Non-Affiliate Reimbursements

July 2014
Non-Affiliate Reimbursements

Points Covered:

– Is the reimbursement for a valid business purpose?
– Who is a Guest under our accountable plan?
– Process for Guest travel reimbursements / receipts
– Benefits
– Who is an independent contractor?
– Process for independent contractor
– Proper use of object codes
– Decision tree
– What changes for a non-resident alien/foreign national?
Non-Affiliate Reimbursements

Is the reimbursement for a valid business purpose?

- Does it support Penn’s core missions:
  - Education
  - Research
  - Patient Care
  - Public Service

- Does the University benefit?

- Does it enable the University to meet its operating goals and objectives and/or support the generation of revenues or meeting related service obligations?
Non-Affiliate Reimbursements

Who is a Guest under our accountable plan?

– They are visiting the University by invitation
– They are not here to provide a service or a product
– There is no contract or agreement in place
– This is not their main line of business
– A guest may receive a honoraria or award
– Guests include recruits, conference speaker or participant, potential donor
Non-Affiliate Reimbursements

Process for Guest travel reimbursements / receipts

– The general rule is that Penn should pay for these expenses directly
– For a guest to be reimbursed attach a GTR worksheet to a PDA-NA or PDA-F form
– Attach receipts, supporting the GTR worksheet (prefer copies of original receipts), Schools and Centers may require originals
– Guests should be held responsible for submitting their expenses accurately and following Penn’s travel policies (accountable plan)
– Reimbursement payments should be coded to travel object codes 5206 (domestic) or 5207 (foreign)
– Honoraria and awards should be coded to service object codes 5314 and 5344, respectively, these should not be reported on the GTR worksheet (guest travel reimbursements only) but added to the PDA form
– Invoice numbering/dating on the PDA form for guest travel reimbursement will remain the same, invoice # = date of beginning the trip, invoice date = date of end of trip (e.g., 070114 and 070714)
Non-Affiliate Reimbursements

Benefits

– Form/receipt images will be available in BEN
– GTR worksheet can be filled out electronically or manually by guest with signature or email confirmation
– Typing not required on the GTR worksheet
– Original receipts not required/desired, scanned copies are fine
– GTR worksheet assists with coding
– PDA form (typed) can be scanned and OCR’d, reduces keying errors, rework
– Quicker supplier setup using the Markview work flow
– Process is consistent with existing PDA process
Non-Affiliate Reimbursements

Who is an independent contractor?

- Not a guest
- Is paid by Penn for a service or product (not normally performed by an employee)
- Can be an individual or small company
Non-Affiliate Reimbursements

Process for independent contractor

- PO Preferred
  - Supports contractor classification
  - Adds other procurement controls

- PDA-NA or PDA-F form

- Any reimbursements should be specified in the work agreement/contract and be included in their fee structure
  - Contract should communicate how often reimbursements should be paid

- Reimbursements can be limited by a % of the service fee

- Receipts not required but should be made available upon request

- All payments should be coded to a service object code (e.g. 5319, see list on next slide)
Non-Affiliate Reimbursements

Proper use of object codes is necessary to ensure proper tax reporting for independent contractors. These following codes should be used where applicable.

MISC1
5250 – External Rentals/leases of facilities
5252 – Rentals/leases of computer and peripherals
5254 – Rentals/leases of other capital equipment

MISC2
4910 – Royalties from Technology Transfer
4918 – Royalty Internal Distribution
4919 – Royalty External Distribution

MISC3
5314 – Honorarium
5316 – Human Subject Payments
5344 – Prizes & Awards
5345 – Reimbursements not under the accountable plan

MISC6
5325 – Benefit Carrier Payments

MISC7
5275 – Photographic & Illustrative Services
5300 – Accounting & Audit Services
5301 – Legal Services
5302 – Management Consulting Services
5303 – Training & Staff Development Services
5306 – Computer Consulting Services
5313 – Lecture Fees
5319 – Other Professional Services
5339 – Other Services
1930 – Architectural/Engineering Fees
1931 – Architect/Construction Contingency
1933 – Consultants
1934 – Consultants – Landscape Allowance
1935 – Consultants

MISC14
5315 – Legal Settlement Fees

Penn University of Pennsylvania
Reimbursements

Decision tree

Business Purpose?  
 Y  
 N  

Non-Affiliate

Guest  
 Y  
 N  

PDA-NA or PDA-F Form
GTR Worksheet
Use Travel Obj Codes
Under accountable plan

Employee/Student

PDA-NA, F or ES Form
Use Service Obj Codes
Not under accountable plan

Independent Contractor

Concur
Non-Affiliate Reimbursements

What changes for a non-resident alien/foreign national?

- PDA-F form
- W-8BEN
- Foreign National Information form
- Foreign Visitors Honoraria Certification form
- Copy of visa, passport and I94 card
- Up to a 30% withholding (treaty countries - must submit form 8233 / applicable statement under IRS Procedure 87-9 to ensure that U.S. income tax will not be withheld)