
OFFICE OF THE CHANCELLOR
University of New Orleans

Administrative Policy & Procedure
(AP) 10.8
Effective Date: July 1, 1999

Subject: PAYMENT OF CONTRACTUAL SERVICES

PURPOSE

To establish guidelines and standard procedures to be followed in the payment of contractual services to individuals who are not employees of the LSU System.

DEFINITIONS

Contractual Services are those services provided to the University by an independent contractor possessing some special intellectual or vocational training. This person **may not** be: 1)a current employee of the LSU Sytem; 2)a former employee of the LSU System within the last two years, whose duties were similar to those being contracted for; or 3)a currently enrolled student. The IRS considers payments for contractual services to be "non-employee compensation."

Taxpayer Identification Number (TIN) is an individual's or company's federal indentification number used for tax purposes. For an individual, it is the Social Security number; for other entities, it is the Employer Identification Number (EIN).

Form W-9 is the IRS form Request for Taxpayer Identification Number and Certification (copy attached). All payments for contractual services require a completed federal Foem W-9 or a valid substitute to be on file in the Office of Accounts Payable. The General Contractor Information form (copy attached), which is part of the University's standard contractual services agreement, is considered a valid W-9 susbtitute.

Backup Withholding is the federal tax withheld from withheld from any and all payments made to a recipient where the recipient has failed to furnish a TIN in the manner required. Failure to furnish the certification will result in the maximum applicable backup withholding (current rate of 31 percent) on any payments made.

Form 1099 is the IRS form required for reporting compensation and certain other payments made to individuals who are not employees of the LSU System. Currently, payments amounting to \$600 or more during a calendar year are subject to to this reporting requirement.

GENERAL POLICY

This policy addresses the payment of contracts for professional, personal and consulting services. It is to be used in conjunction with PM-40, Contracts for the University Procurement of Professional, Personal, and Consulting Services, and AP 10.7, Procurement of Contractual Services.

Payment of contractual services is based on the assumption that an employer/employee relationship has not been established. Compensation for contractual services is considered reportable income when the total payments to a recipient during a tax year equal

or exceed \$600.

Contractual Services

Payments for contractual services will be processed on the Request for Payment of Honoraria/Contractual Services form (copy attached) after the required approvals have been secured. The form must indicate that a contract is on file either with the Office of Research or the Office of Financial Services. An original invoice from the contractor, approved by the principal investigator or other authorized individual, must be attached to the form before payment can be processed.

Travel Expenses

The contractual services agreement must specifically indicate if expenses incurred for travel are to be reimbursed separately from payment for contractual services rendered. If the contract is silent on this issue, the University will consider the cost of travel to be included in the cost of services.

If the contractual services agreement provides for travel separately from payment for services rendered, the soliciting department will be responsible for ensuring that these expenses are reported and submitted on the UNO Travel Expense Voucher in accordance with PM 13, University Travel Regulations, and PPM-49, State General Travel Regulations. (State travel guidelines are available at <http://www.doa.state.la.us/osp/osp.htm>.)

The University offers two options with regard to the reimbursement of travel expenses in connection with contractual services:

Option I. Non-Accountable Reimbursement Plan

Under this option, the total compensation allowed under the contract will be all-inclusive and will be the total owed the individual in relation to his/her performing the services to the University. There will be no need to attach receipts for expenses incurred. If total payments equal or exceed \$600 in a calendar year, the contractor will receive a Form 1099 at the end of the year for the total amount of compensation received under the contract.

Option II. Accountable Reimbursement Plan

In those instances where the contract stipulates that travel costs be separately identified from payment for services rendered, this option will be used. The burden of substantiating that travel expenses were incurred in accordance with PM-13 and PPM-49 will rest on the soliciting department at the time of payment.

NOTE:

The Louisiana Commissioner of Administration has exempted externally-funded subcontracts and amendments with in-state and out-of-state public agencies using Federal Funds or other grants to conduct research from PPM-49.

If the contractor wishes to make his/her own travel arrangements, the departments soliciting the services must send a letter to the contractor prior to his/her making the arrangements for departure informing of the necessity of obtaining and keeping the

original receipts related to the trip. The contractor must be informed of the maximum allowable limits of reimbursements. The contractor or the department acting on his/her behalf must make all pertinent air travel and lodging arrangements (except lodging within the State of Louisiana) through the State Contracted Travel Agency.

Under this option, the University will not issue a Form 1099 for reimbursed travel expenses.

AUTHORITY

This document is issued in accordance with Article VII, Section 4 of the Bylaws and Regulations of the Board of Supervisors of the Louisiana State University System and PM-40 dated February 16, 1983.

PROCEDURES

Contractual Services

Submit a Request for Payment of Honoraria/Contractual Services form to the Office of Accounts Payable. Provide the name, address, and TIN of the payee. Indicate the date(s) and purpose of the services and the account(s) to be charged. Attach an approved, original invoice for the services rendered by the contractor. Indicate on the form whether an approved copy of the contract is on file with the Office of Financial Services or the Office of Research.

Travel Expenses

To request reimbursement for travel under Option II, the department must process a completed UNO Travel Expense Voucher form in the name of the contractor. Original receipts and a copy of the General Contractor Information form indicating that travel expenses are to be reimbursed under the accountable reimbursement plan must be included and submitted to the Office of Accounts Payable.

Gregory M. St. L. O'Brien
Chancellor

Attachments: Request for Taxpayer Identification Number and Certification (Form W-9)
General Contractor Information
Request for Payment of Honoraria/Contractual Services

UNIVERSITY OF NEW ORLEANS GENERAL CONTRACTOR INFORMATION

CONTRACTOR: (Name) _____

(Address) _____

(Taxpayer Identification Number) _____

TIME PERIOD: Start Date _____ Completion Date _____

PAYMENT AMOUNT: Not to exceed \$ _____

PAYMENT TERMS:

_____ **Fixed price**, by task/deliverables and upon completion of work;

or _____ **Cost reimbursement**, monthly or quarterly. Payment shall be due 30 days upon receipt of a signed, original invoice to department representative.

TRAVEL: _____ To be reimbursed under the **Non-Accountable Reimbursement Plan**.

or _____ To be reimbursed under the **Accountable Reimbursement Plan**.

SOURCE OF FUNDS: _____

DEPARTMENT RECEIVING SERVICES: _____

DEPARTMENT REPRESENTATIVE: _____

Is the proposed agreement a subcontract under a University grant or contract? Yes ()
No ()

If YES, expiration date of contract _____

(NOTE: Subcontractor will be bound by the applicable provisions of the primary contract as if primary contract were copied here in full. Departmental representative will provide subcontractor with a copy of primary contract.)

I CERTIFY THAT THE ABOVE TAXPAYER IDENTIFICATION NUMBER (TIN) IS TRUE AND CORRECT.

Signature of Contractor

Title (if certifying for a business)

UNIVERSITY OF NEW ORLEANS
REQUEST FOR PAYMENT OF HONORARIA/CONTRACTUAL SERVICES
Forward to the Office of Accounts Payable

TYPE OF REQUEST: (Check one) HONORARIUM _____ CONTRACTUAL SERVICES _____
(Original invoice must be attached for Contractual Services)

TOTAL AMOUNT OF REQUEST: \$ _____

ACCOUNT TO BE CHARGED _____ /570 - AMOUNT \$ _____

ACCOUNT TO BE CHARGED _____ /570 - AMOUNT \$ _____

PAYEE _____

ADDRESS _____
(Payments to individuals require a home address)

CITY, STATE, ZIP _____

SSN/TIN# _____ DISPOSITION OF CHECK: Mail _____ Call Ext. _____

SCOPE AND/OR PURPOSE OF HONORARIUM/CONTRACTUAL SERVICES _____

PERIOD OF SERVICES _____

CONTRACTUAL SERVICES ONLY: Agreement on file with Financial Services _____ Office of Research _____

Not Required _____

COMPLETED FORM W-9 has been forwarded to Accounting Services _____ or is attached _____

TRAVEL REIMBURSEMENT: Option I - Lump sum payment (all inclusive, travel and compensation for services) _____

Option II - Travel reimbursed separately (receipts should be attached)

to travel voucher)_____

I CERTIFY THAT THE ABOVE NAMED PAYEE IS NEITHER AN EMPLOYEE NOR A STUDENT OF THE LSU SYSTEM DURING THE PERIOD OF THE SERVICES (NOR HAS BEEN EMPLOYED WITHIN THE PAST TWO YEARS IN THIS CAPACITY).

| | | | |
|--------------------------|-------|---------------|-------|
| _____ | _____ | _____ | _____ |
| INITIATOR | DATE | DEAN/DIRECTOR | DATE |
| _____ | _____ | _____ | _____ |
| CHAIRMAN/DEPARTMENT HEAD | DATE | CHANCELLOR | DATE |

FOR HONORARIA ONLY: Compensation for services over \$500 per day, or more than \$1,500 total compensation, requires the approval of the Chancellor before forwarding to the Office of Accounts Payable for processing.

FAILURE TO FURNISH A COMPLETED FORM W-9 AND/OR A VALID SUBSTITUTE, WILL RESULT IN THE APPLICABLE FEDERAL TAX WITHHOLDING (CURRENT RATE OF 31 PERCENT) ON ANY PAYMENTS MADE.

OPTION I - Non Accountable Reimbursement Plan

Payment of Honoraria