

STANDARD ADMINISTRATIVE PROCEDURE

21.01.03.M0.01 Guidelines for the Use of Working Funds for Student Programs Conducted Outside the United States

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Standard Administrative Procedure Statement

These guidelines will be used by all employees conducting credit and non-credit bearing programs outside the United States 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.

Official Procedure/ Responsibilities/ Process

1. What is a working fund for student programs conducted outside the U.S.?
 - 1.1 A working fund is money that can be spent in support of students in the program for the general good of the program and the benefit of the participants. As a general rule, students should be informed of the types of expenditures that can or will be made from the fund, and funds should be spent equally among all participants.
 - 1.2 A working fund is an advance to a TAMU employee that must be substantiated upon return of the trip. Any payments made out of the fund are subject to conditions governing disbursement from University accounts as outlined below and must be accounted for at the end of the program. If the advance is not substantiated after 60 days from the end of the program, the employee (fund custodian) will be placed on state hold which will prevent any reimbursements to be made to the employee. After 90 days, the IRS has determined the advance to be considered taxable income to the employee. Taxability, however, does not alleviate the responsibility to substantiate the account.
2. Working Fund Administration

- 2.1 Each working fund will have a departmental contact for reconciliation purposes. This is typically a business staff member who can be contacted for questions and may also reconcile the account upon return from the trip.
- 2.2 The fund custodian must always be a TAMU employee and is typically one of the faculty or staff accompanying the group or a graduate student traveling in the capacity of their employment. The custodian will not be a student participating in the trip. The custodian is responsible for recording and clearly documenting disbursements, physically safeguarding, and transporting the working fund.
- 2.3 The fund custodian will sign a working fund request form which will be sent to TAMU Financial Management Operations (FMO) for College Station (TAMUG Financial Management Services) to establish the working fund account. A receivable will be set up in FAMIS based upon the fund custodian's UIN. The fund custodian will be responsible for the funds under his or her supervision, must sign the working fund request form, and must turn in documentation attached to a Concur expense report upon completion of the program. The documentation of expenses and any remaining funds will be used to clear the working fund. The total of the documented expenses and the amount of any returned funds must equate to the total amount of the working fund.

3. Requesting and Receiving a Working Fund

- 3.1 The departmental contact will submit a working fund request form to FMO (the Director of TAMUG Financial Management Services) two weeks prior to departure, and will forward a copy to the custodian.
- 3.2 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, TAMU check, wire transfer, or DART card.
 - 3.2.1 If a check is requested, a university check payable to the fund custodian will be mailed to the custodian or can be picked up at 750 Agronomy Road in the General Services Complex Building 3rd Floor, Room 3101 (TAMUG FMS office).
 - 3.2.2 If cash is requested, the fund custodian may cash the university check at Wells Fargo Bank for U.S. dollars. In many countries, it is difficult to exchange U.S. bills larger than \$20. Advance research by the fund custodian on the destination country is strongly encouraged.

- 3.2.3 If an ACH or wire is requested, the funds will be sent directly to the custodian's account.
- 3.2.4 If a DART card is requested, an application must be signed by the custodian and submitted by the department contact to paymentcard@tam.u.edu no later than two weeks prior to departure. If cash will need to be drawn from the DART card, prior approval from FMO is required. All purchases on the DART card must be substantiated by a receipt. Cash withdrawals must also have receipts showing the amount of foreign currency received and the exchange rate if possible.

The fund custodian is encouraged to open a separate bank account (either in the U.S. or country of destination) into which the funds may be deposited and on which he or she can write checks or use an ATM/debit card. In the case of a foreign bank account, TAMU can wire the working fund directly to this account. This account must be personal and 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 ATM 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 by the fund custodian on the destination country is strongly encouraged.

- 3.2.5 **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) – <http://www.irs.gov/pub/irs-pdf/f1040sb.pdf>

U.S. Treasury Department reporting obligation (Individual FBAR FinCEN Form 114) - <http://bsaefiling.fincen.treas.gov/NoRegFBARFiler.html>

4. Custodian Responsibilities

- 4.1 Once the funds are released to the custodian, it is the fund custodian's responsibility to provide reasonable and prudent security for the funds.

- 4.2 If transporting \$10,000 or more in U.S. dollars or foreign equivalent monetary instruments 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 department verifying that they are carrying this money as a fund custodian on behalf of their Texas A&M program abroad.
- 4.3 When returning to the U.S., if transporting \$10,000 or more in U.S. dollars or foreign equivalent monetary instruments, 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.
- 4.4 The working fund is the property of Texas A&M University. Even 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.

5. Allowable Expenses

- 5.1 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): All expenses must have a clear and direct benefit to the students.
- 5.2 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.

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.
- 5.3 Educational materials for the sole use of students participating in the program.
- 5.4 Museum/cultural visit fees for students and faculty or staff when accompanying students.
- 5.5 Meals for students and for faculty or staff when accompanying students (if not already paid before departure).
- 5.6 Business meals with visiting lecturers.
- 5.7 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 prior to program departure and file it with the TAMU Financial Management Operations office (TAMUG Financial Management Services). Fund custodians should discuss customs concerning these donations with their students.

- 5.8 Service charges for the currency exchange.
- 5.9 First Aid supplies (kit, aspirin, sunscreen, insect repellent) for the general use of all students.
- 5.10 Taxis and other ground transportation for students and faculty or staff when accompanying students. Whenever possible, these items should be pre-paid.
- 5.11 Reimbursement of foreign currency exchange or transaction fees on personal credit or debit cards.
- 5.12 Expenditures pre-arranged by the Study Abroad Programs Office or department/college business/accounting office that were unable to be paid before departure.
- 5.13 Funds disbursed directly to the students in equal amounts. The students must sign the Cash Disbursement sheet (Attachment B) each time cash is received. Once cash is given directly to the students, and the form is signed, no other documentation is required.
- 5.14 Payment for services (lecture fees, transportation, hotel, etc.) greater than or equal to \$600.00 USD (or equivalent in foreign currency) will require a completed W-9 form (for U.S. Citizens, <http://fmo.tamu.edu/media/65345/substitutew9.pdf>) or a Certificate of Foreign Status (also known as a W-8 BEN for non-U.S. Citizens http://fmo.tamu.edu/media/65333/cert_foreign_status.pdf). Whenever possible, these services should be pre-paid, and not paid from the working fund. If a university issued DART card is used for these expenses, the custodian is not responsible for securing these forms.
- 5.15 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. ***State of Texas sales tax cannot be paid by the working fund.*** Copies of the form are available online at <http://fmo.tamu.edu/media/65002/tx-sales-tax-exemption.pdf>.

6. Emergencies

- 6.1 Emergencies are unforeseen combinations of circumstances or the resulting state that calls for immediate action. The primary concern must be the health, safety and welfare of the students on the program.
- 6.2 The faculty or staff members accompanying the program abroad will use his or her discretion in determining what constitutes an emergency.
- 6.3 If the emergency is medically related, the custodian and/or student should utilize resources through the University's contracted insurance company for guarantee of payment for medical services. Because the working fund must be used for the benefit of all students equally, the use of the working fund for this purpose should be a last resort.
- 6.4 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. However, the departmental contact should be notified immediately so necessary actions can be taken to ensure proper accounting of these expenses.

7. Unallowable Expenses

- 7.1 Any medicine, medical emergencies, or personal items for accompanying faculty or staff.
- 7.2 Expenditures for the program incurred by the fund custodian before the working fund is issued should be turned in to the Study Abroad Programs Office or department/college business office to be processed as an individual reimbursement. As a general rule, expenses should not be incurred prior to issuance of the working fund.
- 7.3 Any items purchased that will remain in sole possession of the faculty after the end 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 an inventory of the purchased items should be made known to the Study Abroad Programs Office or the appropriate department or college office.
- 7.4 Expenditures for any guest or family members of students, staff, faculty, or visiting lecturers accompanying the program.
- 7.5 Replacement of personal items that may be lost, broken, or stolen that belong to faculty, staff, or students on the program.

- 7.6 Maintenance fees associated with a personal account used for the working fund. (bank, credit card, money market, etc).

8. Alcohol

- 8.1 In many cultures, the consumption of alcohol is a normal part of meals, celebrations, or rituals. In some countries, individuals may be 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. As a general rule, program funds should not be used for this purpose.
- 8.2 Students should never be encouraged by the faculty or staff accompanying the program abroad to consume alcohol. If a student decides to consume alcohol, he or she should exercise discretion and should pay, from his or her own funds, for any alcohol.
- 8.3 There are certain circumstances, however, in which the purchase of alcohol from a working fund may be justified. A letter (Attachment A) from the Provost and Executive Vice President stating these conditions must be on file with TAMU Financial Management Operations Office (TAMUG Financial Management Services) prior to departure. This letter should be prepared by the Study Abroad Programs Office or department/college business/accounting office.
 - 8.3.1 If alcohol is part of a business meal (with a foreign coordinator, contact, or host, for instance) in which program evaluations or plans for future programs are discussed, the working fund can be used to pay for alcohol. The occasion, participants, and topics of discussions, however, should be carefully documented.
 - 8.3.2 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.

9. Recordkeeping

- 9.1 The TAMU Financial Management Operations Office and the department/college business/accounting office will require an exact accounting of all expenditures in the form of receipts and invoices, accompanied by descriptions of the items purchased. Simple translation of receipts that may be in foreign language, and the business purpose or description of how the expense is relevant to the intended purpose of the program must be included. Expenses will be submitted for approval through Concur.

- 9.2 Custodians are encouraged to keep a daily log of all disbursements (see Example of a working fund ledger).
- 9.3 Whenever cashing travelers checks or making a transaction, retain all receipts from any currency exchanges to support the exchange rates. Actual exchange rates will be used in the working fund reconciliation process whenever provided. The exchange rate populated in Concur will be used if documentation of actual exchange rates are not provided.
- 9.4 If a receipt cannot be obtained for a disbursement, the expenses must be submitted as a separate line item in Concur along with a note that a receipt was not available. These are considered “non-receipt” items. If a non-receipt item is more than \$75 USD (or foreign equivalent), the transaction should be detailed on a separate sheet of paper, and the person who received the funds should sign to certify they received the money. If the recipient is not available, another participant (student) of the group should sign as a witness.
- 9.5 If working funds are distributed to the students during the trip, each student should receive an equal amount, and sign the Cash Disbursement form (Attachment B.)
- 9.6 The Certificate of Foreign Status (W8-BEN) or W-9 form must be retained and submitted with the documentation in Concur as outlined in section 5.14.

10. Theft or Disappearance of Funds

- 10.1 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 the Study Abroad Programs Office or department/college business/accounting office.
- 10.2 Secure proof (a police report) that the theft was reported in the host country.
- 10.3 Should the fund custodian be unable to account for all of the funds, then the decision rests with the faculty or staff member’s home 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 amount stolen or missing.

11. Returning Home

- 11.1 Any foreign currency remaining must be exchanged into U.S. dollars since the TAMU Cashier’s Office will not accept foreign currency as payment of the working fund.

- 11.2 Money remaining at the end of the trip can be disbursed equally to the students (Attachment B) or returned to the cashier's office upon return.
- 11.3 Upon completion of the working fund reconciliation by the department/college business/accounting office and TAMU Financial Management Operations Office, any remaining funds in the program account will be returned equally to the students' university account.

12. Reconciliation after the Program Ends

12.1 Financial Records

12.1.1 Within 14 days of the end of the program, the fund custodian is responsible for submitting all of the above outlined documentation to the Study Abroad Programs Office or department/college business/accounting office. If additional information or explanations are necessary, such documentations should be submitted with the receipts. The Concur expense report must be submitted to FMO within 60 days of the end of the program.

12.1.2 If the fund custodian intends to extend his or her stay, he/she will be provided an express mail envelope to return the receipts to the departmental contact within the 14 day time frame. Custodians are strongly advised to keep photocopies of all the records that are mailed in the event originals are lost. Photo images of the receipts may also be emailed to the departmental contact or submitted directly into Concur.

12.2 Education and other materials purchased for the program

12.2.1 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. In these cases an inventory of the purchased items should be made known to the Study Abroad Programs Office or the appropriate department or college office.

12.2.2 If the course is not scheduled to be taught again, the materials can be used for other department, college, study abroad programs, or reference collections.

Related Statutes, Policies, or Requirements

[System regulation 21.01.02 Receipt, Custody, and Deposit of Revenues](#)

[University SAP 21.01.03.M0.02, Foreign Travel](#)

[University rule 13.04.99.M1 Student Travel](#)

[University SAP 13.04.99.M1.01, Student Travel Procedures](#)

Forms

Temporary Working Fund Request Form:

<http://fmo.tamu.edu/media/65687/temporary-working-fund-request.pdf>

IRS reporting obligation (Schedule B, Part III, lines 7a and 7b)

<http://www.irs.gov/pub/irs-pdf/f1040sb.pdf>

U.S. Treasury Department reporting obligation (Form TD F 90-22.1)

https://www.fincen.gov/sites/default/files/shared/f9022-1_fbar.pdf

[Sales Tax Exemption Form](#)

[Substitute W-9](#)

[Certificate of Foreign Status](#)

Contact Office

[Office of the Provost and Executive Vice President](#) and [TAMU Financial Management Operations](#)

Attachment A

EXAMPLE

MEMORANDUM

TO: Financial Management Operations

THROUGH: Provost and Executive Vice President

FROM: Study Abroad Programs Office Dept Head or College Dean or Designee

SUBJECT: The Use of Working Funds for Alcohol and Donations on Study Abroad Programs or Student Programs Conducted Outside of the U.S.

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 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 discussion, however, should be carefully documented.
- When 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.

In addition, 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).

Listed below are student programs that should be allowed to use the working funds from the listed accounts for alcohol purchases and donations as outlined above, 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.

Acct	Program Name	Program Semester
201650	Sample Study Abroad Program	Summer I

Attachment B - Cash Disbursement Sheet

Date: _____

Amount & Currency Disbursed: _____

Signature

Signature

Student Name _____

Student Name _____

Student Name _____

Student Name _____

Student Name _____

Student Name _____

Student Name _____

Student Name _____

Student Name _____

Student Name _____

Student Name _____

Student Name _____

Receipt	Date	Category	Description	Currency of Expense	Column2
				USD	EUR
1	5/21/2009	Faculty Travel	Shell- Gas for rental car to IAH	\$ 17.10	
2	5/21/2009	Faculty Travel	Harris County Toll Road Authority- Toll road (College Station to IAH)	\$ 1.50	
3	5/27/2009	Disbursement	Cash Disbursement- 50 E to each student		€ 250.00
3	6/11/2009	Disbursement	Cash Disbursement- 50 E to each student		€ 250.00
4	6/16/2009	Disbursement	Cash Disbursement- 40 E to each student		€ 200.00
4	6/25/2009	Disbursement	Cash Disbursement- 60 E to each student		€ 300.00
5	8/4/2009	Program Supplies	AIB- Textbooks for study abroad courses GERM 321 +322		€ 119.40
6	8/1/2009	Faculty Travel	Valero- Gas for rental car to College Station	\$ 10.86	
NR	8/1/2009	Faculty Travel	Toll road (IAH to College Station)	\$ 1.50	
				\$ 30.96	€ 1,119.40

Attachment C – Daily Log

Reconciliation to Cash:

	Date	Transaction	USD	EUR	Rate	Fee
A	5/25/2009	Currency Exchange	\$ 1,390.00	947.64	1.4668	\$ 8.07
NR	5/22/2009	Cash Withdrawal	\$ 138.21	100.00	1.3821	\$ 4.15
NR	6/16/2009	Cash Withdrawal	\$ 276.88	€ 200.00	1.3844	\$ 8.31
		Unused EUR from Cash Withdrawal 6/16/09	\$ (177.54)	€ (128.24)	1.3844	\$ (5.33)
		Foreign Currency Expenses	\$ 1,627.55	1,119.40		\$ 15.20
		US Dollar expenses (from previous page)	\$ 30.96			
		Bank Fees	\$ 15.20			
		Total Expenditures	\$ 1,673.71			
		Working Fund Amount	\$ 1,560.00			
		<i>Amount Due to TAMU (Faculty)</i>	<i>\$ (113.71)</i>			
		Average EUR Rate	1.4540			