University Policy

Policy Statement

Northeastern Illinois University (the “University”) will adopt a series of financial policies to implement appropriate fiscal and internal accounting controls for the University community. This policy on Direct Payment Vouchers is one of the policies in that series to assist University faculty and staff in maintaining appropriate purchasing controls and stewardship.

Purpose of the Policy

This policy details appropriate fiscal controls regarding the use of the Direct Payment Voucher (DPV). This policy establishes the limits and the proper use of the Direct Payment Voucher for payment for University goods and services and assists University faculty and staff in maintaining appropriate fiscal control and stewardship of University funds.

Who is Affected by This Policy

All University departments and employees.

Definitions

Financial Manager: The person designated with the responsibility over an individual account (or FOAP) to promote the mission or purpose of the account, safeguard the assets of the account, and assure the propriety of all expenditures from the account.

FOAP: This term provides the framework to classify expenditures in the University’s financial Chart of Accounts. A FOAP is made up of four major elements, the Fund, the Organization, the Account and the Program. Each FOAP has an identified Financial Manager.

Hierarchical Level: This term is used in the approval process to identify the reporting relationship between individuals approving expenditures and that individual’s placement in the University’s organizational chart. Each succeeding hierarchical level refers to an individual’s financial supervisor. For example, a director’s next hierarchical level could be an assistant vice president, whose next hierarchical level is a vice president.

Honorarium: A payment made on a special and non-routine basis to an individual, usually a guest speaker/lecturer, who is not an employee of the University. Honoraria are often given in lieu of reimbursing expenses.

Nonresident Alien: As per the Internal Revenue Service definition: a non-U.S. citizen who does not pass either 1) the green card test or 2) the substantial presence test. If a non-citizen currently has a green card or has had a green card in the past calendar year, he or she would pass the green card test and would be classified as a resident alien. If the individual has resided in the U.S. for more than 31 days in the current year and resides in the U.S. for more than 183 days over a three-year period, including the current year, he or she would pass the substantial presence test and also be classified as a resident alien.

Stipend: A form of monetary payment provided to help offset expenses. It does not necessarily represent payment for work performed; instead it represents a payment that enables somebody to undertake a role...
that is normally unpaid. Stipends are usually lower than what would be expected as a permanent salary for similar work.

**W-9:** A W-9 is the ‘Request for Taxpayer Identification Number and Certification’. This form gathers information about the service provider such as name, address, business structure, and identification number. The University uses the information on the W-9 to help complete an IRS Form 1099.

### REGULATIONS

**30 ILCS 500/ Illinois Procurement Code**

Joint Committee on Administrative Rules, Administrative Code Title 44, Subtitle A, Chapter II, Part 4

State of Illinois contractual, certification or compliance requirements may not be circumvented through the use of a DPV.

**Approval Levels:** DPV approval and signature requirements are based on the level of expenditures. Any DPV submitted for payment without the appropriation signatures must be returned to the Financial Manager.

- **$100,000 and above** Requires the President's signature following Board approval, except for certain expenditures that do not need Board approval as outlined in Board policy
- **$ 50,000 and above** Requires the President's signature and all other hierarchical levels below regardless of the type of expenditure
- **$ 5,000 and above** Requires the Vice President's signature and all other hierarchical levels below regardless of the type of expenditure
- **$ 2,500 and above** Requires the Financial Manager's signature and two hierarchical levels of approval. (If the first hierarchical level is the Vice President level, no further approval is necessary unless the expense exceeds $50,000)
- **$ 200 and above** Financial Manager and one hierarchical level of approval
- **$ 199.99 or less** Financial Manager and one other signature – the second signature may be a requestor or any hierarchical approval level

### PROCEDURES

Northeastern’s Office of Purchasing is the administrative unit at the University responsible for the review, approval and procurement of University goods and services from external vendors and service providers. In certain instances as set forth in this policy, departments have limited authority to obtain goods or services through the use of a DPV.

The use of a DPV is intended to simplify the payment process when a Requisition for a purchase order is not required because securing the goods or services does not require competitive pricing. Submitting a DPV is also the method for non-salary reimbursement of an employee for authorized business expenses. A DPV may not be used for payment to University vendors when a Requisition is required (see policy on Requisitions).

Financial Managers must review the DPV for the propriety of the transactions, receipt of the goods or services by the University, presence of complete support documentation, and the availability of funds in lieu of the normal controls performed by the Office of Purchasing.

1. The DPV must be completed by the initiating department, including the complete name and address of the payee, FEIN or SSN, and the FOAP to be charged. The purpose for payment and amount must be indicated in detail in the body of the DPV.
2. The individual who completes the DPV must answer the citizenship or residency question on the form when an individual is being paid.
3. An original receipt showing date of purchase, details of items purchased, and amount of payment must be attached to the DPV for each reimbursement request.
4. Payments made directly to vendors or individuals require an invoice and a W-9 form. Invoices from individuals must include original signature.
5. The DPV must be approved and signed by all required signers as outlined in the “Regulations” section. The DPV must be reviewed for propriety at all levels of approval.

6. Accounts Payable audits each DPV for compliance with this Policy. Missing documentation or insufficient funds will cause a DPV to be returned to the department that initiated the DPV.

7. The International Tax Specialist in the Controller’s Office reviews DPVs payable to or on behalf of nonresident aliens to determine the tax withholding requirements and will contact payee as needed.

8. Reimbursement to any employee through a DPV requires the approval and signature of the employee’s supervisor, and also the FOAP’s Financial Manager if that is not the supervisor.

9. Reimbursements to employees will be made using the same payment method as their salary or wages. Funds are normally disbursed to non-employee payees by the Controller’s Office. Mailing instructions must be specified in the body of the DPV. Prepayment checks are mailed directly to the vendor or student unless prior arrangements are made with and agreed to by Controller’s Office.

**The following expenses may be paid through the use of a DPV**

- Subscriptions, association membership dues and conference registration fees.
- Catering provided through the contracted University food service vendor. (See Expenses for University Events policy.)
- Reimbursement of authorized business expenses, including any charged sales taxes. (See Reimbursable Business Expenses policy.)
- Approved moving expenses. (See Reimbursement of Moving Expenses policy.)
- Stipends for non-employment reasons.
- Internal charges for security and/or clean-up for special events.
- Parking permits purchased by departments/units.
- Cell phone, internet/computer service and PDA expenses incurred while conducting University business outside the NEIU environment. (Note: there must be a memo submitted to Accounts Payable from the department head stating that the University has an agreement with the employee for this arrangement.)
- Postage stamps purchased by the Student Union for resale at the Information Desk.
- Expenses related to the search and screen process for Faculty and Administrative and Professional positions. (See policy on Reimbursable Business Expenses.) All reasonable candidate travel expenses are based on the rates and restrictions in the current University Travel Regulations.
- Travel expenses for persons other than University employees, students, and members of the Board of Trustees, amounts limited based on University Travel Regulations.
- Reimbursement via departmental petty cash funds. (See Petty Cash Fund policy.)
- Insurance payments.
- Library books.
- Honorariums for guest speakers and visiting performers totaling $500 or less within a fiscal year. (Note: Contracts for guest speakers and visiting performers, including those with multiple engagements, which will total over $500 in a fiscal year must be processed through the Purchasing Department using a requisition and purchase order.) A W-9 and invoice with original signature are required.
- Individuals providing any of the contractual services identified above (e.g., food service, security, clean-up).

**Exceptions to the required use of a Purchase Order for all other expenses**

- If a vendor will not accept a University Purchase Order or Check, a DPV may be submitted along with the vendor’s notification of their rule or a memo of explanation from the Requestor or Financial Manager to the Controller.
- In the case of an unplanned event or situation, a DPV may be submitted with a memo of explanation from the Requestor or Financial Manager to the Controller.

**AUTHOR REFERENCE**

State Purchasing Act
Section 1441: Internal Revenue Code
Payments Made to Nonresident Aliens Manual
HISTORY

03/01/2015: Revised; changed hierarchal approval levels.


APPENDIX

A. Appendix A: Direct Payment Voucher Form
B. W-9 Request for Taxpayer Identification Number and Certification

RELATED POLICIES AND OTHER INFORMATIONAL MATERIAL

Board of Trustees Regulations, Section V: Administrative Affairs, Subsection B: Purchases
Fiscal Agent Handbook: G3: Expenses for University Events, effective dated 09/01/1999
Fiscal Agent Handbook: G4: Search & Screen Job Candidate Travel Expenses, effective dated 04/07/2003
Fiscal Agent Handbook: J1: Petty Cash Accounts, effective dated 05/08/2002
Fiscal Agent Handbook: K8: Unauthorized Purchases, effective dated 07/01/1990
Northeastern Illinois University Travel Regulations, effective dated 10/01/2006
University Policy F1.99.2: Reimbursement of Moving Expenses, effective dated 10/01/2013
University Policy I1.02.4 Identity Protection Policy, effective dated 04/01/2013

CONTACT INFORMATION

Please direct questions or concerns about this policy to:

<table>
<thead>
<tr>
<th>Contact</th>
<th>Phone</th>
<th>E-Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Manager, Accounts Payable</td>
<td>773-442-5146</td>
<td><a href="mailto:K-Smith3@neiu.edu">K-Smith3@neiu.edu</a></td>
</tr>
</tbody>
</table>

DISCLAIMER

The University reserves the right to modify or amend sections of this policy at any time at its sole discretion. This policy remains in effect until such time as the Responsible Officer calls for review. Requests for exception to any portion of this policy, but not to the policy statement, must be presented in writing to the Responsible Officer.
# APPENDIX B: W-9 REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION

![Form W-9](image)

**Request for Taxpayer Identification Number and Certification**

<table>
<thead>
<tr>
<th>Name (as shown on your income tax return)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business name if different from above</td>
</tr>
<tr>
<td>Check appropriate box:</td>
</tr>
<tr>
<td>Individual/Sole proprietor</td>
</tr>
<tr>
<td>Corporation</td>
</tr>
<tr>
<td>Partnership</td>
</tr>
<tr>
<td>Limited liability company, enter the tax classification (D-disregarded entity, C-corporation, P-partnership)</td>
</tr>
<tr>
<td>Other (specify)</td>
</tr>
<tr>
<td>Address (number, street, and apt, or suite no.)</td>
</tr>
<tr>
<td>City, state, and ZIP code</td>
</tr>
<tr>
<td>Last account number here optional</td>
</tr>
</tbody>
</table>

**Give form to the requestor. Do not send to the IRS.**

---

**Part I: Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3. (Note: If the account has more than one name, see the chart on page 4 for guidelines on whose number to enter.)

---

**Part II: Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or if I am waiting for a number to be issued) and,
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification Instructions.** You must check item 2 above if you have not been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or amortization of secured property, cancellation of debt, or contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

**Sign Here**

- **Signature of U.S. person**
- **Date**

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Purpose of Form**

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisitions or amortization of secured property, cancellation of debt, or contributions made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued);
2. Certify that you are not subject to backup withholding; or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partner’s share of effectively connected income.

**Note:** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester’s form if it is substantially similar to Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust as defined in Regulations section 1.7701-7.

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners’ share of income from such business. Further, in certain cases where a Form W-8 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

**The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of partnership income from the partnership conducting a trade or business in the United States is in the following cases:**

- The U.S. owner of a disregarded entity and not the entity.