

*A/P Policies That Cause  
Angst:*

**Payments to Human Subjects  
Payments to Students  
Allowable Expenditures,  
Among Others**

# Payments to Human Subjects

## Non-Confidential Studies (Policy 8.10)

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- **Cash or Gift Card/Certificate Payments**
  - Allowable if total payments to individual participants does not exceed \$100 in a calendar year.
  - Must be funded using a **Program Advance** issued in the name of the employee responsible for the program.
  - Advance is issued in the form of a check made payable to the employee.

# Payments to Human Subjects

## Non-Confidential Studies (Policy 8.10)

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- Payment may be made directly to a vendor for the purpose of purchasing gift cards by indicating so in the body of the voucher.
- Department must maintain a schedule of all payments issued and attach to the Employee Reimbursement voucher when the advance is closed out.

# Payments to Human Subjects

## Non-Confidential Studies (Policy 8.10)

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- Attached schedule must include:
  - Recipient's name
  - Recipient's address (if available)
  - Recipient's signature (if obtainable)
  - Amount received
  - Date received
- Advances may not exceed 1 year in duration, but may be replenished multiple times. If study exceeds 1 year, a new advance must be requested.

# Payments to Human Subjects

## Non-Confidential Studies (Policy 8.10)

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- Cash or gift cards/certificates may not be issued to non-resident aliens because of IRS tax reporting requirements.
- **Check-Issued Payments**
  - Human Subject payments must be issued in the form of a check when:
    - Total payments to a Human Subject during the course of the study are equal to or greater than \$100 in a calendar year
    - Payments is required to be mailed

# Payments to Human Subjects

## Non-Confidential Studies (Policy 8.10)

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- Request payment to individuals by submitting an Invoice Voucher with a listing that details:
  - Payee's name
  - Payee's home address
  - Dollar amount of the payment
- Include a signed vendor application form/W9 for each non-employee payee who is receiving \$100 or more
- Account code to use in the FOAPAL string for these payments is 141200.

# Payments to Human Subjects

## Confidential Studies (Policy 8.10)

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- Cash or gift card/certificate payments may be processed for up to \$600 to an individual in a calendar year.
- Schedule of payments must be attached to Employee Reimbursement voucher to close the advance.
- Schedule must contain a listing of the payees using an identifying code, along with the amounts paid to each.

# Payments to Human Subjects

## Confidential Studies (Policy 8.10)

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- A cross-reference of the identifying codes must be maintained on file by the department for a period of 3 years.
- Cross-reference information must include:
  - Recipient's name
  - Amount received
  - Date received
- This information may be requested by internal or external auditors or the Internal Revenue Service.



# Payments to Human Subjects

## Confidential Studies (Policy 8.10)

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- Payments totaling \$600 or more in a calendar year to any one Human Subject must be processed through University Payables for payment to be issued in the form of a check for IRS reporting purposes.
- Completed vendor application/W9 form required for each non-employee payment processed through University Payables.

# Payments to Human Subjects

## Non-resident Aliens (Policy 8.10)

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- Due to special withholding and reporting requirements, University policy does not allow cash payments to be made to non-resident aliens.
- All payments to non-resident aliens must be processed through University Payroll using the Foreign National Payment Form and may be subject to federal and state tax withholding.

# Payments to Students

## Prizes and Awards (Policy 8.11)

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- Definition -- Financial support based on achievement, performance, competition, etc.
- Payments may be used for **any** purpose (not limited to educational expenses).
- Considered taxable income.
- Subject to Form 1099-MISC reporting.

# Payments to Students

## Prizes and Awards (Policy 8.11)

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- Process non-employment prize and award payments through University Payments (except for Foreign National students) on an “Invoice Voucher and Travel/Program Advance Form” – use account code 181700.
- Payments to Foreign National students must be processed through University Payroll.
- Employment-related prizes and awards must be processed through University Payroll.

# Payments to Students

## Scholarships and Grants (Policy 8.11)

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- **Definition** – Financial support to aid in the pursuit of a student's studies or research. These payments are used for educational purposes such as tuition, fees, room and board, **books, supplies, and travel.**
- Payment must be treated and reported as a scholarship if the student receives the primary benefit from the purchase of supplies or travel.

# Payments to Students

## Scholarships and Grants (Policy 8.11)

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- Per IRS regulations, scholarships/grants must be reported on Form 1098-T.
- Payments must be processed through the student's University account for reporting to occur.
- Scholarships/grants given to less than 10 recipients are to be processed using the SAR Departmental Payment Request Form.
- Scholarships/grants given to 10 or more recipients are to be processed through Student Financial Aid.
- Airfare and conference fees that are for the primary benefit of the student may NOT be purchased with the University P-Card.

## **Allowable Expenditures (Policy 8.13)**

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- Federal law, State statute, University policy, donor/sponsor conditions, and good business practices govern expenditure authorization of University funds.
- Every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner.
- Section 8.13 in OBFS Policies and Procedures Manual provides additional information regarding allowable expenditures and funding restrictions.

## **Allowable Expenditures (Policy 8.13)**

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- **Advertisements** – Political event advertisements are not allowable from any funding source.
- **Beverage/food equipment and supplies** – allowable for official public reception areas only. Items for personal use of employees are not allowable from any funding source.
- **Contributions** – Allowable only from one University unit to another. All other contributions are not allowable from any funding source.



## Allowable Expenditures (Policy 8.13)

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- **Flowers/Plants** – may be purchased for University events, visitors, guests, donors, and employees at award/recognition events. Flowers to Employees and Students for personal reasons are not allowable from any funding source.
- **Fund-raising Events** – University funds may not be used to purchase tickets for attendance to political events.

## Allowable Expenditures (Policy 8.13)

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- **Monetary Gifts & Awards to Employees**
  - Monetary gifts, including gift cards and gift certificates, must be reported to University Payroll for applicable tax withholding **regardless of the dollar amount.**
  - Are allowable only as part of an official University or departmental award or recognition program.
  - Awards provided in the form of a check must be processed by University Payroll. The department may “gross up” the payment to cover the tax withholding.

# Allowable Expenditures

## Monetary Gifts and Awards to Employees (Policy 8.13)

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- If the award is presented as a gift card or gift certificate, the employee's name, UIN, and the dollar amount must be reported on the reimbursement/invoice voucher.
- The information will be reported to University Payroll for appropriate tax withholding.
- Department may "gross up" payment to cover the tax withholding.

# Allowable Expenditures

## Monetary Gifts and Awards to Employees (Policy 8.13)

- Gift cards and gift certificates may not be purchased with the University P-Card or with a University purchase order, including purchase orders through the iBuy system.
- May only be purchased using a Program Advance or as a reimbursement to an employee.
- Monetary awards over \$400 require the approval of the Chancellor or the President.

# Allowable Expenditures

## Tangible Gifts and Awards to Employees (Policy 8.13)

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- Tangible, non-monetary gifts may only be given to employees as part of an official University or department award or recognition program.
- Generally, the dollar value of such gifts is considered taxable income to the employee if amount is equal to or greater than \$100.
- Gifts over \$400 require the approval of the Chancellor or President.
- Personal gifts to employees and students (such as holiday, births, marriage, etc.) are not allowable from any funding source.

# Allowable Expenditures

## Gifts and Prizes to Non-Employees (Policy 8.13)

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- Tangible gifts and prizes given to non-University employees must be reported to University Payables if the value of the gift/prize is equal to or exceeds \$100.00. Name and address of recipient, along with the value of the gift, is required.
- If the value of the gift or prize is equal to or exceeds \$600, the Social Security number of the recipient is also required.
- Monetary payments to non-employees must be processed through University Payables.

# Allowable Expenditures

## Memberships (Policy 8.13)

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- **Professional Organizations** – Allowable if membership benefits the employee's job-related activities.
- **Institutional Memberships** – Allowable when approved by the department head or dean.
- **Social Organizations** – Such as Kiwanis, Lions Club, etc. – not an allowable expense on University funds.

# Allowable Expenditures

## Memberships (Policy 8.13)

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- **Warehouse Discount Clubs** – Such as Sams are not an allowable expense on University funds.
- **Airline Clubs and Lounges** – Such as Admiral's Club are not an allowable expense on University funds unless approved by the President
- **City Clubs and Country Clubs** – Not an allowable expense on University funds.



# Allowable Expenditures

## Parking Stickers – Parking and Traffic Citations (Policy 8.13)

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- **Parking Hangtags/Stickers** – Allowable for University guests or employees in travel status.
- **University-issued Parking Citations** – Payment is allowable only for citations issued to University guests.
- **Municipally-issued Parking Citations** – Payment of these citations is not allowable on University funds.
- **Traffic and Parking Citations incurred by University Employees** – Payment of these citations is not allowable on University funds.

## Allowable Expenditures (Policy 8.13)

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- **Personal Expenditures** – Expenses of a personal nature, such as childcare expenses, library fines, and health/athletic club memberships, are not allowable using University funds.
- **Telecommunications Services** – The purchase of cellular phones, pagers, and communication devices that combine telephone, internet, and e-mail, must be purchased from University Telecommunications Services.

# Allowable Expenditures

## Telecommunications Services (Policy 8.13)

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- **Use of Personal Cellular Phone** – University business calls may be reimbursed to employee's using personal cell phones.
  - Itemized bill must be provided with business calls highlighted
  - Calculate percentage of business calls on bill and apply this percentage to the total charge
- **Long-Distance Calling Cards** – Allowable when used only for University business calls.
- **Internet service** – Internet service at employee's home may be reimbursed if approved by the department head and if the requirements of an employee's position require the service at the employee's home.

For additional Payables information see:

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- **“Who to ask”**

<http://www.obfs.uillinois.edu/obfshome.cfm?level=2&path=payables&xmldata=whotoask>

- **Travel**

<http://www.obfs.uillinois.edu/obfshome.cfm?level=1&Path=travel&XMLData=travel1>

- **Training opportunities**

<http://training.obfs.uillinois.edu/index.cfm?campus=C>