



DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010

SA #1

MAR 22 2004

MEMORANDUM FOR GENERAL COUNSEL, DEPARTMENT OF DEFENSE

SUBJECT: Use of Appropriated Funds to Purchase Unit Coins and Other Items for  
Presentation to Individuals

I am concerned that the Department-wide practice of presenting individuals with small items, most notably unit coins, has the potential to put many of our leaders on the wrong side of the fiscal law rules governing when such presentations are deemed permissible awards and when they are personal gifts that must be funded from sources other than appropriated funds. Unlike the highly regulated use of official representation funds (ORF) by senior leaders to purchase gifts for specified categories of individuals, the purchase and presentation of unit coins and other items as "awards" is practiced at much lower levels with less regulation, where the line between awards and gifts has become blurred and may frequently be crossed.

Please work with the Under Secretary of Defense for Personnel and Readiness and the General Counsels of the Military Departments to review how the Department can improve its performance in this area. At a minimum, your review should consider: whether it is feasible and prudent to obtain statutory authority for certain leaders to present unit coins purchased with appropriated funds, not only as awards, but also for other purposes, such as morale or unit cohesion; whether, regardless of whether or not new authority is obtained, the presentation of coins and other items purchased with appropriated funds should be limited to certain categories of senior leaders and regulated in a way similar to the ORF program; and how the Department can improve the guidance given to personnel, including senior executives, on the rules governing the use of appropriated funds to purchase gifts and awards.

Please advise me of the results of your review and your recommendations by June 1, 2004.

cc: Secretaries of the Military Departments  
Under Secretary of Defense (Personnel and Readiness)

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