



THE UNIVERSITY of
NEW ORLEANS

ADMINISTERED BY: Office of Vice
President for Business Affairs

Policy No: AP-BA-17.3
TITLE: Payment of Contractual Services
EFFECTIVE DATE: March 21, 2014*
(*Policy Revised, see below)
CANCELLATION:
REVIEW DATE: Spring 2018

PURPOSE

To establish guidelines and standard procedures to be followed in the payment of contractual services to individuals who are not employees of the UL System for the performance of professional, personal or consulting services.

AUTHORITY

Part Two, Chapter III, Section IV and Part Two, Chapter IV, Section VI of the Bylaws and Rules of the University of Louisiana System. University of Louisiana System Policy and Procedure Memorandum M-10 (Grant Applications/Contract Documents).

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 University of New Orleans; 2) a former employee of the University of New Orleans 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 identification 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 (TIN) and Certification (copy attached). All payments for contractual services require a completed federal Form W-9.

Backup Withholding - is the federal tax withheld from any and all payments made to a recipient where the recipient has failed to furnish a TIN. Failure to furnish the W-9 will result in withholding the maximum amount from any payments made based on the current approved rates.

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

GENERAL POLICY

This policy addresses the payment of contracts for professional, personal and consulting 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](#) 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 Business Affairs. An invoice from the contractor, approved by the principal investigator or other authorized individual, must be attached to the form along with the signature page and general information page of the contract 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 contractual services agreement provides for travel separately from payment for services rendered, the soliciting department will be responsible for ensuring that these expenses are submitted on the UNO Travel Expense Voucher in accordance with [PPM-49, State General Travel Regulations](#).

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 PPM-49 will rest on the soliciting department at the time of payment. 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 arrangements for departure informing the contractor 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 should make all pertinent air travel and lodging reservations through the State Contracted Travel Agency. If the contractor chooses not to use the state travel agency, the University of New Orleans is allowed to reimburse the contractor. Under this option, the University will not issue a Form 1099 for reimbursed travel expenses.

PROCEDURE

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, invoice for the services rendered by the contractor. Attach a completed federal [Form W-9, Request for Taxpayer Identification Number](#), which has been signed by the recipient. If a form is already on file with the Office of Accounts Payable, then indicate so in the space provided. Attach the signature page of the contract and the General Information page of the contract.

Travel Expenses

To request reimbursement for travel under Option II, the department must process a completed UNO Travel Voucher form in the name of the contractor. Original receipts and a copy of the General 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.



John W. Nicklow
President
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**Policy updates:
10/31/2017*