

Volume F1: Finance	F1.03.4 Direct Payments to Non-Employees Effective Date: xx/xx/xx PUBLIC COMMENT DOCUMENT	Responsible Office: Office of the Controller
Chapter 03: Disbursements		Responsible Officer: Controller

POLICY STATEMENT

Northeastern Illinois University (the “University”) will adopt a series of financial policies to implement appropriate fiscal and internal accounting controls for the University community.

PURPOSE OF THE POLICY

This policy details appropriate fiscal controls and establishes the limits regarding the use of Chrome River for direct payment of honoraria to non-employees. This policy assists University faculty and staff in maintaining appropriate fiscal control and stewardship of University funds.

WHO IS AFFECTED BY THIS POLICY

All University status employees.

DEFINITIONS

Chrome River: the University’s online invoice management tool for Northeastern Illinois University. To access Chrome River, click [here](#). There are a variety of resources available to help users navigate the system.

Approval Level: used in the financial transaction approval process to identify a Financial Manager’s reporting relationship within the University’s organizational structure.

Financial Manager: A University employee who has been designated as the responsible officer for maintaining appropriate fiscal controls in accordance with University policy and Board of Trustees Regulations, assuring the propriety of all revenues and expenditures of University Funds.

FOAP: This acronym classifies revenues and expenditures within the University’s financial Chart of Accounts. A FOAP is made up of four major elements, the Fund, the Organization, the Account, and the Program. Each FOAP has an identified Financial Manager.

Honorarium: A payment made on a special and non-routine basis to an individual, usually a guest speaker/lecturer, who is not an employee of the University.

Nonresident Noncitizen: As per the Internal Revenue Service definition: a non-U.S. citizen who does not pass either 1) the green card test or 2) the substantial presence test. The Green Card test is determined by whether a non-U.S. citizen has or has had a green card in the past calendar year. The substantial presence test is determined by whether the individual has resided in the U.S. for more than 31 days in the current year and resides in the U.S. for more than 183 days over a three-year period, including the current year.

University Funds: state appropriations to the University, student tuition and fees, grants and contracts, auxiliary fees and revenues, and all other related revenues.



W-9: 'Request for Taxpayer Identification Number and Certification' authored by the U.S. Internal Revenue Service. This form gathers information about an individual or service provider including name, address, business structure, and taxpayer identification number. The University uses the information from the W-9 to help complete an IRS Form 1099.

REGULATIONS

[30 ILCS 500/ Illinois Procurement Code](#)

[Joint Committee on Administrative Rules, Administrative Code Title 44, Subtitle A, Chapter II, Part 4](#)

State of Illinois contractual, certification, or compliance requirements may not be circumvented through the use of Chrome River.

Northeastern's Purchasing Office is the administrative unit at the University responsible for the review, approval, and procurement of University services from service providers. In certain instances, as set forth in this policy, departments have limited authority to obtain services using Chrome River.

An honorarium is a one-time payment of \$2,999 or less, made to an individual who is not an employee of the University, and is engaged for a special and non-recurring activity or event for which no payment is required by Illinois Department of Labor. Honoraria are typically paid to persons of scholarly or professional standing to show appreciation for participation in educational, research, or public service activities of the University.

Fees exceeding \$2,999 is considered a contractual agreement and must be processed as a payment for professional services through a Purchase Order. Further, if a fee is negotiated and agreed upon with the expectation that a tangible item or service is provided (ex. report, analysis, etc.) regardless of the amount, this is considered a contractual agreement and must be processed as a payment for professional services through a Purchase Order. For assistance, please contact the Purchasing Office.

Generally, honorarium payments are not allowed to be made with federal funds unless a contract or grant specifically authorizes such payments. For assistance, please contact: grants-contracts@neiu.edu for more information.

Occasions for an Honorarium

Token of Gratitude

A token of gratitude for activities for which custom or propriety precludes a price to be set. Examples include:

- A distinguished alumnus invited to make brief remarks at the dedication of a new university facility
- An individual participating as a judge in a contest
- An individual participating as a musician in a recital concert

Award to an Individual

Another occasion could be an award to an individual for special achievement or renown for participation in (excluding leading or conducting) a short-term activity or event that is of an educational, research, or public service nature, and no specific deliverable or specific result is requested or expected. Examples include:

- guest lecturers
- paper readings
- participation in workshops and seminars
- presentation of research results
- addresses or speeches



Honoraria for Foreign Nationals

Special requirements and conditions apply when requesting honorarium payments for non-employee foreign nationals. Contact controller-office@neu.edu for more information.

Restrictions

An honorarium may not be used for the following:

- To replace or circumvent procedures for paying consultants
- To compensate salaried and non-salaried employees
- As an award to an individual primarily intended to confer distinction upon or symbolize respect, esteem, or admiration for the recipient (example: winner of a contest or leader of an event)
- When the services require access to University proprietary information
- Solely as reimbursement in lieu of undocumented expenses
- Payments exceeding \$2,999; any payment surpassing this amount should follow the Purchasing Quick Reference Guide. For assistance, please contact the Purchasing Office at purchasing@neu.edu. All documents must be submitted at least 4 weeks before the event.

PROCEDURES

1. ENSURE AVAILABILITY OF FUNDS TO COVER EXPENSE

Financial Managers must ensure there is either an available balance at the account pool line, or an available cash balance in the FOAP being charged, before submitting an invoice transaction for payment in Chrome River. Missing documentation or insufficient funds will cause the invoice transaction to be returned to the department that initiated the invoice transaction in Chrome River.

2. CREATE INVOICE TRANSACTION IN CHROME RIVER AND ATTACH REQUIRED DOCUMENTATION

The invoice transaction must be completed by the initiating department, including the complete name and address of the individual, FEIN, and the FOAP to be charged in Chrome River as Non-Purchase Order expense. The purpose for payment and amount must be indicated in detail in Chrome River.

If the vendor or individual does not appear in Chrome River, they are considered new individuals. Payments made directly to new individuals require a W-9 form (see Appendix A). The individual who completes the invoice transaction in Chrome River must ensure that the payee has completed and signed a W-9 form which must be submitted as part of the support in the invoice transaction. If the payee is a student of the University, a W-9 is not required and the initiating department must include the student's photo ID in the invoice transaction in Chrome River. Note: Advise all new individuals that the W-9 form must be password protected when submitting the form via email. The password must not be sent in the same email with the form. The best scenario is to call the individual for the password to open the form.

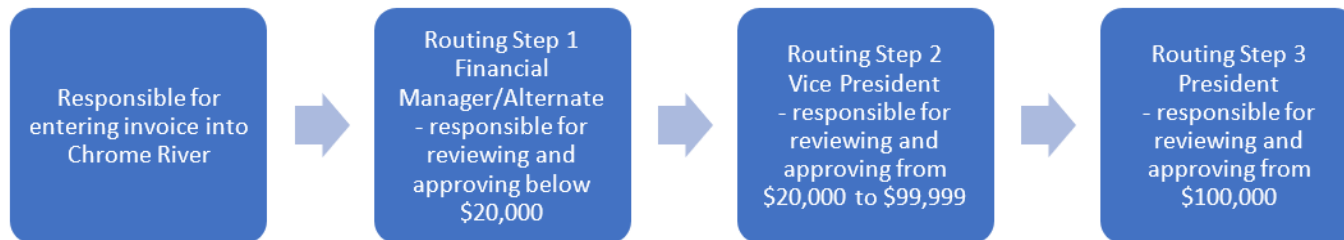
The initiating department is responsible for asking the individual if they are Lawful Permanent Resident Noncitizen and if they are working inside the U.S.A at the time of the event. If they are, they must complete the Noncitizen Information Collection Form (see Appendix B) and provide a copy of their passport and visa to be submitted in Chrome River as part of the invoice transaction. The International Tax Specialist in the Controller's Office reviews the invoice transaction to determine the tax withholding requirements and will contact the payee as needed.

A signed Honorarium Invoice Payment Voucher (see Appendix C) must be attached with all supporting documentation (including support of the event like flyers, or email announcements, etc.) in Chrome River for each applicable invoice transaction.



3. ROUTING/APPROVAL PROCESS IN CHROME RIVER

Chrome River routes the invoice transaction as outlined in the “Regulations” section. See flowchart below.



Approvers must review the invoice transaction for the propriety of the transactions, confirm receipt of the goods or services by the University, presence of the complete applicable supporting documentation, and the availability of funds in the FOAP being charged. Missing documentation or insufficient funds will halt the invoice transaction, which will be returned to the initiating department to correct deficiencies.

4. ACCOUNTS PAYABLE FOR PROCESSING

Accounts Payable reviews each invoice transaction for compliance with this Policy.

Funds are disbursed to payees by the Controller’s Office using the mailing or electronic payment instructions specified in Chrome River. Checks are mailed directly to the payee unless prior arrangements are made with and agreed to by the Controller’s Office.

AUTHOR REFERENCE

[Illinois Procurement Code 30 ILCS 500](#)

[Joint Committee on Administrative Rules, Administrative Code Title 44, Subtitle A, Chapter II, Part 4](#)

[IRS NRA Withholding](#)

[University of Illinois System Honorarium Payments](#)

[Eastern Illinois University Honorarium Form](#)

HISTORY

05/01/2024 - policy draft created

08/09/2024 – internal review completed and prepared for public comment

APPENDIX

Appendix A – W-9 Taxpayer Identification Form

Appendix B – Noncitizen Resident/Noncitizen Nonresident Determination

Appendix C – Honorarium Payment Voucher

RELATED POLICIES AND OTHER INFORMATIONAL MATERIAL

[Board of Trustees Regulations, Section V: Administrative Affairs, Subsection B: Purchases](#)

[Financial Manager’s Handbook](#)

[F1.03.1 Direct Payment Vouchers](#)

[F1.03.2 Non-Travel Related Business Expenses and Reimbursement](#)

[F1.08.1 Travel Regulations](#)



[F1.99.2 Reimbursement of Moving Expenses](#)

[I1.02.4 Identity Protection Policy](#)

CONTACT INFORMATION

Please direct questions or concerns about this policy to:

Contact	Phone	E-Mail
Accounts Payable	773-442-5146	accountspayable@niu.edu

DISCLAIMER

The University reserves the right to modify or amend sections of this policy at any time at its sole discretion. This policy remains in effect until such time as the Responsible Officer calls for review. Requests for exception to any portion of this policy, but not to the policy statement, must be presented in writing to the Responsible Officer.



APPENDIX A W-9 TAXPAYER IDENTIFICATION NUMBER

Form W-9 (Rev. March 2024) Department of the Treasury Internal Revenue Service	Request for Taxpayer Identification Number and Certification Go to www.irs.gov/FormW9 for instructions and the latest information.	Give form to the requester. Do not send to the IRS.
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Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See Specific Instructions on page 3.	1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)	
	2 Business name/disregarded entity name, if different from above.	
	3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions)	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____ (Applies to accounts maintained outside the United States.)
	3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions <input type="checkbox"/>	
	5 Address (number, street, and apt. or suite no.). See instructions.	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Social security number					
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or					
Employer identification number					
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Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person	Date
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they



APPENDIX B NONCITIZEN RESIDENT/NONRESIDENT DETERMINATION

THIS FORM IS FOR THE EXCLUSIVE USE OF NORTHEASTERN ILLINOIS UNIVERSITY AND MAY NOT BE DISCLOSED OR DISTRIBUTED TO OUTSIDE PARTIES

SECTION D NONCITIZEN RESIDENT / NONRESIDENT DETERMINATION

STEP 1

I am a STUDENT, or a dependent of a student, on an F or J visa AND I have been in the U.S. as a student or dependent of a student for a total of five or fewer calendar years.

I am a PROFESSOR, RESEARCH SCHOLAR, TRAINEE, NONCITIZEN PHYSICIAN, SPECIALIST OR SHORT TERM SCHOLAR, or the dependent of such individual on a J visa AND I have been in the U.S. as such for a total of two or fewer of the past six calendar years.

If you marked either box you are a **NONRESIDENT** for tax purposes. Go to Section E, do not complete Step 2. If you did not mark either box above, complete STEP 2.

STEP 2

Step 2 involves a calculation of the number of days that you have been physically present in the U.S. For purposes of this calculation, **DO NOT include in your calculation any days that you are or were present in the U.S. as:**

A student, or dependent of a student, on an F or J visa (during the first five calendar years you are/were present in the U.S.)

A Professor, Research Scholar, Trainee, Noncitizen Physician, Specialist or Short Term Scholar on a J visa, or the dependent of such individual on a J visa (during the first two calendar years of the past six calendar years you are/were present in the U.S.)

Example: if you arrived in the U.S. for the first time on August 15, 1999, as a J-1 Research Scholar and you have been in the U.S. since that date, do not include in your calculation the days that you are or were present in the U.S. for the first two calendar years (1999 and 2000). For this example, you would begin to count the number of days present in the U.S. from January 1, 2001.

Example: if you arrived in the U.S. for the first time on September 1, 1997 as an F-1 student and you have been in the U.S. since that date, do not include in your calculation the days that you are or were present in the U.S. for the first five calendar years (1997, 1998, 1999, 2000 and 2001). For this example, you would begin to count the number of days present in the U.S. beginning on January 1, 2002.

Note: If you have no days to include in your calculations, enter a "0" (zero) on the line for "Number of Days in the U.S."

	Year	Number of Days in U.S.		Calculation for Substantial Presence
Current Year			X 1 =	
1 st Preceding Year			X 1/3 =	
2 nd Preceding Year			X 1/6 =	
				TOTAL

If the Total is less than 183; you are a **NONRESIDENT** for tax purposes.
If the Total is equal to or greater than 183; you are a **RESIDENT** for tax purposes.

SECTION E SUMMARY OF RESIDENCY STATUS FOR U.S. TAX PURPOSES

I certify that I am a lawful **PERMANENT RESIDENT** / an **IMMIGRANT NONCITIZEN**. Please return this form to the NEIU official who requested this information.

I certify that I am a **Noncitizen RESIDENT** for tax purposes based on the results of the substantial presence test completed in Section D, Step 2. Please return this form to the NEIU official who requested this information.

I certify that I am a **Noncitizen NONRESIDENT** for tax purposes based on the results of the substantial presence test completed in Section D, Step 1 and/or Step 2. Failure to complete any required additional forms will result in the automatic withholding of tax at the maximum rates.

SECTION F CERTIFICATION

I hereby certify that the information provided above is true and correct. If I receive an extension of my visa status or if my visa/immigration status changes, I will notify the Noncitizen Tax Specialist at (773) 442-5141 to complete a new form.

SIGNATURE _____ DATE _____

FOR INTERNAL USE ONLY

Residency Status	RS Change Date	Tax Rate	Treaty Exp Date	Dollar Limit	FICA Exp Date	Review Date/App

