

M4: DIRECT PAYMENT VOUCHER, 1025

Effective Date: 8/26/05

Prior Date: 5/01/05

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Purpose and Scope

The *Direct Payment Voucher* provides a method of payment for the purchase of goods and services that does not require the assistance of Purchasing. This procedure instructs the user how to prepare the voucher.

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Authority & Responsibility

1. The individual completing the *Direct Payment Voucher* must determine whether or not the payee or beneficiary of the payment is a U.S. citizen or a permanent resident alien unless the payment is a reimbursement made under an accountable plan or a replacement check.
2. Fiscal agents/alternates approve the use of the *Direct Payment Voucher*.
3. Division heads or area executive officers endorse *Direct Payment Vouchers*.
4. The Accounts Payable section of the Controller's Office audits all *Direct Payment Vouchers* for conformance with established criteria and appropriate support documentation.
5. The Grant Accounting section of the Controller's Office audits, for conformance with the grant criteria, all *Direct Payment Vouchers* being charged to grant accounts that request parking permits.
6. The International Tax Specialist reviews all *Direct Payment Vouchers* made payable to or on behalf of nonresident aliens to determine the tax withholding requirements.
7. The Director of Financial Affairs/Controller approves *Direct Payment Vouchers* that exceed \$499.99 and advises the Procedures and Systems Analyst whenever there are changes made to the *Direct Payment Voucher* procedure.

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References

1. G1: Direct Payment Voucher, 1025, *Fiscal Agent Handbook* – www.neiu.edu/~finanaff
2. State Purchasing Act
3. Section 1441, [Internal Revenue Code](#)
4. Treasury Regulation 1.1461-2
5. Payments Made to Nonresident Aliens Manual

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Definitions

Accountable Plan: A plan for reimbursing employees for business expenses. Under this plan the reimbursement that the employee receives for the expenses is not included in his/her income. Employees are required to account adequately for expenses with records/receipts and return any excess reimbursement within a reasonable period of time.

Nonresident Alien: any person who is not a U.S. citizen, who has a “green card” or who has been granted lawful US permanent resident status.

Proper documentation: official payee stationery.

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Form Acquisition

The *Direct Payment Voucher* is a three part form set that can be ordered in moderate quantities at no cost using the on-line [Forms Requisition](#) on the Controller's Office Resources web site at <http://www.neiu.edu/~finanaff> .

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Categories of Expense

1. Subscriptions
2. Association membership dues
3. Honorariums for guest speakers totaling \$500 and under
4. Conference fees which must be paid in advance of a trip
5. Visiting performers totaling \$500 and under (student activities and contracts over \$500 should refer to section [K1](#))
6. Personal reimbursement out of the petty cash fund of \$50 and under. No direct payments will be made to vendors solely because they are \$50 and under
7. Postage only for the Student Union, Mail Room and Center for Inner City Studies
8. Invoiced educational goods received on approval
9. Consultant fees totaling \$500 and under
10. Moving expenses for full time faculty, the Provost, Vice President, Executive Assistant to the President, Assistant to the President, Associate Provost, Associate Vice President, Assistant Provost, Assistant Vice President, Dean and Executive Director positions submitted to Finance and Administration for review and approval
11. Interview expenses for new faculty and A&P positions
12. Gasoline credit card purchases
13. Library and book orders not on *Purchase Orders*
14. Student insurance payments
15. All stipends
16. Food service vendor meal tickets
17. University catering
18. Replacement keys obtained through *Public Safety*
19. Travel for non-university employees totaling \$500.00 and under (contractual service expense)

20. Vendor required prepayments for books

21. Security and clean-up of special events

NOTE: *Direct Payment Vouchers* must be supported by proper documentation and signatures and cannot contain more than one major object classification; i.e., contractual, 1200; commodities, 1300; etc. *Direct Payment Vouchers* cannot be used for the purchase of equipment, 1500 other than certain books. If the payee does not have official stationery, then the invoice must be endorsed with the payee signature.

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Emergency Purchases

Emergency maintenance involving new parts for equipment with or without a service contract must be paid by *Purchase Order*.

Fiscal agents cannot circumvent the obligating function by issuing a *Direct Payment Voucher* to accommodate firms unwilling to accept a University *Purchase Order*. In instances of this sort fiscal agents must deal with Purchasing to resolve the conflict.

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Payments to or on Behalf of Nonresident Aliens

Northeastern Illinois University is required by the Internal Revenue Service to withhold taxes from all payments to or on behalf of nonresident aliens.

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Form Instruction

- | <u>Item</u> | <u>Description</u> |
|-------------|---|
| 1. | <u>Payee Name, Address & Zip Code</u> : Enter the payee's complete name and address including zip code. |
| 2. | <u>Payee Reference Number</u> : Enter the payee's reference number (FEIN number for vendors, social security number for individuals). Only one can be used. If the FEIN number is not immediately available, call Purchasing on extension 5300 or call the Bursar on extension 5177 for 3rd party numbers. |
| 3. | <u>Quantity</u> : Enter, if available, the units of purchase for products or services purchased or rendered for each invoice. |
| 4. | <u>Description</u> : Enter the clear text description for products or services rendered for each invoice. If transaction is a prepayment for books, enter the name, department and room number for the delivery of the books. If documentation is to be sent to the vendor with the <i>Direct Payment Voucher</i> , it must be specified in this area. Also, two copies of the documentation (indicating which one is to be sent) must be attached to the <i>Direct Payment Voucher</i> . |
| 5. | <u>Amount</u> : Enter the dollar value for each item as outlined in item "4". |
| 6. | <u>Total Amount</u> : Add all amounts in "5" to arrive at a total figure. |
| 7. | Is the Payee or Beneficiary a U.S. Citizen or Permanent Alien: Mark "yes" or "no" depending on the payees answer to this residency status question. |

NOTE: This question must be asked of all payees regardless of whether or not there is reason to believe that the payee is a nonresident alien. If this question is not answered, the form will be returned to the requesting department. Also, if the attachments as identified on the Alien Information Collection Form and, if there is a tax treaty exemption, Form 8233 and/or Form W-8BEN are missing, the maximum amount of tax will be withheld.

8. Signature of Person Marking Citizenship or Residency Status: The person marking “yes” or “no” must sign and date the voucher here unless the payment is a reimbursement or a replacement check.
9. Account Name: Enter the account name.
10. Office Address: Enter the room number of the person filling out this voucher.
11. Phone Ext: Enter the phone extension of the person filling out this voucher.
12. Account Number to be Charged: Enter, the applicable ten digit NEIU account number.
13. Approval: This block must contain the following certifying signatures (there must be two signatures on all vouchers):
 - a. Requester is optional if there is also an endorser signature.
 - b. Endorsement of immediate supervisor, if that individual is not the fiscal agent or alternate. If superior is the fiscal agent or alternate, leave blank.
 - c. Area executive officer (if applicable)
 - d. Fiscal agent or alternate

NOTES: Fiscal agent and alternate authorizing signatures must be on file with the Controller’s Office. When the payee and fiscal agent or alternate are the same, a second authorizing signature at a higher level than the fiscal agent or alternate is required. If the *Direct Payment Voucher* is over \$500 and is not charged to a payroll account, the signature of the fiscal agent's supervisor is also mandatory.

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Unprocessed Forms

Direct Payment Vouchers will be returned unprocessed for the following reasons:

- Insufficient funds and no override authority
- Missing or unauthorized signatures
- Incorrect or missing account number and/or name
- Missing supporting documentation
- Amount is over \$500 and a third signature is missing
- Missing social security number or FEIN number
- If the answer to the U.S. citizenship or permanent alien status is left unanswered and/or the signature is missing

Upon completion, copy three (pink) is detached from the voucher form set and retained by the originator. The balance of the form set is forwarded to the Accounts Payable section of the Controller's Office, room E-220.

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Improper Procedures

In those instances when the required procurement function has been circumvented, a bill may be paid by *Direct Payment Voucher* at the discretion of the Director of Financial Affairs/Controller. Purchasing or the Controller's Office will inform the fiscal agent in writing of the procedures required to petition the Director of Financial Affairs/Controller for payment. The Area Executive Officer also will be contacted when a fiscal agent continues to submit Direct Payment Vouchers that are not allowed by these procedures.

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Prepayment Requests

Prepayment requests for goods and services must be submitted on a standard *Requisition* except for vendor required prepayments for books. Documentation from the vendor stating that prepayment is a condition of purchase is mandatory. This action precludes duplicate payment. Originators will state on the *Requisition* that prepayment is a condition of the order and attach backup from the vendor stating that prepayment is required.

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Questions

Questions relative to the *Direct Payment Voucher* should be directed to the Accounts Payable section of the Controller's Office, C-Callejas@neu.edu , room E-220, extension 5129.

Questions relative to nonresident alien taxation should be directed to the International Tax Specialist in the Controller's Office, L-Magsino@neu.edu , Room E-207, X5124.

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