Cash Advance for International Operations

Effective Date: January 2013
Revised: June 2020

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 impractical. 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
Revised June 2020

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 their 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 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. Requests for travel advances must include a description of the circumstances that would require the advance and an itemized budget of expected expenses. 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.
**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 Requestor should be based on the cost estimation; Requestors 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 Requestor needs an advance greater than $5,000 (for international operations), the Request must also be approved by the Senior Business 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 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 must contact the Senior Business 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 within 20 days after the completion of the trip and must be reconciled and all expenses posted within 90 days after the end date of business activity. Requestor will be contacted via email reminders if the advance is not reconciled within 60 days of the end date of travel and will continue to receive weekly emails until the advance is reconciled. If the advance is not then reconciled within **120 days of the last expense date**, the Requestor should be advised the following will occur **without additional notification**:

- suspension of advance privileges
- the reporting of the advance as income to the IRS on the employee’s annual Form W-2
- withholding of taxes on the advance from the employee’s paycheck
- the employee continuing to be responsible for clearing the advance in order to have this properly charged to the department’s accounts

If your expenses are less than your advance, you must reimburse the University for the unused advance via a personal check deposited to the natural account 65399. The personal check can either be deposited by the department using their RDC (Remote Deposit Capture) machine (if the department has one) or deposited via the Payments and Deposits Office.
For awards issued by both government and non-government sponsors, the timeline for reconciliation of expenses and reporting may be more constraining or restricted per project rules. In addition, individual schools/departments may issue a shorter timeline for reconciliation of advances. In these cases, please follow the award or school/department guidelines. 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 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 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.

An Expense Report should be completed 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**

**Cash Advance Requestor**
The Requestor is 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; responsible for certifying adherence to policies and procedures.

**Preparer Delegate of Cash Advance**
A department may wish to designate a person as a Preparer Delegate of the Cash Advance in place of the Requestor. A Preparer Delegate 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.

**Departmental Approvers of Cash Advance Request (Supervisor or Initial Reviewer plus Financial Approver, and SBO if over $5,000 for international operations)**
Responsible for reviewing the request in advance and confirming need and appropriateness; responsible for compliance with grant terms.
Senior Business Officer of School/Department Requesting Cash Advance
Responsible for confirming the need and appropriateness of requests greater than $5,000 for international operations; 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.

CONTACTS
Finance Service Center – (212) 854-2122 https://finance.columbia.edu/fsc

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:

- 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

- 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

- Office Furniture:
  - Desks
  - Tables
  - Cubicles/Partitions
  - Chairs
  - Cabinets
  - Carpets

- Supplies:
  - Computer supplies (laptops, desktops, servers, monitors, keyboards)
  - Telephone sets
  - Mobile Phones
  - Fax Machines
  - Printers
  - Office supplies
  - Cleaning supplies (for the office)

- Rental Space/Lease
- Shipping Costs
- Local Business Travel: Allowable travel expenses that need to be covered locally for program operation – refer to the Travel Expense Policy for additional details
- Employee Recruitment Travel: Travel for prospective employees and their families must be authorized by the school or department in order to be allowable