FEBRUARY 2004

**Our Mission Statement**

We are dedicated to expediting payment to our customers while following CMU’s established policies and procedures. We strive to provide friendly, efficient support to the university community, and, overall, to provide quality customer service in support of the university’s mission.

**Keeping Up To Date With Payable Accounting**

302 Warriner / Phone: 774-3523 / Fax: 774-1442
Visit our web site @ www.purchasing.cmich.edu

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**Vendor Doesn’t Take Credit Card?**

If you have an invoice that is less than $1,000, and the vendor will not accept your department procurement card for payment, you may submit an invoice voucher (with the original invoice) to Payables for processing. **However, you must note on the invoice voucher (or vendor invoice) “Vendor Does Not Accept Credit Card”.** This lets us know up-front that you tried, but were unable to pay by credit card. Otherwise, the paperwork may be returned to you with a note advising you to pay the bill by credit card.

Please note that this only applies to expenditures that are allowable as a non-purchase order. (See “Expenditures Not Requiring PO” on the Payables web page under Pop Stops).

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CMU issues Form 1099-MISC (for U.S. citizens/resident aliens) or 1042S (for nonresident aliens (NRA)) to all independent contractors at the end of each year as required by IRS regulations. Departments are responsible for collecting the necessary documentation to aid CMU in determining: 1) whether or not the payee is eligible to receive payment from CMU, 2) the payee’s tax status, 3) whether or not the payment is reportable, and, if reportable, 3.) is it reported on a 1099 or 1042S, and 4.) if the payee is a NRA, is payment subject to federal, state, and local taxes. **This determination must be made prior to any services being performed!** If the payee is a U.S. citizen or resident alien, you should have them complete a Substitute Form W-9. The W-9 form, Attachment, and instructions are available at www.purchasing.cmich.edu, under Payables tab, then Forms. There are a number of documents needed to determine if a NRA is eligible to receive payment for services so it is important that you contact Payroll at #3481 before the individual arrives at CMU and before services are performed.

These guidelines also apply to payments such as honorariums, expense reimbursements, awards/prizes, rents, and royalty/copyright fees.

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**Payable Accounting Staff**

Tammy Campbell 7371
(Purchase Order processing - all vendors)

Emily Goffnett 3523
(Vendor creates/changes, change funds, stop payments/check inquiries/copies)

Charlet Sanders 7372
(Non-purchase order processing, non-employee reimbursements, independent contractor payments, MSU laundry payments, Bookstore returns & credits)

Bonnie Samsel 7369
(daily payables operations, IRS Information Reporting (i.e., compliance, filing 1099 forms, etc.)

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**Important Reminders**

1. Allow Payables 10 business days for processing your payment request(s) – from date received in our office.
2. Submit original invoices for processing -NO copies & NO statements
3. Know the appropriate payment method for your purchases (i.e., PO vs. NPO vs. CREDIT CARD)
4. Submit backup to substantiate your payment request (e.g., invoice, renewal form, copy of ad, registration form, copy of service contract or agreement, etc.)

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Purchasing will also provide a 30 minute presentation on navigating through the Purchasing Services web site!

Please join us for an informative session and bring your questions!
HELPFUL INFORMATION & WHERE TO FIND IT!!

1. **Allowable expenditures and appropriate purchasing methods** – refer to the [Revised Expenditure Policy](http://www.purchasing.cmich.edu) available on the Purchasing Services web site. Go to [www.purchasing.cmich.edu](http://www.purchasing.cmich.edu), click on the Purchasing tab, and the expenditure policy is located under the Purchasing menu on the left.

2. **Payables check run dates** – a monthly calendar of payables check run dates for 2004 is available on our web page. Access Purchasing Services web site, click on the Payables tab, and the calendars are located under POP STOPS.

3. **Service changes for Purchasing Services** - important service changes impacting the processing of purchase orders, non-purchase orders, “rush” payments, and the increased usage of department procurement cards is available on the Purchasing Services web page under News Flash! NOTE: the service changes went into effect August 1, 2003.

4. **Payables Training Materials** – the power point presentation used for the Payables Training sessions is now available on our web page. Just look for Payable Processing Training under News Flash!

Determining Independent Contractor Status & “Getting The Agreement In Writing”!!

An **Independent Contractor Questionnaire** must be completed and submitted to Human Resources/Staff before the services of an **individual** (i.e., sole proprietor) is considered for hiring as an independent contractor (IC). It must be completed even in those cases where payment is to be made to a business name rather than to an individual. If it is determined that the individual qualifies as an independent contractor, then the department will be advised to complete the **Independent Contractor Contract**, which must be signed by a university representative **with contracting authority and the IC**, and submitted along with the copy of the questionnaire to Payable Accounting at the time payment is to be processed. If it is determined that the individual should be processed as an employee rather than an IC, then the necessary employment appointment forms should be processed through the normal channels (i.e., Payroll, Faculty Personnel Services or Student Employment). For additional information, see **Forms** on the Human Resources/Staff web site at [www.hrs.cmich.edu](http://www.hrs.cmich.edu). If the services are being provided by a business (i.e., a corporation, partnership, or LLC), you should work directly with Purchasing Services to ensure that there is either a purchase order or a valid contract on file for the contracted services. In cases where a purchase order is not created, a copy of the signed contract must be submitted to Payable Accounting at the time payment is to be processed.

The rule of thumb for departments to follow when first “planning” to bring an individual or business to campus to perform services for CMU, is 1.) work with HR to determine independent contractor status, or 2.) work with Purchasing Services if you are dealing with a corporation, partnership, or LLC, AND, 3.) get the agreement in writing.

**It is important to note that, even though you are not required to complete an independent contractor questionnaire for the following service providers:** intercollegiate athletic game officials, persons paid to provide entertainment at an event, guest speakers, professional athletes, announcers / commentators for athletic events, and academic program reviewer consultants, you still need to have a written contract/agreement that is signed by both CMU (someone with appropriate contracting authority) and the IC.

**Coming soon!** There will soon be a basic contract/agreement form available on Purchasing Services web site that departments will be able to use when hiring an individual to perform the services noted in the above paragraph. A signed copy of this contract must be submitted to Payables at the time payment is to be processed.

**PAYMENT FOR SERVICES**

The department procurement card, IB&T Business Card, and Development card should not be used when paying service providers, such as caterers, DJs, photographers, entertainers, guest speakers, interpreters, consultants, etc. Also, it is not appropriate for a CMU employee to personally pay an individual or business for these types of services and then submit an employee reimbursement request.

First, the individual or business must be classified by Human Resources, as either employee or independent contractor, before the services are performed. Also, it may be necessary to report the payment, on a 1099-MISC or 1042S, to the payee and the IRS. So payment must be entered into SAP and paid by check through Payable Accounting.