

UNITED STATES GOVERNMENT

GENERAL ACCOUNTING OFFICE

*Memorandum**B-176600-O.M., Aug. 18, 1978*

APR 24 1978

TO : Paul G. Dembling - General Counsel

RELEASED

FROM : Director, FGMS Division - D.L. Scantlebury

SUBJECT: Converting JFMIP's Annual Honorary Award  
to a Monetary Award

Each year at its annual conference, The Joint Financial Management Improvement Program gives a Financial Management Improvement Award to from one to three deserving people nominated by their agency of governmental unit. The award is normally given to career Federal employees or officials from State and local government. It could also be given to Federal political appointees.

To date this has been an honorary award. However, in a recent meeting, the JFMIP Steering Committee (of which I am GAO's member), discussed the possibility of making a monetary award, of say \$1,000. If a monetary award were given, all four JFMIP member agencies would share equally, but GAO would have to make the payment from its appropriation.

My question is, can GAO legally make such a payment? And, if so, would there be any restrictions on who the recipient might be?

I would like an answer before May 4 which is our next Steering Committee meeting.

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## Indorsement

Director, FGMS Division

Returned. We have researched the question you presented, namely, whether existing statutory authority would permit the Joint Financial Management Improvement Program (JFMIP) to make cash awards from appropriated funds to from one to three persons that the Program desires to honor because of their special achievements. The awardees would be either:

- (1) Federal political appointees;
- (2) Career Federal employees, and/or;
- (3) State and local government officials.

As proposed, GAO would make the payment from its appropriations and obtain pro-rata reimbursement from the other member agencies of the JFMIP.

We are of the opinion that the proposal must be modified to meet the requirements of law. It is a fundamental principle of law that appropriated funds may be expended solely for the objects for which they were appropriated. 31 U.S.C. § 628. Therefore, it is essential that a statute be identified that either expressly or by reasonable implication authorizes the making of this type of award by each of the component agencies of the JFMIP who will be contributing their respective appropriated funds for this purpose. 37 Comp. Gen. 472 (1958). Since the JFMIP has no independent appropriation to it as a separate entity, it cannot engage in an activity for which the appropriations of its component agencies are not available.

The only statute of which we are aware, which authorizes Government agencies to make this kind of award is the Government Employees Incentive Awards Act, 5 U.S.C. §§ 4501-4506 (1976). It sets forth the conditions under which the President and agency heads may make cash or honorary awards to Federal employees. See tab A. The provisions of 5 U.S.C. § 4501 restrict award recipients to Federal officers and employees as defined in 5 U.S.C. § 2105 (1976). See tab B. Note that there is no distinction in the above cited Act between Federal employees generally and so-called Federal political appointees. However, while the statute covers the various categories of civilian Federal officers and employees, it does not include State and local government officers and employees. Accordingly, there is no statutory authority to make the proposed monetary award to persons outside the Federal service. See 55 Comp. Gen. 346 and cases cited therein.

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Accordingly, if the cash awards are restricted to Federal employees (including political appointees) in accordance with the Government Employees Incentive Awards Act, supra, and implementing regulations, 5 C.F.R. 451.201(b)½, there would be no legal impediment to the proposal to make JFMIP cash awards.

Paul G. Dembling

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