

18. Services rendered

a. Employees

- i. The first step in processing payment for services rendered is determining whether the individual is a current employee of the university or if the individual meets the IRS criteria to be considered an employee of the university. See university “**Administrative Procedures #A8.230**” for guidance.
- ii. Any individual who will be working for a unit and does not qualify as an independent contractor should be added to the university's payroll system before the work begins.
- iii. The Foundation cannot make payments directly to a university employee for any item that is construed to be wages for IRS purposes. In these cases, the university must make the payment to the employee and then Foundation funds can be used to reimburse the university. The following types of payment to a university employee may be construed to be wages:
 - (a) Services rendered or honoraria.
 - (b) Expense allowance where no substantiation or accounting of expenses is required prior to payment.
 - (c) Awards and prizes for outstanding performance or achievement.
 - (d) Fellowship grants.
 - (e) Certain relocation expenses (See below Relocation Expenses).

- iv. When the Foundation reimburses the university for employee wages paid, the calculation may also include fringe benefits for the employee (e.g. employer portion of FICA, FUTA, SUTA, workers compensation, TDI, etc.) The Verification for Payment of Services to an Individual can be used to process the reimbursement to the university for employee wages.
 - v. If the funds must be on deposit in a university account before the individual can be paid, the Foundation may elect to advance one calendar quarter at a time and may request an accounting of the funds advanced.
- b. Independent contactor
- i. Submit the “**Verification for Payment of Services to an Individual**” form to process payment to an individual who has performed services as an independent contractor.
 - ii. If the independent contractor is a nonresident alien, please process the payment through a university account.
 - iii. Attach an original invoice from the independent contractor.
 - iv. For a token honorarium, an invoice will not be required. Instead, a copy of the letter of invitation should be attached.