



ADS Chapter 627

Local Currency Trust Fund Management

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ADS 627 – Local Currency Trust Fund Management
POC for ADS 627: Dorothea Malloy, (202) 916-2518, dmalloy@usaid.gov

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ADS 627 - Local Currency Trust Fund Management

627.1

OVERVIEW

Effective Date: 06/27/2014

[Section 625\(h\) of the Foreign Assistance Act](#), as amended, authorizes USAID to enter into arrangements with foreign countries to share costs of performing functions or reimburse the U.S. Government. Sec. 7026(a)(2)(B) of the FY 2012 Foreign Operations Appropriations Act, and its predecessor statutes, including section former section 609 of the FAA, authorize the use of host-country-owned local currency generations for the administrative expenses of the United States, which is normally accomplished through trust funds. This ADS chapter gives the policies and procedures related to the financial management of local currency trust funds.

A trust fund provides a means for a cooperating country to make a contribution of its own currency for USAID operations or program activities where it is more convenient for the Mission, rather than the cooperating country government, to administer the contribution. The account in which the contribution is deposited is administered by the Mission under a trust agreement with the country.

USAID may manage local currency trust funds owned by the host government only pursuant to a trust fund agreement. Trust funds revert to the host country when the USAID program is terminated.

Local currency trust funds (LCTFs) are local currency denominated and held by USAID Missions in local bank accounts in the foreign country where the funds originated. Most commonly, trust funds are generated from the monetization of donated commodities, cash transfer programs, and/or interest generated by the investment of the trust funds balances in USAID-approved investment vehicles, normally locally-issued bank Certificates of Deposit. The local currency generated is recorded in Phoenix in the local currency that generated it, never in U.S. dollars (USD). If a USAID Mission has Trust Funds, it budgets, obligates, and expends them in Phoenix in local currency. However, the Trust Fund Agreement normally allows payments to be made in local currency and/or USD. USAID obligations may be fully or partially funded by Trust Funds.

This chapter does not cover management policy for host country-owned foreign currency generated, set aside, or required to be deposited under program assistance agreements, where those funds are not held by USAID in trust. This topic is covered in [ADS 624, Host Country-Owned Foreign Currency](#).

627.2

PRIMARY RESPONSIBILITIES

Effective Date: 06/27/2014

a. The **Bureau Assistant Administrator (Bureau/AA)**: When there is no Mission Director or acting Mission Director, the Bureau/AA, unless otherwise stated in the Mission Order, is responsible for managing the Mission's bank account. This may

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include suspending the account balance reconciliation, when politically appropriate, based on local conditions (e.g., a local armed conflict prevents normal operations).

b. The **Mission Director** is typically designated in trust fund agreements as the **USAID Authorized Representative with** authority to notify the bank of any changes in Authorized Certifying Officers (ACOs).

c. The **Mission Controller**: In countries where there are existing host government-owned/USAID-managed Local Currency Trust Funds, the Mission Controller will assume full management responsibility for these trust funds. In countries where the host government decides to entrust local currency funds with USAID under a trust fund agreement, the Mission Controller establishes the bank account in the name of the **United States Government (USG)**, (sometimes “acting through USAID”) and assumes full management of the newly established trust fund in accordance with the trust fund agreement (see **627.3.5** for appropriate account titling).

The Mission Controller administers the financial control **described in 627.3.7** in Phoenix at all levels below the appropriation level.

d. The **Mission Executive Officer (EXO)**: In countries where LCTFs are permitted for Mission operations in accordance with the Trust Fund Agreement, the EXO is responsible for the management and acquisition of:

- Expendable **Property** ([ADS 527, Functions of the Mission Executive Officer](#) and [ADS 533, Purchasing for USAID Overseas Activities](#));
- Non-expendable **Property** ([ADS 534, Personal Property Management Overseas](#) and [ADS 629, Accounting for USAID Owned Property and Internal Use Software](#)); and
- Real Property ([ADS 535, Real Property Management Overseas](#), [ADS 624](#), and [ADS 629](#)) acquired using LCTF in accordance with ADS guidance governing overseas’ operations.

This includes:

- (1) Developing annual procurement requirements/plans and related budget estimates of activities funded using LCTFs;
- (2) Ensuring that non-expendable properties procured with LCTFs are segregated and annual inventories are performed;
- (3) Ensuring that LCTFs’ limits established for overseas operations are not exceeded without required written approvals from the Mission Controller; and

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- (4) Ensuring that procurement ([ADS 629](#)) and disposition of expendable, non-expendable, and real properties acquired using LCTFs comply with the trust fund agreement.

e. The Chief, Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reports Division (M/CFO/CAR) approves or disapproves waivers of policy and essential procedures when they conflict with USAID interests or with specific trust fund agreements. Per [ADS 101.3.1.6 \(d\) \(2\)](#), the Central Accounting and Reporting Division administers the financial control and reporting at the appropriation and account level of all foreign assistance funds for Agency program activities and operating expenses, including local currency trust funds covered under this ADS chapter. However, because LCTFs are not appropriated, SF132 apportionment requests with OMB are not required.

f. The Bureau for Management, Office of Management Policy, Budget and Performance (M/MPBP) is responsible for:

- Reporting trust fund budgets and actual expenditures via the Congressional Budget Justification; and
- Issuing budget allowances (written communication outside of Phoenix) to Bureaus, who in turn communicate this to the Operating Units.

627.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

627.3.1 Financial Documentation

Effective Date: 06/27/2014

Financial documentation is any documentation that impacts on or results in financial activity. For local currency trust funds, this would also include bank statements, reconcilements, and related material.

Basic financial documentation retention rules include but are not limited to:

- If an action will result in a financial transaction, it must be documented; and
- Source documentation must be readily available for audit (by either the Office of Inspector General or a responsible audit entity) or review by the Mission Office of Financial Management.

Note: The general rule for retention of financial documents is seven years; however, retention times may vary. Please refer to retention by document type as stated in [ADS 502, The USAID Records Management Program](#). The specific financial Records Disposition Schedules are located in [ADS 502.4.2](#), under Records Disposition

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Schedule. For additional information, please see the [National Archives and Records Administration \(NARA\) General Records Schedules \(GRS\)](#), [GRS 6, Accountable Officers' Account Records](#), and [GRS 7, Expenditure Accounting Records](#).

627.3.2 Fiduciary Responsibility

Effective Date: 12/21/2011

Missions must fulfill their fiduciary responsibilities to their host governments as well as any reporting requirements imposed by USAID/Washington.

627.3.3 Mission Order - Management of Local Currency Trust Fund (LCTF)

Effective Date: 06/27/2014

Since banking laws and functions vary considerably from country to country, each Mission must establish a Mission Order governing LCTF management. This Mission Order must:

- Address the applicable policies and required procedures contained in this chapter and [ADS Chapters 533, 534, 535, 624, and 629](#); and
- Include monthly bank and ledger reconciliation requirements.

The Mission must establish the Mission Order prior to accepting responsibility for the LCTF management.

Local currency held in trust, whether used for administrative or program purposes, is not US-owned local currency; therefore, statutory restrictions that apply to appropriated funds do not as a matter of law apply to its use unless specifically applicable to local currency programming. Nevertheless, Missions should be aware of and appropriately sensitive to statutes and USAID policies which may apply to the use of appropriated funds for a country or purpose.

627.3.4 Bank Selection and Authority to Establish Accounts

Effective Date: 12/21/2011

When necessary, Mission Controllers are encouraged to establish an account(s) with the banking institution used by the United States Distributing Office (USDO) for local currency check issuance. The Mission Controller establishes checking and/or savings accounts as necessary for prudent management of the trust funds.

Mission Controllers must submit a justification to the Chief, M/CFO/CAR if they want to use a banking institution other than the one which holds the USDO local currency account. M/CFO/CAR has the authority to approve or deny the Mission Controller's request. If M/CFO/CAR approves the request, it must be approved in writing. This bank substitution process may require competitive procurement proceedings.

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The accounts must be Corporate Accounts established in the name of the U.S. Government, acting through USAID, and must not be in the name of any individual. Having the "U.S. Government" appear in the name is an obvious indicator to any such person or court that the account is immune to attachment. A suggested name formulation is, "the USG acting through USAID."

The Mission Director, as USAID's Authorized Representative, (or the Mission Director's delegated agent) has the on-site authority to notify the bank of any changes in Authorized Certifying Officers.

While M/CFO/CAR can designate a new ACO, they are not USAID's authorized representative. As such, M/CFO/CAR can not notify the bank of ACO changes. When there is a change in USAID's Authorized Representative (i.e., transfer of Mission Director), the Mission Controller must notify the bank.

Account disbursement approval authority is limited to Agency-designated ACOs at post. Except when absolutely necessary, the Mission Director should not be designated as an ACO for Local Currency Trust Fund disbursements. The Mission Controller, or his/her designee, must reconcile the bank accounts at least monthly.

627.3.5 Investment Management

Effective Date: 06/27/2014

Phoenix, USAID's accounting and reporting system, does not have an investment module. As a result, Missions must maintain an investment account record. This record must list the:

- Names of all of the investments,
- Investment type,
- Original cost and the cost basis,
- Purchase and maturity dates,
- Interest rate indicating whether it is simple or compound or a fixed or variable rate,
- Interest earned for the quarter, and
- Any unrecognized gain (loss) on the investment must be recorded.

An explanation of any gains (losses) on the Local Currency Trust Fund investments must be provided in the footnotes of the record. The Mission must indicate whether the

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LCTF investment is classified as a current or long-term asset. The Mission may establish a committee or board to review and approve all investment actions.

Missions must manage funds so that interest earned is maximized. Investments must be maintained with the approved bank and held in bank-backed instruments providing a fixed or variable rate of return, e.g. certificates of deposit. Equity investments, even when offered by the approved bank, are not authorized.

627.3.6 Change of Authorized Certifying Officer (ACO)

Effective Date: 06/27/2014

When Missions have multiple ACOs, the Mission Controller must designate one person to be responsible for the Local Currency Trust Fund account(s) and to approve all disbursement transactions. In addition, the Mission Controller should identify an alternate, in writing, to function as the ACO when the primary ACO is not available due to short term absences. The alternate must only be used when the primary is not available.

When an ACO changes, the Mission Controller must appropriately document the change in responsibility to show the transfer of accountability for the LCTF account.

When ACO's schedules do not overlap, both the departing and incoming ACOs must certify separate Status of Cash in the Trust Fund Status Report (Business Objects Enterprise (BOE): Status of Cash Report; see [ADS 620, Financial Management Principles and Standards](#) section Internal Reporting Tools) to document and confirm transfer of accountability. BOE reports are available on the [Phoenix project Web site](#).

In the event of a difference between the reports, the incoming ACO determines how the discrepancy occurred, and completes a reconciliation of the amounts. If the incoming ACO identifies an irreconcilable difference as a result of a periodic reconciliation, he/she must be report it immediately to the Chief, M/CFO/CAR, and the former ACO.

At a minimum, the ACO must report the status and amount of the individual components of any cumulative irreconcilable differences to M/CFO/CAR on an annual basis. The ACO must submit this report no more than 30 calendar days after the fiscal year end.

627.3.7 Local Currency Trust Fund Control and Operating Entries

Effective Date: 06/27/2014

Local Currency Trust Funds are generated, deposited, accounted for, and reported in the agency accounting system in local currency. However, LCTFs are included in the Agency annual operating budget process in USD equivalents. LCTF amounts are excluded from the Congressional Budget Justification (CBJ). Employee salaries, benefits, and indirect costs funded or paid by LCTFs are part of agency workforce planning and are reported in the CBJ. They are grouped into the cost categories specified in [ADS 601, Funding Source Policy](#). Program Trust Funds are excluded

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from the annual budget process. For budget funds control purposes, Phoenix 6.0 Local Currency Trust Funds budget processes are followed. Budget and spending elements in Phoenix for LCTFs mirror those for appropriated funds. Obligations may be fully funded by LCTFs or a combination of LCTFs and appropriated funds. Disbursements may be made in local currency or USD. If paid in USD, the local currency equivalent is recorded in the accounting system.

When opening a new bank account creates the need to open a new account in Phoenix, the Mission contacts M/CFO/CAR Funds Control to establish a new treasury symbol and/or fund code per Phoenix 6.9 LCTF. Budget setup includes creating a standard treasury symbol and fund code (i.e., 72-TFXZMDX and TF613OZMDX, the “O” represents operating expense funds; “P” represents program expense funds).

Once Funds Control has set up the budget, the Mission Controller is responsible for all budget and spending transactions. Spending transactions impact Phoenix budgetary accounts, but they do not impact proprietary accounts.

As with appropriated funds, transactions related to local currency trust fund spending should be posted to the budgetary and proprietary accounts in Phoenix. Proprietary accounts affected by increases and decreases in cash are 1200 Foreign Currency and 6790 Other Expenses Not Requiring Budgetary Resources. Cash balances at the end of the fiscal year are converted to U.S. dollars and temporarily posted to the Agency’s 72X1000 Operating Expense account so that they appear in USAID’s financial Statements, Consolidated Balance Sheet, Assets, in the category “Cash and Other Monetary Assets” and in Note 5, Cash and Other Monetary Assets, Foreign Currencies.

Trust Funds covered under this chapter are not a part of the State-USAID Joint Strategic Planning and Budgeting process; however, they are included in the USAID annual operating expense budget process and are reported in the CBJ.

Severance payments to locally-employed staff (LES) and/or deposits to the USAID Foreign National Employees Separation Liability Fund (72X8342) on behalf of LES are appropriate disbursements from the trust fund account (see [ADS 628.3.4](#)).

Banking facilities may vary considerably from one country to another. Therefore, USAID policy is designed to ensure adequate internal control; yet, allow Mission Controllers to establish procedures appropriate for their country of operation.

Mission Controllers are authorized to make minor modifications to the disbursement procedures, as necessary, to meet the specific situation in their country of operation, provided that internal control procedures are maintained and documented in the required Mission Order.

LCTFs are not subject to the same legal authorities as appropriated funds as they relate to obligation reviews and advances. However, as a matter of policy, trust fund

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procedures should, whenever possible and practical under the circumstances, attempt to mirror those rules outlined in the [ADS 600 Finance Series](#). At no time should obligations be incurred in excess of available amounts in the trust fund (see [ADS 621, Obligations](#)). Missions must follow the funds control procedures outlined in [ADS 634, Administrative Control of Funds](#). Missions must follow financial document standards as outlined in [ADS 620](#). Use of the Agency official procurement system (currently GLAAS) is optional for recording obligations in the accounting records.

The basis of accounting for trust fund financial statements, in the absence of a specific requirement in the trust fund agreement, is subject to the professional judgment of the Mission Controller. However, pursuant to [ADS 631.3.3.1](#), awards or obligations with a total estimated cost of \$10,000 or more and an unliquidated balance of \$2,000 or more must use the accrual basis of accounting.

Phoenix requires that standard obligations (trust fund obligations and non-trust fund obligations) use transaction types which require an Expanded Object Class Code (EOCC), also known as SOC in Phoenix. As for payments (trust fund and otherwise), if the payment is not an advance payment, it uses a transaction type which requires an EOCC. As with appropriated funds, users do not have the ability to create EOCCs. Rather, they must select from the EOCCs available on the EOCC maintenance table. If none of these codes meet the Mission's needs, they can simply select a "miscellaneous" EOCC (see <https://pages.usaid.gov/M/CFO/expanded-object-class-codes>).

Missions must coordinate with M/CFO/CAR and M/CFO/FS (Phoenix Solution Center) to create a disbursing office code for posting LCTF disbursements in Phoenix.

Generally, the Mission's three-digit USAID Country Code should be used as part of the disbursing office code. Missions with multiple LCTFs must create separate codes for each fund by including an additional number in the disbursing code.

627.3.8 Reverse Accommodation Exchange

Effective Date: 12/21/2011

Where the host country foreign exchange environment permits, Missions must obtain U.S. dollar or third country currency necessary for payments against LCTF obligations through standard commercial practices.

Where standard commercial practices do not allow, or do not offer, an economically feasible option for obtaining U.S. dollar or third country currency, Missions may be able to obtain the needed currency using reverse accommodation exchange procedures available to foreign diplomatic missions.

If neither standard commercial practices nor reverse accommodation exchange through official channels is a viable option, Missions must establish dollar appropriation

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obligations to cover anticipated dollar payments for otherwise local currency trust funded obligations.

627.3.9 Locally Employed Staff (LES) Compensation

Effective Date: 06/27/2014

Where Missions have locally-employed staff covered under the Local Compensation Plan (LCP) and paid through the Department of State USDO payroll systems, trust funded personnel must be charged to the Suspense Deposit Abroad - USAID, 72X6809 appropriation. Mission Controllers must promptly deposit LCTF deposits corresponding to payroll charges to the suspense account. When USDO Payroll processing occurs during the last week of the fiscal year, Mission Controllers must ensure that the corresponding deposit is made in the same fiscal year as the USDO payroll charge. If the exact amount cannot be obtained prior to the end of the fiscal year, September 30, an estimated amount of the charge must be deposited.

The suspense account must be reconciled with the USDO payroll report postings of employee contracts taking into account any exchange rate differences between the rate applied by the USDO and the Mission deposit to the suspense account.

627.3.10 Local Currency Trust Fund Reporting

Effective Date: 06/27/2014

Missions must report LCTF activity to USAID/W through Phoenix. When performing monthly reconciliations, the Mission or AID/W should generate LCTF reports from Phoenix via the Business Objects Enterprise (BOE) report system. BOE, R0010, Trust Fund Status report generates the "Status of Cash" report which presents the trust fund data in summary format and the Status of Fund Report which provides the details (Budget Amounts, Obligations, Disbursements, Net Advances, and the Un-Obligated Balances) that supports the Status of Cash Report.

Annually, M/CFO/CAR produces and sends to Treasury the U421 Report of Estimated Foreign Currency Collections and Expenditures (see [ADS 101.3.1.6 \(d\)](#)).

Local Currency Trust Funds are shown as Cash and other Monetary Assets on the USAID Agency Financial Report (see [OMB Circular A-136 Financial Reporting Requirements](#)).

627.3.11 Local Currency Trust Fund Verification

Effective Date: 06/27/2014

Mission Controllers must ensure accountability of LCTF accounts by means of biannual non-Federal audits and/or financial reviews.

Biannual non-Federal audits of the Mission's LCTF management **must be performed** when total disbursements from the LCTF accounts are the equivalent of \$300,000 or

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more in any one year since the last audit. The party performing the audit must coordinate the audit with the Office of the Inspector General (OIG) (see [ADS 590.3.1](#)).

A Financial Review is required on the LCTF management in the interim year when the audit is not performed or when the disbursements from the LCTF account(s) are less than \$300,000 during the year, unless otherwise specified in the LCTF agreement. The financial review may be conducted by a Mission financial analyst. It may also be done by staff from another Mission or by contract.

When the LCTF account is fully disbursed and will no longer be required by the Mission, a close-out audit is required for LCTF accounts that were equivalent to \$300,000 or more in any one year since the last audit or review.

Audits must review the Mission's LCTF management for conformity to the LCTF agreement and the applicable Mission Order, which incorporates this policy. Any audit conducted must include all Mission LCTF accounts.

The audit report must be addressed to the Office of the Inspector General (OIG) for desk review to ensure that the report was conducted in accordance with applicable standards. Copies are sent to the Mission Director, the Mission Controller, M/CFO/CAR, and M/CFO/APC for entry into the Consolidated Audit and Compliance System (CACS). When appropriate, the cognizant Host Country organization or official may also be included as a recipient.

The financial review results are sent by the Mission Controller to the Mission Director.

The source funds for the audit must be agreed upon between the Mission and the host government and stated in the LCTF agreement. The preferred source of funding is the LCTF. However, the Missions may determine to charge the LCTF, the program, or operating expense dollar appropriation (see [ADS 591.3.5 \(e\)](#) in [ADS 591, Financial Audits of USAID Contractors, Grantees, and Host-Government Entities](#)).

627.3.11.1 Local Currency Trust Fund Verification Audit

Effective Date: 12/21/2011

Regardless of the results, documentation confirming completion of the audit or review must be filed with the LCTF documentation. There are two conditions that can result in suspension of the requirement to resolve issues with the Host Government.

- a. The Mission Director, or the Regional Bureau Assistant Administrator (Bureau/AA), can determine that it is politically inappropriate or impossible to resolve the issues, or
- b. The Mission Director can determine, based on the Mission Controller's request and justification, that the resolution is not functionally feasible (e.g., lost,

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destroyed or unrecoverable records make it impossible to provide independent comparison).

In each case, the determination and the justification for not resolving the issues must be filed with the LCTF documentation for reference and review.

Those cases where there appears to be an irreconcilable difference should not preclude on-going efforts to research the cause and eventually resolve any differences.

However, if it is determined that there is an irreconcilable difference, then report the amount to M/CFO/CAR and carry it forward as a reconciling factor in future comparisons. Each new comparison must re-address the condition(s) to determine if changes have occurred which would result in resolution of previously irreconcilable differences.

627.3.12 Host Government Notification

Effective Date: 06/27/2014

Individual trust fund agreements specify the required host government notifications, if any. Should the Mission or host government deem it necessary for USAID to notify the host government for changes related to depository institutions or USAID management, those requirements should be included in the individual trust fund agreement upon issuance and/or revision. Optional notification requirements outside the trust fund agreement, such as a USAID letter to the host government upon change of the USAID Controller, are acceptable best practices.

627.3.13 Deviation from Policy

Effective Date: 06/27/2014

When Missions determine that policies and required procedures in this document conflict with USAID interests or with specific **local currency** trust fund agreements, the Mission prepares a request for waiver to the Chief, M/CFO/CAR, citing conflicts and requesting waiver of the specific conditions in conflict. The requestor will be notified of the waiver acceptance or rejection.

M/CFO/CAR will provide a copy of the approved waiver to **The Bureau for Management, Office of Management Policy, Budget, and Performance Division (M/MPBP)**.

Waiver granting documents must be filed with the Local Currency Trust Fund documentation at the Mission to support necessary deviations.

Closeout assets are disposed of per the trust fund agreement.

627.3.14 Applicability of Other Laws and Regulations to Local Currency Trust Funds

Effective Date: 06/27/2014

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As a matter of policy, when not required by U.S. law and when not contrary to the Trust Fund Agreement, USAID applies, whenever practicable, the Federal Acquisition Regulations (FAR), USAID Acquisition Regulations (AIDAR), the Federal Travel Regulation (FTR) and the FLY America ACT (49 U.S.C. 1517) to any contract funded with trust funds.

627.3.15 Use of Local Currency Trust Funds for Temporary Duty Travel

Effective Date: 06/27/2014

[ADS 522, Performance of Temporary Duty Travel in the U.S. and Abroad](#), states that temporary duty (TDY) travels by employees must be processed in E2. However, when using trust funds, the use of E2 is optional.

627.4 MANDATORY REFERENCES

627.4.1 External Mandatory References

Effective Date: 06/27/2014

- a. [Foreign Assistance Act \(FAA\) of 1961](#), as amended, Section 625(h) (authority) and Section 636(h)
- b. [NARA General Records Schedules 6 and 7](#)
- c. [OMB Circular A-136, Financial Reporting Requirements](#)

627.4.2 Internal Mandatory References

Effective Date: 06/27/2014

- a. [ADS 101, Agency Programs and Functions](#)
- b. [ADS 103, Delegations of Authority](#)
- c. [ADS 502, The USAID Records Management Program](#)
- d. [ADS 522, Performance of Temporary Duty Travel in U.S. and Abroad](#)
- e. [ADS 527, Functions of the Mission Executive Officer](#)
- f. [ADS 533, Purchasing for USAID Overseas Activities](#)
- g. [ADS 534, Personal Property Management Overseas](#)
- h. [ADS 535, Real Property Management Overseas](#)
- i. [ADS 590, Audits](#)

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- j. [ADS 591, Financial Audits of USAID Contractors, Grantees, and Host-Government Entities](#)
- k. [ADS 601, Funding Source Policy](#)
- l. [ADS 620, Financial Management Principles and Standards](#)
- m. [ADS 621, Obligations](#)
- n. [ADS 624, Host Country-Owned Foreign Currency](#)
- o. [ADS 628, Gifts and Donations and Dollar Trust Fund Management](#)
- p. [ADS 629, Accounting for USAID Owned Property and Internal Use Software](#)
- q. [ADS 631, Accrued Expenditures](#)
- r. [ADS 634, Administrative Control of Funds](#)
- s. [Phoenix 6.0 Procedures – Foreign Currency Trust Funds](#)

627.5 **ADDITIONAL HELP**
Effective Date: 06/27/2014

- a. [Illustrative Trust Fund Agreement](#)
- b. [PD #18 – Local Currency Section 2.5 and 7.0](#)
- c. [Supplemental Guidance on Programming and Managing Host Country-Owned Local Currency \[91 State 204855\] Section 1.2 and 8.0](#)

627.6 **DEFINITIONS**
Effective Date: 06/27/2014

The terms and definitions listed below have been incorporated into the ADS Glossary. See the [ADS Glossary](#) for all ADS terms and definitions.

Local Currency Trust Funds

Trust Funds are local currency denominated and held by USAID Missions in local bank accounts in the foreign country where the funds originated. Most commonly, Trust Funds are generated from the monetization of donated commodities, cash transfer programs and/or interest generated by the investment of the Trust Funds balances in USAID approved investment vehicles, normally locally issued bank Certificates of Deposit. It is governed by a trust fund agreement between USAID and the host

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government and is managed by the mission Controller. The agreement specifies the purposes for which the funds can be used. (Chapters [624](#) and [627](#))

Phoenix

USAID's single, Agency-wide, integrated, core financial system. Phoenix is a Web-based, COTS financial management system, which is CGI Federal's Momentum Financials configured for USAID. (Chapters [331](#), [620](#), and [627](#))

USAID Trust-Funded Property

Property purchased with USAID Trust Funds, to be used only for USAID activities, and accounted in inventory records in the same manner as, but separately from, USAID OE-funded personal property. Trust funded property reverts to the host country upon disposal. ([14 FAM 410](#)) (Chapter [627](#))

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