H. **Merchandise:** Small, token items that include but are not limited to mugs, shirts, pens, and bags that do not have an agency's name, seal or insignia.
- I. **Swag:** Merchandise that typically displays an agency's name or seal and is intended to promote or advertise the agency and is commonly distributed to all employees or participants at a particular event for the sole purpose of promoting or advertising the agency.

## 5. Policy.

### A. General Requirements

Chapter 45 of title 5, U.S.C. authorizes the FDA to pay a cash award to, grant time-off to, and incur necessary expense for the honorary recognition of, an employee (individually or as a member of a group). Chapter 43 of title 5, U.S.C. provides for recognizing and rewarding employees whose performance so warrants. The ceremonies the FDA organizes and facilitates to recognize these employees must be executed with all requisite financial discretion to

appropriately honor the award recipients, demonstrate good stewardship of public funds, and avoid embarrassing the agency.

Expenditures must be in accordance with federal directives to cut waste in Federal Government spending and identify opportunities to promote efficient and effective spending.

## **B. Types of Ceremonies**

1. Both Formal and Informal Awards Ceremonies are appropriate for recognizing meritorious actions but are not intended for non-professional personal activities unrelated to either FDA mission or professional scientific, technical or administrative accomplishment. The FDA recognizes two, distinct types of ceremonies for presenting Formal Awards and Informal Awards:

a. Formal Awards Ceremonies

(1) Formal Awards Ceremonies, including those for Public Health Service (PHS) Commissioned Officers, and Formal Awards may be funded with appropriated funds.

(2) Formal Awards Ceremonies are celebrated at two levels:

(a) Tier 1 Formal Awards Ceremonies are celebrated FDA-wide.

(b) Tier 2 Formal Awards Ceremonies are celebrated at the Center/ORA/Office level or one level below.

b. Informal Recognition Awards Ceremonies

(1) May not be funded with appropriated funds and thus rarely include a 'ceremonial' aspect (e.g. providing refreshments, renting a venue, etc.).

(2) An Informal Recognition Award Ceremony is suitable for the following and similar types of award presentations:

(a) Recognizing summer employees, summer students, and interns.

(b) Presenting certificates of service.

(c) Recognizing employees for meritorious actions at least two or more levels below the Center/ORA/Office level.

## **C. Formal Awards Ceremonies**

## 1. Necessary Expenses

- a. According to 5 U.S.C. § 4503, rewarding employees is an acceptable component of the FDA's mission and Formal Awards Ceremonies are a valid component of the FDA's statutorily authorized Formal Awards Program. Expenditures that are deemed necessary must meet the following three-part test:
  - (1) The expenditure must bear a logical relationship to the appropriation sought to be charged in that it must make a direct contribution to covering expenses connected with Formal Awards or Formal Awards Ceremonies;
  - (2) If not spent on the actual award item, the expenditure must materially enhance the effectiveness of the Formal Awards Ceremony; and
  - (3) The expenditure must not be prohibited by law.

## 2. Acceptable Purchase of Food

- a. All uses of appropriated funds to purchase food for a Formal Awards Ceremony must be approved by the Center/ORA/Office Executive Officer (EO) or designee and Deputy Chief Financial Officer (DCFO). (See SMG 2610.20 Use of Appropriated Funds for the Purchase of Food).
- b. Light refreshments billed for a Formal Awards Ceremony should not be authorized for events with a primary objective other than to distribute awards.

## 3. Award Items

- a. While the FDA may grant a cash award or time-off without charge to leave or loss of pay, it may also recognize employees with award items.
- b. Non-cash award items for Formal Awards must take an appropriate form to be used in the public sector and to be purchased with public funds. Items should be carefully chosen to avoid public disapproval and embarrassment to the FDA. Items must not be offensive or inappropriate in nature.
- c. The following types of items are considered appropriate for use by Formal Awards programs:
  - (1) Paperweights, plaques, desk medallions, jackets, mugs, pens, tickets to local sporting events and amusement parks, meals, and other similar items. See Government Accountability Office (GAO) Principles

of Federal Appropriations Law, Chapter 3, Step 1, 6. Considerations for various categories of expenditures, c. Awards, (b) Cash and non-cash awards are permissible.

(a) Note that some items provided as awards, such as jackets, mugs, and pens, may be considered swag items if they are commonly distributed to all employees or participants at a particular event for the sole purpose of promoting the agency. For guidance on purchasing promotional items refer to SMG 2610.21 Use of Appropriated Funds to Purchase Promotional Items.

(2) It is not permissible to use a gift certificate or gift card as a Formal Award.

d. The following types of awards are considered appropriate for use by FDA Formal Honor Awards programs:

(1) Certificates, inscribed plaques, trophies, pen sets, medals, or other items with "lasting trophy value."

(2) In some limited circumstances merchandise could be used as an Honor Award. Merchandise may be used if and only if the item meets the criteria for an Honor Award.

(3) In the context of agency awards programs, swag items do not meet the criteria for an Honor Award because the items are not given on the basis of employee performance or contribution as required by 5 U.S.C. 4503.

(4) Items presented as Honor Awards must meet all of the following criteria:

(a) The item must be something that the recipient could reasonably be expected to value, but not something that conveys a sense of monetary value.

(b) The item must have a lasting trophy value.

(c) The item must clearly symbolize the employer-employee relationship in some fashion (e.g., affixing the FDA or DHHS logo/seal to an item).

(d) The item must take an appropriate form to be used in the public sector and to be purchased with public funds. Items should be carefully chosen to avoid public disapproval and embarrassment to FDA.

- e. If an employee's contribution does not meet the standards for a cash and/or Honor Award, but is deserving of formal recognition, a letter of appreciation or commendation may be issued in a form considered appropriate by the management official.
- f. The Internal Revenue Service (IRS) considers merchandise to be a taxable fringe benefit that must be taxed on its fair market value.

4. Venues

- a. While there are no specific places that may not be used as venues for Formal Awards Ceremonies, nominating and approving officials should use good judgment to select venues that are appropriate for the assembly of public sector employees and for the expenditure of public funds. Venues should be carefully chosen to avoid public disapproval and embarrassment to the FDA.

5. Travel

- a. The FDA Chief Operating Officer (COO) or Designee may determine that travel for an employee to receive an award would materially enhance the effectiveness of the Formal Award Ceremony. The FDA may also cover travel expenses to and from a Formal Awards Ceremony in accordance with the Federal Travel Regulations, HHS Travel Policy, and FDA Travel Policy, for the following individuals (see GAO B-251987, Apr 25, 1991, 70 Comp. Gen. 440):
  - (1) Award recipient's spouse, including a surviving spouse receiving the award on behalf of a deceased recipient.
  - (2) An attendant for an award recipient with a disability who may not travel unattended.
  - (3) An individual of the award winner's choosing, such as a person related by blood or affinity, whose close association with the employee is the equivalent of a family relationship.
- b. The FDA COO or Designee has broad discretionary authority to establish the amount of per diem allowable under the Federal Travel Regulation, the point of travel origin and return, and the number of individuals authorized to travel as it pertains to guests of the award recipient. The travel must be directly to and from the site of the ceremony and compensated at the rates and for the expenses authorized under the Federal Travel Regulations. See GAO B-251987, Apr 25, 1991, 70 Comp. Gen. 440.

## 6. Attendees

- a. Formal Awards Ceremonies in which only the award presenter and the recipient(s) are in attendance are not permissible, as the purpose of these ceremonies is to foster public recognition of employees' meritorious performance and allow other employees to honor and congratulate their colleagues.
- b. Non-FDA personnel, including contractors, volunteers, summer employees, and award recipients' family members may attend Formal Awards Ceremonies.

## 7. Miscellaneous and Associated Expenses

- a. The FDA may use appropriated funds to cover miscellaneous and associated expenses for items that materially improve the Formal Awards Ceremony and help it achieve its objective.
  - b. Examples of these items include but are not limited to:
    - (1) Flowers, pamphlets, printing of Honor Award ceremony booklets, banners, balloons, buttons, posters, or other materials supporting the ceremony.
    - (2) Video/photographic services.
    - (3) Local transportation of honorees and invited guests to the ceremony site.
    - (4) Other reasonable and appropriate items that would materially enhance the effectiveness of the ceremony.
- c. Surgeon General's Honor Guard, Color Guard, PHS Commissioned Corps Music Ensemble, and Military Service Bands
  - (1) Using a Color Guard or equivalent and/or a band during the ceremony sets a tone of formality and importance to the proceedings and is thus appropriate for a Formal Awards Ceremony. Color Guards or equivalents and/or a band may be requested, free of charge, by contacting the Public Affairs Office at the installation closest to the event. Bands can be contacted via the following links:
    - (a) U.S. Army: <http://bands.army.mil/search/activearmy.asp>
    - (b) U.S. Navy: <http://www.navyband.navy.mil>

- (c) U.S. Air Force: <http://www.usafband.af.mil/>
- (d) U.S. Marine Corps: <http://marineband.usmc.mil>
- (e) U.S. Coast Guard: <http://www.uscg.mil/band>
- (f) PHS: <https://dcp.psc.gov/OSG/ensemble/>
- (g) Surgeon General's Honor Guard:  
<https://dcp.psc.gov/OSG/sghg/contact.aspx>

#### **D. Informal Recognition Awards Ceremonies**

1. Informal Recognition Awards must meet the following criteria:
  - a. Items must take an appropriate form to be used in the public sector and to be purchased with public funds. Items should be carefully chosen to avoid public disapproval and embarrassment to the FDA. Items must not be offensive or inappropriate in nature.
  - b. Items must be of a reasonable cost and must be approved by the Center/ORA/Office EO or designee in accordance with federal directives to cut waste in Federal Government spending and identify opportunities to promote efficient and effective spending.
  - c. Nominating and approving officials should make every effort to purchase items made in America, as noted in 41 U.S.C., § 10a (Buy American Act).
  - d. In some limited circumstances merchandise could be used as an Informal Recognition Award. Merchandise may be used if and only if the item meets the criteria for an Informal Recognition Award.
    - (1) In the context of agency award programs, swag items do not meet the criteria for an Informal Recognition Award because the items are not given on the basis of employee performance or contribution as required by 5 U.S.C. 4503.
    - (2) The Internal Revenue Service (IRS) considers merchandise to be a taxable fringe benefit that must be taxed on its fair market value.

NOTE: Refer to SMG 2610.21 Use of Appropriated Funds to Purchase Promotional Items for additional requirements for purchasing items that promote the FDA and its mission.

#### **2. Attendees**

Award recipients' family members may attend Informal Recognition Awards Ceremonies when appropriate.

### 3. Travel

- a. Travel for Informal Recognition Awards Ceremonies may be funded with appropriated funds at the discretion of the Center/ORA/Office EO or designee in certain limited circumstances, such as when an award recipient is stationed at a location away from the main body of the organization (e.g. in a field office) and travel is in accordance with the Federal Travel Regulations, HHS Travel Policy, and FDA Travel Policy.
- b. The travel must materially enhance the effectiveness of the Award Ceremony and must be in accordance with federal directives to cut waste in Federal Government spending and identify opportunities to promote efficient and effective spending.

### E. Attendees

While there are no regulations setting parameters for the number of permissible attendees, both Formal Awards Ceremonies and Informal Recognition Awards Ceremonies are intended to foster public recognition of employees' meritorious actions and allow other employees to honor and congratulate their colleagues.

### F. Combined Events

1. Although it is permissible to combine both Formal and Informal Recognition Awards Ceremonies with other social events, such as an awards ceremony followed by a dance, such combined events fall under greater scrutiny. Agencies may only use appropriated funds for expenditures that are properly allocable to such receptions (See Section 5.C. and Section 5.D). See GAO Principles of Federal Appropriations Law, Chapter 3, Step 1, 6. Considerations for various categories of expenditures, c. Awards, (c) Agencies may pay for travel, food, and miscellaneous expenses if they are related to an award.
2. If the FDA combines an awards ceremony with a social event that on its own would not allow for the use of appropriated funds, the expenditure should be subject to greater scrutiny than expenditures made in connection with a more traditional awards ceremony.

## 6. Reporting and Monitoring.

### A. Reporting

1. The FDA must maintain and submit to OPM such records as OPM may require.
2. The FDA must provide information about the Formal Awards Program and make it available to all employees throughout the year.
3. The FDA must file and report Formal Awards documents and data as required by OPM.
4. Requests for Information from the Unions
  - a. Requests for information about the FDA awards program and/or data requests should be referred to the Division of Employee and Labor Relations (DELR). DELR will determine information to be provided to the unions. Reporting to NTEU will be in accordance with current Collective Bargaining Agreements (CBAs) and regulations.

## **B. Documentation Requirements**

1. Documentation Retention: In addition to existing documentation requirements for agency purchases, the Center/Office must retain documentation from HHS Purchase Card transactions for a minimum of three years. For all other purchases using direct obligations, the justification for the purchase and the approval documentation must be uploaded to the Unified Financial Management System (UFMS) when submitting the requisition. Additionally, the Center/ORA/Office must retain any documentation resulting from the purchase, receiving, and distribution of the award items or goods/services associated with the award ceremony. Questions regarding document retention should be directed to the responsible FDA Center/ORA/Office Assistant Records Liaison Officer (ARLO).

## **7. Procedures.**

- A. Center/ORA/Office purchase requester must provide written justification for the reasonableness of the expense associated with the award item and if applicable the award ceremony in accordance with the requirements set forth in this policy to the EO or designee for review and approval.
- B. Center/ORA/Office EO or designee, approves or denies purchase request in writing based on the following criteria:
  1. Purchase request supports FDA's prerogative to honor meritorious employees.
  2. Purchase is a necessary expense (refer to the Necessary Expense Test in Section 5.C.1).

3. Appropriateness of using appropriated funds for purchases.
4. For Formal Awards, approves or denies request based on the criteria for an acceptable Formal Award outlined in Section 5.C.
5. For Informal Awards, approves or denies purchase request based on the criteria for an acceptable Informal Recognition Award outlined in Section 5.D.

C. If approval is granted, the Center/ORA/Office completes purchase using the applicable purchase method.

## **8. Responsibilities.**

### A. FDA Chief Operating Officer or Designee

1. Determines if travel for an employee to receive an award would materially enhance the effectiveness of the Formal Award Ceremony and authorizes travel accordingly (see Section 5.C).
2. Establishes the amount of per diem allowable under the Federal Travel Regulation, the point of travel origin and return, and the number of individuals authorized to travel as it pertains to guests of the award recipient (see Section 5.C).

### B. FDA Deputy Chief Financial Officer

1. Approves the purchase of food for Formal Awards Ceremonies within five days of all requisite information having been received (see Section 5.C).

NOTE: See SMG 2610.20 Use of Appropriate Funds for the Purchase of Food for additional guidance on purchasing food.

### C. Center/ORA/Office EO or Designee

1. Authorizes travel for award recipient to receive Informal Awards (see Sections 5.C and 5.D).
2. Reviews purchase request to ensure that all required information has been provided, the purchase is a necessary and acceptable expense, and verifies the reasonableness of the estimated costs (see Section 7.A). Note that the Center/Office EO and the FDA DCFO must both approve the purchase of food for Formal Awards Ceremonies (see Section 5.C.2.a).
3. Approves or denies the purchase request based on the criteria for Formal Awards and Formal Awards Ceremonies (see Section 5.C) or based on the

criteria for Informal Awards and Informal Awards Ceremonies (see Section 5.D).

**D. Center/ORA/Office Purchase Requester**

1. Submit the purchase request and provide justification for the reasonableness of the expense (See Section 7.A).
2. Complete purchase order using the applicable purchase method (see Section 7.C).
3. Maintain all records of expenditures of appropriated funds (see Section 6.B).

**9. Effective Date.**

This policy was signed by Sahra Torres-Rivera effective January 8, 2021.

**10. Document History – SMG 2610.22, Awards Ceremonies**

Status (I, R, C)	Date Approved	Location of Change History	Contact	Approving Official
Initial	01/07/2021	N/a	OC/OO/OFBA/OFM	Sahra Torres-Rivera, Deputy Chief Financial Officer, Office of Finance, Budget, and Acquisitions

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