

## **Guidance on Recognition Costs**

### **From the CNCS Field Financial Management Center (FFMC)**

#### **Overview**

Recognition is a cost allowed by Senior Corps regulations 45 CFR 2500 that covers a wide range of potential costs; any costs charged to this direct benefit to the volunteer must be in accordance with the applicable OMB cost principles (2 CFR Part 220 formally OMB Circular A21, 2 CFR Part 225 formally OMB Circular A87, and 2 CFR Part 230 formally OMB CircularA-122) and also expended using sound business practices. Any costs charged to recognition should be reasonable and prudent, properly valued and consistent with your organizational accounting practices. Consideration should also be given to the appropriateness of the expenditure.

#### **Criteria**

- Recognition should be related to the volunteer's service.
- Recognition costs should have appropriate limits. Things to consider are budgetary limits and organizational policies on reasonableness of costs. If your organization does not have a policy on reasonableness of costs, one should be developed by your management and/or accounting department.
- Recognition should be applied equally among all volunteers. If there are limited resources some method should be devised to insure all volunteers are included in recognition activities and actions. Planning for distribution of limited resources should be accomplished at the time of your budgetary planning and included in your organizational policies and procedures.
- Recognition should be program specific and recognize the Senior Corps volunteer for their service in the CNCS designated project.
- Recognition should not include any costs to the volunteer.
- Recognition should take place at least annually for formal public recognition of volunteers to the community. If formal recognition takes place, a sign-in sheet documenting attendance of the volunteers being recognized should be prepared.

#### **Items Generally Accepted as Recognition Expenses**

- Special ceremonies, teas, breakfasts, luncheons, and recreational outings, can also include a per person cost which includes items other than room rental and food. If the cost per attendee includes other amenities in an inclusive package this is acceptable so long as:
  - the cost is reasonable;

## Appendix 14

- there is budgetary availability; and
- the expenses are not expressly prohibited by either the OMB cost principles or a determination by a CNCS Official.
- Small (nominal value) gifts are allowable:
  - So long as:
    - the cost is reasonable;
    - there is budgetary availability; and
    - the gift is not something that is expressly prohibited by either OMB cost principles or by a determination by a CNCS Official.
  - A gift is any item that has monetary value.
  - Your organization should establish policies on how you determine reasonableness of cost and determine limits based on sound accounting practices.
    - CNCS would define the value of a gift using “Market Value” *Market value* means the retail cost the organization would incur to purchase the gift.
    - An organization who cannot ascertain the market value of a gift may estimate its market value by reference to the retail cost of similar items of like quality.
    - For example: The market value of a gift of a ticket entitling the holder to food, refreshments, entertainment, or any other benefit would be the face value of the ticket.
- Recognition items such as trophies, plaques, certificates, and pins are acceptable. Attention should be given to the fact that the cost of some of these items will increase depending on the cost of engraving, sometimes significantly, so these recognition items may be limited to budget availability.
- Birthday cards are acceptable, even though they are not technically a recognition item related to a volunteer’s service, they are of a nominal value and therefore can be used as a form of recognition.
- Gifts cards are acceptable forms of recognition. It is important that these should be treated as cash in your accounting system, however, they do not take the form of a cash payment and are not as liquid.
  - Because anyone can use a gift card, they should be treated as cash and documented in accordance with sound business practices, including a receipt signed by the volunteer being recognized.
  - Refer to [45 CFR 2543.21](#) for Standards for Financial Management Systems. Gift Cards are usually designated for a specific purpose and a specific item. Organizations should have a policy and procedure in place to account for the distributions and accounting of gift cards.

### **Items Generally NOT Acceptable Forms of Recognition**

- Holiday or Christmas gifts are not acceptable. Recognition should be based on a volunteer's service only.
- Cash is not acceptable as recognition. Cash can be seen as a payment or a bonus and volunteers serving in CNCS programs are not to be paid other than the allowable stipend payments in the CNCS Foster Grandparent / Senior Companion programs.
- Paid Speakers at recognition events are usually not allowable, although exceptions may be permitted. Some things to consider are:
  - Would the event still be a success if the speaker does not attend? Is the speaker an integral and vital component to the success of the event?
  - Would your organization pay for the speaker or raise money to include the speaker if federal funds were not available?
  - Can you substitute the speaker for someone without a speaking fee but with similar ability and qualifications?
- Guests are not permitted to be paid for from federal or non-federal expenditures. If guests are invited, the sources of funds to be used should come from a source not counted toward your required match. A best practice is to have a sign in sheet for all attendees present at the recognition event.
- Certain forms of entertainment are not acceptable. If you are planning to expend funds for recognition please consult with a CNCS State Office representative and your Grants Officer prior to expenditure for further clarification.

### **Items that are questionable and would need prior approval from CNCS**

- Tickets to events in normal instances would be deemed unallowable based on the OMB Cost Principles which state *"Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable."*
- However since our regulations do view recognition as a legitimate cost, showing recognition in the form of tickets to events may be deemed appropriate based on reasonableness of cost and appropriateness of the venue. These type of costs should be discussed with your CNCS State Program Office representative and Grants Officer prior to expenditure

### Special Volunteer Recognition

- Singling out a volunteer for exceptional or special service.
  - Acknowledging a milestone in service (example: 20 years of service, 30 years of service).
  
- Special recognition items can be given for this purpose if the following is demonstrated:
  - the cost is reasonable;
  - there is budgetary availability; and
  - the gift is not something that is expressly prohibited by either OMB cost principles or by a determination by a CNCS Official.
  
- When recognizing individual volunteers, an organization should have a written policy that includes:
  - what constitutes exceptional or special service;
  - which milestones or years in service will receive special recognition; and
  - which items will be given for this purpose if different than typical recognition awards.