

# **Cash Advance for International Operations**

**Effective Date: January 1, 2013**

## **Policy Statement**

This policy outlines the authorized uses for cash advances to support start-up costs for international operations, in addition to certain operational costs on an intermittent or ongoing basis, and the requirements for reconciliation of the cash advance.

## **Reasons for the Policy**

The needs of certain international operations make both a travel advance and direct payment of various expenses not practical. This policy has been established to provide support and guidance that is responsive to these needs.

## **Primary Guidance to Which This Policy Responds**

This policy primarily responds to the regulations of the US Internal Revenue Service, specifically IRS Publication 15, along with the rules established by the agencies and entities that sponsor research at Columbia. In addition, the policy is also informed by the Foreign Corrupt Practices Act (FCPA), specifically its provisions on accounting.

## **Responsible University Office & Officer**

Responsible University Office – Procurement Services – Accounts Payable

Responsible University Officer – Executive Director for Accounts Payable

## **Revision History**

There is no revision history for this policy as of January 1, 2013

## **Who is Governed by this Policy**

Any University employee seeking and/or receiving a cash advance in support of international operations of a University-sponsored program must comply with this policy. In addition, any University employees who have associated responsibilities—as an approver or administrative support person, for example—must also comply with this policy.

## **Who Should Know this Policy**

Any University employee seeking and/or receiving a cash advance in support of international operations of the University-sponsored program should know this policy, along with:

- Senior Executive Officers
- Deans
- Senior Financial Business Officers
- Chairs of Departments, Directors of Institutes and Centers
- Departmental Administrators
- Program Directors
- Principal Investigators
- Faculty

- Administrative Staff with significant travel responsibility and/or significant responsibility for international operations of University programs.

### **Exclusions & Special Situations**

This policy does not cover expenses for Human Subject Research.

This policy only addresses cash advances for international operations. University personnel planning trips to international locations should make sure they are familiar with applicable policies and requirements related to visas, work papers, in-country employment, and taxes.

### **Policy Text**

Certain operational expenses for international programs sponsored by the University may be supported through a cash advance provided by the University. This advance would be provided to a University employee not for his/her own travel expenses, but to provide payment for various operational expenses associated with an international program. Situations where a need for a cash advance for operational expenses include: when an international program is starting up; when an international program occurs on an intermittent basis; when the nature of an expense or the location of an international program make the use of a cash advance a more feasible option than direct payment by the University.

Authorized Operational Expenses for Cash Advances – Cash advances requested under this policy should be for business expenses in support of operations for international programs. A list of authorized business expenses is included in Appendix A. Some business expenses may have additional requirements such as an agreement or other documentation. In addition, some expenses require prior approval by a granting agency or a University department. These business expenses must be explicitly identified in the request, and the requesting department must confirm that they are necessary and within policy. Accounts Payable will determine whether they can be managed through a cash advance. Recipients of cash advances remain responsible for compliance with any restrictions on expenditures according to the terms of the grants they are managing. In the event that the types of actual expenses change significantly from the types of expenses that are approved, the Requestor/Custodian is responsible for alerting the senior financial officer and the senior financial officer is, in turn, responsible for determining if expenses need to be re-authorized by Accounts Payable.

Dollar Thresholds for Authorized Cash Advances - Programs requesting a cash advance for business expenses for international operations should provide an itemized or detailed listing of anticipated expenses along with estimates of associated costs in calculating the advance they are requesting. The amount requested by the department should be based on the cost estimation; departments can request up to \$5,000 per advance. Each cash advance request must be signed off by both the person requesting the advance, who will also be its Custodian, and by that person's supervisor. If a department believes it needs an advance greater than \$5,000, the request must also be signed off by the senior financial officer for the school or department. At certain dollar thresholds, Accounts Payable may decide to explore, with the department, alternatives to cash advances for management of expenses for an international program.

Security for Cash Advances – The Requestor/Custodian is ultimately responsible for ensuring that the cash received through an advance is secured in a reasonable manner both in transit to and on site of the

location of the international operation. Funds should be stored in a secured device, such as a safe, access to which should be limited to appropriately authorized personnel. In the event funds from a cash advance are stolen, the Requestor/Custodian must contact the senior financial officer of the school or department to conduct any necessary subsequent notifications and ensure any loss is posted to an appropriate unrestricted account. Refer to the Cash Handling Policy for more detail.

Reconciliation Requirements for Cash Advances –Cash advances for the same program/purpose should be reconciled prior to requesting an additional cash advance and no more than two can be open at one time without approval by Accounts Payable. A cash advance should be reconciled and all expenses posted within **90 days**, but no longer than **180 days**, after the completion of a trip. International operations that are funded by grants and other restricted funds are responsible for adhering to applicable financial reporting and reconciliation policies, procedures and timetables with regard to any cash advances that the operation receives.

If the Requestor/Custodian of the cash advance does not plan to return to the United States for an extended period of time, e.g. 6 months or longer, and is seeking a second or series of cash advances to be disbursed in the country of the international operation, then the Requestor/Custodian should make arrangements to remotely reconcile the advance and ensure expenses to date are posted monthly. A school/department program will not be eligible to receive cash advances if expenses are not posted and the reconciliation is not completed timely.

Travel & Business Expense Report should be used for the reconciliation of cash advances. Original receipts should be obtained for all purchases and are required for expenses over \$10USD. For items less than \$10USD, or when receipts do not provide sufficient detail, the program should provide a description of the expense, including quantity, item description including price, date purchased, purchaser, and total expense amount. Programs must also remain compliant with documentation requirements for expenses funded through grants or other restricted funds.

### **Responsibilities**

Requestor/Custodian of Cash Advance – responsible for developing an itemized or detailed description of anticipated expenses with cost estimates, and explicitly identifying those expenses that need additional approval and consideration; responsible for serving as custodian of cash and maintaining appropriate security and control; responsible for obtaining the necessary receipts and documentation; responsible for reconciling advances on a timely basis or providing all necessary documentation to the Reconciler timely; responsible for certifying adherence to policies and procedures via signature.

Reconciler of Cash Advance – a department may wish to designate a person as a Reconciler of the Cash Advance in place of the Requestor/Custodian. A Reconciler is responsible for ensuring all required receipts are included and formatted appropriately; responsible for ensuring expense descriptions are complete when included in place of receipts; responsible for ensuring reconciliation form has all required signatures.

Departmental Approver of Cash Advance Request – responsible for reviewing the request in advance and confirming need and appropriateness; responsible for compliance with grant terms; responsible for timely reconciliation of open advances.

Senior Financial Officer of School/Department Requesting Cash Advance – responsible for confirming the need and appropriateness of requests greater than \$5,000; responsible for working with Accounts Payable on disbursement alternatives to an advance as needed; responsible for ensuring appropriate notification and accounting of un-reconciled funds from cash advances.

Program Staff on Site for International Program – responsible for assisting with security of advance on site as needed; responsible for providing receipts and documentation of expenses.

Accounts Payable Department - responsible for reviewing Cash Advance requests, requesting additional information as needed, and making determinations on requests; responsible for tracking open requests and following up as needed; responsible for reviewing and processing reconciliations; responsible for identifying items that might be managed through alternative mechanisms and working with requesting department on researching them.

### **Contacts**

Service Center – (212) 854-2122

<http://procurement.columbia.edu/ap/servicecenter/servicecenterform.php>

### **Cross References to Related Policies**

Petty Cash: <http://policylibrary.columbia.edu/petty-cash-policy>

Cash and Check Handling: <http://policylibrary.columbia.edu/cash-check-handling>

## Appendix A

Approved Business Expenses under **Cash Advances for International Operations** could include but are not limited to:

- a. **Local Services** (in the host country, this could be one time payments or payments under local short term service agreements):
  - Business Registration Costs (government agencies)
  - Security
  - Janitorial Services
  - Recruitment Services
  - Publication/advertisements (job postings, program announcements in local media)
  - Car Service (with driver, only for business, **not for commuting**)
  - Printing and Reproduction (stationary and business cards)
  - Program Signage
  - Office Utilities (including electricity, water, sewage, gas, telephone, mobile telephone and internet access)
  - Insurance
  
- b. **Local Equipment Purchases** (under sponsored projects, this could require prior authorization from funding agency):
  - Medical Equipment
  - Generators
  - Copy Machines
  - Other equipment necessary for program operation
  
- c. **Office Furniture:**
  - Desks
  - Tables
  - Cubicles/Partitions
  - Chairs
  - Cabinets
  - Carpets
  
- d. **Supplies:**
  - Computer supplies (laptops, desktops, servers, monitors, keyboards)
  - Telephone sets
  - Mobile Phones
  - Fax Machines
  - Printers
  - Office supplies
  - Cleaning supplies (for the office)
  
- e. **Rental Space/Lease**

**f. Shipping Costs**

**g. Local Business Travel:** Allowable travel expenses that need to be covered locally for program operation – refer to the Travel Expense Policy for additional details

**h. Employee Recruitment Travel:** Travel for prospective employees and their families must be authorized by the school or department in order to be allowable.

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