

STANDARD ADMINISTRATIVE PROCEDURE

21.01.03.M0.01 Guidelines for the Use of Working Funds for Student Programs Conducted Outside the U.S.

Approved June 23, 1997

Revised September 18, 2006

Supplements [System Policy 21.01](#) and [System Regulation 21.01.03](#)

1. GENERAL

These guidelines will be used by all employees conducting credit and non-credit bearing programs conducted outside the U.S. for students, including faculty-led study abroad programs, international field trips, learning community programs, and student organization trips. These guidelines are based on TAMU Rules, TAMU System Policies, and IRS guidelines.

Faculty and staff facilitating programs abroad for students should consult the Study Abroad Programs Office for other university, state, and federal guidelines and rules related to taking students outside the U.S.

2. BEFORE DEPARTURE

2.1 What is a working fund for student programs conducted outside the U.S.?

2.1.1 A working fund is money that can be spent in support of the students in the program for the general good of the program and the benefit of the participants. Expenditures from the fund can include such incidentals as museum fees, bus fares, items for the entire group, group restaurant charges, gifts, emergencies and the like. As a general rule, students should be informed of the types of expenditures that can or will be made from the fund.

2.1.2 A working fund is an advance to the custodian (employee) and must be substantiated upon return of the trip. This advance is based upon funds available in the TAMU account in which funds were deposited. Any payments made out of the fund are subject to conditions governing disbursement from University accounts as outlined below. Therefore, it must be strictly accounted for at the end of the program. The IRS has determined that if an advance to an employee is not substantiated within 120 days of the return date it is to be considered taxable income to the employee. At the 60 day point of the advance not being substantiated a hold will be placed on the employee in FAMIS which will not allow reimbursement to be processed to the employee.

- 2.2 How is a working fund calculated?
 - 2.2.1 The amount of the Working Fund is generally based on the amount collected from students minus any prepaid expenses and fees.
- 2.3 How is a working fund administered?
 - 2.3.1 Each program will have an account administrator. In the case of student programs conducted outside the U.S. that are administered through the Study Abroad Program Office, the account administrator will be the Executive Director of International Programs for Students. In the case of programs or international field trips administered through a department or college, the account administrator will be an individual designated by the academic unit, such as a department or college accountant, department head, or associate dean.
 - 2.3.2 The fund custodian must always be a TAMU employee, will be one of the faculty or staff sponsors of the program, and not a student. This person will be responsible for recording and clearly documenting disbursements, physically safekeeping, and transporting the Working Fund.
 - 2.3.3 In certain instances, it may be desirable to designate more than one fund custodian.
 - 2.3.4 If more than one fund custodian is designated, each custodian will sign a working fund request form which will be sent to TAMU Financial Management Operations (FMO)(Financial Management Services in Galveston) to establish the Working Fund accounts. Upon establishing the working fund(s), a receivable will be set-up based upon the employee's UIN. The receivable number will be the voucher number assigned to the advance given to the custodian. Each fund custodian will be responsible for the funds under his or her supervision, each must sign the working fund request form, and each must turn in documentation for his or her portion of the fund when the program ends. The documentation of expenses and any remaining funds will be used to pay back the advance.
- 2.4 How and when is the working fund obtained and disbursed?
 - 2.4.1 The account administrator will submit a working fund request form to FMO (the Director of Financial Management Services in

Galveston) two weeks prior to departure, and will forward a copy to the custodian.

2.4.2 The form requires the custodian's signature acknowledging the responsibility of the working fund and TAMU System regulation 21.01.02 and the rules outlined herein. The custodian must also indicate whether they would prefer to receive the funds via ACH, Cash, TAMU check, or wire transfer

2.4.2.1 If a check is requested, it will be a university check payable to the fund custodian and either mailed to the custodian or picked up by the custodian at 750 Agronomy Road in the General Services Complex Building 3rd Floor, Room 3101 (FMS office in Galveston).

2.4.2.2 If cash is requested, the fund custodian(s) will need to indicate the denominations requested on the working fund request form. FMO will forward the check to the cashier's office at the Pavilion (FMS in Galveston will have the check available at the cashier's window in Galveston). The custodian will endorse the check at the cashier's office in order to receive cash.

2.4.2.3 If an ACH or wire is requested, the funds will be sent directly to the custodian's account.

2.4.3 Once the funds are received by the custodian, it is the fund custodian's responsibility to provide reasonable and prudent security for the funds.

2.4.4 If transporting \$10,000 or more in currency out of the U.S., it is mandatory that it be reported to the U.S. Customs Office. A form may be obtained at the point of departure from any U.S. Customs Officer. For use while traveling, fund custodians may request a letter from their account administrator verifying that they are carrying this money as a fund custodian on behalf of their Texas A&M program abroad.

2.4.5 When returning to the U.S., if transporting \$10,000 or more in currency, it must also be reported to the U.S. Customs Office. A declaration form may be obtained from the airline or a U.S. Customs Officer upon landing.

2.5 What form should the working fund take?

2.5.1 Options may include:

2.5.1.1 The funds can be reissued at Bank of America or the custodian's personal bank in the form of American Express travelers checks. Bank of America charges 1.5% of the amount of purchase. This rate is subject to change without notice. Although it is no longer necessary to sign each check before the cashier, it is advisable that they be signed before the fund custodian(s) leave the bank. Dividing the traveler's checks into a variety of denominations is advised, although fees for changing money in the host country may be dependent upon the number of travelers checks involved. In some countries, banking regulations may make it difficult to cash traveler's checks. Advance research on the destination country is strongly encouraged.

2.5.1.2 The fund custodian may open a separate account into which the funds may be deposited and on which he or she can write checks or use an ATM card. This account must be personal and clearly identified as being for student programs conducted outside the U.S. The account cannot be affiliated with TAMU, use TAMU as part of the account name or use TAMU's federal ID number. In some countries, it is difficult to access debit machines and/or there may be limits on the amount that can be drawn per machine per day, regardless of limits set by a U.S. bank. Advance research on the destination country is strongly encouraged.

IMPORTANT: United States individuals who have a financial interest in or signature authority over any financial accounts in a foreign country may be required to report the relationship to the Internal Revenue Service and the U.S. Department of the Treasury. Please contact your personal tax advisor and visit the following links for further information and reporting requirements:

IRS reporting obligation (Schedule B, Part III, lines 7a and 7b) - www.irs.gov/pub/irs-pdf/i1040sa.pdf

U.S. Treasury Department reporting obligation (Form TD F 90-22.1) - www.irs.gov/pub/irs-pdf/f90221.pdf

2.6 What happens to the working fund in case the custodian is unable, by death or illness, to access the fund?

2.6.1 The working fund is the property of Texas A&M University. It remains the property of Texas A&M University. If the fund has been placed in a separate account under the custodian's name, it remains the property of Texas A&M University. It does not go into the custodian's estate in the case of his/her death.

2.7 What kinds of things can the working fund be used to pay for before departure?

2.7.1 GIFTS: It is the custom in many cultures for gifts to be exchanged in greeting or to be offered to those hosting specific events or in acknowledgment of special treatment or consideration.

2.7.1.1 Students should be advised by the fund custodian concerning the protocols involved in gift giving and informed that portions of the Working Fund may be used for this purpose.

2.7.1.2 It is advisable to include gifts as an item in the Working Fund budget.

2.7.2 EDUCATIONAL MATERIALS: for the sole use of students participating in the program.

2.7.3 TAMU is a tax exempt organization. Therefore, if items are purchased in the State of Texas, a sales tax exemption form is required at the time of purchase. ***Sales tax cannot be reimbursed.*** Copies of the form are available online at <http://finance.tamu.edu/fmo/pc/forms/tx-sales-tax-exemption.pdf>.

3. DURING TRIP

3.1 What kinds of expenditures are authorized?

3.1.1 Expenses for students relevant to the intended purpose of the trip or as planned in the program budget (i.e. text or reference books, cellular phones or phone cards for program business.

3.1.2 Gifts to be offered by the group to hosts or individuals as courtesy gestures. Expenditures for gifts should be anticipated as much as possible in the program budget and should be reasonable in cost.

3.1.3 Educational materials necessary for the sole use of students participating in the program.

- 3.1.4 Museum entry fees for students and faculty or staff when accompanying students.
- 3.1.5 Meals for students and for faculty or staff when accompanying students (if not already pre-paid before departure).
- 3.1.6 Business meals with visiting lecturers.
- 3.1.7 Donations offered in lieu of an entrance fee to a museum or cultural visit according to the custom of the country. In order to ensure that donations may be paid from the fund, the Study Abroad Programs office or the department/college business/accounting office must prepare a letter (Attachment A) documenting this approval from the Provost and Executive Vice President for Academics prior to program departure and file it with the TAMU Financial Management Operations office (FMS office in Galveston). Fund custodians should discuss customs concerning these donations with their students.
- 3.1.8 Service charges for the exchange of money.
- 3.1.9 Medicines (i.e. first aid kit, aspirin, sunscreen, insect repellent) for the general use of all students.
- 3.1.10 Taxis and other ground transportation for students and faculty or staff when accompanying students. Whenever possible, these items should be pre-paid.
- 3.1.11 Reimbursement of foreign currency exchange fees on personal credit or debit cards.
- 3.1.12 Expenditures pre-arranged by the Study Abroad Programs Office or department/college business/accounting office that were unable to be paid before departure.
- 3.1.13 Funds disbursed directly to the students in equal amounts. The students must sign the Cash Disbursement sheet (Attachment C) each time cash is received. Once cash is given directly to the students, and the form is signed, no other documentation is required.
- 3.1.14 Payment for services (lecture fees, transportation, hotel, etc.) greater than or equal to \$600.00 USD will require either a U.S. Social Security number or Individual Taxpayer Identification Number (ITIN on the W-9 form (for U.S. Citizens, <http://finance.tamu.edu/fmo/ir/forms/substitutew9.pdf> or a

Certificate of Foreign Status (also known as a W-8 BEN for non-U.S.Citizens

http://finance.tamu.edu/fmo/ir/forms/cert_foreign_status.pdf.)

Whenever possible, these services should be pre-paid, and not paid from the working fund.

3.2 What constitutes an emergency?

3.2.1 Emergencies are not necessarily medical. They do, however, represent circumstances out of the ordinary, unplanned, or unexpected, which may threaten the health, safety and well-being of one or all of the students.

3.2.2 The faculty or staff members accompanying the program abroad will use his or her discretion in determining what constitutes an emergency.

3.2.3 The major concern must be the health, safety and welfare, broadly interpreted, of the students.

3.2.4 Should emergencies arise, Working Funds may be used to assist both the student with the emergency and those individuals aiding the student until such time as the emergency no longer exists.

3.2.5 The bulk of expenditures for any medical emergency should be assumed by the individual student concerned. If the student has cash flow problems, the custodian may lend the student a portion of the Working Fund. However, these funds should be repaid as soon as possible and documentation of the expense and repayment must be provided upon return of the program.

3.2.6 Expenses incurred by individuals accompanying a sick or injured person can be covered by the Working Fund until such time as the person is no longer ill or until he or she is released by a medical supervisor.

3.3 What kinds of expenditures cannot be authorized?

3.3.1 Any medicine, medical emergencies, or personal items for accompanying faculty or staff.

3.3.2 Books, videos, tapes, film processing, photographs or equipment that will remain in sole possession of the faculty after the termination of the program. Note that in some cases a faculty member may act as a steward, keeping program materials in an accessible place (e.g., faculty

office) until such time as they can be used for future study abroad programs or international field trips. In these cases this fact should be made known to Study Abroad or the appropriate department or college office.

- 3.3.3 Expenditures for any guest or family members of students, staff or faculty accompanying the program abroad, or visiting lecturers.
- 3.3.4 Replacement of personal items that may be lost, broken or stolen that belong to faculty or staff accompanying the program abroad and/or students.
- 3.3.5 Fees associated with a personal account (bank, credit card, money market, etc), unless clearly documented that a business purpose exists for those fees and there is a relationship to maintaining the working fund in the account.

3.4 What about alcohol?

- 3.4.1 In many cultures, the consumption of alcohol is a normal part of eating, celebrations or rituals, and individuals are permitted to drink before the age of 21. Faculty or staff accompanying the program abroad should be sensitive to the fact that not all students, or their parents, may approve of or feel comfortable consuming alcohol, and as a general rule, program funds should not be used for its purchase.
- 3.4.2 Students should in no way be encouraged by the faculty or staff accompanying the program abroad to consume alcohol. Students should be referred to the section in the Study Abroad Program Office student handbook in which alcohol, drinking, customs, and expectations of behavior are discussed. If a student decides to consume alcohol, he or she should exercise discretion and should pay for any alcohol he or she consumes from his or her own funds, unless the alcohol is purchased within the guidelines listed below.
- 3.4.3 There are certain circumstances, however, in which the purchase of alcohol from a Working Fund may be justified. A letter (Attachment B) from the Provost and Executive Vice President for Academics stating these conditions must be on file with TAMU Financial Management Operations Office (TAMUG Financial Management Services Office) prior to program departure to allow for any alcohol purchases. This letter should be prepared by the

Study Abroad Program Office or department/college business/accounting office.

- 3.4.4 If alcohol is part of a business meal (with a foreign coordinator, contact, or host, for instance) in which such things as program evaluations, plans for future programs, etc., are discussed, the Working Fund can be used to pay for alcohol. The occasion, participants, and topics of discussions, however, should be carefully documented.
 - 3.4.5 If alcohol is included in the cost of a group dinner, celebration or ritual and the program is expected to pay, the Working Fund may be used.
- 3.5 What kind of records must be kept and why?
- 3.5.1 Working Funds are essentially an advance from the money collected by the Study Abroad Program Office or department/college business/accounting office for the use of the program or international field trip.
 - 3.5.2 The TAMU Financial Management Operations Office and the Study Abroad Program Office or department/college business/accounting office will require an exact accounting of all expenditures in the form of receipts, invoices, and a daily log of all disbursements (see Example of a Working fund Ledger). (A helpful way to keep up with receipts is to have an envelope labeled with date, site, amount of the expenditure, number of participants in attendance, and use this to collect the receipts for the day.)
 - 3.5.3 Whenever cashing travelers checks or making a transaction, retain all receipts from any currency exchanges to support the exchange rates. Exchange rates will be used in the order that currency was exchanged. If documentation of currency exchange rates is not provided, then the custodian must note the exchange rate total dollars spent and total foreign currency received. FMO will use the Oanda website at <http://www.oanda.com/> to verify the exchange rate stated in the absence of a receipt.
 - 3.5.4 If a receipt cannot be obtained for a disbursement, the fund custodian must note the disbursement in his or her ledger indicating that a receipt was not available, the documentation, if less than \$75 (U.S. Dollar equivalent), should be a separate sheet of paper detailing the purchase (see section 4.1.4 for required certification). If a disbursement is greater than \$75 (U.S. Dollar equivalent), then the person who received the funds should sign a

separate sheet of paper certifying that they received the money. If the recipient is not available, another member of the group should sign as a witness. These are considered “non-receipt” items.

- 3.5.5 If working funds are distributed to the students during the trip, each student should receive an equal amount, and sign the Cash Disbursement form (see attached example).
 - 3.5.6 If required, the Certificate of Foreign Status (W8-BEN) or W-9 form must be included with all receipts and documentation to the Study Abroad Program Office or department/college business/accounting office upon return from the trip.
- 3.6 What about theft or disappearance of funds?
- 3.6.1 In the event that funds from the Working Fund are stolen, then the fund custodian should first notify the law enforcement agency in the host country and then notify Internal Audit upon return from the trip.
 - 3.6.2 Secure proof (a police report) that the theft was reported in the host country.
 - 3.6.3 Should the fund custodian be unable to account for all of the funds, then the decision rests with the faculty or staff member’s department as to whether the fund custodian should be made to cover the funds or whether an unrestricted gift account could be used to pay for the difference.
- 3.7 What is to be done with money remaining at the point of departure for home?
- 3.7.1 Any foreign currency must be exchanged into U.S. dollars before leaving the host country. The TAMU Cashier’s Office will not accept foreign currency as payment of the working fund.
 - 3.7.2 Money remaining at the end of the trip can be disbursed equally to the students (Attachment C) or used for a grand finale celebration.
 - 3.7.3 If the latter, it is best to indicate the celebration in the program's schedule. If the celebration is held after return to the United States, alcohol cannot be purchased.
 - 3.7.4 Upon completion of the working fund reconciliation by the Study Abroad Programs Office or department/college business/accounting office and TAMU Financial Management

Operations Office, any remaining funds in the study abroad account will be returned equally to each student's University student account.

4. AFTER RETURN

4.1 What is to be done with records?

4.1.1 Within 30 days of return, the fund custodian is responsible for submitting an itemized list of disbursements including dates, amounts, and conversion to U.S. dollars, disbursement log, receipts, Certificate of Foreign Status (W8-BEN) or W-9 forms, Working Fund Request form, and any unspent funds (if cash must be delivered directly to the Cashier's office) to the Study Abroad Programs Office or department/college accountant or business office. If additional information or explanations are necessary, such documentations should be submitted with the receipts.

4.1.2 If any further questions arise, the Study Abroad Office or department/college business/accounting office will contact the faculty to clarify or further justify any expenditure.

4.1.3 If the fund custodian intends to extend his or her stay, the account administrator must be notified in advance to extend the pre-determined accounting due date noted on the Working Fund Request form.

4.1.4 The fund custodian should certify on their department letterhead (Attachment E) that the daily log (Attachment D) is accurate, that any expenses incurred including all "non-receipt" items (Attachment E) were indeed necessary and used in support of the students participating in the student program conducted outside the U.S.

4.1.5 Any questions about working funds should be directed to the Study Abroad Programs Office or department/college accountant/business office.

4.2 What should be done with educational and other materials purchased for the program?

4.2.1 Educational materials remaining at the end of the program can be placed under the stewardship of one of the faculty program leaders for use when the course is repeated.

- 4.2.2 If the course is not scheduled to be taught again, then the materials can be used for other department, college or Study Abroad Program Office programs conducted outside the U.S., if they are appropriate, or donated to department/college/Study Abroad Program Office reference collections.

OFFICE OF RESPONSIBILITY: [International Programs Office](#) and
[TAMU Financial Management Operations](#)

Temporary Working Fund Request Form:

<http://finance.tamu.edu/fmo/wf/forms/temporary-working-fund-request.pdf>

Attachment A

**THE FOLLOWING LETTER MUST BE SENT TO FINANCIAL MANAGEMENT
OPERATIONS OFFICE PRIOR
TO
THE DEPARTURE OF THE STUDENT PROGRAM CONDUCTED OUTSIDE THE U.S.**

_____ Date

MEMORANDUM

TO: Mr. Clint Merritt Financial Manager, Financial Management Operations

SUBJECT: The Use of Working Funds for Donations

It is my understanding that as a general rule, no working funds can be used for donations. However, according to the custom of a country, there may be circumstances in which donations have been solicited in lieu of admission fees (e.g. churches or museums, or other cultural organizations). Faculty/staff coordinator/fund custodian (name) should be allowed to use the working fund (account #) to pay for these types of donations, provided that these expenses are included in the budget, money was collected for that purpose, and that records of the donations are documented in the expense report prepared by the faculty coordinator to your office.

_____ Dean or Dean's Designee

cc: Name of the Faculty Coordinator or Fund Custodian

**THE FOLLOWING LETTER MUST BE SENT TO THE FINANCIAL MANAGEMENT
OPERATIONS OFFICE PRIOR TO
THE
DEPARTURE OF THE STUDY ABROAD OR FIELD TRIP.**

_____ Date

MEMORANDUM

TO: Mr. Clint Merritt Financial Manager, Financial Management Operations

THROUGH: Dr. Jeffrey S. Vitter, Provost and Executive Vice President for Academics

SUBJECT: The Use of Working Funds for Alcohol

It is my understanding that as a general rule, no working funds can be used for alcohol. However, there are circumstances in which the purchase of alcohol from a working fund may be justifiable due to the custom of a host country. These circumstances include: When alcohol is part of a business meal (with foreign country hosts) in which issues concerning planning of the program are discussed. The occasion, participants, and topics of discussion, however, should be carefully documented in the expense report prepared by the faculty coordinator to fiscal office; and when alcohol is part of a group dinner, celebration or ritual and the program is expected to pay, and it is not possible to separate the cost of alcohol from the meals. Documentation must be provided as to why it was not feasible to separate the cost of alcohol from the meals. Faculty/staff coordinator/fund custodian (name) should be allowed to use the working fund (account #) to pay for the cost of alcohol under the conditions described above.

_____ Dean or Dean's Designee

cc: Name of the Faculty Coordinator or Fund Custodian

Associate Vice President for International Programs

Attachment D- Daily Log						
Item #	Date	Description	Cash Expense Pesos	Credit/Debit Card Expense Pesos	Cash Credit/Debit Card Exchange Rate	Cash Credit/Debit Card Exchange in USD
		Beginning US Dollars \$474.80				
1	12/1/2005	Copies				\$3.12
2		Postage				\$9.28
3		Exchange Fee-Exchanged \$26.00 US-Received 171.60 Pesos				\$2.50
4	12/2/2005	Copy Cards for Students	\$32.40		\$6.60	\$4.91
5		Copy Cards for Students	\$4.91		\$6.60	\$0.74
6	12/3/2005	Coupons for computer printers	\$7.00		\$6.60	\$1.06
7	12/4/2005	Distribution to Students	\$130.00		\$6.60	\$19.70
		Exchanged \$300.00 U.S.- Received \$2,197.19 Pesos-No Exchange Fee Charged				
8	12/5/2005	Pens, Papers, tape for teaching	\$27.00		\$7.28	\$3.71
9	12/7/2005	Transportation for Student trip to Acapulco-Exchange Rate from CC Statement		\$629.00	\$7.32	\$85.93
10	12/8/2005	Medicine for Students-Aspirin-NO RECEIPT	\$29.10		\$7.28	\$4.00
11		Distribution to Students	\$447.29		\$7.28	\$61.44
12	12/9/2005	Gift for Fernando (UDLA Staff)	\$65.00		\$7.28	\$8.93
13		Gift for Beatriz (UDLA Staff)	\$5.00		\$7.28	\$0.69
14	12/10/2005	Bus ticket for student leaving program due to illness-Exchange Rate from CC Statement		\$45.00	\$7.26	\$6.20
15		Bus ticket for Susan Dennis to go with student leaving program due to illness-Exchange Rate from CC Statement		\$45.00	\$7.26	\$6.20
16		Bottled Water for student that was ill-NO RECEIPT	\$4.00		\$7.28	\$0.55
17		Bottled Water for student that was ill-NO RECEIPT	\$4.00		\$7.28	\$0.55
18	12/11/2005	Bus ticket for Susan Dennis to return to program after traveling with student leaving program due to illness	\$45.00		\$7.28	\$6.18
19	12/12/2005	Taxi for student Thomas Little	\$90.00		\$7.28	\$12.36
20	12/13/2005	Student trip to Oaxaca-Exchange Rate from CC Statement		\$590.00	\$7.34	\$0.00
21	12/15/2005	Taxi for student Chris Kardy	\$165.00		\$7.28	\$22.66
22	12/17/2005	Copies of memo to students-NO RECEIPT	\$4.80		\$7.28	\$0.66
23	12/18/2005	Distribution to Students	\$600.00		\$7.28	\$82.42
24	12/19/2005	Pizza Hut Party for Mexican student helpers & TAMU students-Exchange Rate from CC Statement		\$243.00	\$7.29	\$33.33
25	12/20/2005	Gift for Mauricio Fernando for UDLA	\$174.00		\$7.28	\$23.90
26	12/20/2005	Distribution to Students	\$537.10		\$7.28	\$73.78
			\$2,371.60	\$1,552.00		\$474.80

Total Cash Spent \$2,371.60
Total Spent On Credit Card \$1,552.00

Total US Dollars Spent: \$474.80

Attachment E

MEMORANDUM

TO: Clint Merritt
Financial Manager
Financial Management Operations

From:

Subject: Working Fund Spending Itemization for Working Fund_____.

Attached are records of disbursements from the working fund for our Student Program Conducted Outside the U.S. in_____. I certify that for all undocumented expenses totaling \$_____ (U.S. Dollars) that no receipts were available and these expenses were relevant to the intended purpose of the Student Program Conducted Outside the U.S.

Name of Custodian