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Federal and state agencies, private foundations, organizations, and industry sponsors provide significant funding to enable The Johns Hopkins University ("JHU" or the "University") to conduct research, education, public service, and training projects. As a recipient of sponsored research funding, the University is required to ensure that those funds are used for authorized purposes in compliance with applicable grant and contract terms, federal and state regulations as well as University policies and procedures. The University remains ultimately responsible and accountable to the prime sponsor for funds management and compliance.

The safeguarding of the University assets and funds is an important responsibility of all JHU faculty and staff. In field offices, finance personnel, often led by a Finance Manager or an Office Manager in conjunction with the Program Manager, are responsible for following the procedures for proper stewardship of JHU and sponsored funds.

This guide has been prepared to clarify expectations of staff working in foreign field offices in ensuring proper internal controls are followed. Topics such as legal issues for opening field offices, hiring employees and independent contractors, establishing proper financial controls; including field office roles, segregation of duties, management of Remote Imprest Funds, procurement and travel are addressed and guidelines that are to be instituted in all JHU field offices are included.

While the material in this Guide should prove useful, it should not be construed as either a complete treatment of all policy or an official University statement as to the subject matter reviewed. Questions regarding information in this guide should be addressed to the appropriate departmental manager, who will then contact the divisional office to coordinate with other JHU offices as necessary. Revisions to this document will only be made by the JHU Controller’s Office. JHU departments are welcome to institute controls and policies that are more restrictive than those outlined in this document, but no policy may be less rigorous than those contained herein.

SECTION 1: GENERAL GUIDELINES

1.1 Ethics and Code of Conduct

A. JHU ETHICS STATEMENT

This statement requires compliance by faculty and staff with all applicable laws and University policies in all University activities; including teaching, research, clinical care, employment and contracting. It is essential that the faculty and staff of The Johns Hopkins University maintain the highest standards of integrity and ethical conduct, both in fact and in appearance.
The following principles are the standards of ethical behavior required of Johns Hopkins University faculty and staff.

1. Faculty and staff are expected to obey all federal, state and local laws, including, but not limited to, those pertaining to equal opportunity, non-discrimination, and harassment.

2. Faculty and staff must abide by the University's Conflict of Interest Policies and its Conflict of Commitment Policies.

3. Faculty and staff must maintain the confidentiality of information as required under University policies or applicable law, including the confidentiality of personnel, student and patient medical records, and proprietary information.

4. Faculty and staff members may not accept gifts or entertainment that might influence their decision making or compromise their judgment. Faculty and staff should not accept gifts, hospitality, favors or entertainment with a value of more than $100 from any vendors who have current or pending business arrangements with the university over which that person has authority or influence. If they are uncertain about the value of an offer or whether the offer can be accepted under this policy, faculty and staff should consult with their immediate supervisor. Ordinary business courtesies, such as occasional business lunches (which should be well below $100 in cost), are excluded from this policy.

5. Faculty and staff should report ethical standards violations as indicated in the relevant University policies; or by contacting the Office of Internal Audits or the Office of Vice President and General Counsel; or by calling the University Hotline at 877-932-6675. See section 1.2 for instructions on dialing from countries that do not support the international dialing code.

6. Retaliation against an employee who has in good faith reported an alleged unethical practice will not be tolerated.

Questions concerning ethical behavior should be directed to one's supervisor, the Office of Internal Audits, or the Office of Vice President and General Counsel. Supervisors seeking guidance should contact these same offices.
B. CONFLICT OF INTEREST DISCLOSURE

Those employed by the University are expected to devote their primary efforts to the furtherance of its educational, research, and service objectives. The University, however, acknowledges that outside activities of its faculty and staff can enhance the prestige and reputation of the institution. To this end the University encourages its Employees to accept outside commitments consistent with the performance of their institutional responsibilities. Care must be given, however, to avoid external commitments that may impair the University’s reputation, may threaten independent scholarly inquiry, may compromise one’s freedom of thought or action, may compete with the University’s business interests, or may impair or impede the individual’s ability to perform independently the duties of his/her University position.

The policy is established as an integral part of the University’s efforts to ensure that all who act in the University’s name will conduct themselves in accordance with high ethical standards. Those to whom the policy applies include officers, faculty, staff, and others who are compensated or otherwise supported by the University for their services or who appear to act as agents of the University in using, controlling, or assigning to others the use of University facilities and resources. It shall be interpreted in a manner consistent with applicable federal and state statutes and implementing regulations. Disclosure by a full written report is the best preventive measure to avoid any real or apparent conflict between the obligations of Employees to the University and to other competing commitments including their personal interests.

For complete information on the University’s policy, please refer to this website:
http://jhuresearch.jhu.edu/Policy_onConflict_of_Interest.pdf

C. HIPAA

"HIPAA" is the acronym for the federal legislation titled Health Insurance Portability and Accountability Act of 1996. The privacy and security components of HIPAA provide broad reaching protections for individually identifiable health information. The transaction and code sets component of HIPAA requires conformity to precise rules in the electronic transmission of financial health information. The Johns Hopkins community has already taken steps and must continue to ensure that we comply with these requirements regarding the use, disclosure, security, and transmission of an individual's (alive or dead) health information in any form (e.g., on paper, transmitted electronically, recorded or spoken), the treatment of their health condition, and/or the billing/payment for their health services. Those who must comply with HIPAA are considered "covered entities". Protected health information received or maintained by Johns Hopkins covered entities may NOT be used internally, or disclosed to any persons or
organizations outside of Johns Hopkins, for research purposes unless there is compliance with HIPAA.

For training and more information, refer to:

1.2 Application of U.S. Laws to Overseas Operations

There are many U.S. laws that will apply to the University’s activities and programs in a foreign country. Below is a discussion of some of the more significant U.S. laws to consider. For more information regarding any of these laws or their applicability to any activities that you may be conducting in a foreign country should be referred to the Office of the General Counsel.

A. THE FOREIGN CORRUPT PRACTICES ACT (FCPA)

The FCPA prohibits payments or gifts of anything of value to a foreign official for the purpose of influencing the official to give business or to obtain an improper advantage in securing or retaining business. The FCPA actually contains two sets of restrictions; one relating to anti-bribery as described above and the other relating to accounting practices. Only the anti-bribery restrictions apply to University activities. The key elements of the anti-bribery restrictions prohibit JHU employees and agents of the University, including independent contractors, consultants, and subcontractors, from using interstate commerce (mail, phone, or fax) to induce a foreign official to use their official position for a corrupt purpose. A corrupt purpose is defined as an offer, payment, promise or gift that is intended to induce the recipient to misuse his official position in order to wrongfully direct business to the University, or to obtain preferential legislation or a favorable regulation. Violations of the FCPA can result in serious criminal penalties against the individual who made the unlawful payment or gift and the entity on whose behalf such payment or gift was made.

Exceptions to the FCPA:

JHU may make a facilitating payment to a foreign official if the purpose of the payment is to obtain the performance of a “routine governmental action” such as an expediting fee for obtaining registration. A routine governmental action includes the issuance of permits, licenses or other official documents, or the processing of routine governmental papers such as visas. It does not include “any decision by a foreign official whether, or on what terms, to award a new business to or to continue business with a particular party, or

Quick Reference-
Anti-Boycott:

JHU employees and agents may not participate in boycotts that are not approved by the U.S. government.

Any activities related to boycotting in foreign countries must be reported to the Baltimore Finance Office.
any action by a foreign official involved in the decision-making process to encourage a decision
to award new business to or continue business with a particular party.” Generally, the
facilitation payment exception will apply to low level governmental actions.

B. **ANTI-BOYCOTT LAWS**

U.S. law prohibits individuals and entities from participating in a boycott that is not approved or
sanctioned by the United States government. The purpose of such prohibition is to prevent
U.S. Organizations and entities from supporting or participating in boycotts of friendly
foreign countries. The range of boycott-related activity prohibited by the U.S. Department of
Commerce includes the following:

- Refusing, or agreeing to refuse, to do business with or in Israel;
- Discriminating, or agreeing to discriminate, on the basis of race, religion, sex, national
  origin, or nationality;
- Furnishing, or agreeing to furnish, information about the race, religion, sex, or national
  origin of another person; and
- Furnishing, or agreeing to furnish, information about business relationships with or in
  Israel.

Contractual agreements that require an institution to do any of the above are prohibited, and
the receipt of a request, whether verbal or written, to further a boycott may need to be
reported to the Department of Commerce. Moreover, a contractual agreement that contains a
provision requiring cooperation with an international boycott, even where the prohibited
provision is stricken, must be reported. Knowing violations of the reporting requirements or
anti-boycott laws can result in significant fines and potentially imprisonment.

For questions or concerns regarding whether a proposed or possible boycott, please contact
the Office of International Business Operations Compliance.

C. **EXPORT CONTROL STATUTES:**

The U.S. Export Control Statutes are comprised of three primary bodies of US regulation that
control the exportation of a wide range of goods, services, information, and technology.
“Exports” are broadly defined as providing such items to (a) anyone in a foreign country
(including U.S. citizens), and (b) foreign nationals, even when they are in the U.S (the latter
exchange is referred to as a “deemed export”).

Exports can involve every possible manner of conveyance, including:
a. actual shipment out of the United States (by carrying it with you, or by mailing) of tangible items, such as equipment or biologics;

b. release or disclosure – including verbally, visually, or electronically – of controlled technology, software, or equipment; or

c. use or application of personal knowledge or technical experience to situations abroad, including training or assistance pertaining to defense articles.

Export controls can limit or prohibit exchanges necessary for the performance of research abroad or with collaborators from other countries.

Depending upon (a) the items to be exported, (b) the intended destination of the exports, (c) who will receive the exports and (d) how one expects the exports will be used, one or more regulatory bodies may forbid or restrict planned exports. For instance, international research involving certain biological agents and specimens, chemicals, vehicles, and satellite technologies could be significantly restricted because items in each of these categories appear on the U.S. Munitions List. In addition, research sponsored by the Department of Defense or NASA frequently prompts ITAR review. For more information on Export Controls, please contact Frank Barker, the University’s Export Control Officer at 410-516-0415 or fwb@jhu.edu.

D. U.S. ECONOMIC SANCTIONS

The U.S. Office of Foreign Assets Control (OFAC) within the U.S. Department of the Treasury administers and enforces economic and trade sanctions. U.S. organizations are prohibited from engaging in business (exports, imports, trade, investments, and other transactions and dealings) with designated foreign governments, individuals, entities, and practices (i.e., narcotics trafficking, proliferation of weapons of mass destruction, trade in non-certified rough diamonds).

- Economic sanctions maintained by the United States are generally known as “embargos.”
- Embargos may be comprehensive bans or tailored, “targeted” sanctions.

(a) Comprehensive embargos prohibit most imports from, exports to, and transactions with certain countries absent a general or specific license.

(b) A general license is created by a regulatory provision authorizing a transaction that meets certain specifications.

(c) A specific license is required for non-authorized transactions. It must be requested of and approved by OFAC.

- When faced with a comprehensive country embargo, keep in mind that even entering into an agreement for academic activities or consulting with or within such country will...
likely require an OFAC license. In general, the OFAC website should be consulted carefully for particulars of comprehensive country embargos or targeted embargos before entering into any transaction with or within a foreign country.

- OFAC also prohibits certain transactions with more than 3,000 companies, high ranking officials, and other individuals on the list of “Specially Designated Nationals” ("SDNs"). The list changes frequently and must be regularly checked in connection with contemplated business transactions such as the retention of local counsel, the hiring of foreign vendors, etc.

Other federal agencies such as the Bureau of Industry and Security within the Department of Commerce, and the Department of State, maintain separate lists of individuals and entities with which one may not engage in business transactions typically because of terrorism risks or legal restrictions imposed on them. Institutions should routinely check their foreign contacts against these lists before entering into business transactions.

### 1.3 Identification and Communication of Violations

In addition to complying with applicable laws and policies, it is important that you never hesitate to come forward if something does not seem right to you. If you have knowledge of, or suspect, unethical or illegal behavior, call the Johns Hopkins Compliance line. In many cases, an access code is necessary, and the correct access codes may be found at: [http://www.business.att.com/bt/access.jsp?c=a](http://www.business.att.com/bt/access.jsp?c=a).

The caller should dial the access code, and then the JHU Compliance line number 877-932-6675. In the event that the call is originating from an area that does not support the international access code, the caller should call the operator and request to make a collect call to the U.S. number 704-916-1251.

All information is kept confidential.

### 1.4 Local Taxes

Although the University is recognized as a tax exempt organization in the United States, the University may not be recognized as such in foreign countries. JHU must comply with all in-country tax regulations, including Value Added Tax (VAT), employment, and corporate taxes. The department should contact the JHU Office of International Business Operations Compliance (OIBC) for guidance in retaining an in-country tax attorney or accountant to outline all tax requirements including: employer and employee payroll taxes, consultants/vendor taxes as well as any corporate income taxes that the University may be required to pay in a foreign country.
It is the responsibility of the Finance personnel to implement systems to ensure compliance with local regulations and timeliness of tax submissions and payments. A copy of regulatory and compliance procedures must be maintained on file with Finance personnel in the field office.

A periodic review and update by an in-country tax attorney or accountant for any changes in tax rules should be conducted as necessary to maintain compliance in the field offices.

**SECTION 2: ESTABLISHING A FIELD OFFICE**

### 2.1 Foreign Registration

Registration is the process in which the University establishes its presence in a foreign country and the presiding government acknowledges the University’s presence. The type and extent of activities within a foreign country will determine whether the University must be registered. Determining whether and how to register the University in a foreign country is a legal and often strategic decision that must be made through discussions with various departments within the University. The University will register only if doing so is necessary to comply with foreign country laws and regulations, and more expedient alternatives are not available. Please note that in some countries, failure to comply with local laws (including corporate, labor and tax laws) may lead to severe penalties, including fines and imprisonment.

Departments should contact OIBC who then will coordinate with Office of General Counsel (OGC) regarding the proposed program or activity. OIBC may be aware of an existing registration or other activities in the same location. OIBC and OGC will assist in finding and retaining local counsel, if necessary, to determine whether registration of the University as a legal entity conducting business in the foreign jurisdiction will be required, and whether a non-profit/non-taxable status may be available. Schools or operating units of the University should not independently retain local counsel. Local counsel should be retained only through the OGC.

OIBC: [http://www.controller.jhu.edu/depts/ibc/index.html](http://www.controller.jhu.edu/depts/ibc/index.html)

### 2.2 Foreign Space and Leases

Most programs will find it necessary to lease office space for the foreign field office. The Program Manager should locate the desired space, and send the prospective lease to Baltimore for approval. The lease will be processed through the JHU legal office and signed off by the appropriate Divisional Dean of Finance.
JHU employees should be aware that neither departmental staff nor field staffs have the authority to enter into a lease agreement in JHU’s name. Only official School signatories may sign leases and other contracts.

### 2.3 Obtaining a Power of Attorney

A Power of Attorney (POA) is a legal document that grants a person (called an Agent) the authority to act on behalf of The Johns Hopkins University (called the Principal) for whatever business or purpose specified in the power of attorney. A POA can be general, thereby giving the authorized person the power to conduct any sort of business on behalf of Johns Hopkins University (JHU) for an unlimited period of time; or it may be limited in time and/or scope. All actions taken that fall within the scope of a duly executed POA shall be binding upon JHU. Consequently, powers of attorney should be carefully prepared and scrutinized.

A POA should be granted when it is necessary for JHU to do one or more of the following:

1. To establish any legal presence in a foreign country.
2. To have an in-country agent (i) to satisfy foreign law or foreign government requirements or (ii) to satisfy primary program/project’s contract or grant requirements.
3. To open and/or close a foreign bank account.
4. To execute employment or independent contractor agreements for a foreign office.
5. To establish requisite local authority for signing limited types of contracts on behalf of JHU, such as service, supplies and materials, and maintenance contracts and/or equipment leases in foreign countries (but excluding capital or financing leases and real estate leases).

A POA can only be executed by JHU authorities such as the Senior Vice President for Finance and Administration, the Provost, or the President of the University. If your department needs a POA, please contact OIBC at internationalbusinesscompliance@jhu.edu.

### SECTION 3: FIELD OFFICE OPERATIONS

#### 3.1 Field Office Management

Effective internal controls environment dictates that there is a segregation of duties and approvals when dealing with finances. To this end, financial roles will be established in field
offices to ensure that adequate checks and balances exist in financial transactions for accurate and timely reporting.

These roles should be clearly defined and authority levels should be established by the individual field office. The roles and authority levels must be approved by the Country Manager and the appropriate departmental Finance personnel in Baltimore. This applies to all country offices. A copy of these authorities must be maintained with the Manager and the Baltimore Finance team for each field office.

### 3.2 Human Resource Management

#### A. Hiring Employees

The University has drafted a Model International Personnel Policy Manual (hereinafter “Model Policy”), which is a template of the personnel policies that the University intends to adopt in each country where the University operates and hires either host or third country nationals to work on a University project or program. Operations in each foreign country will have unique circumstances and may be subject to local employment laws. Accordingly, a University administrator must consult with the Office of International Business Compliance and the Office of the Vice President and General Counsel prior to adopting the Model Policy for use in a particular country. It may be necessary to adapt and modify the Model Policy to be consistent with particular circumstances and local law and to obtain review by local legal counsel, to be coordinated through the Office of the Vice President and General Counsel.

The Model Policy, as adapted, must be submitted to the Office of the Vice President for Human Resources for final approval for use in a particular country. Once approved, the Personnel Policy Manual will apply to all staffs employed in that country by any University department or division, excluding any United States citizens that may be working in that country. Any revisions to the approved Personnel Policy Manual must be approved by the Vice President for Human Resources in writing, coordinated through the Office of International Business Operations Compliance.

The Personnel Policy Manual, once approved for a particular country through the process outlined here will become the official statement of The Johns Hopkins University personnel policies in that particular country. Those personnel policies will apply exclusively to staff who work in that particular country (both host country and third country nationals), but not to United States citizens who may work in those countries. It is designed to provide managerial and supervisory staff in the Baltimore Office and in those countries with uniform knowledge of the University’s personnel policies for those countries in order to ensure equitable and consistent application of those policies. It is the responsibility of each manager and supervisor...
to administer those policies consistently, impartially, and in accordance with the applicable laws, including the laws of the country of employment.

Once a Personnel Policy Manual is approved and adopted for use in a particular country, it will be kept online at the Human Resources website with a link to the Office of International Business Operations Compliance. Any revisions to this manual will be placed on the same website and will be announced to the Human Resources divisional staff and the staff in the particular field office affected by such revisions.

**Instructions for Adopting a Personnel Policy Manual for Field Office**

1. Once a University department/division decides to open a field office (or hire staff in a foreign country) to conduct activities in a foreign country, the department head must contact the Office of International Business Compliance (OIBC).

2. OIBC will contact the Office of General Counsel (OGC) and discuss the need for opening a field office and hiring staff for overseas activities.

3. OIBC will identify local counsel to get advice on legal requirements for opening a field office, hiring staff for the field office, payroll taxes and processing, etc.

4. OGC will retain local counsel to obtain legal advice for the University. The department/division seeking such advice will pay the costs associated with retaining counsel in the foreign country.

5. Local counsel will review the Model Policy and adapt the personnel policies in accordance with the applicable laws.

6. OGC will forward the final draft of the Model Policy to the Vice President of Human Resources for review and approval.

7. Once approved by Vice President of Human Resources, the Model Policy will become the official personnel policies of the University for that particular country. Any department/division seeking revisions to those policies must contact OIBC who will assist the department/division in determining whether the proposed changes are appropriate and coordinate such revisions as necessary.

**B. RETAINING INDEPENDENT CONTRACTORS**

Many JHU departments are hiring independent contractors in foreign countries rather than employees to carry out short term (less than 6 mos.) and long term (more than 6 mos.) research or other projects, particularly where JHU has little other presence and/or where JHU
has no branch office or local registration. For many of the departments, retaining independent contractors instead of employees may be seen as an easy alternative to starting a local payroll, withholding taxes, or providing mandatory benefits required by in-country employment or tax laws. Many overseas tax authorities, however, view this as a way foreign companies try to avoid their social and employment responsibilities in their countries. Furthermore, in most foreign countries, the local legal system will not likely defer to our characterization of a “de facto employee” as an independent contractor. Like in the US, if an overseas independent contractor is found to be a de facto employee of JHU in a foreign country, JHU will likely be liable for:

- Back tax withholdings
- Back social security contributions
- Back unemployment/workers compensation insurance
- Back overtime, if applicable
- Back benefits due under the terms of certain employer plans
- Interest and penalties
- Back vacation and holidays
- Back mandatory local benefits
- Severance pay, notice pay and liabilities for unfair dismissal
- Additional fines

Generally, most local laws will look beyond the contract language and use the “totality of the circumstances” test to determine whether an individual is an employee or an independent contractor. Although there are some differences among nations in the factors used to determine this difference, many countries have broad generalized factors that should be considered prior to retaining foreign independent contractors including but not limited to:

- Does the individual have “authoritative control” to do his/her work the way he/she wants to, free from instruction/process, free from discipline, free from work rules, and free from JHU’s supervision and control?
- Does the individual set his/her own schedule and hours?
- Does the individual provide his/her own office and supplies, pays his/her own business expenses and hire his/her own assistants?
- Does the individual get paid only for work done, such as hourly/task pay (not paid for vacations/holidays)?
- Does the individual have other paying clients and does he/she market his/her services to the public?

If the answers to these questions are unequivocally yes, then it may be likely that an independent contractor relationship exists rather than an employee-employer one. Before retaining an independent contractor in a foreign country, JHU department should consult with local counsel (retained through the Office of General Counsel) to determine the proper
classification of its relationship with the foreign national as well as the University’s obligations under the local law

C. JHU’S POLICY ON NEPOTISM

Immediate family members and members of the same household are not to be employed in any position where one has line authority over personnel actions concerning the other. Employees should neither initiate nor participate, directly or indirectly, in employment actions (initial employment or appointment, retention, promotions, salary, work assignments, leave of absence, etc.) involving members of their immediate family or household. For the purposes of this policy statement, immediate family includes all relatives, such as, but not limited to the following: spouses, domestic partners, children (including step-children and foster children), parents, step-parents, grandparents, grandchildren, in-laws, siblings (including step-brothers and step-sisters), cousins, nieces, nephews, aunts and uncles.

If two employees become members of the same household, both may retain their positions, provided one is not under the direct or indirect supervision of the other. It is the responsibility of the supervisor/manager to advise the department administrator if such a relationship is established.

Exceptions to this policy in field offices require the approval of the divisional director of human resources in the Baltimore office.

D. PAYING EMPLOYEES AND INDEPENDENT CONTRACTORS

Once the department has decided to hire employees to provide services in a particular country, you should hire appropriate advisors (attorneys and/or accountants) to meet the labor and tax laws of the country where the employees will be stationed. Furthermore, there may be different requirements depending on whether the employee is a U.S. expatriate (national of the U.S.), a third country national (national of a country other than the U.S. and the country of employment) or host country nationals (national of country of employment). Please note that all employees of the University that are U.S. nationals must be paid from the Baltimore, Maryland payroll. It is important that a proper payroll administration is set up in the country of employment so that accurate withholding and remittance of taxes in accordance with the local laws is followed. It is recommended that QuickBooks™ is used for local payroll administration.

Similarly, paying international independent contractors also have specific requirements in foreign countries as well. Many countries require that the contracting party such as the University withhold and remit a portion of the amount due on an invoice of an independent contractor/consultant to the government where the independent contractor is providing
services on behalf of the University. Therefore, it is important to retain a tax advisor in foreign
countries to obtain appropriate and up to date advice regarding these issues.

Aside from the foreign government requirements, there are University policies that must be
followed when hiring an independent contractor who will be providing services in a foreign
country. An International Independent Contractor Certification form has been developed to
gather factual information about the work and the independent contractor for services to be
rendered in a foreign field office or location. Your department will need to complete an
International Independent Contractor Certification form for any independent contractor
providing the University services of $5,000 or more at a foreign location. This form is used in
evaluating whether an individual should be classified as an employee or an independent
contractor and is required for obtaining approval of independent contractor status. The
approval must be received by the department before signing any contract or allowing the
independent contractor to commence work. Regardless of whether or not an Independent
Contractor Certification form is required for a particular job, the hiring department has the
responsibility to make sure all service providers meet the definition of independent contractor
as established in the country where the individual will be providing services.

Part I of the form must be completed by the department receiving the service and Part II must
be completed by the individual providing the service. This form should be submitted for
independent contractor approval and eligibility to the Tax Office by email or fax (443-997-
8538). The department will receive a response via e-mail from the Tax Office. If the response is
to classify the worker as an independent contractor, your Baltimore departmental office will
need to follow the steps outlined to complete the process for hiring the Independent
Contractor for the foreign site/field office.

If the response from the Tax Office is that the individual does not qualify as an independent
contractor, then the individual will be classified as an employee. You will need to contact your
Divisional Human Resources office to get additional information on the process to set up an
employee in the foreign site/field office.

E. EFFORT REPORTING AT FOREIGN SITES

It is the University’s policy to collect and report on effort expended on federal sponsored
projects, including projects performed overseas. Effort is the proportion of time spent on any
activity and expressed as a percentage of the total professional activity for which an individual
is employed by JHU and is not reflected in hours. Total effort expended cannot be more than -
or less than - 100%.
The University’s Effort Reporting System (ERS) provides the principal means in the U.S. for certifying that the salaries and wages charged to or contributed to sponsored projects are reasonable and consistent with the portion of total professional activity committed to the projects. JHU employees not in JHU’s Baltimore payroll system who work at foreign sites and are paid through the foreign sites (locally administered payroll or other means) and whose effort is being charged to multiple sponsored awards must complete timesheets outlining the number of hours they are allocating to each sponsored award. Similarly, employees who work at foreign locations and whose effort is being charged to multiple sponsored awards, but who are paid through wire or other means directly from the Baltimore office, must also complete timesheets that outline the number of hours they are spending on each sponsored award. These timesheets must be signed by the employee and signed and reviewed for accuracy by the PI or other authorized individual.

The University’s effort reporting system is responsible for providing records on how individuals participating in sponsored agreements actually spend their time. Because the federal government mandates effort reporting, it is incumbent upon institutions that receive federal funding to maintain accurate and auditable systems.

For more information on the University’s policies and procedures on effort reporting, please go to: https://www.controller.jhu.edu/policyapp/displayGuideContents.do?guideld=EFF

### 3.3 Separation of Duties

While the basic steps in procurement and validation are the same regardless of the number of employees in the field office, it can be challenging for field offices to have adequate separation of financial duties. The Baltimore office will perform additional oversight and audit duties, but each field office should have solidly defined roles and duties which will ensure adequate separation of duties. To this end, the field office financial duties have been split into five roles: Source, Approve, Disburse, Validate, and Audit, with distinct tasks for each role outlined in the Separation of Duties Matrix below:
The most important consideration when setting up financial job duties is ensuring that roles are separated out so that the validation and/or audit functions are performed by someone who has not had significant impact on the Sourcing, Approval, or Disbursement for a procurement. It is possible to have some of the tasks split among different employees, such as having one person validate the receipt of goods and a different person maintain receipts.

An example of a conflict would be if the same person were to disburse payments (Disburse) and also reconcile the bank statement to the receipts (Validate). In the event that an undesirable role assignment such as this is unavoidable, the Audit function must be performed even more rigorously by another individual.

The following are suggested employee/role combinations for offices with small numbers of financial employees which ensure adequate separation of duties.

<table>
<thead>
<tr>
<th>Role</th>
<th>Source</th>
<th>Approve</th>
<th>Disburse</th>
<th>Validate</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasks</td>
<td>Solicit quotations from vendors</td>
<td>Approve vendor selection/ purchase</td>
<td>Disburse payments</td>
<td>Validate the receipt of goods</td>
<td>1) Audit quotations, 2) Audit financial reports</td>
</tr>
<tr>
<td>Checkbook</td>
<td>Disburse payments</td>
<td>Reconcile receipts to bank statement</td>
<td></td>
<td></td>
<td>Audit financial reports</td>
</tr>
<tr>
<td>Petty cash</td>
<td>Disburse petty cash</td>
<td>1) Count cash on hand at month’s end, 2) Reconcile receipts to petty cash log</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Receipts</td>
<td>Receive cash receipts</td>
<td>Deposit to bank</td>
<td>Reconcile receipt log to bank statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials Tracking</td>
<td>1) Goods receiver presents goods to be logged into materials inventory system 2) Goods remover removes materials from inventory for distribution</td>
<td></td>
<td>Inventory maintainer validates the amount entered into removed from the inventory</td>
<td></td>
<td>Periodically audit actual materials on hand against the materials tracking system</td>
</tr>
</tbody>
</table>

The following are suggested employee/role combinations for offices with small numbers of financial employees which ensure adequate separation of duties.

**Employee 1** Employee 3  
**Employee 2** Employee 4  

Key:
Office with 2 employees:

<table>
<thead>
<tr>
<th>Role</th>
<th>Source</th>
<th>Approve</th>
<th>Disburse</th>
<th>Validate</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>Solicit quotations from vendors</td>
<td>Approve vendor selection/purchase</td>
<td>Disburse payments</td>
<td>Validate the receipt of goods</td>
<td>1) Audit quotations, 2) Audit financial reports</td>
</tr>
<tr>
<td>Checkbook</td>
<td></td>
<td>Disburse payments</td>
<td></td>
<td>Reconcile receipts to bank statement</td>
<td>Audit financial reports</td>
</tr>
<tr>
<td>Petty cash box</td>
<td></td>
<td>Disburse petty cash</td>
<td></td>
<td>1) Count cash on hand at month's end,</td>
<td>Unannounced periodic audits to count cash and validate receipts to log</td>
</tr>
<tr>
<td>Reports</td>
<td></td>
<td></td>
<td></td>
<td>2) Reconcile receipts to petty cash log</td>
<td></td>
</tr>
<tr>
<td>Cash Receipts</td>
<td>Receive cash receipts</td>
<td>Deposit to bank</td>
<td>Reconcile receipt log to bank statement</td>
<td>Periodically audit cash receipts log</td>
<td></td>
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<td>Inventory maintainer validates the amount entered into/from the inventory</td>
<td>Periodically audit actual materials on hand against the materials tracking system</td>
<td></td>
</tr>
</tbody>
</table>

Office with 3 employees:

<table>
<thead>
<tr>
<th>Role</th>
<th>Source</th>
<th>Approve</th>
<th>Disburse</th>
<th>Validate</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>Solicit quotations from vendors</td>
<td>Approve vendor selection/purchase</td>
<td>Disburse payments</td>
<td>Validate the receipt of goods</td>
<td>1) Audit quotations, 2) Audit financial reports</td>
</tr>
<tr>
<td>Checkbook</td>
<td></td>
<td>Disburse payments</td>
<td></td>
<td>Reconcile receipts to bank statement</td>
<td>Audit financial reports</td>
</tr>
<tr>
<td>Petty cash box</td>
<td></td>
<td>Disburse petty cash</td>
<td></td>
<td>1) Count cash on hand at month's end,</td>
<td>Unannounced periodic audits to count cash and validate receipts to log</td>
</tr>
<tr>
<td>Reports</td>
<td></td>
<td></td>
<td></td>
<td>2) Reconcile receipts to petty cash log</td>
<td></td>
</tr>
<tr>
<td>Cash Receipts</td>
<td>Receive cash receipts</td>
<td>Deposit to bank</td>
<td>Reconcile receipt log to bank statement</td>
<td>Periodically audit cash receipts log</td>
<td></td>
</tr>
<tr>
<td>Materials Tracking</td>
<td>1) Goods receiver presents goods to be logged into materials inventory system 2) Goods remover removes materials from inventory for distribution</td>
<td></td>
<td>Inventory maintainer validates the amount entered into/from the inventory</td>
<td>Periodically audit actual materials on hand against the materials tracking system</td>
<td></td>
</tr>
</tbody>
</table>
Office with 4 employees:

<table>
<thead>
<tr>
<th>Role</th>
<th>Tasks</th>
<th>Source</th>
<th>Approve</th>
<th>Disburse</th>
<th>Validate</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>Solicit quotations from vendors</td>
<td>Approve vendor selection/ purchase</td>
<td>Disburse payments</td>
<td>Validate the receipt of goods</td>
<td>1) Audit quotations</td>
<td>Validate the receipt of goods</td>
</tr>
<tr>
<td>Checkbook</td>
<td></td>
<td></td>
<td>Disburse payments</td>
<td>Reconcile receipts to bank statement</td>
<td>Audit financial reports</td>
<td></td>
</tr>
<tr>
<td>Petty cash box</td>
<td></td>
<td></td>
<td>Disburse petty cash</td>
<td>1) Count cash on hand at month’s end, 2) Reconcile receipts to petty cash log</td>
<td>Unannounced periodic audits to count cash and validate receipts to log</td>
<td></td>
</tr>
<tr>
<td>Reports</td>
<td></td>
<td></td>
<td>Prepare monthly replenishment</td>
<td>Approve and submit replenishment to JHU</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Receipts</td>
<td>Receive cash receipts</td>
<td>Deposit to bank</td>
<td>Reconcile receipt log to bank statement</td>
<td>Periodically audit cash receipts log</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials Tracking</td>
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<td></td>
<td>Inventory maintainer validates the amount entered into/removed from the inventory</td>
<td>Periodically audit actual materials on hand against the materials tracking system</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SECTION 4: FIELD OFFICE FINANCIAL SYSTEMS**

**4.1 Financial System**

JHU prefers the use of QuickBooks™ for foreign field office financial tracking. It is acceptable for field offices to utilize another financial software or Excel spreadsheets if the methodology is in compliance with Generally Accepted Accounting Principles (GAAP) and all JHU policies.

**4.2 Basis of Accounting**

Costs charged to federally sponsored agreements will be in accordance with Office of Management and Budget, Uniform Guidance CFR 200.

Direct costs charged to federally sponsored agreements are those costs that can be identified specifically to a particular sponsored project or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Direct costs are primarily comprised of salaries and wages, fringe benefits, purchases of goods and services, purchase of equipment and service center charges.
The fringe benefit rate is a rate negotiated with the Department of Health and Human Services (DHHS) and is applicable only to JHU-USA Payroll. JHU employees on in-country payroll incur fringe benefit rates that are charged directly... This is done in order to adhere to the particular laws and regulations of the host country. Indirect costs are Facilities and Administrative costs that are incurred for common or joint objectives and, therefore cannot be identified readily and specifically with a particular sponsored project. The rate is negotiated with DHHS.

### 4.3 Allowable Costs

US Government-funded programs classify costs as allowable or unallowable. The standards are contained in OMB Uniform Guidance CFR 200 Subpart E- Cost Principles (for grants & cooperative agreements), and the Federal Acquisition Regulations (for contracts).

Direct Costs may be charged to a program if it meets the three part test:

- **Allowable**- the cost is acceptable under the sponsor’s guidelines, Federal Cost Principles, and University policy and the cost is treated consistently
- **Allocable**- the cost is specifically identifiable as belonging to the program
- **Reasonable**- a reasonable person would consider the purchase prudent (purpose and cost) and is necessary for the achievement of program goals

By contrast, an unallowable cost fails to meet all the above criteria. Examples of unallowable costs include, but are not limited to, alcoholic beverages, bad debts, contingency provisions, entertainment, fines and penalties, fundraising and investment management, interest on loans, and lobbying.

### 4.4 Standards for Recording Transactions

Recorded financial transactions must be completely documented, valid, accurate, final, and supported by original source documentation. The original or an easily read copy of each transaction will be submitted to Baltimore along with the RIF replenishment or the Purchase Order request.

**Complete**

Each payment must be supported by documentation, including:

- A check/petty cash request form, signed by an authorized staff member
- An original invoice OR a receipt for the purchase of the allowable item with a translation or explanation in English if it is in a foreign language
- Confirmation from payee that funds were received, such as a signed receipt or canceled check
- Expense must be tracked separately for each sponsored funding source for reporting and audit purposes
- Paid invoices marked PAID, with the payment date and the check number
- A goods-received receipt, or other statement attesting that the goods and/or services purchased were in fact delivered
- Business purpose for the purchase, including names of attendees to any meals

Valid

A payment is valid if it is made to a verifiable vendor for an allowable expense, and if the documentation exists to show that the goods or services paid for were actually received.

Accurate

The record of a transaction must show the exact value, and be charged against the appropriate General Ledger (GL) Account and Internal Order (IO) Number or Cost Center (CC).

Final

You may not alter an original transaction in any way. Any changes to a transaction must be recorded on a separate transaction in the month the change is made.

4.5 File Maintenance and Retention Policy

All financial records are to be maintained onsite in the JHU field offices in secured file cabinets or sent to Baltimore for archiving. Either originals or clearly legible copies (photocopies, scanned documents, etc) shall be maintained. If additional storage space is required please contact a licensed local organization to rent secured space. The department shall retain the financial records for a period of seven years from the date of submission of the final deliverables for a sponsored program. All documentation is subject to audit at any time by the Departmental Administrator, Divisional Business Office, Accounts Payable Shared Services, Controller’s Office, Internal Audits or the Sponsor.

Local laws must also be taken into account to ensure local law compliance.
Note: This policy is in compliance with US Internal Revenue Service Record Retention Rules which state that all financial records must be maintained for three years from the date of the return.

4.6 Reporting to Sponsors

The official accounting system of JHU is SAP. If it is necessary to provide financial reports to any external party, the information must be generated by SAP, through your Baltimore finance team.

Country offices should not provide reports to any public or private sector donors that have not come from the Baltimore finance team in the Sponsored Shared Services Office.

SECTION 5: CASH MANAGEMENT

In order to facilitate business abroad, JHU has two cash management methods that field offices may utilize: Remote Imprest Fund (RIF), and/or JHU Wire.

RIF’s will be given to the custodian in one of two forms, either through a bank account or through a Pay Card, which is similar to a credit/debit card.

JHU wires can either be check requisitions or SAP Purchase Orders.

5.1 Banking

A. GENERAL BANKING INFORMATION

In some instances, it may be necessary for departments/divisions at JHU to open a bank account in a foreign country to support a foreign program or activity. A foreign bank account may only be established or closed with the written approval of either the JHU’s Senior V.P. for Finance and Administration or the Treasurer. The Office of the Treasurer must be notified of all changes to the account such as adding and removing signatories.

All foreign accounts must be in JHU’s name and must be designated as commercial accounts. In order to open a bank account in a foreign country in JHU’s name, JHU will need to formally register as a foreign entity in that country. There shall be no accounts in the name of any JHU employee, independent contractor, foreign agent or foreign project. Project or program funds may not be commingled with personal bank account funds. Any exceptions to this policy must be approved in writing with the Treasurer’s Office.
Any department requesting a new Remote Checking account will need to complete the paper Petty Cash Fund Action Form (Part I - Establishment). This form and any supporting documentation should be sent to the Divisional Business Office (DBO) for approval and then routed to Accounts Payable Shared Services. Concurrently, the JHU Office of the Treasurer should be contacted to begin the process of account set up.

Further instructions can be found at: www.controller.jhu.edu/depts/ibc/open_bankaccts.html

B. IRS RAMIFICATIONS FOR RIF_CUSTODIANS

Any United States citizen who has signatory authority over any foreign bank account whose value exceeds $10,000 at anytime during the calendar year, that individual must file TD F 90-22.1 with the Department of the Treasury on or before June 30th of the succeeding year. Furthermore, when filing personal income tax form 1040, the same individuals must also complete IRS Schedule B, Interest and Ordinary Dividends, lines 7a and 7b. Answer “Yes” to 7a and enter the name or names of countries on line 7b. Failure to file the form could result in fines and/or imprisonment for individuals.

5.2 Remote Imprest Fund

A RIF is an advance of University funds to an individual custodian located in a country where banking, postal services or local business practices make it impractical to make payments directly. A RIF provides a mechanism for on-site disbursements related to one or more projects while maintaining adequate internal controls, accounting for activities and timely financial reporting.

When planning the financial duties involved in a RIF, be sure to consult the matrix in section 3.3 in order to assure proper separation of duties. Also, these duties should be spelled out in the list of authorities table that each field office will maintain.

A. RESPONSIBILITIES

A RIF is a large responsibility, therefore there are multiple people involved in ensuring that the fund is balanced and that transactions are valid. The RIF is operated by a Custodian, and audited monthly by an Administrator. Often there is another individual who is responsible for approving any of the disbursements made by the Custodian.

CUSTODIAN

An individual must be designated as the RIF custodian. The RIF custodian should be a JHU employee wherever possible. Exceptions may be made on a case by case basis. The custodian is personally responsible for the funds, and their responsibilities are as follows:
• Makes disbursements from the fund
• Maintains the security and accountability of the fund
• Monitors the Petty Cash Fund balance
• Periodically reviews the fund balance to ensure that it is sufficient and does not exceed the amount necessary to cover three months for Remote Petty Cash Funds expenditures
• Reconciles the fund balance
• Reconciles the check register to the bank statement if the fund is in the form of a checking account
• Replenishes the fund

**ADMINISTRATOR**

An individual must be designated as the RIF administrator. The administrator’s responsibilities are as follows:

• Ensures that fund activities are in compliance with University policies and procedures
• Ensures that each expenditure is properly documented
• Reviews the fund balance on a monthly basis to ensure that it is sufficient and does not exceed the amount necessary to cover three months worth of Remote Petty Cash Fund expenditures
• Verifies the reconciliation of cash-on-hand
• Reviews the replenishment for accuracy and approves the request

**RIF EXPENSE APPROVER**

An individual or individuals must be designated as the RIF’s expense approvers. The expense approver has the authority to sign the RIF voucher that authorizes the purchase. Only individuals listed on the Table of Authority as RIF expense approvers may approve the RIF voucher.

**B. CEILING**

RIF ceilings should be equal to 3 months worth of expenditures. This amount is based on the expectation that the account will be reconciled monthly. The extra months of expenses are included in the ceiling in order to accommodate delays in sending the documentation to the US and having the US based personnel validate the reconciliation and process the replenishment.

In the event that the ceiling needs to be increased or decreased in order to be in alignment with the ceiling guidelines, a B-29 form with current reconciliation must be submitted to the appropriate Divisional Business Office for approval.
C. DISTRIBUTION METHODS

There are two primary distribution methods used by RIF’s: Remote Checking Accounts, or Pay Cards. Typically, JHU will open a Remote Checking Account in the foreign country to house the RIF. In the event that the project is short-term (6 months or less) and setting up a bank account is not feasible, the University will give the custodian a Visa Pay Card, which can be used to make purchases and withdrawal cash.

The requesting department will work with JHU Treasury to determine the appropriate RIF distribution method, and Treasury will set up the accounts. Both of these RIF methods will be set up by JHU Treasury.

Regardless of the vehicles used to deliver funds to the custodian, the general account management and policies are the same.

RIF funds may also withdrawal cash from the checking account or Pay Card to set aside in a cash box as “petty cash” to pay for small purchases and incidentals. Cash on hand is to be tracked and reconciled monthly as part of the RIF. The cash should be counted at the month’s end and only the amount that is actually present will be recorded as cash on hand.

It is the responsibility of the custodian to ensure the security of the funds, preferably in a fireproof safe within the office.

D. DISBURSING FUNDS

The petty cash custodian is responsible for disbursing funds from the RIF. The field office should use the Separation of Duties tables in Section 3.3 to determine the roles and responsibilities pertaining to the handling of the RIF.

The only allowable disbursements from the checking account are those which support program activity. These include:

- Payment of salaries, benefits and severance packages
- Payment for goods and services
- Travel advances: Cash advance for travel in support of program activities
- Project advances: Cash advance of project funds to purchase goods and services in support of program activities
- Expense report reimbursements: Reimbursement of personal funds spent for program purposes
- Replenishments to the petty cash fund
The following types of disbursements are not allowed:

- Salary advances
- Personal advances or loans
- Reimbursements for personal (not program-related) expenses
- Subcontractor payments (unless exempted)

**E. CASH ON HAND/PETTY CASH**

As outlined in Section C “Distribution Methods”, RIF’s may maintain petty cash for instances when small amounts of cash are needed. Cash should be maintained in a locked cashbox. Only the cash disburser and a backup person should have access to the keys to the lockbox.

**F. DOCUMENTATION**

Petty cash vouchers will be used to record all petty cash expenses and must be accompanied by a receipt. The business purpose for the expenditure should be clear, and if not, there should be a clearly written explanation in English of the purpose. For receipts in a foreign language, a translation of the purpose of the expense should be provided in English.

An itemized ledger of each expense should be maintained by the field office. The ledger should be in QuickBooks or Excel™, depending on the financial system the field office is utilizing for expenditure tracking.

When reconciling, each receipt should be numbered in a methodical way with that number corresponding to the appropriate entry in the itemized ledger.

Travel and project advances should be monitored closely each month. The RIF will maintain a log of the travel advances that have been distributed. The log will include the employee’s name, date of the advance, and the amount. Advances must be closed within 15 days of the conclusion of travel by the employee submitting the receipts along with any leftover cash. Employees will not be granted additional advances until the original advance has been closed out.

**G. PENDING REPLENISHMENTS**

Pending Replenishments are defined as monthly expenses for a month that has ended that have not yet been received in-country as of the closing date of the current month because the replenishment paperwork is in-transit or awaiting approvals.

For example: it is currently the month of June and the custodian is reconciling the month of May. During May, the custodian received the replenishment for March, but as of the last day of
May he/she is still waiting for April’s replenishment. On the May replenishment he/she would show April’s replenishment as a pending replenishment.

Using the same example, the custodian receives April’s replenishment wire on June 2nd. He/she would still show April’s replenishment as “pending” because he/she had not received it as of May.

**H. RECONCILING**

RIF’s should be reconciled on a monthly basis. To close out the month and make a replenishment request, the country office performs the following steps:

**QuickBooks Users**

1. Reconcile the bank account(s)
2. Book the office’s fringe costs
3. Calculate accruals for the period
4. Ensure that each receipt is numbered sequentially, is present in the ledger, and has an English translation if it is in a foreign language
5. Verify the cash on hand
6. Determine the amount of the replenishment for the month
7. Complete the B-31 form for replenishment
8. Set the closing date in QuickBooks
9. Back up the office QuickBooks file
10. Collect the accompanying documents and files
   a. B-31 form
   b. Bank statement
   c. Replenishment request form (Voucher Form), signed by Country Director or her/his authorized designee
   d. QuickBooks file
   e. Receipts for actual expenses
   f. Payroll spreadsheet in Excel (Note: If payroll is outsourced, send a copy of the summary statement provided by the vendor)
11. Email the zipped QuickBooks file to Baltimore, along with any accompanying files (e.g., the Excel files)
12. Send the original accompanying and/or scanned documents to Baltimore

**Non-QuickBooks Users**

1. Reconcile the bank account(s)
2. Book the office’s fringe costs
3. Calculate accruals for the period
4. Ensure that each receipt is numbered sequentially, is present in the ledger, and has an English translation if it is in a foreign language
5. Verify the cash on hand
6. Determine the amount of the replenishment for the month
7. Complete the B-31 form for replenishment
8. Complete the B-34 form
9. Collect the accompanying documents and files
   a. B-31 form
   b. B-34 form
   c. Bank statement
   d. Replenishment request form (Voucher Form), signed by Country Director or her/his authorized designee
   e. Ledger
   f. Receipts for actual expenses
   g. Payroll spreadsheet in Excel (Note: If payroll is outsourced, send a copy of the summary statement provided by the vendor)
10. Email the ledger to Baltimore along with any accompanying files
11. Send the original accompanying and or scanned documents to Baltimore

The amount replenished should equal the sum of all RIF disbursements for the month plus any accruals such as severance and fringe benefits.

The RIF custodian and administrator should review the cash requirement on a monthly basis and propose increases or decreases to the fund level as appropriate. Any changes in RIF ceilings must go through the Divisional Business Office on a B-29 form.

All RIFs must be fully reconciled with corresponding bank statements on a quarterly basis to satisfy the University’s audit requirements.

I. REPLENISHMENTS

There are different replenishment methodologies for the two types of RIF vehicles (checking accounts or Pay Card) outlined in Section C “Disbursement Methods”:

Remote Checking Accounts

QuickBooks will be used by JHPIEGO and many JHU field offices to record all disbursements. The information that is recorded in Quick Books will be processed monthly by the local office as an Excel upload into the SAP system. This entry will record all the expenses and credit the bank account name as the vendor and create a replenishment check.

All other Remote Checking Accounts will enter their detailed expense information through an online payment request (SAP document FV60 – Parking a Non Purchase Order Related Invoice) using the document type ZF, which indicates that it is for petty cash. The total amount of the FV60 document should equal the amount listed on the monthly B-31.
Pay Cards

Pay Cards are replenished by the Treasurer’s Office using an Excel upload. Departments should submit an Excel file that includes a log and a B-31 form to Accounts Payable with a notation that the file is to be routed to Treasury. Contact Treasury for more information on the exact file format needed.

J. CASH RECEIPTS

In general, RIF’s should not be receiving cash receipts from external sources other than JHU. In some instances this is unavoidable, and the methods of dealing with the cash receipts are outlined below based on the type of receipt.

1) Programmatic revenue- Some sponsors have stipulated that the revenue for the program remain in the host country instead of being wired directly to JHU. This should have prior approval from Research Administration and your Business Office. Your Business Office will work with Cash Accounting to ensure that the invoices are set up and credited correctly despite the revenue being processed through the RIF.

2) Programmatic income- Projects who are selling products or services will receive programmatic income, which can also be processed through the RIF as long as the proper accounting is followed. Contact your Business Office for instructions.

3) Refunds- When the project receives a refund in-country, the money should be reflected in the monthly RIF report as a credit to an expense, not as a credit to revenue.

4) Travel advance closing- When closing an in-country travel advance where the employee has returned some or all of the cash, the appropriate receivable should be credited and any receipts should be expensed.

K. CORRECTING ENTRIES

If a QuickBooks or Excel entry needs to be corrected or reversed for any reason, the country office finance staff may make a correcting journal entry in the current month. Changes cannot be made to original entries in previous, closed months.

L. AUDITS

A semi-annual, unannounced audit of the fund by the Program Manager and the RIF Administrator is recommended. Additionally, an audit should be conducted by the custodian before any extended leave is taken. In addition to departmental audits of the fund, all RIFS are
subject to unannounced audits by the Divisional Business Office, Accounts Payable Shared Services, Controller’s Office, Internal Audits, and External Auditors.

The purpose of a petty cash audit is to determine if policies and procedures are being followed by the RIF Custodian and the RIF Administrator of the fund. Generally, the audit involves reviewing disbursements from the fund, reviewing account reconciliations, analyzing trends in requests for replenishment and verifying the fund balance by totaling receipts and cash-on-hand. RIF Custodians are expected to have the Petty Cash Fund and supporting documentation available for audit at any time.

5.3 Payment of Expenses by JHU Wire

Any vendor payment may be made by wire from JHU through SAP, but **all vendor payments over US$25,000** in value should be paid directly from JHU to the vendor via a wire. In some instances, this is not feasible or financially viable, and exceptions may be made. If you would like an exception granted, please contact your departmental finance team who will consult with the Divisional Business Office.

5.4 Exchange Rates

Foreign exchange rates are constantly fluctuating, and there are a few acceptable methods for reconciling foreign currency to US dollars. The website Oanda.com can be used to find the prevailing interbank rate for a given day or period, located at [www.oanda.com/convert/classic](http://www.oanda.com/convert/classic).

**Weighted Average Rate**- A weighted average exchange rate can be achieved by combining the rate of the beginning balances, plus the rate of any funds received during the period. This combination creates a new weighted average of currency which is applied to expenses as well as the ending balance. The weighted rate can either be calculated at month’s end or it can be a rolling rate which is recalculated each time a new deposit is received. The rolling rate is very useful with Quickbooks Multicurrency, while the month’s end method is most useful with Excel based reconciliations.

**Example**: Over time, a RIF has received three deposits. The conversion rate is determined by examining the amount of USD sent from the US and the amount of Euros received at the foreign bank from the deposit.
5.5 Advances

A. STAFF SALARY ADVANCE

JHU does not allow salary advances.

B. STAFF TRAVEL ADVANCE

See section 5.5 for Travel Advance information.

International Travel by US based employees:

US based travelers should be utilizing the TRIP system in SAP to obtain their travel advance, not the RIF.

Travel by Internationally based employees:

Travelers based outside of the US may use the RIF fund for travel advances.

C. CONSULTANT/CONTRACTOR ADVANCES

JHU does not allow consultant or contractor advances.
SECTION 6: PROCUREMENT AND INVENTORY

Procurement or purchase of equipment and other commodities results in the transfer of valuable assets from the vendor to JHU. Items must be procured so as to be in accordance with JHU, Federal and Sponsor requirements. Once purchased, these assets must be documented and safeguarded — and, ultimately, disposed of — in accordance with JHU, Federal and, in some cases, Sponsor requirements. This guide sets forth the policies and procedures for procuring and managing JHU non-monetary/financial assets in all offices.

This guide covers the procurement or purchase of equipment and commodities only.

6.1 Types of Procurements

International procurements can be broken down into three categories:

- Equipment- defined as an item that:
  - Is durable with an expected service life of one or more years;
  - Have a purchase value of $5000 or more; and
  - Is complete in itself and does not lose its identity or become a component part of another article when put into use

- Subcontracts/ Independent Contractor Agreements/ Consultant Agreements- any formal agreement with Subcontractors, Independent Contractors, or Consultants. Your Department should contact the appropriate Divisional Research Administration Office for information regarding these types of purchases.

- Goods/ Materials/ Services- consumable supplies, general services, and materials intended for distribution where the individual items are worth less than $5,000. These are items which are not considered equipment, subcontracts, independent contracts, or consultant agreements.

As a general rule, Equipment and Subcontracts/Independent Contractor Agreements/Consultant Agreements must all be purchased using an SAP Purchase Order (SAP PO). For Goods/Materials, the purchasing methods are defined in section 6.2 (b).
6.2 Procurement

A. GENERAL

“No University employee or agent of the University shall participate in the selection, award, or administration of procurement if a real or apparent conflict of interest would be involved. Such a conflict could arise when the employee, agent, or any member of his/her immediate family has a financial or other interest in a procurement decision. The individuals shall not solicit or accept gratuities, favors or anything of monetary value from contractors, vendors, or other parties,” as stated in the Office of Management and Budget (OMB) Uniform Guidance CFR 200.318 - General Procurement Standards.

The University seeks to conduct its purchasing through open and free competition and is committed to selecting the supplier which meets specific needs with a competitive price, lowest total-end-use cost, and best overall quality.

Conducting business in accordance with these principles will promote and engender productive, long term, successful business relationships between the University and vendors.

B. QUOTATIONS AND PURCHASE ORDER REQUIREMENTS

Purchases of goods and services shall be made only from responsible suppliers who have the ability to meet agreed terms and conditions. Consideration should be given to the supplier’s integrity, record of past performance, and financial and technical resources, among other requirements when selecting suppliers. The University’s field offices should pre-screen vendors to streamline the procedures for repetitive purchases.

Pre-screened vendors will submit pricing lists that are valid for 6 months to 1 year and will include samples as necessary. The field office will evaluate the submissions based on quality, past performances and pricing. These quotes will be reusable for the duration of time that they are valid, limited to one year. Field offices should solicit new pricing bids at least annually for pre-screened vendors.

When pricing, quality, and delivery ability are similar for multiple vendors, field offices should routinely rotate purchases among different vendors in order to encourage competitive pricing and to discourage reliance on a single vendor.

Utilizing a pre-screened vendor does not circumvent required quotes; it allows the field office to obtain locked in pricing which saves time when soliciting quotes. All vendor quotations should be attached to the purchase order.
Quotations will be required as follows:

Less than $500:

No bids are required. However, good business practice dictates that a survey be made on an annual basis to determine you are receiving the best possible pricing.

$500 – $4,999.99:

Three bids are required and they can be obtained over the telephone, through in person visits to the vendors or other informal methods. The bids must be documented. Please note that even though this is an informal process, JHU requires that the procurement must be competitive. Sole source procurement must be the exception and when done must be justified. Documentation must include the following information for each bid and procurement.

- Means of obtaining bids
- Name of vendor
- Date of call, visit to the vendor or other methods used
- Quoted price
- Anticipated delivery date
- Specifications pertinent to the bid
- Basis for selection and recommendations
- Purchase order
- Delivery note or a document that provides evidence that the goods ordered on the purchase order have been received.

$5,000 and above:

A formal bidding process is required for any order for a single item costing $5,000 or more. Unless you have done a similar bid within 30 days, three new written bids are required. In-country purchasing staff must prepare the bid sheet and have it approved before issuing the purchase order. If a similar bid has been obtained before and it is more than 30 days old, the vendor must indicate the validity period of the bid if it is to be considered for the current procurement.

A formal bidding process includes:

- Determine the criteria to be used to select the winning vendor for the purchase.
- Identify three suppliers at a minimum.
- If less than three suppliers are available, documentation must be provided.
- Send out to vendors a written "Request for Bids" providing the specifications on the items and the deadline for the responses
- Make a selection based on the established criteria.
• Issue the purchase order and attach the bid sheet.
• Notify the Baltimore Office of any additional charges beyond the cost of equipment; such as freight and shipping insurance.

**Sole Source**

When an item is available from only one source, there can be no competition. Documentation must be provided for all sole source purchases. It can be based on the price of previous and/or similar purchases, current price lists, catalogues, negotiated pricing agreements. Sole source cannot be used to avoid competitive procurement and should be used only when there is no other option. Procedures for sole source procurement include the following and files should be documented as follows:

• Obtain a specification sheet for the item.
• Confirm that the identified source is the only known source available.
• Obtain a price quote from the sole source vendor.
• Prepare a memorandum justifying the sole source purchase, including cost information.
• Issue the purchase order and attach the Bid Evaluation form.

If a competitive bidding process results in only one vendor responding where there are several vendors who can provide the item, this does not constitute sole source. The Bid Evaluation form should be used to show the single response and the no bid from other vendors.

As different sponsors have different regulations regarding title (ownership) to equipment, avoid using funds from two or more sponsors for sole source procurement.

**Special Note:** Contracting of “independent contractors” will be exempt from the submission of written quotes under these requirements and must follow University’s policy regarding independent contractors.

Upon receipt of the required quotations, a purchase order should be prepared and submitted to the employee with the purchase order approver role indicating the exact specification of the purchase, the order number, date, price, quantity, place of delivery, and payment terms. Attached is a sample University purchase order (PO) as Appendix A. In cases where technical specifications are necessary, the specifications and correspondence with the supplier should be included with the purchase order.
C. AUTHORIZATION AND PROCESSING OF PURCHASE ORDERS

The two primary procurement methods for field offices are the use of the Remote Imprest Fund (RIF) via a Local Purchase Order (LPO), and SAP Purchase Orders (SAP PO’s). The type and value of the procurement will determine the allowable procurement method.

Local Purchase Orders

LPO’s are limited to $25,000 in value and are only valid for materials and services procurements. Field offices have approval authority for LPO’s in the amount less than $5,000, while LPO’s valued between $5,000 and $25,000 must be reviewed and approved by the Departmental Finance Office in Baltimore.

SAP Purchase Orders

Any purchase that is greater than $25,000 in value, Independent Contractors/Consultants greater than $4,999, or Subcontracts, equipment or component parts of any value, must be processed through the SAP PO system by contacting Baltimore-based finance staff directly.

<table>
<thead>
<tr>
<th>Value</th>
<th>Quotes</th>
<th>Department Approver</th>
<th>Purchasing Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials/Services</td>
<td>$0-499</td>
<td>None</td>
<td>Field Office</td>
</tr>
<tr>
<td></td>
<td>$500-4,999</td>
<td>3 Informal</td>
<td>Field Office</td>
</tr>
<tr>
<td></td>
<td>$5,000-25,000</td>
<td>3 Formal</td>
<td>Department Finance</td>
</tr>
<tr>
<td></td>
<td>&gt;$25,000</td>
<td>3 Formal</td>
<td>Department Finance</td>
</tr>
<tr>
<td>Equipment/Component</td>
<td>$0-499</td>
<td>None</td>
<td>Department Finance</td>
</tr>
<tr>
<td>Part</td>
<td>$500-4,999</td>
<td>3 Informal</td>
<td>Department Finance</td>
</tr>
<tr>
<td></td>
<td>$5,000-25,000</td>
<td>3 Formal</td>
<td>Department Finance</td>
</tr>
<tr>
<td></td>
<td>&gt;$25,000</td>
<td>3 Formal</td>
<td>Department Finance</td>
</tr>
<tr>
<td>Subcontracts</td>
<td>Any Value</td>
<td>3 Formal</td>
<td>Department Finance</td>
</tr>
<tr>
<td>Indp Contractors/</td>
<td>$0-4,999</td>
<td>3 Informal</td>
<td>Department Finance</td>
</tr>
<tr>
<td>Consultants</td>
<td>&gt;$4,999</td>
<td>3 Formal</td>
<td>Department Finance</td>
</tr>
</tbody>
</table>

All approvals must take into consideration:

- Price, quality and features of the goods or services to be purchased
- Availability of discounted pricing for prompt payment
- Cost, availability of replacement parts and maintenance service

The order may be placed with the selected supplier upon receiving the required authorization listed above. Goods should be inspected upon delivery for quality and quantity to ensure compliance with the specifications of the original order. In order to ensure separation of duties, the person receiving/inspecting the goods must not be the same person who initiated the order.
or the person who paid the vendor. The delivery note must be signed by both the goods requestor and the goods receiver as recognition that the goods meet the required specifications.

All relevant original documentation (i.e. all quotations, signed purchase order form, signed delivery note/receipt) should be submitted to the Office Manager or designee for filing as part of the office’s permanent record and sent to the Baltimore office for review. *All documentation must be provided in English or with an English translation of the business purpose.*

### D. VENDOR PAYMENTS

Suppliers are required to submit invoices for goods or services directly to the Office Manager or designee. Invoices for goods purchased should:

- Be original and on the supplier’s letterhead
- Specify the date and legal name and address of the supplier
- Be addressed to the Country Director
- Refer to a valid Purchase Order number (with the exception of accommodations and travel).
- Specify the goods and services purchased and the total amount due (split between VAT and expenses for Tax Invoices).
- Clearly state “Tax Invoice” (for tax invoices only)
- Specify the local (in-country) VAT registration number of the supplier and VAT rate (for tax invoices only)
- Specify the local (in-country) VAT registration number of the University (for tax invoices only)
- Include banking information for wire payments

#### Payment Processing

Upon receipt of a proper invoice, the Office Manager or designee must complete a Payment Requisition Form (attached as Appendix B) and submit it with all supporting documentation to the Country Director for authorization. The Payment Requisition Form must specify the payee; amount to be paid; cost object; General Ledger code; description of items and check or wire number.

**Purchases up to $4,999.99 without a Remote Imprest account**

The University will make payments to foreign suppliers using Electronic Funds Transfer (EFT). Follow the processes for International Wire Payments listed below.
**Purchases $5,000+ without a Remote Imprest account**

The University will make payments to foreign suppliers using Electronic Funds Transfer (EFT). Follow the processes for payments from a vendor invoice listed below.

**Purchases up to $24,999.99 with a Remote Imprest account**

The Office Manager must prepare a “non transferable” check or wire payment to the order of the supplier and submit it to the Country Director/Chief of Party with all the supporting documents for authorization and signatures as per the bank mandate.

**Purchases $25,000+ with a Remote Imprest account**

Purchases greater than $25,000 shall not be made from Remote Imprest accounts without the express permission of the Baltimore Finance Office and JHU Purchasing.

**Payments from Vendor Invoices, Non-RIF**

To exercise financial controls and minimize the risk of duplicate payments, it is the University’s policy to make payment from a vendor invoice. Accounts Payable Shared Services (APSS) will not make payment from a vendor statement. If the purchase is made in SAP, the invoice for the goods or service should be sent to the Accounts Payable Shared Services Post Office Box from the vendor for processing. After goods/service receipt is confirmed by the department, the three way match will occur and payment will be made.

When payment is made using an Online Payment Request (FV60) in SAP, it is the responsibility of the approving department to ensure the validity of the invoiced costs and to maintain adequate supporting documentation for those costs. The department retains the original invoice for a period of seven years from the date of submission of the final deliverables. All documentation is subject to audit at any time by the Departmental Administrator, Divisional Business Office, Accounts Payable Shared Services, Controller’s Office and Internal Audits.

Once the payment has been released, all documentation must be filed as part of University’s permanent record. All checks issued from foreign bank accounts should be filed in sequence and defaced.

Supplier banking details can only be updated on the EFT system upon the receipt of valid supporting documentation, such as a supplier’s letterhead or bank-stamped supplier’s banking details form.
International Wire Payments

To request an international wire payment payable to a vendor, APSS requires a copy of the vendor’s invoice to accompany the International Wire form and Vendor Add/Change form. Forms are available at http://ssc.jhu.edu/accountspayable/forms.html.

The invoice should have the required banking information needed to wire the funds. If the invoice does not indicate the banking information, the vendor must supply the required information on their letterhead.

If an international wire payment to an individual’s account is requested, APSS requires an official bank document which details the required banking information along with the international wire form. A foreign currency wire request submitted to APSS must follow the same requirements as indicated for the international wires. To access the form, go to http://ssc.jhu.edu/accountspayable/DataFiles/ForeignCurrencyWireform.doc.

Questions regarding the documentation requirements can be sent to APSS@jhmi.edu.

E. RESOURCES

JHU Procurement Ethics Statement
http://ssc.jhmi.edu/supplychain/ethics_jhu.html

Supply Chain Shared Services Homepage
http://ssc.jhu.edu/supplychain/index.html

Accounts Payable Shared Services Homepage
http://ssc.jhu.edu/accountspayable/index.html

6.3 Materials Inventory Management

Some field offices will accumulate inventories of items such as printed materials, T-shirts, medical supplies, etc. These items are not general office supplies; instead they are typically lower value items that have been purchased in bulk for high volume distribution. It is expected that the office will maintain good tracking and controls over this inventory. The office should use an inventory tracking system to monitor inventory coming in and going out with Excel or a commercial inventory package. The goal is to be able to monitor inventory from purchase, to storage, and finally to disposition. The inventory monitoring system must include:

- Descriptions of the items
- Number of items logged into inventory
- Date purchased
- Purchase Order Number or Local Purchase Order Number
• Value of items
• Signature of person logging inventory in
• Date and number removed from inventory
• Signature of person logging inventory out

Example:

<table>
<thead>
<tr>
<th>Description of items/notes</th>
<th>PO or LPO number</th>
<th>$ value</th>
<th>Date In</th>
<th># In</th>
<th>Signature logging In</th>
<th>Date Out</th>
<th># Out</th>
<th>Signature logging Out</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stop Smoking T's blue T's printed on front only</td>
<td>LPO 1002</td>
<td>6,000.00</td>
<td>6/1/2007</td>
<td>1,200</td>
<td>Jane Doe</td>
<td>6/7/2007</td>
<td>150</td>
<td>Alan Alda</td>
<td>1,200</td>
</tr>
<tr>
<td>6/7/07 rally in Boston</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6/7/2007</td>
<td>150</td>
<td>Alan Alda</td>
<td>1,050</td>
</tr>
<tr>
<td>6/8/07 rally in MD</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6/8/2007</td>
<td>500</td>
<td>Charlie Chan</td>
<td>50</td>
</tr>
<tr>
<td>left over from NYC rally</td>
<td></td>
<td></td>
<td>6/9/2007</td>
<td>200</td>
<td>Bob Brown</td>
<td></td>
<td></td>
<td></td>
<td>250</td>
</tr>
</tbody>
</table>

Materials should be audited by physically counting and comparing the amounts to the materials inventory tracking system on at least a semi-annual basis. The person doing the materials audit should not be the same person who receives the goods or maintains the inventory tracking system.

### 6.4 Property/Equipment Management

#### A. MANAGEMENT IN JHU OFFICES

To secure and safeguard the assets of JHU in our offices, a fixed asset/inventory management system must be developed and used. The inventory management system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft must be reported to the JHU USA office and will be investigated and fully documented for notification to USAID/Mission, USAID/Washington, if applicable, and JHU Risk Management.

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### CLASSIFYING PROPERTY

Non-expendable property is defined as any item which:

• Is durable with an expected service life of one or more years;
• Purchase value of $5000 or more; and
• Is complete in itself and does not lose its identity or become a component part of another article when put into use
An inventory audit should be conducted at least once per year, ensuring that inventory records accurately reflect the property on hand. Departmental finance staff should contact Fixed Assets Shared Service Center with any questions.

**Equipment Items**
Equipment is defined as an article of non-expendable, tangible property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. Machinery, furniture, office machines, vehicles (cars, trucks, etc.), scientific instruments or other apparatus that may be used repeatedly without material impairment of its condition, and is not highly perishable, is defined as equipment. The Shopping Cart for the equipment should have the CAPP (Capital Expenditures Purchase Order) document type and be coded as EQUIPMENT. Items that have document type CAPP will be routed to Fixed Assets Shared Services as part of the approval workflow.

**Component Parts**
Individual parts to be used in the fabrication of an item of equipment are defined as equipment when the total cost is more than $5,000. For example, five individual parts costing $1,000 each would be defined as equipment since the total cost for all would be $5,000. The Shopping Cart for the component part should have the CAPP (Capital Expenditures Purchase Order) document type, be coded as equipment and contain the alert message "Component Part". The requisitioner should include the existing asset number for which this asset is being acquired. Items that have the document type CAPP will be routed to Fixed Assets Shared Services as part of the approval workflow.

**Installation Costs and Freight Charges**
Installation costs and freight charges are considered a part of the cost of equipment. They should be included in the total cost and coded as equipment using the document type CAPP if the total cost is more than $5,000. For example, when an item of equipment costs $3,500 and the installation costs (or freight charges) are $1,500, the total cost is $5,000. Separate invoices for installation costs should reference the item of equipment by purchase order number or other identifying information.

**Non-Equipment**
Items which have a useful life of less than one year are defined as consumable supplies. Included in this category can be specialized electrodes, etc. Items costing less than $5,000 are also defined as general supply items. Included in this category are calculators, most personal computers, etc. In addition, maintenance agreements are not part of the equipment and DO NOT get capitalized.

**Replacement Parts**
Items purchased as replacement parts for a particular piece of equipment are considered
supply items since they do not enhance the value of the piece of equipment. The Shopping Cart for the replacement parts should contain the alert message "Replacement Part" and reference the Purchase Order number of the original item, if known. Items purchased as replacement parts do not enhance the value of an item of equipment; therefore, they are considered supply items and are expensed in the year of purchase. It is not necessary to add replacement parts to the inventory.

**SPONSORED PROGRAM REQUIREMENTS**

**Equipment Approval**
Inclusion of equipment items in a proposal for grant or contract support which is subsequently awarded does not always constitute the necessary prior sponsor approval for the purchase of equipment. Many sponsored programs require that major equipment items be approved by the sponsoring agency and/or institutional approval official prior to purchase. The principal investigator and department head are responsible for obtaining such approval when needed in advance of the purchase.

**Equipment Screening**
Prior to initiating the process of acquisition of major equipment items from federal funds, it is the responsibility of the department originating the purchase request, to screen University inventories to avoid equipment duplication. In some cases it is also necessary to ascertain whether the equipment can be furnished by the Federal Government.

Industrial Plant Equipment (IPE) valued at $10,000 or more per item under Department of Defense contracts must be screened by the Defense Industrial Plant Equipment Center (DIPEC) against the idle inventory of the Department of Defense via DD FORM 1419. If the item is available from DIPEC, it will be furnished by the government and not purchased with contract funds. If the equipment is not available from DIPEC, then DD FORM 1419 should be completed and certified by the sponsor to authorize the purchase of equipment from contract funds. If it is not available or cannot be delivered on or before the specified date, procurement action is allowed from this Certification of Non-Availability. The signing of the DD FORM 1419 certifies a valid need for the IPE being requisitioned and for ensuring that the screening is completed prior to initiating acquisition of the equipment. The DD FORM 1419 is also used for the National Aeronautics and Space Administration (NASA) Equipment Visibility Screening (EVS) System for equipment items valued at $1,000 or more. The EVS has been established to identify and affect optimum use and reuse of Government-owned equipment items of high value and/or reuse potential. Requests for grantee-acquired equipment are neither required nor encouraged to be screened through the EVS (14 CFR Part 1260).
The DD FORM 1851 is required for all inquiries to Defense Automation Resources Information Center (DARIC) for determining availability of excess Automation Equipment when the unit acquisition cost is over $25,000.

**Government / Excess Equipment**
This is equipment and material owned by the Federal Government which is no longer needed by the holding agency, but which still has a useful life. When a federal agency has no further need for such property, it is listed with the General Services Administration (GSA), which publishes such listings and makes them available to other federal agencies. When acquired by the University, this type of property is recorded as Government-Furnished Equipment for which the University is accountable.

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**TITLE**

Title to equipment refers to the legal ownership and control of the equipment. Title to equipment purchased with general funds vests in the University. In the case of sponsored funds, the principal investigator should refer to the grant or contract terms and conditions and to his/her Divisional Research Administration Office for the definitive guidelines regarding title, prior approval, and accountability for equipment.

**Equipment Purchased with Grant Funds**
Title to equipment purchased with awarding agency grant funds automatically vests in the University upon acquisition for most Federal agencies. However, for the Office of Naval Research (ONR), taking title to equipment is reported to the ONR Administrative Contracting Officer upon termination of the grant.

**Equipment Purchased with Contract Funds**
The terms and conditions of the contract determine vesting of title. Upon termination of the contract, a final inventory of Government-owned equipment is prepared by Fixed Asset Shared Services and sent to the Contracting Office through the Divisional Research Administration Office to request vesting title in the University.

**Government Furnished Equipment**
Government furnished equipment must be entered into the University’s Fixed Asset System. Title to government furnished equipment remains with the Government.

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**TRACKING PROPERTY**

All non-expendable property, regardless of funding source, will be marked with a University identity label and tracked via an inventory list.
A unique identity label is assigned by JHU Fixed Assets to each item of property. [Do we actually tag items or just list them when abroad?] Once a number has been assigned to an item of property, the same number may not be applied later on another item.

An inventory list gives pertinent information on each item inventoried such as:

- Item description, including model
- Serial number
- JHU asset tag number
- Donor funding source (e.g. USAID, Packard) and percentage of donor funds, if applicable. Agreement number must be included
- Who has title (donor, JHU, Prime if under a sub-award)
- Acquisition date or date received
- Vendor
- Acquisition costs (including shipping, delivery costs etc.) in local currency or US dollars
- Location, such as Program Manager’s office, reception
- Current condition (e.g. good, damaged, under repair)
- Disposition information (e.g. sold, transferred, stolen) including date of disposal, sale price, or method used to determine fair market value

The inventory list must be updated as items are disposed of or new items are procured. Updates must also be recorded as the condition and location of the equipment changes. For insurance and audit purposes, a copy of the inventory records must be sent to Departmental finance staff at JHU when the year-end fiscal reports are submitted or when there are significant changes to the inventory.

**B. SUB-RECIPIENT INVENTORY MANAGEMENT**

Sub-recipients who will procure equipment or who will be provided equipment by JHU must have an inventory system in place before program activities begin. The in-country office must maintain a copy of the inventory records of the sub-recipients.

**C. ORGANIZATIONAL RESPONSIBILITIES**

**Fixed Assets Shared Services**

Regarding equipment accounting, Fixed Assets Shared Services is responsible for:

- Identifying and recording all equipment acquisitions
- Maintaining the University’s equipment inventory
- Preparing equipment lists and providing to administration and departments a wide variety of equipment reports.
• Providing figures for updating the equipment assets for use in F&A recoveries.
• Providing figures for updating the equipment assets for use in calculating depreciation.
• Providing data for equipment reports for specific grant and contracts for Sponsored Projects Shared Services as required in the Notice of Award.

Research Administration Offices

The Divisional Research Administration Offices are part of their respective School's Administration and are responsible for determining where the title of the equipment is going to vest and for the disposition of the equipment.

Questions regarding the terms of specific grants or contracts should be directed to the appropriate Research Administration Office.

Departmental Responsibilities

Purchase order acquisitions are identified automatically through the purchase order and/or payment documents processed through the SAP system. Departments are responsible for notifying Fixed Assets Shared Services related to:

1. Fabrication of equipment - notification of fabrications should be made on the Notification of Fabrication Form C825.
2. Acquisitions of equipment from other institutions or agencies (e.g., donations, loans or transfers) should be noted on the Equipment Information Form C824.
3. Changes in status (e.g., disposal, transfer, loss, etc.) - notification of changes in status of current equipment or donations, loans or transfers is accomplished through the use of the Equipment Information Form C824.

In addition, departments are required to provide appropriate care necessary to properly maintain equipment. If repairs are required, they should be performed expeditiously to keep equipment in good working condition. It is also the responsibility of departments to protect property against loss, damage, or unauthorized use.

Principal Investigator Responsibilities

General responsibility for the maintenance and control of government-owned property rests with department heads and direct control rests with the principal investigator. The principal investigator and department chairman are responsible for restricting the utilization of property acquired for use under a specific grant or contract as may be required under specific terms and conditions and regulations of the agreement. Should the equipment require regular or periodic maintenance such as lubrication, cleaning or calibration, the principal investigator will be
responsible for this service, in accordance with such guidelines furnished by the manufacturer or technical manuals which accompany the equipment. The principal investigator will also be responsible for keeping maintenance records for industrial plant equipment. Government-furnished or government-acquired equipment may not be used for provision of services unrelated to the university tax-exempt purposes.

Forms

<table>
<thead>
<tr>
<th>Form</th>
<th>Description</th>
<th>Format</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>C824</td>
<td>Equipment Information Form</td>
<td>PDF</td>
<td>08/2008</td>
</tr>
<tr>
<td>C824 Instr.</td>
<td>Equipment Information Form INSTRUCTIONS</td>
<td>PDF</td>
<td>08/2008</td>
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<tr>
<td>C825</td>
<td>Equipment Fabrication Notification</td>
<td>PDF</td>
<td>04/2003</td>
</tr>
</tbody>
</table>

Resources

Fixed Assets Shared Service Center

Government Regulations

Procurement ethics policy: http://ssc.jhmi.edu/supplychain/ethics_jhu.html

D. DISPOSITION OF FIXED ASSETS

Changes in Status
Department heads or designees are responsible for notifying the Fixed Assets Shared Services of any changes in status of equipment items. Notification of changes in status is usually accomplished by using the Equipment Information Form C824. Changes in status may also be reported when departments receive computer listings of their equipment inventory.

Transfer between Departments/Divisions
If an equipment item is permanently transferred from one department to another, a journal voucher transferring the funding should be completed. If the location of the equipment changes, Form C824 – section 1 should be filled out completely and signed by the Department Administrator of each department or their designee. A Form C824 should be filled out when the department changes, even if the location does not change. Upon receipt of this information by Fixed Assets Shared Services, the item will be deleted from the equipment list for the transferring department and added to the list of the recipient department. Any changes involving the location of the equipment will also be updated.
Transfer to other Location (within University)
If an equipment item is permanently transferred from one building or location to another within the original cost center, Form C824 – section 1 should be completed and signed by the Department Administrator or designee. Upon receipt of this information by Fixed Assets Shared Services, the location will be changed on the inventory.

Transfers to Home
If the equipment is to be located at home, Form C824 – section 1 must be completed and signed by the Department Administrator or designee. Upon receipt of this information by Fixed Assets Shared Services, the location will be changed on the inventory.

Transfer of Equipment and Title to other Institution
If a principal investigator moves to another institution and wishes to take equipment with him/her, permission must be obtained by the Department Administrator and the Dean of the Divisional Research Administration Office. If approval is obtained, Form C824 – section 2 should be completed by the principal investigator for each equipment item being transferred and signed by the Department Administrator and the appropriate Divisional Research Administration Office. A copy of the form should be retained by the Divisional Research Administration Office and the original form should be sent to Fixed Assets Shared Services in order to delete the equipment item from the University's equipment inventory.

Transfer of Equipment and Title from other Institution
If a principal investigator moves to Johns Hopkins University and brings equipment with her/him, the items should be added to the University's equipment inventory. Form C824 – section 3 should be completed by the principal investigator for each equipment item being transferred and the form should be signed by the Department Administrator or designee. Upon notification to Fixed Assets Shared Services of the transfer from the outside institution, the equipment item will be added to the University's equipment inventory. The original cost and date of acquisition (if known) should also be noted. A copy of the form should also be sent to the Divisional Research Administration Office.

Transfer of Title from Sponsor
If a department acquires title to equipment from a sponsor, Form C824 – section 3 should be completed by the principal investigator for each equipment item and the form should be signed by the Department Administrator or designee. Upon notification of transfers of title to Fixed Assets Shared Services, the equipment item will be modified in the equipment inventory to reflect the change in ownership. A copy of the form should also be sent to the Divisional Research Administration Office.
Government Furnished Equipment (GFE)
If a principal investigator acquires a piece of equipment on loan from the government, Form C824 – Section 4 should be completed by the principal investigator for each equipment item and the form should be signed by the Department Administrator or designee. Upon notification to Fixed Assets Shared Services of the transfer from the government, the equipment item will be added to the University's equipment inventory and will be listed with the title vested in the government and will not be subject to depreciation. A copy of the form should also be sent to the Divisional Research Administration Office.

Donation of Equipment
If a department acquires title to equipment through a donation, Form C824 – section 5 should be completed by the department for each equipment item and the form should be signed by the Department Administrator. Upon notification to Fixed Assets Shared Services of the transfer from the government, the equipment item will be added to the University's equipment inventory. A copy of the form should be sent to the Divisional Development Office in order to properly record the donation and send acknowledgement to the donor.

Disposal of Equipment (Sold, Scrapped or Other)
If a department disposes of an equipment item by selling, salvaging or by some other means of disposal, Form C824 – Section 6a, 6b, or 6c should be completed by the department for each equipment item and the form should be signed by the Department Administrator or designee. If sold, the buyer and selling price should be noted; if "other," an explanation should be written on the form. Upon receipt of this information by the Fixed Assets Shared Services, the item will be deleted from the equipment list for the disposing department.

Lost/Stolen Equipment
If an equipment item is lost or stolen, Form C824 – Section 7 should be completed and signed by the Department Administrator or designee with the date of the occurrence on the form. The Security Department should also be notified and their report should be attached. The date of this action and any follow-up information which is pertinent should also be indicated. Upon receipt of this information, a lost/stolen status will be reflected on the department's equipment inventory. Within 90-120 days, the department will be called and asked to verify that this status has not changed (i.e. that the item has not been found or recovered). After this verification, the equipment item will be deleted from the equipment list.

Returned to Sponsor
If equipment is returned to the sponsor, Form C824 – Section 8 should be completed and signed by the Department Administrator or designee. The date the equipment was returned and the reason for returning it should be stated.
Other Types of Changes
If there is any other change in status of an equipment item, Form C824 – section 9 should be checked and an explanation provided and signed by the Department Administrator or designee. For example, a personally-owned equipment item has appeared on an equipment list by mistake. This information can be indicated in the "other" category. Upon receipt of this information, Fixed Assets Shared Services will take the appropriate action necessitated by the explanation.

SECTION 7: TRAVEL

7.1 General Travel Policies

The University Travel Guide is located at http://www.controller.jhu.edu/policy/list.html, under the department heading “Accounts Payable.” Guidance for foreign travel not specifically provided in this document may be found in the United States Department of State foreign travel regulations. Personnel traveling internationally in conjunction with federally funded sponsored research should be especially mindful of the Fly America Act.

SECTION 8: SUB-RECIPIENT MONITORING

As a recipient of sponsored research funding, the University is required to ensure that funding is used for authorized purposes in compliance with applicable grant and contract terms, Federal and State regulations and University policies and procedures. The University, as a pass through entity, remains ultimately responsible and accountable to the prime sponsor for funds management and compliance when the University contracts with sub-recipients.

To satisfy the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations, it is the responsibility of recipients of sponsored funding to advise sub-recipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed.

The University’s preferred method of payment to a subrecipient is on a cost reimbursable basis. In situations where subrecipient entities lack sufficient capital, and the request has been approved by the respective Divisional Business Office, advances can be made.

Furthermore, detailed review of the time period being invoiced is important since the majority of advance payments are prohibited.
The Principal Investigator (PI) is ultimately responsible for ensuring compliance, and reviewing all invoices and the technical progress of work completed by the sub-recipient, before payments are authorized. The PI is also responsible for monitoring requests for re-budgeting and reviewing the technical and financial reports of the sub-recipient. The PI shall work with ORA to request additional Sub-award Agreements or Amendments if additional time and/or support are necessary for the collaboration.

When approving invoice payments to sub-recipients on cost reimbursable awards, the validity of expenses must be verified along with achievement of scientific and technical progress by the PI or department designee. This verification should include sign off by the PI, the department designee/responsible party & a financial representative on the invoice/Certification for Payment and Performance form. For high risk subrecipients summary general ledger review is required for every invoice and a detail review once every six months.

Sub-recipient invoices should include information that conforms to the administrative requirements as prescribed in OMB Uniform Guidance.

- Name of the sub-recipient
- JHU Purchase order number
- Date of the invoice
- Invoice number and project title
- Period of performance covered by the invoice*
- Breakdown of costs in accordance with expenditure categories*
- Current period costs and cumulative project costs*
- Cost sharing
- Program income generated
- Contact person for invoice questions
- Certification as to the truth and accuracy of the invoice

*This information is not required on fixed price or fixed fee agreements.

Failure by the Sub-recipient to submit any deliverables by the due date or an invoice with inadequate information is considered just cause for JHU to withhold any payments due. Incomplete invoices should be rejected by the PI and ORA and a new invoice should be obtained or additional information may be attached to the original invoice. No sub-recipient award invoices should be approved if the review notes discrepancies; these discrepancies and any other questions should be addressed directly to the PI and ORA for resolution.

Please refer to JHU’s Sub-recipient Monitoring located at:
SECTION 9: CLOSING THE FIELD OFFICE

Closing a field office will require a good deal of foresight and planning. The Country Manager and JHU staff should work together to develop a timeline and closure plan in order to ensure that the closure goes smoothly.

The following is a list of some of the factors which should be considered when closing the field office:

- **Legal matters** - Consult the JHU Office of International Business Operations Compliance who will work with the Office of the General Counsel and your department to address all the legal issues related to closing a field office.

- **Space** - How much notice is required for lease termination and vacating the premises? Have the utilities been discontinued?

- **Equipment** - Has equipment been moved or disposed of in the correct manner? Has the inventory list been updated?

- **Human Resources** - What notices, including notices of termination and/or payments are due to staff according to the country’s laws?

- **Finance** - Have all activities been closed out and audited as necessary? Have all RIF funds been returned to the University? Have all bank accounts been properly closed if necessary? Are there adequate funds to cover the full time period?

- **Contracts** - Have all the Grant/Contractual obligations been met? Have the sub-agreements been correctly closed out?

- **Archiving** - Have arrangements been made to send any remaining original documents to JHU for storage?
EMPLOYEE CERTIFICATION

Country Name: ________________________________

Employee’s Name: ________________________________

Employee’s Position: ________________________________

I have received a copy of the JHU’s Overseas Field Office Operations Guide. I have read and understood the Guide and agree to abide by the policies and procedures outlined therein.

Signature: ________________________________

Date: ________________________________

cc:

1) Employee
2) Human Resources (in-country)
3) Finance Office (Baltimore)