

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 April 12, 2011

Next scheduled review: April 12, 2014

Standard Administrative Procedure Statement

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..

Official Procedure/ Responsibilities/ Process

1. BEFORE DEPARTURE

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

1.1.1 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.

1.1.2 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 program account. 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.

1.2 How is a working fund calculated?

1.2.1 The Working Fund will not exceed the program revenue minus any prepaid expenses and fees, and consideration will be made for the anticipated amount of on-site expenses.

1.3 How is a working fund administered?

1.3.1 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 Assistant Vice President 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.

1.3.2 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 safeguarding, and transporting the Working Fund.

1.3.3 In certain instances, it may be desirable to designate more than one fund custodian.

1.3.4 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) for College Station (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.

1.4 How and when is the working fund obtained and disbursed?

- 1.4.1 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.
- 1.4.2 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
 - 1.4.2.1 If a check is requested, a university check payable to the fund custodian will be mailed to the custodian or can be picked up by the custodian at 750 Agronomy Road in the General Services Complex Building 3rd Floor, Room 3101 (FMS office in Galveston).
 - 1.4.2.2 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 750 Agronomy Road in the General Services Complex Building 2nd Floor, Room 2801(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. In many countries, it is difficult to exchange U.S. bills larger than \$20. Advance research on the destination country is strongly encouraged.
 - 1.4.2.3 If an ACH or wire is requested, the funds will be sent directly to the custodian's account.
- 1.4.3 Once the funds are released to the custodian, it is the fund custodian's responsibility to provide reasonable and prudent security for the funds.
- 1.4.4 If transporting \$10,000 or more in U.S. dollar 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 account administrator verifying that they are carrying this money as a fund custodian on behalf of their Texas A&M program abroad.
- 1.4.5 When returning to the U.S., if transporting \$10,000 or more in U.S. dollar 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.

1.5 What form should the working fund take?

1.5.1 Options may include:

1.5.1.1 The funds can be reissued at the custodian's personal bank in the form of American Express travelers checks. The custodian's personal bank may charge 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.

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

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

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

1.6.1 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.

1.7 What kinds of things can the working fund pay for before departure?

1.7.1 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.

1.7.1.1 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.

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

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

1.7.3 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 paid by the working fund.*** Copies of the form are available online at <http://finance.tamu.edu/fmo/pc/forms/tx-sales-tax-exemption.pdf>.

1.7.4 Expenditures for the program incurred before the working fund is issued should be turned in to the Study Abroad office to be processed as an individual reimbursement. As a general rule, expenses should not be incurred prior to issuance of the working fund.

2. DURING TRIP

2.1 What kinds of expenditures are authorized?

2.1.1 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).

2.1.2 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.

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

- 2.1.4 Museum/cultural visit fees for students and faculty or staff when accompanying students.
- 2.1.5 Meals for students and for faculty or staff when accompanying students (if not already paid before departure).
- 2.1.6 Business meals with visiting lecturers.
- 2.1.7 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.
- 2.1.8 Service charges for the currency exchange.
- 2.1.9 Medicines (i.e. first aid kit, aspirin, sunscreen, insect repellent) for the general use of all students.
- 2.1.10 Taxis and other ground transportation for students and faculty or staff when accompanying students. Whenever possible, these items should be pre-paid.
- 2.1.11 Reimbursement of foreign currency exchange fees on personal credit or debit cards.
- 2.1.12 Expenditures pre-arranged by the Study Abroad Programs Office or department/college business/accounting office that were unable to be paid before departure.
- 2.1.13 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.
- 2.1.14 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://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.

2.2 What constitutes an emergency?

- 2.2.1 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.
- 2.2.2 The faculty or staff members accompanying the program abroad will use his or her discretion in determining what constitutes an emergency.
- 2.2.3 The major concern must be the health, safety and welfare, broadly interpreted, of the students.
- 2.2.4 If the emergency is medically related, the custodian and/or student should utilize resources through International SOS for guarantee of payment for medical services. Use of the working fund for this purpose should be a last resort.
- 2.2.5 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. However, the Study Abroad Programs Office should be notified immediately so necessary actions can be taken to ensure proper accounting of these expenses.

2.3 What kinds of expenditures cannot be authorized?

- 2.3.1 Any medicine, medical emergencies, or personal items for accompanying faculty or staff.
- 2.3.2 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 this fact should be made known to Study Abroad or the appropriate department or college office.
- 2.3.3 Expenditures for any guest or family members of students, staff, faculty, or visiting lecturers accompanying the program.
- 2.3.4 Replacement of personal items that may be lost, broken or stolen that belong to faculty, staff, or students on the program.

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

2.4 What about alcohol?

2.4.1 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.

2.4.2 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.

2.4.3 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 for Academics stating these conditions must be on file with TAMU Financial Management Operations Office (TAMUG Financial Management Services Office) prior to program departure in order for these items to be approved. This letter should be prepared by the Study Abroad Program Office or department/college business/accounting office.

2.4.3.1 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.

2.4.3.2 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.

2.5 What kind of records must be kept and why?

2.5.1 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, 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.

- 2.5.2 Keeping a daily log of all disbursements is highly encouraged (see Example of a Working fund Ledger).
 - 2.5.3 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. If exchange rates are not provided, the average daily rate (interbank + 2%) for the entire time period of the trip found at www.oanda.com will be used.
 - 2.5.4 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. These are considered “non-receipt” items. If a non-receipt item is more than \$75 USD (or foreign equivalent), it 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 member of the group should sign as a witness. All non-receipt items will also be certified by memo. See Attachment D for an example.
 - 2.5.5 If working funds are distributed to the students during the trip, each student should receive an equal amount, and sign the Cash Disbursement form (Attachment B.)
 - 2.5.6 If required, the Certificate of Foreign Status (W8-BEN) or W-9 form must be retained.
- 2.6 What about theft or disappearance of funds?
- 2.6.1 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 the Study Abroad Programs office or department/college business/accounting office.
 - 2.6.2 Secure proof (a police report) that the theft was reported in the host country.
 - 2.6.3 Should the fund custodian be unable to account for all of the funds, then the decision rests with the faculty or staff member’s 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 difference.

- 2.7 What is to be done with money remaining at the point of departure for home?
- 2.7.1 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.
 - 2.7.2 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.
 - 2.7.3 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 program account will be returned equally to the student's university account.

3. AFTER RETURN

- 3.1 What is to be done with records?
- 3.1.1 Within 14 days of return, the fund custodian is responsible for submitting all of the above outlined documentation 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.
 - 3.1.2 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.
 - 3.1.3 If the fund custodian intends to extend his or her stay, he/she will be provided an express mail envelope to return the receipts 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.
 - 3.1.4 Any questions about working funds should be directed to the Study Abroad Programs Office or department/college accountant/business office.
- 3.2 What should be done with educational and other materials purchased for the program?
- 3.2.1 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.

- 3.2.2 If the course is not scheduled to be taught again, then the materials can be used for other department, college or Study Abroad programs or reference collections.

Related Statutes, Policies, or Requirements

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

Forms

Temporary Working Fund Request Form:

<http://finance.tamu.edu/fmo/wf/forms/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)

www.irs.gov/pub/irs-pdf/f90221.pdf

[Sales Tax Exemption Form](#)

[Substitute W-9](#)

[Certificate of Foreign Status](#)

Contact Office

[International Programs for Students](#) and [TAMU Financial Management Operations](#)

Attachment A

EXAMPLE

MEMORANDUM

TO: Financial Manager

THROUGH: Provost and Executive Vice President for Academics

FROM: Executive Associate Vice President for International Programs or 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 faculty coordinators 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	Working Fund Custodian	Program Dates
201650	Sample Study Abroad Program	Prof. Tim Traveler	08/26 - 12/04/09

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>	\$ (113.71)			
		Average EUR Rate	1.4540			

Attachment D

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