TABLE OF CONTENTS

I. Payment Types Hierarchy ................................................................. 2
II. Purpose & Purchase Orders ............................................................... 3
III. Direct Payments ............................................................................ 5
IV. ProCard (Procurement Card) .......................................................... 6
V. CPO (Cash Posting Order) ............................................................... 6
VI. Personal Reimbursements ............................................................... 6
VII. Handling Invoices ......................................................................... 7
VIII. Supporting Documentation to Attach to Invoices ......................... 9
IX. Taxation ......................................................................................... 10
X. Who to Contact ............................................................................. 14
I. PAYMENT TYPES HIERARCHY (over simplified):

Follow ‘Payment Matrix’. See http://bss.csumb.edu/site/x22652.xml for when to pay directly versus by Purchase Order and what is suggested paid by ProCard.

Where CSUMB pays directly -

1. **ProCard** (Procurement Card - Visa) -
   It is highly recommend to pay this route if the Vendor will accept the credit card.
   **Exception:** Cannot use for travel expenses except for registration payments. Cannot use the ProCard to pay for most services rendered especially out-of-state vendors (tax implications). The purchase of stamps and gift cards are restricted. Prepayment to Vendors has to be approved by the Director of Business and Support Services.

2. **Purchase Order (PO)** - (2-way match and 3-way match POs) -
   If Vendor will accept a PO then this is the next recommended route for payment. Contractual in nature for services rendered, intangible and tangible commodities.

3. **Direct Payment** -
   If Vendor will **not** accept ProCard or Purchase Order then direct payment is the next best choice.
   The completion of a ‘PO Exception Notice’ may be required.
   **Exception:** Cannot be used for prepayments.

4. **Personal Reimbursement and Petty Cash Form** -
   This form can be used to request a **cash advance or prepayment to a vendor** with the pre-approval of the Director of Accounting or designee.

5. **Wires** -
   For international payment only if no other type of payment is accepted. Process through the Director of Accounting or designee.

6. **Cash Posting Orders (CPO)** -
   Used to transfer funds between the Chancellor’s Office and CSUs. Should not pay CO and CSUs any other way. Process through University Accounts Receivable Dept.

When out-of-pocket payment by employee -

7. **AMEX Card** (Government Card) – provides exemption to hotel occupancy tax
   Employee applies for the card and is responsible for timely payment. Cannot use AMEX card for personal charges, only business related charges. Employee is reimbursed by the University.

8. **Personal Credit Card or Cash**
   CSUMB employee or student submits ‘Personal Reimbursement & Petty Cash Form’ for reimbursement.

Travel Expenses - (not covered in detail here)

Prepayment by CSUMB:
- BTA and CRBTA are CSUMB accounts used to pay for airfare and rental car
- PO for hotel if will accept
- ProCard for registration fees
- Travel Advance – request at least 10 days before traveling via RAT (Request for Approval of Travel)

Out of Pocket Expenditures:
- AMEX – request reimbursement
- Personal Credit Card or Cash – Personal Reimbursement & Petty Cash Form
PAYMENT PROCESSING:

All approved invoices, payment requests or reimbursement requests, etc., need to be submitted accurately with support 15-20 working days in advance of payment since dependent on workload and in order to meet Net 30 days payment terms. Travel Advances, Request for Authorization to Travel (RAT) needs to be submitted at least 10 working days prior to commencement of travel in order to receive the travel advance. See Travel Website for more information. At year-end, depending on workload there may be further delays and the requirements are different. Please refer to the Year-End Memo issued by Finance annually.

ACCOUNTS PAYABLE CHECKLIST FOR END USERS

PURPOSE: To expedite the payment process through Accounts Payable.

NOTE: This procedure does not include travel. See CSUMB Travel Handbook and CSU Travel Policy.

II. PURCHASE ORDERS (PO)

A purchase order (PO) is a commercial document and first official offer issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services. Acceptance of a purchase order by a seller forms a contract between the buyer and seller, so no contract exists until the purchase order is accepted. It is used to control the purchasing of products and services from external suppliers.

Creating a purchase order is typically the first step of the purchase to pay process in an ERP (Enterprise Resource Planning) system.

Purchase Orders are required:
- To protect the CSU and ensure risk is mitigated through indemnification and proper insurance endorsements.
- To ensure we receive the best price for products and services.
- To ensure we are utilizing CSU and State Master Contracts.
- To encumber funds.

Instructions:
- Follow 'Payment Matrix'. See http://bss.csumb.edu/site/x22652.xml.
- If a PO is required and a ‘Direct Payment Request’ is submitted, a 'PO Exception Notice' must be attached to the Payment Request.

The 'PO Exception Notice' should state:
- Why the PO was not procured.
- How the department will prevent this issue in the future.
- The notice must have the same authorized signature as that on the payment request and Procurement’s approval.

'Purchase Order Exception Notice Form' is available at http://finance.csumb.edu/forms-0
♦ Invoice and Purchase Order detail has to match line for line in quantity and dollar amount. Contact Procurement to make adjustments if the amount is more than the Purchase Order before sending to Accounts Payable. Preferably the invoice and the PO should be the same; otherwise there may be delays in processing through Accounts Payable.

♦ If the taxable amount is not clearly indicated on the invoice for tangible items, please mark *taxable items* before sending the invoice to Accounts Payable. Make sure the correct sales tax is calculated, otherwise indicate use tax amount that needs to be paid the Board of Equalization (BOE). See taxation Section VI.


♦ Freight needs to be estimated (call the vendor for a freight quote). Freight can be taxable or non-taxable. If freight is taxable, an invoice line is added by Accounts Payable and tax is applied to this line. Follow Board of Equalization guidelines for California [http://www.boe.ca.gov/](http://www.boe.ca.gov/) on taxing freight.

♦ Fixed Assets (over $5,000.00) should only be paid against a Purchase Order.

♦ See Section V for listing of supporting documentation to attach.

A. BLANKET PO – SERVICE PO (2-WAY MATCH PO):

All MOUs, Service Agreements and Contracts, any compensated *service* performed by an external entity or independent contractor, should be paid with a 2-way match Purchase Order and signed by the Director of Business Support Services (*delegation of authority*). Contact Procurement for assistance.

Examples of services that should be under contract:

♦ Accompanists
♦ DJ Services
♦ Guest Speakers/Lecturers
♦ Honorarium
♦ Music Performers
♦ Performing Artist
♦ Professional Service Fees
♦ Rents
♦ Sign Language Interpreters
♦ Sound Mixer Services
♦ Sports Announcers
♦ Video Recording Services

Also, *settlements* should not be paid out unless a signed contract is in place. If a settlement is to be paid through Accounts Payable, this is then a 1099-misc reportable activity and Procurement/Accounting needs to be aware that the payment is a settlement.

B. PURCHASE ORDERS THAT REQUIRE RECEIVING (3-WAY MATCH PO):

Tangible items must be *received* in CFS by the Receiving Department. Do not send an invoice to Accounts Payable (AP) if items have not been received in the system processed on a 3 way match PO. Resolve receiving issues with the Receiving Department. If a Department does their own receiving, then follow ‘University Departmental Receiving Requirements’ document available on the Accounting website at [http://finance.csumb.edu/site/x5604.xml](http://finance.csumb.edu/site/x5604.xml) or follow the path Finance>Accounting>Accounts Payable>Procedures.
III. DIRECT PAYMENTS (ProCard recommended if applicable)

The Direct Payment process expedites payments using the ‘Payment Request Form’. Direct Payment is an approved method to obtain payment to a vendor (i.e. non-employee or company) for items purchased directly, when a purchase order in advance is not required. Payments and reimbursements may be processed through the Direct Payment process when there is no existing requirement and no "added value" to obtaining a purchase order or if it does not fall under the CSU Policy guidelines for Contracting & Procurement as requiring a purchase order. Some direct pay criteria include purchases that are not subject to bid requirements, do not require the expertise of the Procurement staff, and do not require special reviews and special processing.

- A completed ‘Vendor Data Record’ form (Std. Form 204) must be on file with Procurement and in CFS prior to submitting the Direct Payment Request to Accounts Payable. A Vendor Data Record form is not required if payment is made though the ProCard.
- Each ‘Direct Payment Request’ must have an authorizing signature on file with Accounts Payable (http://finance.csumb.edu/sites/default/files/32/attachments/files/sign_autho_delegation_of_authority1_0.doc ‘Delegation of Authority’ form available on the Accounting website http://finance.csumb.edu/university-forms ). Any Direct Payment Request without a proper signature will be returned to the department.
- Follow ‘Payment Matrix’. See http://bss.csumb.edu/site/x22652.xml.
- Attach original invoice to the ‘Payment Request Form’.
- Identify if meal was breakfast, lunch or dinner, and the type of meal i.e. Business Meal. See ‘CSUMB Meal Reimbursement Procedure Manual’ at http://finance.csumb.edu/policies.
- Supporting documentation such as registration form and event flyer should be attached when applicable stating date, time and place of the event.
- Do not use the ‘Payment Request Form’ for reimbursing Travel expenses including mileage. Use the ‘Travel Expense Claim’ form. Mileage under $10 can be reimbursed via petty cash.
- Entertainment expenses are not usually reimbursed. Highly restricted: contact AP for exceptions.
- Fill out the Registration Payment Request form for conference registration. Registration fees with specialized training use account 660009, and without a training aspect use account 660832. All travel payment requests are sent to the Travel Desk.
- Fixed Assets (over $5,000.00) should only be paid against a Purchase Order and not by Direct Payment. Direct Payment bypasses the PS Asset Management system and fixed assets are not properly identified.

Examples of Vendors that can be paid via direct payment:
- American Express
- American Council of Education
- APS Energy Services
- Arrowhead
- Associated Students
- California Community Colleges
- Tax Payments i.e. IRS, FTB and BOE
- Marina Coast Water District
- Monterey County Tax Collections
- Monterey Regional Water Pollution Control
- Office Depot
- Office Max
- CPO
- University Corporation at CSUMB
- U.S. Postmaster; for bulk mailing only
- Warphire/Nova Mgt., Inc.
- WASC (Western Association of Schools and Colleges)
IV. PROCARD (Procurement Card)

ProCard recommended if applicable (not all inclusive listing) and vendor will accept payment by credit card.

- Advertisements (service)
- Books/Subscriptions/Publications
- Dept. Cell phone monthly charges; Cell phone owned by CSUMB
- Expendable items such as paper & toner
- Goods equal to or under $5,000 (except Computers & Sensitive Equipment)
- Office Supplies
- Other items where a PO would not add any value to the process
- Replacement Parts
- Memberships and Registration Fees
- Small printing and copying jobs (service)
- Subscriptions (no automatic renewal)

Exception: Cannot use for travel expenses except for registration payments. Cannot use the ProCard to pay for most services rendered especially out-of-state vendors (tax implications). The purchase of stamps and gift cards are restricted. Prepayment to Vendors has to be approved by the Director of Business and Support Services.

V. CPO (Cash Posting Order)

CPO is used to pay other CSU’s and CO. These are processed via the University Accounts Receivable desk.
Examples: CSURMA
Trustees of Cal State University

VI. PERSONAL REIMBURSEMENTS

What is the difference between a Payment and a Reimbursement?

A payment is made directly to a vendor. A reimbursement is made directly to an employee, or an individual, who has already paid for the items in accordance with the Direct Payment Procedures.

Follow Personal Reimbursements Directions on the bottom of the Form:

Instructions:

When to use this form: This form is to be used to reimburse an individual that is associated with the University of CSUMB [Faculty, Staff, Student (not Associated Student Body Clubs), etc.] for purchases that the individual has already made on behalf of the University.

When not to use this form: Do not use this form for reimbursement of:

- a. travel & entertainment (exception mileage $10 and under)
- b. food (without justification) see 'Meal Reimbursement Procedures Manual' for detailed procedures
- c. items that appear personal (without justification)
- d. employee personal services (contact Payroll Dep’t) - Unless approved in advance by the Director of Accounting or Designee
Who must approve: The “Authorized Signature” must be the person authorized to sign for the Fund-DeptID-Project# listed above. However, if the Authorized Signer is the person to be reimbursed, the next higher authority must sign as “Authorized Signature”. See ‘Delegation of Authority’ instructions.

What to send: The original of this form along with the original invoice(s)/receipt(s) to be reimbursed. The original invoice(s)/receipt(s) must be imprinted with the (1) vendor's name, (2) date of purchase, (3) amount paid per item and in total, (4) payment method, and (5) itemized with a detailed description of the merchandise and food purchased.

Where to send the form: If the Total is $50.00 or less: Accounts Payable (AP will review and then forward to Petty Cash Custodian)
If the Total is over $50.00: Accounts Payable

Business Meals: Requires that the document attached to this form include:
(i) A detailed description of the services performed,
(ii) the number of attendees (signed list by attendees preferred),
(iii) if the meal was breakfast, lunch or dinner and
(iv) state what was discussed at the meeting (i.e. attach agenda).
See 'Meal Reimbursement Procedures Manual' for detailed procedures.

Further explanation Item b – FOOD related – see Section V.

Purchases of $50.00 and less, not including sales tax, will be reimbursed by the Petty Cash Custodian and not Accounts Payable. The Petty Cash Custodian will contact you by email to pick up your reimbursement. Send Petty Cash Requisitions to Accounts Payable. See ‘Petty Cash Instructions’ on Accounting website at http://finance.csumb.edu/university-forms.

This form can be used to request cash advances or prepayments to vendors. Has to be pre-approved by the Director of Accounting or Designee.

VII. HANDLING INVOICES

- All invoices should be mailed directly to Accounts Payable from the vendor.
- Accounts Payable will ‘date stamp’ all original invoices that they receive directly from the vendor. They will also stamp with an
  A. ‘Approval Stamp’, also known as the ‘PO Stamp’, and
  B. ‘First Notice Stamp’
  before sending to the applicable department (see examples below). Accounts Payable does not keep a copy of the original invoice prior to sending original invoices to the department for approval. Therefore Accounts Payable does not track that these original invoices are processed by the department and returned for payment. Fill in all the spaces of the stamp before sending back to AP for payment processing.
- The information being requested on the ‘Approval Stamp’, as applicable, is required on all payment request sent to Accounts Payable.
A. APPROVAL STAMP/PO STAMP:

California State University Monterey Bay

PO: ________________PO Line #’s______

Acct: _______________Fund___________

Dept. ID#: __________Class____________

Project: ____________Amount_________

Date: ______________*Approval_________

Is this the final bill: (Y/N) _____

(If yes, then this PO will be closed)

*Can sign anywhere on the invoice (same page) but highlight so AP accountants will see it.

NOTE - This is your opportunity to have the Purchase Order closed by AP if this is the final payment. Always indicate whether or not to leave the PO open.

IMPORTANT to use the correct account code for the type of expenditure or best describes the purpose of the expenditure. If you do not know what account code to use, contact the Accounting Department for guidance. You may need to move budget accordingly.

B. PAYMENT TERMS NET 30 DAYS:

Time Sensitive: State Administrative Manual (SAM 8422) states that invoices have to be paid within 30 days of when goods and services are received. Usually this is from the date on the invoice. Claimable funds take longer to process since approval request is first sent to the Chancellor’s Office and upon approval, invoices are sent to the State Controller’s Office to process payment. Therefore, return authorized invoices immediately. Paying an invoice past the 30 days reflects poorly on the University’s reputation to outside vendors and requires more explanation to the Auditors.

First Notice Stamp: Is posted to original invoices that Accounts Payable receives. The first notices are sent to the Departments for further processing. Return no later than 10 days from stamped date. The sooner the better since invoices are usually mailed by the vendor, and are already closing in on the net 30 days payment deadline by the time AP receives the invoice and forwards to the departments for approval.

FIRST NOTICE___________________ (AP will stamp current date)

C. PAST NET 30 DAYS TERMS:

If a Department has a dispute with the Vendor, it needs to be resolved promptly in order to meet the Net 30 Days payment terms. See document ‘Departmental Handling Invoice Disputes’ on the Accounting Website http://finance.csumb.edu/accounts-payable. Whenever AP receives a past due notice, it is forwarded to the department. AP cannot pay against a vendor statement. Please submit the original (not a photocopy) invoice to AP for payment processing. If the original invoice cannot be located, AP will request another from the Vendor. If a duplicate invoice is requested, special pre-
caution has to be taken by the Department to make certain the payment is not also duplicated. All zero statements are forwarded to the Departments. This is just informational and no action is necessary.

Please note that AP does not track department spending. If an invoice becomes past due, AP is only aware of it when the Vendor sends past due notices, statements or calls AP. Tracking down the invoice and being the intermediary on resolving the matter with the Vendor can be time consuming for AP, and will cause further delays in payment. At fiscal year-end this becomes critical to departments that want an invoice processed with prior year funds.

PAST DUE NOTICE STAMP: Past due notices or statements Accounts Payable receives from the vendor, is stamped “second notice” and forwarded to the department as a reminder to process. Only processed if ‘First Notice’ was lost and denote such.

SECOND NOTICE___________________ (AP will stamp current date)

VIII. SUPPORT DOCUMENTATION TO ATTACH TO INVOICES

- Attach authorized MOUs, service agreements and contracts. See PO Section I.
- For software purchases need maintenance and service agreements.
- Rental agreements.
- Itemized original receipts if requesting reimbursement.
- Group payments, need a listing of the attendees (a signed listing of attendees is preferred), and announcement stating when held and where, and why there was a group function. Need a description of the event.
- Tax forms i.e. Software Purchases denoting taxable items, Non-resident alien, exemptions etc.
- Credit memos; if reducing payment on an invoice by the amount of a credit memo.
- ‘PO Exception Notice’ agreement with Procurement if not following payment matrix.
- Memberships/subscriptions and dues need to be in the name of the University and the title of the individual.
- Invoices for advertising require the tear sheets be attached.
- Moving relocation contract.
- Explanation of stipends
- Justification of purchases that are not usually permitted i.e. over dollar limits etc.

Food:
- If food is purchased on a travel related trip then request reimbursement on a Travel Expense Claim (TEC). See ‘Meal Reimbursement Procedures Manual’ for detail procedures available on the Accounting website http://finance.csumb.edu/policies.
- Reimbursement for meals or food purchases must have original itemized receipts unless not issued by establishment and requires justification for the expense. See lost receipt below. Some receipts can only be downloaded online. If download a receipt and original does not exist, mark downloaded receipt as original.
- Business meal reimbursements must have:
  a. A detailed description of the services performed
  b. The number of attendees (signed list by attendee preferred)
  c. State if the meal was breakfast, lunch or dinner
  d. State what was discussed at the meeting (i.e. attach agenda)

Business meal reimbursements guidelines are in the ‘Meal Reimbursement Procedure Manual’
Lost Receipt:
If an original receipt is lost then try and obtain a duplicate. Normally an e-mailed or faxed document is not acceptable for substantiating an expense but would be accepted if the original receipt is lost. Need to denote on the duplicate receipt that it is a copy of the original lost receipt. If you cannot locate a duplicate receipt then need to provide a statement why the receipt is not being submitted. The statement must include:
- A certificate that the amount shown is the amount actually paid.
- Stating that the traveler has not and will not seek reimbursement from any other source.
- States that expense is for university business.
- Describes clearly what was purchased, where and when.
- State that ‘no alcohol has been served’.

Provide proof of payment to support the lost receipt:
- A copy of the front and back of a cleared check, if check is used to pay for items.
- If credit card is used to pay for items, attach a copy of the statement unless the receipt clearly shows items were charged to a credit card. Blank out credit card number for your personal security.
- If paid by cash then a statement is needed to explain what happened.

Tips (gratuity) for Non-Travel and Travel Reimbursements:
Meal tips are reimbursed as part of the meal expense. Proof of payment of tip may be required if the tip amount is not ordinary, not reasonable, extravagant and unnecessary in order to be reimbursed. For instance, if the meal was paid by credit card, a credit card statement may be required to verify tip (gratuity) payment amount or if a meal is paid by check, a copy of the front and back of the check may be required. If unable to substantiate the payment, the tip may not be reimbursed.

The university will reimburse reasonable tips while traveling on official university business, generally up to 20% of the total bill. Do not include tax when calculating percentage paid in tip of the actual meal. Tips over 20% of the total bill will need to be justified, for example extended travel (30 days and longer) or travel outside the U.S. continent and, if deemed reasonable, may be reimbursed. Tips for extended travel or travel outside of the U.S. continent that are over and above tips reimbursed as part of the per diem are reimbursable if reasonable and incurred while traveling on official state business.

Alcohol:
- Cost of alcohol purchases cannot be reimbursed from the Operating Fund (Student Fees), and usually is not reimbursed by the university but by the Auxiliary. If the itemized meal receipt cannot be presented, a signed statement saying “no alcohol has been served” or “no alcohol is included in this reimbursement request” should be attached to the form; specify the place and the date of the purchase.

IX. TAXATION – see BOF Service Agreements, Contracts and Taxation Presentation 1/20/2010 at http://finance.csumb.edu/site/x22008.xml or the tax website at http://finance.csumb.edu/tax-information

A. TAXATION ON TANGIBLE GOODS:
   i) SALES TAX is imposed on California vendors or out-of-state vendors who have a business location in California.
      ~ CSUMB is not exempt from sales tax, in most cases.
      ~ Sales tax is imposed on tangible personal property (taxable items*).
      ~ Sales tax rate is determined by the point of delivery.
      ~ Sales tax is paid to the vendor.
      ~ Sales tax is reported and paid to the BOE by the vendor
**ProCard Users** need to help Procurement determine what tangible goods were paid for with the ProCard and sales tax was not accessed. Procurement has to flag these expenditures for paying Use Tax.

**ProCard Adjustment screen in CFS:** *mark if ‘tax not included’.*

![ProCard Adjustment screen in CFS](Image)

**ii) USE TAX** is accrued by Accounts Payable (AP) if sales tax was not been paid on tangible goods. Mainly Use Tax is accrued on out-of-state purchases where the vendor does not have a business location in California e.g. Amazon.com.

~ Accrued use tax is reported and paid directly to the BOE by CSUMB.

~ Departments need to determine what is taxable and budget for it.

The sales tax rate and use tax rate can be found at [www.boe.ca.gov/pdf/boe95.pdf](http://www.boe.ca.gov/pdf/boe95.pdf). If delivered to CSUMB use the Seaside, CA rate otherwise the use the rate where you received the goods or and services. This must reflect on the Purchase Order and the invoice. If the tax rate is different on the invoice, contact the vendor to change the rate being charged to CSUMB. Departments should notate which items are **taxable items** on the invoice if it is not clearly denoted so that sales tax or use tax can be computed correctly.

Software Purchases, License & Maintenance Agreements - use check-list form and attach to invoice

- Mandatory maintenance agreements are taxable.
- Optional maintenance agreements are **not** taxable.
- Custom software, license & maintenance agreements are **not** taxable.
- Canned software, license & maintenance agreements are taxable if delivered via tangible media i.e. cd-rom.
- Canned software, license & maintenance agreements are **not** taxable if delivered electronically or loaded by the vendor.
- Canned software optional maintenance agreements on tangible media that is a lump-sum, all inclusive billing is taxable.
Foreign purchases (U.S.A. non-domestic) are highly restricted. Please contact the Director of Business and Support Services at prior to making a foreign purchase. There are shipping costs to consider; insurance; if warranties will be honored outside the source country; exchange rates issues; payment issues, since many countries will not accept a check; security issues (fraud protection, etc.); prohibited countries that we cannot do trade with; tax treaties and taxation issues to take under consideration. For foreign purchases payment using ProCard is preferred.

*Definition of Taxable Items: Retail sales of tangible personal property in California are generally subject to sales tax. Examples of tangible personal property include such items as furniture, computers (electronics), books and so forth. In addition, some service and labor costs are subject to sales tax if they result in the creation of tangible personal property. In some instances, retailers must pay use tax, rather than sales tax, to the Board of Equalization (BOE). The most common example of a purchase subject to the use tax is a purchase of an item for use in California from an out-of-state retailer. Out-of-state retailers who are engaged in business in this state are required to collect the use tax, whenever applicable from the consumer at the time of making the sale. When this does not happen through the retailer, CSUMB is responsible for paying Use Tax to the BOE. The tax rate for sales and use taxes is the same. More information at [http://www.boe.ca.gov/](http://www.boe.ca.gov/) and ‘Use Tax and Sales Tax’ document available on the Accounting Website at [http://finance.csumb.edu/sites/default/files/32/igx_migrate/files/USE%20TAX%20AND%20SALES%20TAX%2020100525.doc](http://finance.csumb.edu/sites/default/files/32/igx_migrate/files/USE%20TAX%20AND%20SALES%20TAX%2020100525.doc)

B. TAXATION ON SERVICES:

Contact the Payroll Manager or the Director of Business and Support Services to help in making the determination between paying an employee or non-employee (independent contractor).

2. **EMPLOYEE** receives a paycheck from CSUMB through Human Resources, Payroll Department. A CSUMB Employee cannot also be hired as an independent contractor by CSUMB.

Fringe benefits or perks are defined as “something additional to regular pay”, which an employee receives from an employer.

Some examples of fringe benefits:
- Some expense reimbursements i.e. meals less than 24 hours, and non-receipted expenses that are reimbursed, etc.
- Moving Relocation Expense
- Moving Relocation Mileage Reimbursement
- Overtime Meal Compensation
- Uniforms
- Professional/Nonprofessional Dues/Memberships
- Gifts
- Employee discounts
- Non-cash services

b. **NON-EMPLOYEE**

General Definition of an Independent Contractor:

An independent contractor is engaged in a distinct profession and is in the business of providing services related to the job being contracted. Independent contractors have control over the work being performed, set their own hours, pay for their own business expenses, and provide their own equipment, liability insurance, and office space.
a. Determine if employee or independent contractor is a
   - California resident
   - non-resident
   - foreign

   Residency status and/or Visa status must be verified prior to hiring.

b. Independent Contractors are paid through Accounts Payable.

c. CALIFORNIA RESIDENCY DETERMINATION

   - Resident – no California tax withholding.
   - Non-Resident – California tax withholding (7% of all payments that exceed $1,500 accumulative per calendar year).
   - Non-Resident Alien (foreign) – California tax withholding (same as non-resident).

   RESOURCE: The World Theatre is an expert on campus on processing independent contractors.

   California state law requires CSUMB to withhold and pay to the State of California seven-percent (7%) of all payments made to vendors outside California, who provide services within California and are neither a resident of, nor have a permanent place of business in California. To determine if vendor is outside of California visit http://kepler.sos.ca.gov/. Withholding is not required if payment to a service provider is less than $1,500.00 within a calendar year. Please inform Independent Contractor providing services in California that 7% tax will be withheld unless an approved Form 590 withholding exemption certificate or IRS Form 501 (c) 3 is presented to Accounts Payable. Follow Franchise Tax Board guidelines for California http://www.ftb.ca.gov/

iv) U.S. RESIDENCY DETERMINATION

   a. US RESIDENT: 
      Reportable payments – Non-employee compensation to US Residents, where payment is not to a corporation, if paid $600 or more in a calendar year. Must complete a STD. 204 form to know if 1099 reportable.

      Examples of what is 1099 reportable:
      ♦ Non-employee compensation (services)
      ♦ Attorney fees
      ♦ Commissions
      ♦ Gross proceeds paid to attorneys
      ♦ Medical and Health Care Provider services
      ♦ Rents
      ♦ Royalties
      ♦ Settlements paid through AP
      ♦ Interest
      ♦ Dividends

      Who does not get 1099-MI SC?
      ♦ Employees
      ♦ Corporations except attorneys or medical/health care providers
      ♦ Businesses purchased tangible goods
      ♦ Payments of Rents to Real Estate Agents
      ♦ Exempt Organizations IRC 501(c)(3)
Federal law requires CSUMB to withhold twenty eight-percent (28% domestic and 30% foreign) of all payments made to individuals that have not provided a social security number or Individual Taxpayer Identification number (TIN). To obtain a TIN the individual will need to submit a W-7 to the IRS. Make sure this information is provided to Procurement so that the vendor is set up correctly for withholding. If exempt, a W-9 must be provided. Follow Internal Revenue Service guidelines http://www.irs.gov.

b. FOREIGNER:
For non-resident aliens tax handling guidelines contact Procurement and Accounts Payable. (A nonresident alien is a person who is neither a United States citizen nor a United States resident alien) Also follow Internal Revenue Service guidelines http://www.irs.gov/. If tax treaty benefits not claimed or/and there is no ITIN then 30% federal withholding unless remainder needs to withhold 7% state withholding as well. A reduced rate including exemption, may apply if an Internal Revenue Code Section provides for a lower rate, or there is a tax treaty between the foreign person’s country of residence and the United States.

X. WHO TO CONTACT

A. Procurement:
   o Purchase Requisitions (PR)
   o Category Code (Commodity Codes) Overrides
   o Purchase Orders (PO)
   o PO alterations i.e. change orders
   o Vendor Data Record Form STD.204
   o MOUs, Service Agreements and Contracts
   o Tax Forms – tax withholding exemptions
   o Set up Procurement Card (Procard, P-Card)
   o Managing PR and PO

B. Accounts Payable:
   o Invoice or Payment Request processing
   o Personal Reimbursements/Petty Cash

C. Receiving Dept.:
   o All receiving issues