

Memo

From: Franki Senter, Director, University Payroll
Kim Kelley, Assistant Controller, University Accounting

To: REU and AGEP Program Coordinators

Subject: Research Experience for Undergraduates (REU) and Alliances for Graduate Education and the Professoriate (AGEP) Payments

In previous years, REU and AGEP payments have been processed through both the Human Resource (HR) system and the Financial System. Effective May 16, 2008, these payments must be processed entirely through accounts payable. This change will streamline and standardize the payment process and avoid the potential for unnecessary paperwork such as I-9s, background checks, and E-verify.

Instructions for the three primary steps necessary to make these payments and grant access to the gym and dining hall are attached. Please note that, if these individuals are already NC State students, the first step may be eliminated.

The primary reason for standardizing these payments is to eliminate confusion. Thorough review of the purpose for these payments indicates these individuals are not employees of the university and that maintaining timesheets and paying them through the HR system is misleading. The purpose of these payments is to give the recipients academic research experience. Payment through the Financial System is intended to eliminate any confusion concerning the type of payment they are receiving.

By virtue of the account code being used for the payment, 56962, these payments will not be reported to the recipients on a 1099 or W-2. This does not mean these payments are not taxable, it simply means the university does not have a reporting or withholding requirement. In most cases, the IRS will consider these "nonqualified scholarship" payments which are taxable according to the IRS. Payment recipients should refer to IRS Publication 970, <http://www.irs.gov/pub/irs-pdf/p970.pdf>, and the Form 1040 instructions, <http://www.irs.gov/pub/irs-pdf/i1040.pdf>, for further information on what amount is reportable and how to report it when filing their tax return. Please communicate this to recipients.

For enrolled degree-seeking NC State students, these payments must be considered a resource for federal financial aid purposes and included in the total financial aid support the student receives.

Payment Instructions

A. Unity ID and All Campus card.

- This step is for individuals who are not NC State students and need an All Campus card.
- The departmental human resources representative must enter a PPAF to create the “person” account in the HR system followed by a VPAF action to create a “visitor, no pay” assignment. This will establish a Unity ID and allow the person to receive an All Campus card.
 - Do not complete an I-9
 - Do not submit for E-verify
 - Do not complete a background check (unless department policy requires it)
 - Do not complete forms W-4 and NC-4
 - Do not complete a direct deposit form
 - Do not maintain timesheets

B. Vendor Request:

- Departmental Bookkeeper needs to check the Financial System to determine if the student is in the AP vendor file.
 - If the student is in the vendor file, document the vendor number for voucher processing.
 - If the student is not in the vendor file, the student must complete and sign a W-9 form and forward to the departmental bookkeeper.
 - Complete and submit a *vendor add request* using the following web site http://www.fis.ncsu.edu/controller/vendor_payments/vendorprocessing.htm The vendor classification is SUPPLIER for non-NCSU students.
 - Send the W-9 form by email to Kim Kelley (kim_kelley@ncsu.edu) or fax to 513-4849.
 - Departmental Bookkeeper will receive an email confirming the vendor number for voucher processing.

C. Voucher Processing:

- Enter a voucher in the Financial System at least two weeks prior to the payment due date. **A separate voucher must be entered and approved for each payment.**
 - Enter in the Invoice Number field = REU Last Name Payment #
(example: REU KELLEY PAYMENT 1)
 - Enter in the Pay Terms field = PRIORITY
 - Enter in the Payment Handling field = PU
 - Enter in the Account Code field = 56962
- College Approve the voucher
- Send the supporting documentation to Kim Kelley at Campus Box 7204 two weeks prior to the payment date needed.
 - Supporting documentation must include the purpose of the payment, name, address, amount, invoice number assigned and payment due date.
- The originator of the voucher will be called to pickup the check from the Accounts Payable Office. (Voucher must have a PU payment handling code.)