Finance and Administration Updates

Approved by David Jamison

Friday, October 25th, 2019
10:30 AM Meeting
IG Greer 224
Finance and Administration Update Meeting

- Time: last working Friday of every month at 10:30 AM
- Meeting location: IG Greer room 224
- Delivery method: face to face and view/listen only on Zoom
- Material availability:
  - Finance and Administration Updates Google Drive
  - Controller’s Office website after the meeting: https://controller.appstate.edu/news-and-updates
- Contacts: Yifan Zhou, McKenzie Harris (topic requests) and Cynthia Lowrance (Zoom and Google Drive)
Meeting Agenda

- Reminders
- Foreign Purchases Overview - Yifan Zhou
- Journal Entries vs. Budget Revisions - David Jamison
- Accountable Plan Explained - David Jamison
- Student Payments - David Jamison
Reminders:

Attachments/Documentation

- The Controller’s Office is responsible for auditing disbursement requests for compliance with Federal, State, UNC, and University regulations and policies and in addition to U.S. GAAP.
- As part of the review, units within The Controller’s Office are required to ensure that the appropriate forms as defined by University Policies, procedures, and guidelines are attached to support each request/transaction prior to payment or processing.
- The failure to attach required forms, adequate documentation, and/or sufficient details of the business purpose can cause delays with the possibility of work being returned to your area for additional information.

Disbursements

- Requests for disbursements should be submitted as soon as they are ready or at least two weeks in advance of the disbursement date/ due date.

Effort Reports - DUE November 7th
Foreign Purchases Overview

- Presented by: Yifan Zhou
- Contacts:
  - P-Card: Jane Fitchlee
  - Purchasing: Chad Hicks
  - ITS: Jim Webb
  - Tax Compliance: McKenzie Harris
  - International Wires: Amy Moody
  - Accounts Payable: Myra Hayler
Foreign Purchases Overview (Continued)

- Cannot be paid through Yomart currently
- ITS approval is required for software purchases
- **Contact Purchasing if:**
  - a purchase order is required,
  - a prepayment is required, and/or
  - any other ordering questions
- **Contact Tax Compliance for:**
  - treaty benefits,
  - withholding tax rate, and
  - required tax forms
- **Contact General Accounting for:**
  - Vendor Setup
  - Payments including payments by wire transfers
Foreign Purchases Overview (Continued)

- **P-Card:**
  - Must be < $5,000 (contact P-Card office in writing for exceptions)
  - Must contact Tax Compliance for pre-approval
  - Must solicit W-8 form unless an exception is approved by Tax Compliance

- **$5,000 and over:**
  - ITS (For software purchases) → Purchasing (via Yomart “Supplier TBD”) → Departmental Approval → Tax Compliance → Accounts Payable/Disbursement

- **< $5,000:**
  - ITS (For software purchases) → Departmental Approval → Tax Compliance
  - Purchasing (If prepayment is required) → Accounts Payable/Disbursement
Other Foreign Payments

- Payments to foreign national individuals: Must follow the **Procedure for Payments to/on Behalf of Foreign Individuals**
- Examples include:
  - Services
  - Honorariums
  - Scholarships/fellowships/travel grants
  - Prizes and awards
  - Travel reimbursements/payments such as airfare, lodging, ground transportation
  - Meal Stipends
  - Other non-wage payments
Journal Entries vs. Budget Revisions

- **Presented by:**
  - David Jamison

- **Contact:**
  - David Jamison
  - John Adams
  - Jennifer Geouque
Accountable Plan Explained

- **Presented by:**
  - David Jamison

- **Contact:**
  - Denise Foutz
  - Yifan Zhou
Accountable Plan Explained

- **University Policy: Accountable Plan Defined**
  - Business Purpose
  - Adequate Accounting
  - Reasonable Period of Time (Travel, Business Expenses and Advances)
    - NC GS 138-6(c)
  - Returning Excess Reimbursements

- **Non-Salary Compensation**
  - Non-Accountable Plan Reimbursement
  - Examples of Other Non-Salary Compensation:
    - Moving Expense Reimbursements
    - Employee Prizes and Awards (Cash and Non-Cash)
    - Personal use of University provided vehicles
    - Certain Housing Benefits
Student Payments

- Presented by:
  - David Jamison

- Contact:
  - McKenzie Harris
  - Yifan Zhou
Student Payments (Continued)

Quick Tax Background:
IRS Section 61 - The question we have to ask is, did we receive something of value?

If the answer is yes, then 61 says it’s taxable unless there is an exclusion
Student Payments (Continued)

What does this mean for the University?

When we give something of value...

We have to do a similar analysis and in general we are required to look at two things.

- Do we have a requirement to report the income to the IRS/State, and
- Do we have a requirement to withhold from the income and or pay a tax
Student Payments (Continued)

What does this have to do with payments to or on behalf of students?

Employee - W2

Performer, Contractor, Research Participants - 1099

Exclude from Income - not reported
Student Payments (Continued)

What if no services are provided?

What is the payment for?
Student Payments (Continued)

Not a payment for cost of attendance?
- University bears no reporting responsibilities

Not Reported ≠ Excluded from Income
- Advise the students to consult their tax advisor
Student Payments (Continued)

Paying for a foreign national student?

- Always follow the [Procedure for Payments to/on Behalf of Foreign Individuals](#) or
- Contact Tax Compliance
<table>
<thead>
<tr>
<th>Current Process:</th>
<th>New Process:</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Payments to Students Form</td>
<td>● New form Cost of Attendance Reporting</td>
</tr>
<tr>
<td>● Required for all payments made to or on behalf of students</td>
<td>● Form only required when paying for a cost of attendance item</td>
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<tr>
<td>● Payments are evaluated for withholding and reporting requirements</td>
<td>● Reviewed by tax compliance.</td>
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<tr>
<td>● May be disbursed through SA/ Fin Aid or AP</td>
<td>● Will be disbursed or reported through SA/ Fin Aid</td>
</tr>
<tr>
<td>● List of exceptions</td>
<td>● For other payments, exceptions are no longer needed to be listed or documented</td>
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<tr>
<td>● Exception has to be noted on the disbursement request</td>
<td>● Payments that are not cost of attendance disbursed through AP and are evaluated for any withholding or reporting requirements.</td>
</tr>
<tr>
<td>● May be reviewed by tax compliance in addition to AP</td>
<td>● Advise students to seek tax advice if questions</td>
</tr>
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<td></td>
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</tbody>
</table>
Thank You for Attending
We hope to see you at the next meeting January