Overview

Each year, the University of Southern California collects nearly $1.7 billion in revenues from various sources: tuition and fees, gifts, income from investments, payments for health care and other services, and sponsored research. Much of that income is in turn spent to pay the expenses for the broad array of university activities. Based on anticipated revenues and program objectives, funds are allocated through the university budgeting system each fiscal year to pay for these various endeavors.

This expenditure manual explains how to use the allocated funds to pay for the reasonable and necessary costs of the activities of the university. University policies establish basic levels of authority and responsibility for the expenditure of funds. It is the responsibility of every employee to be aware of these policies. The Department of Purchasing Services and the Office of Disbursement Control monitor expenditures for compliance with university policy and state and federal regulations.
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CHAPTER 1
THE AUTHORITY AND RESPONSIBILITY FOR SPENDING UNIVERSITY FUNDS

1.1 RESPONSIBILITY

Senior Vice Presidents and their designees, Deans, Department Chairs, Directors, Principal Investigators, etc., to whom funds are allocated are responsible for expenditures charged to their accounts and for ensuring that these expenditures are reasonable, necessary, and consistent with university policy as well as any additional requirements applied to grants and contracts and restricted funds. Exceptions to the policy statements included herein must be approved by the applicable Senior Vice President or his or her designee. The Offices of Disbursement Control and Purchasing Services are responsible for monitoring all expenditures to determine compliance with established policies and procedures.

The university assumes no financial responsibility for expenditures incurred by employees who fail to apply these policies and the procedures described in the “University of Southern California Expenditure Manual.” Both the person who incurs the expense and the person who approves reimbursement of expenses are responsible for achieving maximum economy in the expenditure of funds. Primary responsibility to insure that expenditures are reasonable and necessary rests with the authorized signer for the account. The authorized signer of the account (the employee with expenditure card authority for the account) is responsible for reviewing his or her Account Status Report monthly to ensure the correctness for that month’s charges.

All sources of university funds (unrestricted and agency budgets) are subject to these policies and the procedures detailed in the “University of Southern California Expenditure Manual.” Federal, State, and local agencies may mandate additional restrictions against sponsored project accounts. When operational costs are to be charged to a sponsored project, the terms of the applicable contract or grant will take precedence if at variance with university policy. The Department of Contracts and Grants should be consulted prior to expenditure if allocability against a particular sponsored project account is unclear.

At their discretion, schools, departments, independent laboratories, and institutes may impose stricter guidelines for budgetary or control reasons by reducing the allowable reimbursement set forth in this policy. These constraints should be monitored internally by the organization unit.

Review Responsibility

- The authorized signer for the account is responsible for:
  1. ensuring that internal supervisory approval requirements have been met, and
  2. reviewing his or her Account Status Report monthly to ensure its accuracy.

- Payments to or for the direct benefit of the authorized signer of the account must have the co-approval of his or her Dean or supervisor on the Check Request.

Every employee of the University of Southern California is required to avoid both actual conflicts of interest and the appearance of conflicts of interest with the university. Employees must comply with the Conflict of Interest Policy. Refer to the University Policies Web site (www.usc.edu/policies) for the current policy.
1.2 APPROVAL AUTHORITY

An employee must obtain the approval of his or her immediate supervisor before USC will issue payment for any reimbursement, internal requisition, or direct expenditure. A supervisor may delegate this review to a direct subordinate; nevertheless, the supervisor will remain personally responsible for any such authorizations.

The employee must fully disclose to his or her supervisor the circumstances surrounding each such request for reimbursement, internal requisition, or direct expenditure, and the reasons why the activities covered by that reimbursement, internal requisition, or direct expenditure are related to the employee’s official duties at USC and serve the best interests of the university. Material misstatements or omissions with respect to such disclosures may be grounds for discipline, up to and including termination. For faculty, such discipline will follow the procedures published in the Faculty Handbook.

Prior to giving his or her approval, the supervisor must be convinced that the requested reimbursement, internal requisition, or direct expenditure:

• serves the best interests of the university;
• conforms with the letter and spirit of applicable Federal and State law and regulations;
• conforms with policies and procedures as stated in the University of Southern California Expenditure Manual;
• is not for any political purpose whatsoever. Political support or contributions are not allowed as the university is classified as a 501(c)(3) organization under Internal Revenue Code.

Once a reimbursement, internal requisition, or direct expenditure has been approved, the supervisor shall be responsible for defending that expense against any subsequent challenges. Authorized expenditure card imprint on payment requests (e.g., Check Requests, Requisitions) signifies that all supervisory approval requirements have been met. Signatures are required, where indicated, on itemized Expense Reports for reimbursements.

1.3 EXPENDITURE CARD AND ONLINE ACCOUNTING SYSTEMS

Expenditure authority is acknowledged by the issuance of a USC Expenditure Card. All hard-copy Check Requests or Requisitions must be embossed with a USC Expenditure Card. The imprinted Expenditure Card on these forms will serve as authorization to expend funds for the university. No further signature is necessary to authorize expenditures (except where co-approval is required when the payment is to or for the direct benefit of the authorized cardholder). Please note that university policies and procedures must be adhered to.

The card is to be imprinted on the Check Request and Requisition forms in the specified area on the form. Hand written or typed authorization of the authorized signer and access number will not be accepted in lieu of the expenditure card imprint. If an embossing machine is not readily available or broken, embossers are available in Purchasing Services for departmental use.

Procedure for Obtaining an Expenditure Card

A “Financial Accounting System – Application for System Access” form must be completed and approved by the department’s Senior Business Officer (SBO) giving on-line access to specific accounts and authorization to obtain an expenditure card. Refer to Financial System Administration
Distribution of all expenditure cards is made under the direction of Financial System Administration (213-821-1900). All individuals receiving expenditure cards will be required to sign for them and present valid identification. By acceptance of this card, the cardholder agrees to assume responsibility for all charges authorized by the use of this card.

Card Security

The faculty or staff employee issued an USC Expenditure Card is expected to take all necessary precautions to insure proper use of this card, including keeping the card under his or her control when not in use (i.e., secured in locked drawer). Should a card be lost or stolen, Financial System Administration (FSA) should be contacted immediately at (213)821-1900.

Online Accounting Systems

Access to the Budget Administration (BA) Financial System must be authorized by the Senior Business Officer (SBO) for the center. The BA system is available on the internet as WEBBA. For information refer to the FSA web-site at: http://www.usc.edu/dept/finserv/dirtrng/ba-access.pdf.

1.4 AGREEMENTS, CONTRACTS, LEASES

All contracts, deeds, leases, notes, and other instruments in writing shall be signed by any one of the following: Chairman of the Board, any Vice Chairman of the Board, President of the university, any Senior Vice President, and/or Treasurer of the university. In addition to the above, the President may give written authorization to other administrative executives to sign various described classifications of documents.

All USC agreements that provide for a lifetime privilege granted to an individual or group must be approved by the Provost or Senior Vice President for Administration and by the General Counsel. This policy includes any right, special advantage or benefit given that relates to university events, athletic events, life or health insurance, parking or other facilities use or other university activity.

All agreements that provide for exclusivity in any relationship with the university must be approved by the Provost or the Senior Vice President for Administration and by the General Counsel. This policy includes exclusive use of the USC identity with travel organizations, hotels, car rentals, credit cards, bank relationships, communication devices, jewelry, clothing, footwear, merchandise or materials for sale and other relationships with the university that provide exclusivity.

Any agreement, affiliation, lease or contract that will commit the university to a monetary obligation must be approved by the Director of Purchasing or his or her designee. Only the Director, Purchasing Services and persons delegated by the Director (buyers on staff) are authorized to commit the university in the purchase of goods and services and to sign the following documents:

- Purchase Orders
- Change Orders
- Prepayment Forms
- Software License Agreements
- Standard, Maintenance, Consulting, Sales and Service Contracts
- All other procurement agreements and any other form supplied by vendors.

Reference: http://www.usc.edu/bus-affairs/admin_serv/purchasing/policies.html#requests.
1.5 CALIFORNIA STATE SALES AND USE TAX

The university is subject to California Sales and Use Tax requirements. In cases where a vendor does not charge California State/Los Angeles County tax on a taxable purchase, it will be accrued at the current rate of taxation on the taxable portion of the payment, charged to the department account, and paid to the California State Board of Equalization by USC. This applies to all purchases made by USC from vendors within California as well as from out-of-state vendors where shipment is made to a California location.

Types of purchases that are **exempt** from Sales and Use Tax include, but are not limited to:

- Food for human consumption
- Memberships
- Page charges
- Postage
- Registration fees
- Shipping charges

Types of purchases that are **not exempt** from Sales and Use Tax include, but are not limited to:

- Carbonated beverages
- Equipment leases
- Furniture
- Handling charges
- Lab supplies
- Office supplies
- Reprints
- Software maintenance

Most tangible products are taxable. Many *intangible*, such as equipment leases and software maintenance, are also taxable. Purchasing Services is responsible for determining whether a purchase is taxable prior to payment. Questions regarding California State Sales and Use Tax should be directed to Purchasing Services or Disbursement Control.

Where title to a purchase made on a Government grant vests in the granting agency upon acquisition, sales tax requirements do not apply. When claiming this exemption, a copy of the letter from the agency or clause in the Government contract confirming such claim must accompany the Requisition. Questions regarding government title clauses should be directed to the Department of Contracts and Grants.

If there is insufficient evidence to substantiate exemption, Procurement Payables staff are required to follow the accrual procedure.
1.6 TYPES OF EXPENSES THAT ARE RESTRICTED

Cellular Phones - Expenses for calls made via cellular phones are reimbursable as defined herein under “Telephone”. All other charges related to cellular phones (e.g., monthly access charges) should be pre-approved by the authorized signer.

Charitable Contributions – The university does not make contributions to other nonprofit organizations, charitable events, etc. A consultant cannot designate a portion of his or her fee to a favorite charity instead of payment directly to him or her.

Child Care – Costs of providing care for dependent children are considered a personal expense and are not reimbursable by the university.

Citations – Violations that result in citations (parking, traffic or others) are the personal responsibility of the individual. Any associated citation expenses are not reimbursable.

Conference Registration Fees - Registration fees for conferences held locally, as well as those requiring travel, should be prepaid either by Procurement Card or Check Request payable to the conference agency. The Check Request must include a statement of the business purpose and be accompanied by a copy of the filled-in conference registration form.

Consultants - Please see CHAPTER 5.

Contributions (“In Lieu of Flowers”) - The university allows expenditure of funds for flowers sent to a funeral of an employee’s relative if approved by the authorized signer of the account. The dollar limitation on this expense is the same as the “Gift” maximum rate (see Schedule of Rates). When the family requests that a donation be made to the deceased’s or family’s charity of choice “in lieu of flowers,” an exception to the contribution policy may be made. The payment request must be clearly identified as to the nature and purpose of the expense, and may not exceed the allowable “gift” rate without Senior Vice President or his or his designee approval. The Federal Tax ID# for the organization must be provided.

Credit Cards(Personal) – Personal credit cards are considered the responsibility of the employee. The employee is responsible for making payment to the banking agency. Reimbursement is made, based on original receipts submitted, payable to the employee only. (This does not apply to USC Procurement and USC TravelPlus cards which are subject to different parameters.)

Decorations - Requests for purchase of or reimbursement for office decorations must be approved by the authorized signer and indicate the office(s) or conference room(s) where the item(s) will be located. Please note: Office decorations for the desktop or bookshelf that qualify as “gift” items (e.g. floral arrangements, pen sets, desk clocks, vases, etc.) are subject to the same restrictions as gifts in the Schedule of Rates.

Employer/Employee Relations - Reasonable expenses for improvement of working conditions, employer/employee relations, and employee performance are appropriate when approved by the appropriate authorized signer. Examples of items in this classification include in-house publications (newsletters), staff lunches, and morale-building activities such as an anniversary celebration or a retirement party. It is required that the benefit to employer/employee relations be described on expense documents, as well as names of the persons at the event (if 10 or less). If a large group
(more than 10 people) is involved, the approximate number of persons must be stated. All applicable receipts must be included.

Events (Athletic/Cultural) - Requests to charge the cost of tickets to athletic or cultural events to university accounts must have a valid business purpose and must be approved by the applicable Senior Vice President or his or her designee. When the cost of event tickets has been prepaid by the attendees, this added approval is not required; however, evidence of prepayment (such as G-receipt, etc.) must accompany the payment request.

Foreign Drafts - Many foreign vendors accept checks payable in U.S. dollars for payment of invoices. In those cases where payment is required in foreign currency, and use of the Procurement Card is not accepted by the vendor, the university provides foreign drafts through Disbursement Control. The Check Request and documentation should be prepared as to a local entity, but adding the statement “PLEASE ISSUE FOREIGN DRAFT” in the explanation section. The departmental account is charged via journal entry.

Gifts to Employees - The purchase of a gift for an employee should only be made to acknowledge dedicated service over an extended period of time. A gift should have prior approval by the appropriate Dean or Director. A gift costing more than the university gift rate (see Schedule of Rates) must have approval by the applicable Senior Vice President or his or her designee. Charges for engraving, delivery or sales tax are not considered as part of the gift expense for approval purposes. Gifts are government-unallowable expenses and, as such, are not allowed on government contracts and grants. Contact the Department of Contracts and Grants with specific questions regarding allowability prior to expenditure.

Gifts as Awards – The same restrictions apply to tangible items given as awards for business-related achievement or appreciation, as apply to Gifts to Employees stipulated above.

Meals - Expenses incurred for business meals (meetings, employer/employee relations, etc.) may be reimbursed upon approval of the authorized signer of the account. To be considered non-taxable, the Internal Revenue Service requires that names of the persons at the meal and the business purpose be clearly stated. Individual names are not required if a large group (more than 10 people) is involved that can be identified as a single body – the approximate number of persons and group identification must be stated when submitting expenses for payment. Meal expenses (other than travel) may be considered entertainment and, as such, not allowed on government contracts and grants. Contact the Department of Contracts and Grants with specific questions regarding allowability prior to expenditure.

Membership and Dues – Payment by the university for dues or other membership fees is restricted to those situations where membership is in the name of the university (institutional) rather than that of an individual. Professional memberships where connected with the administrative or academic responsibilities of the individual are also allowable when the annual renewal cost does not exceed $600. Professional membership costing more than $600 must be approved by the Senior Vice President for Administration.

Mileage - Mileage incurred by employees using their own vehicle on official university business is reimbursable at the rate stated in the Schedule of Rates. Date, destination, number of miles, and business purpose must be provided for each trip to be reimbursed. See also Section 3.3 AUTOMOBILE TRAVEL.
Parking – The cost of daily or monthly employee parking on university property is considered a personal expenditure and is not a university reimbursable expense. No university funds may be used to pay for the cost, or any portion of the cost, associated with employee parking on university property. Parking for visitors should be pre-arranged with Transportation Services (213)740-4545.

Parking Citations - Violations of state or city driving laws resulting in traffic or parking citations are the personal responsibility of the individual, and any associated expenses are not reimbursable. This applies to both privately owned, rented and university vehicles.

Political Contributions – University policy prohibits the expenditure of university funds to support a political campaign, a candidate for public office, or a political party. “Support” is to be interpreted very broadly (e.g., dinners sponsored by a committee whose proceeds go to the benefit of a politician or political party).

Student Organizations - Issuance of a check directly to a student organization is not allowed. Departmental support of a recognized student organization may be provided, with approval of the authorized signer, by one of the following methods:

- transfer of expense via journal entry between the department’s account and the organization’s account administered through Student Affairs (contact the Office of Student Activities at 740-5693 for more information);
- intradepartmental budget transfer to the applicable student account within the organizational unit (contact your Senior Business Officer for more information);
- reimbursement to a member of the organization on the basis of actual receipts, providing the nature of the support (i.e., business purpose), date of event(s), number and names (if fewer than 10) of persons attending; or
- payment to the service provider (caterer, musician, printer) on the basis of original invoice(s) (contact Purchasing Services 213-740-2281).

Subscriptions - The continuing need for publications should be carefully reviewed by each authorized signer at regular intervals. Subscriptions should be limited to professional journals and periodicals required as working tools by academic departments or administrative office. Payment requests for subscriptions must be accompanied by the renewal notice or order form showing the price of the subscription. A copy of such documentation is acceptable in cases where the department wishes to send the check with the original form. The number of issues received per year should be indicated so that determination can be made regarding university liability for California use tax.

Telephone - The university will reimburse individuals for telephone calls made away from the university only if the specific business purpose is clearly identified for each, or aggregate of calls, and the original bill showing charges is included. (If the university is paying less than 50% of the bill a copy of the bill is sufficient support.) A portion or total of an individual’s monthly service charge may be reimbursable, when such phone line is used exclusively or shown as used significantly for university business.

Third-Party Payments - The university must issue a check directly to the individual performing the service to ensure accurate reporting of income. Payment to a third party for services rendered is not allowable.
Travel – It is the policy of the university to reimburse individuals for necessary and reasonable travel expense incurred for official university business in accordance with established university policies stated herein. In cases where individuals combine university travel with personal travel, the university will reimburse the individual only for the portion attributable to university business. This applies to both the per diem and actual expenditure reimbursement methods. See CHAPTER 3.

Travel (Air) –
- First-Class Travel:
  President, Senior Vice President or his or her designee approval of first-class travel is required in advance of purchase.
- Helicopter Taxi Service:
  Use of helicopter taxi service is not authorized except in cases of an emergency. Written justification is required.
- Privately Owned/Rented Aircraft:
  Costs in connection with the use of privately owned or rented aircraft are not reimbursable. The university insurance program specifically excludes coverage of persons who are acting as “pilot, operator, or member of crew” of private or rented aircraft. Persons traveling on such aircraft are considered to be on personal business and the university disclaims any responsibility for loss.

Travel (Automobile) – Employees using a privately-owned vehicle for travel on university business must comply with applicable motor vehicle driving laws for the region in which they are driving. This includes carrying their own comprehensive/collision auto insurance (not reimbursable) in amounts adequate to protect them or their automobiles from financial consequences of accidents. Violations of state driving laws resulting in traffic or parking citations are the personal responsibility of the traveler, and any associated expenses are not reimbursable-this applies to both privately-owned as well as rented vehicles.

Travel (Companion) – When a university employee is accompanied on a university business trip by a non-business companion (spouse, family member, etc.), the latter’s travel expenses are considered personal in nature and are not reimbursed by the university. Exceptions require the approval of the applicable Senior Vice President or his or her designee.
1.7 SCHEDULE OF RATES AND RESTRICTIONS

The maximum rates for reimbursement and payment of expenses are itemized below. Exceptions to policy rates or statements must be approved by a Senior Vice President or his or her designee. All expenses must be itemized and documented with original receipt to claim reimbursement. Under certain circumstances, particularly with foreign travel, the university recognizes the difficulty in keeping receipts for such expenses. In those instances, reimbursement on a per diem rate will be permitted, provided the expenses are within the schedule of rates and time frames listed below.

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Description</th>
<th>Maximum Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Diem Rate for Domestic Travel</td>
<td>Travel reimbursement without receipts (proof of travel required). Overnight stay must occur for any per diem allowance. Length of travel is NOT TO EXCEED 30 DAYS, after that time expenses must be itemized and receipted.</td>
<td>$124.00 per day</td>
</tr>
<tr>
<td>Per Diem Rate for Foreign Travel (Lodging+Meals)</td>
<td>The applicable rate as established by Federal Government Standard listed on web-site <a href="http://www.state.gov/www/perdiems">www.state.gov/www/perdiems</a> may be used for the FIRST 30 DAYS of foreign travel. A copy of the applicable rate sheet must be attached to request for reimbursement. Foreign travel extended PAST INITIAL 30 DAYS will be reimbursed ONLY IF ITEMIZED AND DOCUMENTED WITH ORIGINAL RECEIPTS. Use of foreign per diem rates on externally sponsored projects must be approved by the Office of Contracts and Grants.</td>
<td>$275.00 per day maximum</td>
</tr>
<tr>
<td>Actual Expenses</td>
<td>Travel reimbursement (meals, lodging, and incidentals) with expenses itemized with original receipts.</td>
<td>$275.00 per day maximum</td>
</tr>
<tr>
<td>Meal Allowance</td>
<td>Travel reimbursement for meals without receipts or itemization (alternative to using above “actual expenses” method for meals portion only). Overnight stay must occur for any per diem allowance. NOTE: this rate applies to both domestic and foreign travel.</td>
<td>$35.00 per day maximum</td>
</tr>
<tr>
<td>Mileage</td>
<td>Reimbursement when personal vehicle is used for university business.</td>
<td>$0.36 per mile</td>
</tr>
<tr>
<td></td>
<td>Reimbursement for gas with a USC or rental vehicle.</td>
<td>per gas receipt</td>
</tr>
<tr>
<td>Gifts</td>
<td>Purchase of gift (per person), including flowers and meals, exclusive of tax and delivery charge. This type of expense is not allowed on externally sponsored projects.</td>
<td>$75.00</td>
</tr>
</tbody>
</table>

Please note that these are the maximum rates allowed by the university. Lower rates and additional constraints may be imposed on expenditures by a Senior Vice President, Dean, or Director within his or her organizational unit. These constraints should be monitored by internal control within the organizational unit.
1.8 GOVERNMENT UNALLOWABLE EXPENSES

On July 1, 1992, the university initiated new procedures in compliance with rigid requirements imposed by the Office of Management and Budget (OMB) and the Congress on universities receiving federal research dollars. For purposes of Indirect Cost calculations, the university is required by the Federal government to separate into categories “allowable” and “unallowable” costs as prescribed in OMB Circular A-21.

Current “Travel Expense Report” and “Non-Travel Expense Report” forms enable departments to separate government-allowable from government-unallowable expenses. On-line “Forms Processing” for Check Requests, Expense Reports, and Requisitions also facilitate this differentiation.

While the alternate responsibility for identifying government-unallowable (G/U) expenses rests with the Departments of Disbursement Control and Purchasing Services, it is the initial responsibility of every authorized signer, regardless of source of funding, to ensure that the stated business purpose of the expense is clear and that any G/U expense is segregated.

Definition

Government unallowables are those expenses that, although potentially appropriate and reimbursable from other university sources, are not allocable to government activities per Federal Government regulation. The items listed below must be identified and segregated regardless of the account number bearing the expense to avoid those expenses being allocated to various government indirect cost categories.

ALL expenses related to:

- Alumni Events - including fund-raising expenses
- Commencement - including student graduation parties
- Development - including promotional gifts to donors
- Public Relations - including banquets & advertisements
- Student Activities - including contributions to student organizations and events

As well as the following specific expenditures regardless of business purpose:

- Alcoholic Beverages
- Contributions
- Donations
- Fines and Penalties (including interest charges)
- First Class Airfare (the difference between first class and regular coach airfare is G/U)
- Flowers
- Gifts

Any questions in regard to these procedures should be addressed to the Financial Analysis Office at (213) 821-1937.
CHAPTER 2
THE SIX WAYS TO PAY FOR GOODS AND SERVICES

INTRODUCTION

The university’s accounting system controls expenditures through budget controls, as-expensed accounting and an encumbrance/commitment system. Incidental operational expenses are charged to accounts as paid. To insure that funds are available for salaries and fringe benefits, both are reserved or “encumbered” in the accounting system at the beginning of each fiscal year. University departments providing goods and services (the USC Bookstore, Pulse, Facilities and Maintenance) to units within the university are usually paid by internal requisition; consult the individual department for the appropriate procedure.

Since there often is a significant time delay between the issuance of a Purchase Order (P.O.) and the payment for goods received, funds expensed via P.O. are reserved, or encumbered, in the accounting system. Monthly Account Status Reports (ASRs) list these encumbrances (open liens), current expenditures, and reflect the free balance available for each budgeted account. A detailed explanation may be found in the USC Budget Administration System web-site http://www.usc.edu/dept/finserv/dirtrng/ba-asr.pdf prepared by Financial Administration and Performance.

There are six basic ways to pay outside vendors for goods and services for the university.

1. Requisition/Purchase Order
   Most expenses are paid through the use of requisitions/purchase orders. This system sets aside money to pay the bills received after goods and services are delivered.

2. Procurement Card
   The Procurement Card is a credit card used for making purchases of less than $2,500. Transactions are limited by type, size and frequency.

3. Check Request – Direct Payment
   Check requests are used for expenditures in certain categories when a requisition would not work. The most frequent use is to reimburse an employee for business travel expenses (See CHAPTER 3 for travel expenses, and CHAPTER 4 for advances).

4. Check Request – Reimbursement/Petty Cash
   University employees may use their own cash or a credit card to make small purchases for the university. A check request is then used with an itemized report of expenditures to request reimbursement.

5. USC Travel PlusCard – Direct Payment to GECapital via the USCQuick Expense Report
   USC will direct-pay those USC TravelPlus Card charges that are authorized, approved, documented and properly reported via the USC QuickExpense Report process.

6. Internal Requisitions – for purchases at Designated Travel Agencies
   Business travelers may have their airline and contract rental car charges paid via an Internal Requisition. Authorized Internal Requisitions should be faxed for payment to a Designated Travel Agency: http://adminweb.usc.edu/travel/DTA/
2.1 REQUISITION/PURCHASE ORDER

All requests for outside purchases of goods or services over $2,500, regardless of the sources of funding, must be processed through Purchasing Services on a requisition to obtain a purchase order.

There are four types of requisitions:
- Standard paperless
- Web-based paperless
- Forms processing
- Pre-printed forms

As a recipient of Federal funds for research activities, the university is required by granting agencies to implement purchasing practices which assure competitive bidding. Accordingly, the Department of Purchasing Services provides professional purchasing services to the university community in compliance with Federal requirements. These efficient purchasing practices should result in savings which will be of direct benefit to the government and the university. See Purchasing Policies website at: http://www.usc.edu/bus-affairs/admin_serv/purchasing/policies.html.

2.2 PROCUREMENT CARD

The Procurement Card is a MasterCard that gives controlled buying power to those employees who need it for university business. It is a purchasing tool that can be used for buying small-dollar-value goods and services (less than $2,500) for the university. Please note: the Procurement Card is a university-liability card – its use for personal purchases is expressly prohibited.

In many instances, using the card eliminates purchase orders, direct pay invoices, check requests, petty cash transactions, and personal reimbursements. Charges on the cards post directly to the university account and appear on the Account Status Report (ASR) – cardholders do not have to pay a monthly bill and then wait for reimbursement. Documented receipts, accompanied by business purpose, are retained by the cardholder’s business office for these transactions for audit purposes.

Any merchant who accepts MasterCard, and who is not in the exclusions group, will accept the Procurement Card. The card may be used to make purchases directly from vendors – in person or by phone, fax, or mail order. Unlike a personal credit card which has only one credit limit, the Procurement Card has five limits:
- Single purchase dollar limit (now a $2,500 maximum)
- Total spending limit per cycle
- Merchant category code (excluding meals, travel, entertainment)

The first two limits are set by school/department Senior Business Officers in conjunction with departmental practices, based on usage needs, on a per card basis. The last is a university-wide limit and allows for most business purchases except those associated with meals, travel, or entertainment. An individual card may be issued for specific use and restricted further if needed.

Please refer to the Procurement Card web-site location for more information: http://www.usc.edu/bus-affairs/admin_serv/purchasing/policies.html#procure
2.3 CHECK REQUEST – DIRECT PAY

Check Requests may be used for some types of direct payments where use of a requisition or purchase order would not apply. These are limited to: conference registration fees, one-time guest speaker fees (see Chapter 5), memberships, refunds, royalties, subject fees, subscriptions, and tax payments. The Check Request must state the business purpose and be accompanied by documentation to support the payment amount. Please note that the Procurement Card should be used instead of a Check Request wherever applicable. Refer to website [http://www.usc.edu/dept/finserv/dirtrng/ba-nonPO.htm](http://www.usc.edu/dept/finserv/dirtrng/ba-nonPO.htm) for more information about “When It’s Not a Purchase Order”.

2.4 CHECK REQUEST – REIMBURSEMENT/PETTY CASH

Reimbursement Procedures for Non-Travel Expenses

The university reimburses individuals for authorized expenses incurred for official university business. Please see CHAPTER 1 for examples of unallowed non-business expenses, as well as restrictions on allowed business expenses. Detailed instructions for filling out the forms referred to here are available on the Budget Administration Web Site: [http://www.usc.edu/dept/finserv/dirtrng/ba-form.pdf](http://www.usc.edu/dept/finserv/dirtrng/ba-form.pdf)

Disbursement Control will accept reimbursements for amounts totaling $75 or higher. Reimbursements totaling less than $75 should be paid from petty cash or one of the other options listed below:

- The Procurement Card should be used for purchases whenever possible.
- Accumulate multiple reimbursements on a single Check Request so that a single payment of $75 or more can be issued.
- Encourage use of petty cash funds for small dollar purchases. Contact the Bank Reconciliations Department at (213)740-0308 for more information on how to establish a petty cash fund.
- If a reimbursement totaling less than $75 is still necessary, please use the Paperless Check Request process on the Budget Administration system.

All reimbursements for operational expenses totaling more than $75.00 must be requested on a Check Request form, accompanied by an itemized and signed Non-Travel Expense Report and original receipts. Following the steps listed below will ensure prompt check issuance:

- Prepare a Check Request, entering all the information requested per line. Answer the questions: WHO, WHAT, WHERE, WHEN and WHY. This will ensure that the dates and business purpose are clear for audit purposes.
- Fill out a Non-Travel Expense Report, itemizing all expenses. Any reimbursable expense falling under the definition of “Government Unallowable” must be appropriately identified as such. Make sure any single itemized expenditure of greater than $75.00 has an original receipt attached. The Non-Travel Expense Report must be signed by the individual to whom the reimbursement is being made, as well as the immediate supervisor.
- Mount receipts on a blank page, taping as many receipts on each page as possible without overlapping.
- Missing itemized original receipts of greater than $75 require Senior Vice President or his or her designee approval.
The expenditure card of the authorized signer must be applied to the Check Request form and funds must be available in the account to be charged. If the authorized signer is the same person as the reimbursee, co-approval is required.

Procurement policies must be observed at all times. Purchases from vendors exceeding $2500.00 must be made via established Purchasing guidelines. Failure to do so may result in non-reimbursement of excessive purchase expense. Refer to Purchasing Services web-site at: http://www.usc.edu/bus-affairs/admin_serv/purchasing/policies.html.

Where a cancelled check is the only receipt an individual has access to, the same requirements noted above apply. If cancelled checks are not returned by the bank, a copy of the check and bank statement showing the check cleared will be accepted for reimbursement.

In cases when an item (non-travel) is ordered by telephone or via the internet using a personal credit card, a copy of the credit card statement showing the expense and a description accompanied by business purpose is required. It must be stated that the item was ordered by telephone or via the internet, whichever applies.

Petty Cash

Petty cash funds allow cash to be made available to departments throughout the university to facilitate payment for small purchases and expenses while maintaining proper control of university cash. A petty cash fund is advanced to an employee on behalf of a department and is not charged directly to a departmental account until expenditures are submitted for reimbursement. Upon termination of employment the employee must return cash and receipts to the university equal to the total amount of the fund.

To establish a petty cash fund, a Check Request providing the departmental account to which expenses will be charged should be prepared and approved by the authorized signer. The explanation should include a request “To Establish Petty Cash.” The Check Request should be submitted to Bank Reconciliations, FNS-214, mc-1053.

Replenishment of petty cash funds is accomplished by submitting an approved Check Request, itemized Report of Expenditures, and original receipts to Disbursement Control. All expenses must adhere to university policies and procedures. More than one departmental account may be charged for replenishment of petty cash, including accounts different from the one initially established, provided the expenditure card(s) embossed on the Check Request is authorized for each account.

The petty cash fund should always be kept in a locked drawer or safe on university property, along with receipts substantiating the amounts expended prior to replenishment. Replenishment of a petty cash fund due to theft must be accompanied by a copy of the theft report and approved by the applicable Senior Vice President or his or her designee.

2.5 USC TRAVEL PLUS CARD/QUICK EXPENSE REPORT

## How to Pay for What

<table>
<thead>
<tr>
<th>Type of expense</th>
<th>Requisition/ Purchase Order</th>
<th>Check Request - Direct Pay</th>
<th>Procurement Card (&lt;$2,500)</th>
<th>Travel Plus Card</th>
<th>Check Request - Reimbursement</th>
<th>Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials and Supplies</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Authorized signer. Competitive bids required for purchases over $2,500.</td>
</tr>
<tr>
<td>Equipment and Maintenance</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Authorized signer. Competitive bids required for purchases over $5,000.</td>
</tr>
<tr>
<td>Contracts, Leases, Loans, Deeds</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Authorized signer and one of the following: Chairman or Vice Chairman of the Board of Trustees, President, Senior Vice President, Treasurer or their designee.</td>
</tr>
<tr>
<td>Printing and typesetting</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Authorized signer. Competitive bids required for purchases over $5,000.</td>
</tr>
<tr>
<td>Computers and Software</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Authorized signer. Competitive bids required for purchases over $5,000. Approval of Information Technology Council for purchases over $50,000.</td>
</tr>
<tr>
<td>Consulting Services and Outside Contractors</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Honoraria</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Moving Expenses</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Conference Registration</td>
<td>Yes, however Procurement Card is preferred.</td>
<td>Yes, Need statement of business purpose and completed conference registration form.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Gifts and flowers (or donations in lieu of flowers)</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer. Over $75 must be approved by Senior Vice President or his or her designee. Not allowed on external sponsor accounts.</td>
</tr>
<tr>
<td>Gifts to USC employees to acknowledge long-term dedicated service</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Authorized signer. Over $75 must be approved by Senior Vice President or his or her designee. Not allowed on external sponsor accounts.</td>
</tr>
<tr>
<td>Business Meals (non-travel)—meetings, employer/employee relations</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer. Requires names and statement of business purpose. Consult Contracts and Grants re payment on gov’t contracts and grants accounts.</td>
</tr>
<tr>
<td>Mileage for use of employee’s own vehicle on university business</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Type of expense</td>
<td>Requisition/ Purchase Order</td>
<td>Check Request - Direct Pay</td>
<td>Procurement Card (&lt;$2,500)</td>
<td>Travel Plus Card</td>
<td>Check Request - Reimbursement</td>
<td>Authorization</td>
</tr>
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</tr>
<tr>
<td>Parking for off-campus parking while on university business</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Petty cash</td>
<td>No</td>
<td>Yes, for establishment of petty cash fund.</td>
<td>No</td>
<td>ATM feature can be used to withdraw cash</td>
<td>Yes-Replenishment requires Report of Expenditures form.</td>
<td>Authorized signer. Replenishment due to loss by theft requires DPS theft report and approval of Senior Vice President or his or her designee.</td>
</tr>
<tr>
<td>Subscriptions for professional publications required as working tools by academic departments or administrative offices</td>
<td>Yes</td>
<td>Yes. Need copy of renewal notice or order form showing price and number issues per year.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Telephone calls made while away from the campus</td>
<td>No</td>
<td>Yes, Need specific business purpose and itemized bill.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td><strong>Travel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air travel (commercial only) No first-class service. When federal funds used, U.S. air carriers only</td>
<td>No. Use Internal Req. with designated travel agencies. <a href="http://adminweb.usc.edu/travel/DTA/">http://adminweb.usc.edu/travel/DTA/</a></td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer. With President or Sr.VP approval, first class service may be used when it is the only travel available or when necessary for documented medical reasons.</td>
</tr>
<tr>
<td>Rental cars and vans</td>
<td>Use of Internal Req. with contracted car rental companies is preferred: <a href="http://adminweb.usc.edu/travel/DTA/">http://adminweb.usc.edu/travel/DTA/</a></td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Telephone calls for business purpose or one call to home per day</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Hotel/motel expenses</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer.</td>
</tr>
<tr>
<td>Excess baggage charges - transporting University materials or extended period of travel requires excess personal baggage</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer</td>
</tr>
<tr>
<td>Travel subsistence (meals, lodging, tips, personal laundry and dry cleaning)</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Authorized signer.</td>
</tr>
</tbody>
</table>
CHAPTER 3
HOW TO PAY FOR TRAVEL EXPENSES

3.1 INTENT OF POLICY

It is the policy of the university to reimburse individuals for necessary and reasonable expenses incurred while traveling on official university business in accordance with established university policies stated herein. Individuals traveling on official business should exercise the same care in incurring expenses as they would exercise on personal travel. In some cases the funds availability in a department is such that it is not possible to provide the level of luxury or freedom to which some faculty, staff, and students are privately accustomed. The intent of this policy is that the reimbursement of travel expenses for university business be fair and equitable to both the traveler and the university regardless of the source of funds. In cases where individuals combine university travel with personal travel, the university will reimburse the individual only for the portion attributable to university business. This applies to both the per diem and actual expenditure reimbursement methods. (See Schedule of Rates.)

When travel costs are to be charged to an externally sponsored project, the terms of the applicable contract or grant will take precedence over university policy (e.g., different per diem rate). In addition, airfare costs are subject to the guidelines set forth in the Office of Management and Budget Circular A-21, Section J. 48, Travel Costs (articulated in the “Air Travel” Section of this manual). The Department of Contracts and Grants should be consulted prior to expenditure for allowability of travel-related expenses on externally sponsored projects.

At their discretion, schools, departments, independent laboratories, and institutes may impose stricter guidelines for budgetary or control reasons by reducing the allowable reimbursement set forth in this policy. These constraints are monitored internally by the organizational unit.

3.2 AIR TRAVEL

3.2.1 DESIGNATED TRAVEL AGENCIES

Use of USC’s Designated Travel Agencies for making business travel arrangements is strongly encouraged. Designated Travel Agencies (a) accept Internal Requisitions for the payment of airfare, rail and rental car reservations and (b) have access to the university’s negotiated airline, rental car, and hotel rates. Designated Travel Agency contact information can be accessed via: http://adminweb.usc.edu/travel/DTA/.

3.2.2 COMMERCIAL AIRFARE

The university will support the cost of commercial airfares for university business travel at the less-than-first-class rate. Use of advance purchase, excursion, and other discounted fares are recommended whenever ticketing restrictions are reasonable. First-class service is allowed only when (a) it is the only class of service available, (b) when first-class service is necessary because of specified medical reasons, or (c) when advance written approval is obtained from the President, Senior Vice President, Provost or his or her designee. Unavailability or medical exceptions must be clearly identified and explained. When approval, as described above, has not been granted, first-class air travel may be used for university purposes provided that the individual personally pays the incremental difference.
3.2.3 EXTERNALLY SPONSORED PROJECT AIRFARE

Externally sponsored project airfare costs are subject to the guidelines set forth in the Office of Management and Budget Circular A-21, Section J.48, Travel Costs: Commercial air travel. Airfare costs in excess of the lowest available commercial discount airfare, Federal Government contract airfare (where authorized and available), or customary standard (coach or equivalent) airfare, are unallowable except when such accommodations would: require circuitous routing; require travel during unreasonable hours; excessively prolong travel; greatly increase the duration of the flight; result in increased costs that would offset transportation savings; or offer accommodations not reasonably adequate for the medical needs of the traveler. The Department of Contracts and Grants should be consulted prior to expenditure for allowability of travel-related expenses.

When federal funds are used for foreign travel, tickets must be purchased in compliance with the Fly America Act. This Act stipulates that tickets be purchased for travel on either (a) a U.S. flag air carrier or (b) a foreign carrier that operates under a U.S. flag air carrier code-sharing agreement and identifies the U.S. flag air carrier's designator code and flight number. Such carriers must be used unless the traveler can certify such carriers were “unavailable,” as availability is defined by federal regulations. For further information regarding federal regulations on foreign travel, see [http://www.usc.edu/dept/Travel/travel_resources/fly_america_act.pdf](http://www.usc.edu/dept/Travel/travel_resources/fly_america_act.pdf). Certification must be on file in the Department of Contracts and Grants, [http://www.usc.edu/dept/contracts/CUUSAC.pdf](http://www.usc.edu/dept/contracts/CUUSAC.pdf).

3.2.4 RECEIPTS FOR AIRFARE

The original airline passenger receipt must be relinquished, whenever possible, for reimbursement of airfare to any traveler on university business. In the case where the original receipt is lost or unavailable, a reasonable copy of the ticket or itinerary, and evidence of payment (e.g., credit card statement) will be accepted for reimbursement of airfare.

3.2.5 REIMBURSEMENT OF AIRFARE PRIOR TO TRIP

Reimbursement of airfare prior to travel is not allowed, unless the form of payment is the USC TravelPlus Card. Internal Requisitions can also be used for advance-purchase through the university’s Designated Travel Agency program [http://adminweb.usc.edu/travel/DTA/](http://adminweb.usc.edu/travel/DTA/). Travel advances for the purchase of airline tickets in advance of departure will be no longer be issued.

3.2.6 HELICOPTER TAXI SERVICE

Use of helicopter taxi service is not authorized except in cases of an emergency. Travelers who elect to use helicopter taxi service will be reimbursed only for the cost of equivalent surface transportation.
3.2.7 PRIVATELY OWNED AIRCRAFT

Costs in connection with the use of privately owned or rented aircraft are NOT reimbursable. The university insurance program specifically excludes coverage of persons who are acting as “pilot, operator, or member of crew” of private or rented aircraft. Persons traveling on such aircraft are considered to be on personal business and the university disclaims any responsibility for loss thereof.

3.3 AUTOMOBILE TRAVEL

3.3.1 PRIVATELY OWNED VEHICLES

Where appropriate, an individual may use his or her privately owned vehicle for university business. The university will reimburse the person at the established university rate per mile (see Schedule of Rates) and not on the basis of receipts for gasoline, oil, repair items, etc.

Employees using a privately owned vehicle for travel on university business must comply with applicable motor vehicle driving laws for the region in which they are driving. This includes carrying their own comprehensive/collision auto insurance (not reimbursable) in amounts adequate to protect them or their automobiles from financial consequences of accidents.

Violations of state driving laws resulting in traffic or parking citations are the personal responsibility of the traveler, and any associated expenses are not reimbursable. This applies to both privately owned as well as rented vehicles.

3.3.1a Local Travel and Mileage

Upon approval by the authorized signer for an account, employees may utilize a privately owned vehicle to travel on university business within a local area (close enough to the work/home location to allow the traveler to complete the purpose of the trip and return within the normal workday). A valid reimbursement must show the destination, the business purpose, and the number of miles traveled per excursion.

3.3.1b Overnight Travel and Mileage

Travel reimbursement for the use of privately owned vehicles is limited to the equivalent of direct round trip airline coach fare. This includes any lodging and meal expenses incurred en route. It must be evident that the total costs incurred by the traveler(s) during the driving period (including mileage, meals, lodging, etc.) are not more than the cost to the university than if they had traveled by air. Expenses for meals, lodging, and other needs of traveling must be shown separately on the Travel Expense Report with original receipts provided.
3.3.2 RENTAL VEHICLES

If the use of a rental vehicle is consistent with the policies stated herein, the university will reimburse the traveler for the cost of renting a vehicle, plus associated expenses (e.g. gasoline). Rental vehicle expenses for reimbursement must be supported by original rental receipts whenever they exceed $75.

3.3.2.a University Rental Car Contract Rates

When renting a vehicle for business travel, university travelers (including non-employees) are strongly encouraged to use one of the university’s rental car contracts, as these rates are discounted and include primary insurance for all domestic rentals and for some international rentals. Contract rental car information can be accessed via: http://adminweb.usc.edu/travel/travel_discount

3.3.2.b Rental Car Insurance:

Although the university is self-insured for employee domestic rentals (see below), the university prefers that travelers use either their USC TravelPlus Card or the university’s rental car contracts (see 3.3.2.a) whenever possible. The USC TravelPlus Card provides primary rental car insurance for all domestic and international rentals.

3.3.2.c Van Rentals

The university requires that all van renters, including van rentals through contract car rental companies or purchased on the USC TravelPlus Card, purchase an additional $1 million in Liability Insurance per van, whenever the van is used for university business to transport students. Rental of passenger vans that seat over 12 passengers is strictly forbidden. Contact the Office of Risk Management and Insurance regarding this requirement at (213)740-7518, or visit http://srm.usc.edu

3.3.2.d University’s Self-Insurance Coverage

The university has a self-insurance policy which covers the use of vehicle rentals by university employees on university business within the United States. Although the university will reimburse insurance purchases, it is not a necessary expense for domestic rentals (van insurance is necessary, as described above). When not using the USC TravelPlus Card, a contract car rental company, or when not purchasing insurance, domestic renters should be in possession of the university’s “Certificate of Insurance,” which can be downloaded via: http://srm.usc.edu. The university’s policy has a $500 deductible, for which the affected university department is responsible. The university does not have a self-insurance policy for international rentals. Those international renters who do not use the USC TravelPlus Card or contract car rental company that provides international insurance coverage are required to purchase liability insurance coverage when renting outside of the U.S., including Canada and Mexico. Contact the Office of Risk Management and Insurance regarding this requirement (213)740-7518, or visit http://srm.usc.edu.
3.3.2.d Non-USC Employees

Non-USC employees are not covered by the university’s self-insurance policy. Therefore, non-employees whose travel is paid for by the university and who do not use the university’s rental car contracts are required to purchase liability insurance from the rental car company. Contact the Office of Risk Management and Insurance regarding this requirement (213)740-7518, or visit http://srm.usc.edu.

3.4 EXTENDED TRAVEL

To qualify for extended travel status, the individual must be away for a period that requires at least one night of sleep or rest. Travel status commences when an employee directly departs for a trip from home or business location and concludes upon return to either of the above. A partial day between 6 and 18 hours is considered a half day; over 18 hours is considered a full. For per diem and meal allowance consideration, a partial day may be claimed only if at least one night of overnight stay has been completed.

Reasonable, non-transportation related expenses (e.g., meals, lodging, incidentals, etc.) incurred in connection with official university travel for more than one day may be reported and claimed for reimbursement by one of the following three methods. The method selected must be used for the entire trip.

The traveler must disclose, and reduce from the total to be reimbursed, any amounts requested or received from any other funding source. In addition, Government unallowable expenses must be identified on the Travel Expense Report, regardless of source of funding.

3.4.1 ACTUAL EXPENSES

The traveler may be reimbursed for actual travel expenditures for meals, lodging, tips, personal laundry, and dry cleaning. See Schedule of Rates for maximum allowable dollar amount. Paid receipts must be submitted in detail for any itemized expenditure, or aggregate of expenses, of more than $75.00. Proof of travel is always required. The original airline ticket, or other proof of payment for airfare, must be relinquished if reimbursement of airfare is requested. Please note: the dollar limitation for reimbursement of actual expenses does not include airfare or surface transportation (e.g., cab fares, rental car).

3.4.2 ACTUAL EXPENSES PLUS MEAL ALLOWANCE

The traveler may be reimbursed for actual costs of lodging, tips other than meals, personal laundry, and dry cleaning, plus an allowance for meals and gratuity per day. See Schedule of Rates for maximum meal allowance. All of the above are not to exceed the limit set in actual expenses. Detailed itemization and receipts for meals are not required, however, original receipts are required for lodging and all other expenses over $75.00. Paid proof of travel is always required. Please note: the dollar limitation for reimbursement of actual expense plus meal allowance does not include any surface transportation.
To claim a meal allowance, or other per diem, at least one overnight stay must be completed.

When allowable meal entertainment occurs under this method, the employee is required to submit the meal receipt. The actual cost (meal plus tip) divided by the total number of people will determine the traveler’s meal expense which will be deducted from the entertainment expense. Names and business purpose are required.

3.4.3 PER DIEM

The university strongly encourages that travel reimbursement be handled on an itemized and receipted basis. However, it is recognized that in some cases, particularly in foreign travel, that reimbursement on a per diem basis may be permitted by the authorized signer of the account.

A travel per diem rate is allowable if the individual completes at least one night of sleep or rest. See Schedule of Rates for allowable dollar amount and limitations. Per diem includes meals, lodging, tips, and incidentals. Detailed receipts are not required to be submitted under the per diem method of reimbursement for those items specifically listed above. Proof of travel is required for per diem reimbursement, either by an airline ticket, hotel bill, or car rental agreement (to substantiate the number of days claimed). Please note: the dollar limitation of per diem does not include airfare or surface transportation (e.g., cab fares, rental car).

Where proof of travel cannot be substantiated by appropriate receipts, Dean or Director approval must be provided.

3.5 TRAVEL-RELATED EXPENSES – EXAMPLES AND RESTRICTIONS

Conference Costs – See Registration Fees.

Entertainment Expenses - Expenses incurred for ordinary and necessary entertainment including, but not limited to, food, beverages and refreshments will be reimbursed upon approval of the authorized signer of the account. Expenses for personal entertainment (e.g., movies) are not reimbursable. The names of the persons entertained and the business purpose must be clearly stated. Individual names are not required if a large group (more than 10 people) is involved and can be identified as a single body (i.e., committee name). The number of persons entertained must always be provided and defined accordingly.

Please note: Entertainment expense per person exceeding the maximum allowable “gift” amount (see Schedule of Rates) requires approval by the applicable Senior Vice President or his or her designee.

Entertainment expenditures are not allowable on externally sponsored project accounts. Contact the Department of Contracts and Grants with specific questions regarding allowability prior to expenditure.
Excess Baggage - Upon approval of the authorized signer, charges for excess baggage are reimbursable only when the traveler is transporting university materials or when the extended period of travel necessitates excess personal baggage. In the latter case, the individual should obtain advance authorization from the authorized signer of the account.

Hotel/Motel Expenses - The original itemized hotel or motel statement is required for travel reimbursement using either the “actual expense” or “actual expense plus meal allowance” method, regardless of dollar amount.

Insurance – USC travelers (including non-employees and students) who purchased their airline or rail tickets via Internal Requisition at a USC Designated Travel Agency, or who use their TravelPlus Cards, are automatically provided with baggage and life insurance coverage. For information on this coverage, see Travel Management Services’ website: http://adminweb.usc.edu/travel/travel_insurance and www.usc.edu/travel/pluscard/quick.

For additional insurance information please see Risk Management and Insurance Services web-site: http://srm.usc.edu/risk_insurance/ or call (213)740-6203.

Trip life insurance individually purchased is non-reimbursable.

Non-Employee Expenses - Upon prior approval by the appropriate Dean or Director a non-employee may receive reimbursement for travel expenses. This includes interviewees, guest speakers and special visitors. Senior Vice President or his or her designee approval is required when reimbursing the non-employee for travel expenses for his or her spouse or family members.

Immigration and Naturalization Services (INS) has very strict regulations regarding payment and expense reimbursement to foreign visitors. Reimbursement to non-resident aliens may be made only on an actual basis. Per diem reimbursement is not allowed. All payments to foreign visitors must be processed by University Payroll Services.

Parking Citations - Violations of state driving laws resulting in traffic or parking citations are the personal responsibility of the individual, and any associated expenses are not reimbursable. This applies to both privately owned, rented and university vehicles.

Registration Fees - Conference registration fees should be prepaid by use of a Procurement Card or by Check Request whenever possible to minimize the outlay of personal funds by the traveler. Prepayment of registration fees by Procurement Card is preferred. A copy of the filled-in registration form and business purpose is required for prepayment of conference registration fees.

Relocation Expenses - All or part of moving expenses may be authorized for new faculty and staff when the offer of payment is a factor in attracting highly qualified candidates. When an offer is made to pay moving expenses, a letter of authorization from the appropriate Dean or Director and
information on the university’s policies and procedures regarding documentation requirements (i.e., receipts) should be sent to the new employee at the time employment is accepted.

Payment of moving expenses should be approved by the appropriate Dean or Director. Payment requests must include the individual’s Social Security Number and new home address. This applies to Purchase Orders issued to moving companies as well. These requirements enable the university to conform to Internal Revenue service reporting requirements on moving expenses.

**Sickness, Accident, or Emergency** - In all cases of sickness, accident, or emergency that occur while traveling on university business, the employee should notify his or her immediate supervisor. If the supervisor cannot be reached, the employee should contact the university telephone operator who will then forward the message.

In case of an accident involving an employee traveling on university business, a full written report for insurance purposes must be prepared as soon as possible and submitted to the immediate supervisor of the employee, with a copy to Risk Management and Insurance Services. The report should indicate all important facts relating to the accident, such as: the place, time and exact nature of the accident; names and addresses of all persons involved (including witnesses); the extent of injuries or damages incurred; etc. Standard report forms are available from Risk Management and Insurance Services.

It is the responsibility of the employee to inform his or her immediate supervisor of his or her address(es) while traveling. This is necessary so that the individual can be contacted in case of emergency.

**Spouse Travel** - When a university employee is accompanied on a university business trip by a non-business companion (spouse, family member, friend, etc.), the latter’s travel expenses are considered personal in nature and are not reimbursed by the university. Exceptions require the approval of the applicable Senior Vice President or his or her designee.

**Telephone** - The university will reimburse individuals for telephone calls made away from the university only if the specific business purpose of the call is clearly identified for each call (or group of calls if the same business purpose applies). One personal call per day of travel to the traveler’s home may be reimbursed with the approval of the authorized signer for the account.

**Traveler’s Checks** - The university will reimburse the traveler for the cost of converting any or all of the travel advance to traveler’s checks.

**Visiting Faculty** - By the nature of their employment, there will be faculty members who cannot meet the time test (i.e., visiting professors contracted to teach for one semester) and, therefore, do not meet the requirements to deduct moving expenses. While their employment is considered temporary, the university may reimburse them for qualified business expenses under IRS Section 162. These expenses must be properly documented in accordance with university policy. Qualified business expenses are:

1. Car expenses for travel and local transportation.
2. Fares for local transportation.
3. Travel expenses while away from home, including lodging, car rental.
5. Other business expenses (education, professional publications, etc.).
3.6 REIMBURSEMENT PROCEDURES FOR TRAVEL

The university reimburses authorized travel expenses incurred for official university business. Refer to **Schedule of Rates** and to previous sections of this chapter for allowability of expenditures. Detailed instructions for filling out the forms referred to here are available in the USC Budget Administration System, [http://www.usc.edu/dept/finserv/dirtrng/ba-form.pdf](http://www.usc.edu/dept/finserv/dirtrng/ba-form.pdf).

Employees using the USC TravelPlus Card should process expenses via WEBBA by going to [http://ais.usc.edu](http://ais.usc.edu). Details on how to process TravelPlus Card expenses are at [http://www.usc.edu/travel/pluscard/quick](http://www.usc.edu/travel/pluscard/quick).

Reimbursements to international visitors, non-resident aliens, must be submitted to University Payroll Services for review before payment can be made. This is required to ensure compliance with IRS and INS regulations regarding payment to non-resident aliens.

All travel reimbursements must be requested on a Check Request form, accompanied by an itemized Travel Expense Report and original receipts after the business travel has been completed. Following the steps listed below will ensure prompt check issuance of your travel reimbursements:

- Prepare a Check Request following instructions on the back of the form. If using the on-line Check Request system (BA.FORM), enter all the information requested per line. **NOTE:** Whenever possible, use the “Explanation” section to answer the questions: WHO, WHAT, WHERE, WHEN and WHY. Answering these questions will ensure that the dates and business purpose are clear for audit purposes.

- Fill out a Travel Expense Report, itemizing all expenses under the appropriate sections (i.e., parking and telephone calls under “Incidentals”, meals charged to hotel bill under “Meals”, etc.). Any reimbursable expense falling under the definition of “Government Unallowable” must be separately identified. Make sure any single itemized expenditure over $75 has an original receipt attached (lodging receipt, regardless of dollar amount, is required if to be reimbursed). The Travel Expense Report must be signed by the reimbursee and supervisor.

- The traveler must disclose, and reduce from the total to be reimbursed, any amounts requested or received from any other funding source.

- Mount receipts on a blank 8-1/2x11 piece of paper, taping as many receipts on each page as possible without overlapping.

- If any receipt (over $75) is missing, or if the total for meals and lodging exceeds the maximum allowed in **Schedule of Rates**, Senior Vice President or his or her designee approval is required.

- The expenditure card of the authorized signer must be applied to the Check Request form and funds available in the account to be charged. If the authorized signer is the same person as the reimbursee, co-approval by supervisor is required.
CHAPTER 4
ADVANCES

A cash advance is money paid beforehand against expected expenses associated with a university business related trip or a university sponsored event. Advances may be obtained by USC faculty and staff employees for costs to be incurred while conducting official university business where the out-of-pocket expenses associated with the trip or event will cause a financial hardship for the employee.

Non-travel advances are permitted for future expenditures if the expenditures cannot be properly charged to petty cash or if the normal procurement process (issuing a Purchase Order to the vendor directly) or reimbursement process is abnormally inconvenient. When possible, vendor estimates should be included to support the amount requested.

Advances may not be issued for purchases of equipment or for services to be rendered by a third party (i.e., honoraria, consulting services, catering, etc.). Advances may not be issued for purchase of airfare.

4.1 ELIGIBILITY

Full-Time Employees: Full-time employees may be issued an expense advance.

Non-USC Employees: Expense advances for non-USC employees require approval by the applicable Senior Vice President or his or her designee and must include home address and Social Security number.

Past Due Advances: Settlement of the advance is required within fifteen (15) days of return from travel or date of the event. Past due advances must be settled before an employee is eligible for additional advances. Failure to do so will result in the total amount of the advance being reported as income at the end of the quarter, and on the employee’s W-2 at the end of the calendar year. The employee thereafter forfeits the privilege of receiving future advances.

4.2 PROCEDURES

A request for an advance must be submitted on a Paperless Check Request or a Check Request form to the Disbursement Control Department. Individual Check Requests are required for each check requested and must include the Social Security number of the person receiving the advance for identification purposes. In addition, the following information is required:

A. TRAVEL ADVANCES
   1. Business Purpose
   2. Departure Date
   3. Return Date
   4. Destination(s)

B. EXPENSE ADVANCES:
   1. A statement of the purpose for the funds
   2. Dates the expense(s) will be incurred
Travel advances may not be issued more than ten (10) days prior to departure. If the employee will be out of town and not returning home prior to the departure date of the business trip, this information should be indicated so that the travel advance may be issued in a timely manner. In any event, allow three working days from receipt of the approved Check Request in Disbursement Control for check issuance.

Likewise, non-travel advances may not be issued more than 10 days prior to date of event or use. Special circumstances must be noted on the Check Request so that the advance may be issued in a timely manner.

4.3 AMOUNT ALLOWED

Travel advances for employees should be limited to the minimum amount needed for the business expenses of the trip. Registration fees should be prepaid whenever possible to take advantage of “early bird” discounts and minimize cash disbursements.

Air travel expenses should not be part of the advance but should be requested via Internal Requisition through one of the university’s designated travel agencies.

The university will not reimburse an individual for any travel-related expenses prior to the completion of the travel. Exception applies ONLY when the USC TravelPlus Card was used and properly reported and authorized as a pre-trip expense report.

4.4 AUTHORIZATION REQUIRED

The request for the advance must have the approval of the authorized signer of the account charged prior to issuance of the check. If the advancee is the authorized signer, co-approval by his or her superior, is required.

Additional approval may be required by the appropriate Senior Vice President for his or her organizational unit. It is the responsibility of the authorized signer to be cognizant of internal restrictions concerning advances and allowability of expenditures within the department.

4.5 SETTLEMENT OF ADVANCES

Settlement of advances must be submitted on an approved Travel or Non-Travel Expense Report by the required settlement date. The settlement due date is shown on the stub of the advance check (or direct deposit remittance) issued to the employee. This stub is the Settlement of Expense Advance (SEA) form and should be included with any of the following settlement methods so that the settlement can be properly recorded.

A. *If the expenses are equal to the amount of the advance:*
   The SEA form (i.e. check stub from the advance), a completed Expense Report (Travel or Non-Travel) form, and appropriate receipts should be submitted to
Disbursement Control. Mount all receipts on a blank 8-1/2x11 piece of paper, taping as many on each page as feasible without overlapping.

B. *If the expenses are less than the advance:*
A check payable to the University of Southern California for the difference, the SEA form, a completed Expense Report form, and appropriate receipts should be delivered to the University Cashier (located in the Credit Union). A G-receipt will be issued and must be attached to the settlement package before submitting it to Disbursement Control. Mount all receipts on a blank 8-1/2x11 piece of paper, taping as many on each page as feasible without overlapping.

C. *If the expenses are greater than the advance:*
A Check Request form for the difference, the SEA form, a completed Expense Report form, and appropriate receipts should be submitted to Disbursement Control. Mount all receipts on a blank 8-1/2x11 piece of paper, taping as many on each page as feasible without overlapping.

- The Travel Expense Report form must be used in itemizing travel expenses.
- The Non-Travel Expense Report form must be used in itemizing non-travel expenses.

### 4.6 TERMS OF ISSUANCE AND SETTLEMENT

Issuance of an advance check will be no more than ten (10) days prior to departure, although the requestor is encouraged to submit the request for an advance as early as possible. Three working days are required to process an advance request, and it is the responsibility of the employee to submit the request to Disbursement Control in sufficient time for normal processing. If an individual needs an advance check exceptionally early (e.g., two trips back to back) the explanation must be clearly stated on the Check Request.

By acceptance of an advance, the recipient acknowledges the responsibility to substantiate how the funds were expensed, and to submit required original receipts, within the time frame set on the SEA form. Failure to do so will result in the amount of the advance being reported to the Internal Revenue Service as income on the employee’s W-2. The employee thereafter forfeits the privilege of receiving future advances from the university.
CHAPTER 5
PAYMENTS TO INDEPENDENT CONTRACTORS AND RECIPIENTS OF HONORARIA

5.1 DEFINITION

The term “independent contractor” is used interchangeably with “consultant” or “honoraria recipient” for identification purposes of this policy.

In considering the method of payment to individuals for services rendered, care must be given to determining whether the individual is an employee or an independent contractor. The IRS has become increasingly diligent in identifying employees who have been misclassified as independent contractors. Where misclassification occurs, fines and penalties can be imposed. Therefore, when consideration is given to hiring an individual to perform services for the university as an independent contractor, a determination must first be made as to whether this individual would qualify as such under the employment tax laws. In general, for purposes of applying the employment tax laws, a worker is an employee if the person or organization for whom the individual works has the right to direct and control him or her in the way he or she works, both as to the final results and as to the details of when, where, and how the work shall be performed.

For the benefit of university personnel responsible for the hiring of employees and/or independent contractors, a Checklist is provided as APPENDIX B in this manual. This checklist provides the criteria by which a determination is to be made as to whether an individual may be treated as an independent contractor. Furthermore, it is our internal policy that individuals will be treated as employees when:

1. performing consulting services for a university department, while at the same time employed as an employee elsewhere by the university*, OR

2. terminated as an employee and rehired as an independent contractor within the same calendar year to perform similar services, either by the same or another department.

If an individual performing a service falls into either of the above categories, then the individual must be paid through the USC Payroll system or through a temporary employment agency.

3. Also, teachers and lecturers of university students must comply with Faculty Handbook policies and procedures. Teachers and lecturers (other than a one-time guest speaker) are considered employees of the university and must be paid through Payroll Services.

* Consulting fees, monetary prizes and awards to faculty or staff employees must be paid through Payroll Services.

Additional information is also available in the Staff Employment Policies and Procedures, web-site http://www.usc.edu/policies, Section 1.3.
5.2 PROCEDURES FOR PAYING AN INDEPENDENT CONTRACTOR

All requests for payment must state the type of services to be provided and the date(s) the service is to be performed. Internal Revenue Service regulations require that the individual’s home or business street address (P.O. Boxes are not acceptable) and Social Security number (or Federal Tax ID number) be included with all payment requests.

Independent contractors hired on a continuing basis, or expected to receive more than 3 payments exceeding $2,500.00 in a calendar year, must be paid on a USC Purchase Order. Individuals responsible for hiring the continuing services of an independent contractor must submit the “Employee vs. Independent Contractor Status Common Law Standards” checklist (see APPENDIX B). The Long Form Contractor Services Agreement must also accompany the USC Purchase Order.

An independent contractor hired for a one-time service (e.g., guest speaker, performer, writer of an article for a university publication, etc.) may be paid on a Check Request provided that the payment does not exceed $2500.00. Individuals responsible for engaging the services of an independent contractor must submit the completed and signed “Employee vs. Independent Contractor Status Common Law Standards” checklist (see APPENDIX B). A Short Form Contractor Agreement for One-Time Service (see APPENDIX C) must also be filled out, signed by the contractor and the person responsible for hiring, and attached as supporting documentation to the Check Request.

The university must issue a check directly to the individual performing the service. So that the university complies with Internal Revenue Service requirements, a reimbursement to a third party for services rendered is not allowable.

When an individual is engaged on a consulting basis (independent contractor) and will be paid using a government contract or grant, a consulting agreement approved by the Department of Contracts and Grants must be completed and the consultant must submit detailed invoices to the university. Refer to Contracts and Grants web-site: http://www.usc.edu/dept/contracts/con_agr.pdf.

When an individual is functioning as an employee by definition (e.g., lab assistant, office assistant, part-time lecturer, instructor, research assistant, etc.), he or she must be paid either through Payroll Services or a temporary employment agency. Please consult the chart provided at the end of this chapter, “How to Pay Individuals for Services”, for definitions, forms used, and departments responsible for handling requests for payment to individuals.

5.3 PAYMENTS TO SHORT-TERM INTERNATIONAL VISITORS

All payments to short-term international visitors non-resident aliens must be submitted to University Payroll Services for review before payment can be made. This includes Check Requests for reimbursement of expenses. Internal Revenue and INS regulations affecting employees who are non-resident aliens also affect those receiving payment as consultants, honoraria, or reimbursement for incidental expenses.

Please refer to Payroll Services web-site http://www.usc.edu/payroll http://ais-ss.usc.edu/empldoc for additional information regarding this issue. Questions regarding treaties, forms, and withholding rates should be directed to the department’s Home Department Coordinator or to Payroll Services at (213)740-8855.
HOW TO PAY INDIVIDUALS FOR SERVICES

The following definitions, in alphabetical order, list the various types of ‘payees’ of the university. Each classification of payee gives information about which university department to contact for payment procedures and which forms may be required. Note that many of these policies and procedures may only apply to US citizens and permanent residents. Procedures may differ for non-resident aliens and administrators should refer to their Home Department Coordinator for payments to non-resident aliens.

CONSULTANT—Purchasing Services: Purchase Order + Independent Contractor Agreement + Employee vs. Independent Contractor Status Checklist (Checklist)
An individual or organization providing professional advice to USC for a fee. A consultant is an independent contractor, an established business concern and/or individual who receives a payment for services or goods who deals with the general public and who meets the classification of an independent contractor after applying the Internal Revenue Service (IRS) common law factors and whose services are procured through an official written contract (i.e., purchase order, subcontract). In order to be classified as an independent contractor and not as a university employee, the relationship between the individual and the university must be such that the university does not have a right to direct and control the means and details of the work performed by the individual.

EMPLOYEE—Payroll Services via your Home Department Coordinator (see USC Staff Employment Policies/Procedures Section 1.3)
A person who works for compensation, and is required to comply with employer instructions about when, where, and how he or she is to work. There are three categories of employees at the university: faculty, staff and students. All faculty and staff employees are eligible to receive University benefits (http://www.usc.edu/Dept/Benefits/). Any person who has received pay as a university employee within the current calendar year or meets the classification of an employee after applying the IRS common law factors must be paid through Payroll Services. All payments for services by an employee, including awards, must be processed through Payroll Services. See your Home Department Coordinator, or Payroll Services web-site at http://ais-ss.usc.edu/empldoc/.

GUEST SPEAKER—Disbursement Control: Check Request + Short Form Agreement + Checklist
A professional, or individual, not on University Payroll, possessing a specific knowledge or unique capability, who receives payment for a presentation at a seminar or lecture series. University employees DO NOT fall into this category (see EMPLOYEE). A guest speaker usually receives a one-time payment for this service. A guest speaker who is invited frequently (more than 3X per year) fails the IRS common law factors test, thus becoming classified as a part-time lecturer. Part-time lecturers are employees (see EMPLOYEE).

HUMAN SUBJECT FOR TEACHING AND RESEARCH – Disbursement Control: Check Request
A person who willingly participates in a medical, sociological, or other study conducted at a research facility. This participation in research may range from filling out a questionnaire to an actual medical procedure. A research subject fee generally is to reimburse the subject for travel and other expenses incurred as a result of participation in a study. A human research subject fee is in a category apart from vendors, consultants, and employees, and requires review and approval by the Institutional Review Board (IRB). As each study is unique in its requirements, please contact Disbursement Control (x02720) for the most efficient method of payment.

ONE-TIME SERVICE FEE—Disbursement Control: Check Request + Short Form Agreement + Checklist
An individual, not on University Payroll, who provides a one-time service. This service may include equipment repair, editing or writing services, or other one-time service that cannot be performed by a university employee.

PERFORMER—Disbursement Control – Check Request + Short Form Agreement + Checklist
A person or organization that provides entertainment, usually for a fee. A payment to a performer for services is usually a one-time occurrence within a calendar year.

PRIZE/AWARD—Disbursement Control (Financial Aid if USC student): Check Request + Short Form Agreement (or W-9)
A monetary presentation for a competition or other achievement. If recipient is a university employee, payment of the award is reportable to the IRS and taxable and must be processed through Payroll Services.

TEMPORARY AGENCY EMPLOYEE (see USC Staff Employment Policies and Procedures Section 1.3)
Any positions which require staffing at less than 50% time or which are temporary in nature (less than six [6] months) must be filled by individuals paid through a temporary employment agency. Employees of a temporary agency are not university employees and are not eligible for university benefits. The university department pays the agency a set hourly rate that includes the direct salary plus agency benefits and administrative costs. Payment to the temporary agency is arranged via a Purchase Order charged to the “materials and supplies” expense category.

VENDOR—Purchasing Services - ALWAYS on a Purchase Order! + Vendor Supplier form on file with Purchasing Services
A vendor is a seller. Also a supplier, retailer, or street merchant. Examples of vendors include (but not limited to): caterers, designers, photographers, computer/system support. A Vendor Supplier form is required to be on file with Purchasing Services.
### APPENDIX A

FOR MORE INFORMATION

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<thead>
<tr>
<th>SUBJECT</th>
<th>CONTACT</th>
<th>NUMBER</th>
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<tr>
<td>1099-MISC inquiries &amp; reporting</td>
<td>Dorothy Jackson</td>
<td>X02710</td>
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<tr>
<td>ACCOUNT STATUS REPORTS (ASRs)</td>
<td>Your Senior Business Officer</td>
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<tr>
<td>ADVANCE – Travel or Expense, and delinquent</td>
<td>Donald Burnett</td>
<td>X02709</td>
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<tr>
<td>COPY – cancelled A/P check</td>
<td>Fax request to</td>
<td>X06805</td>
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<tr>
<td>CREDIT APPLICATION, vendor request for USC</td>
<td>Juliana Huehn-Johnson</td>
<td>X09780</td>
</tr>
<tr>
<td>DEPOSIT OF MONEY (Cash &amp; Checks)</td>
<td>Cashier’s Office</td>
<td>X01720</td>
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<tr>
<td>DIRECT DEPOSIT – employee disbursements</td>
<td>Donald Burnett</td>
<td>X02709</td>
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<tr>
<td>DIRECT DEPOSIT – student stipends</td>
<td>Donald Burnett</td>
<td>X02709</td>
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<tr>
<td>EXPENDITURE CARD – access &amp; inquiry</td>
<td>Si Nguyen</td>
<td>X11985</td>
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<tr>
<td>FORMS – replenish available forms</td>
<td>Central Services</td>
<td>X05861</td>
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<td>GOVERNMENT UNALLOWABLES – inquiries</td>
<td>Jane Thurgood</td>
<td>X32454</td>
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<td>NON-RESIDENT ALIENS – issues &amp; payments</td>
<td>Your Home Department Coordinator</td>
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<tr>
<td>PETTY CASH – setting up a new account</td>
<td>Mary Timberlake</td>
<td>X00308</td>
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<tr>
<td>PROCUREMENT CARDS</td>
<td>Cathy Ballard</td>
<td>X09793</td>
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<tr>
<td>PROCUREMENT CARD AUDITS</td>
<td>Rachel Baeza</td>
<td>X02712</td>
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<tr>
<td>SALES &amp; USE TAX issues and questions</td>
<td>Rachel Baeza</td>
<td>X02712</td>
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<tr>
<td>SPONSORED PROJECT ACCOUNTS</td>
<td>Contracts &amp; Grants</td>
<td>X07762 (UPC)</td>
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<td>Sponsored Proj Acctg</td>
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<td>X22396 (HSC)</td>
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<td>STIPENDS – Financial Aid</td>
<td>Guy Hunter</td>
<td>X05466</td>
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<tr>
<td>STOP PAYMENT – on an A/P check</td>
<td>Rickey Craddock</td>
<td>X04259</td>
</tr>
<tr>
<td>TRAINING on Financial System</td>
<td>Cathy Maddaford</td>
<td>X11950</td>
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<tr>
<td>TRAVEL MANAGEMENT</td>
<td>Clare Hansen-Shinnerl</td>
<td>X05270</td>
</tr>
<tr>
<td>USC’s Federal Tax Identification Number</td>
<td>Ken Snyder</td>
<td>X05580</td>
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<tr>
<td>USC’s Dunn &amp; Bradstreet Number: 07-293-3393</td>
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The university strives to properly classify all individuals who provide services to it. To assist the university in doing so in connection with the above-named individual who you have proposed to be retained as an independent contractor (see Section 1.3 of the Staff Handbook for a definition of this status), please answer the following questions as accurately as possible.

1. Is the individual who provides the services required to comply with instructions from a university manager-supervisor as to when, where, and how the work is to be performed?  
   YES  NO

2. Is the individual required to receive training from a department or school employee or others at the university to enable him/her to perform the work in a particular manner?  
   YES  NO

3. Are the services performed by the individual integrated into the regular business operations of the department or school? (In other words, is the person part of a team of regular employees whose participation is essential to the successful performance of the employee team?)  
   YES  NO

4. Will the individual perform personal services for which the department or school is concerned only with the result, and not the methods used by the individual to perform those services?  
   YES  NO

5. Is the university responsible for the hiring, supervising and paying of workers who may assist the individual in the performance of his/her services?  
   YES  NO

6. Does the individual have a continuing relationship with the university, such as by performing the work on a frequently recurring basis? (In other words, even if the work is not performed over the same period of time each year, does it occur on an on-going, e.g., year-to-year basis?)  
   YES  NO

7. Is the individual expected/required to perform his/her work during hours that are set by a university manager-supervisor?  
   YES  NO

8. Is the individual required to devote substantially full time hours to the performance of services for the university? (In other words, would the individual be unable to perform meaningful services for other customers during the same weeks/months the work for the university is performed?)  
   YES  NO

9. Is the individual expected/required to perform his/her work at the university?  
   YES  NO

10. Is the individual required to perform his/her services in a sequence or order that is set by a university manager-supervisor?  
    YES  NO

11. Must the individual provide oral or written reports (i.e., progress or status reports) about his/her work to a university manager-supervisor on a regular basis before the project is completed?  
    YES  NO

12. Is the individual’s compensation based on a set hourly, weekly or monthly rate, as opposed to an amount for the entire project/assignment?  
    YES  NO
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<th>YES</th>
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<tr>
<td>13. Is the individual reimbursed for travelling or other business expenses incurred in the performance of the work? (In other words, is the person reimbursed for individual expenses, as opposed to a portion of the contract amount being paid, to cover any and all expenses incurred during the project?)</td>
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<td>14. Does the university provide significant tools, equipment or other materials needed by the individual to perform his/her work?</td>
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<td>15. Does the individual maintain an office or other facilities at his/her own expense where the work can be or is performed?</td>
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<td>16. In connection with providing the services to the university, is it possible that the individual could realize either a profit or a loss, such as by incurring expenses or investing an amount in connection with the project that exceeds the amount the individual is paid by the university?</td>
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<td>17. Does the individual in fact provide services to other, unrelated persons, universities or businesses, or operate another business at the same time he/she is performing services for the university?</td>
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<td>18. Does the individual make his/her services available to the general public on a regular and consistent basis?</td>
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<td>19. Is the individual subject to involuntary termination by the university for reasons other than non-performance of the contract specifications?</td>
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<td>20. Can the individual voluntarily terminate his/her contract with the university without incurring any liability for a failure to complete the job?</td>
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<td>21. Are the services to be performed by the individual necessary for accomplishment of the mission of the department or school?</td>
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<td>22. Is there a current university employee in the department or school who could satisfactorily perform the work that will be done by the individual?</td>
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</tbody>
</table>

I certify that the responses to the foregoing questions are completely truthful and accurate based on the information available to me. In addition, I certify that the proposed independent contractor is not currently employed as an employee elsewhere by the university and was not an employee of the university at any time during this calendar year.

Dated: ____________________  ____________________________________________________
    Signature of Manager

Phone: ____________________  ____________________________________________________
    Print Name and Title
UNIVERSITY OF SOUTHERN CALIFORNIA – APPENDIX C
SHORT-FORM CONTRACTOR AGREEMENT FOR ONE-TIME SERVICE

Contractor Name: ____________________________________________
Social Security Number (or Federal Tax ID): ________________________
Address: ___________________________________________________

Service Provided: (If lecture, include title): _________________________
Date of Service: ______________________________ Payment Due: $ __________

Contractor Certifications:
(a) Contractor represents that to the best of his/her knowledge, no actual or potential conflict of interest exists between Contractor, Contractor's family, business or financial interests and Contractor's relationship with USC or Contractor's services relating to the Project. In the event of a change in status relating to potential or actual conflicts of interest, Contractor will notify USC immediately.
(b) Contractor will comply with all applicable requirements that may be communicated by USC, including but not limited to USC policies.
(c) Contractor expressly acknowledges and agrees that all discoveries, inventions, copyrightable materials, processes, designs, plans, and trade secrets, whether of a technical nature or not, made or developed by Contractor alone or in conjunction with any other person or entity while accomplishing the Project ("Intellectual Property"), shall be the sole and exclusive property of USC.
(d) To the extent that Contractor obtains access to USC proprietary information, Contractor further agrees that Contractor will not, at any time, in any manner, directly or indirectly, disclose such information to any person or entity, or use such information other than in furtherance of the purposes of USC.
(e) Contractor is solely responsible for paying income tax and/or self-employment tax. USC will not withhold federal, state, or local taxes from the payment and will issue a Form 1099-MISC, Miscellaneous Income.
(f) Contractor and Contractor’s employees are not entitled to any benefits that USC provides to its employees and Contractor hereby waives the right to participate in any such programs. Contractor also agrees that, consistent with independent contractor status, Contractor will not apply for any government-sponsored benefits that are intended to apply to employees, including, but not limited to, unemployment benefits.
(g) Contractor indemnifies and holds harmless USC from and against any and all liabilities, losses, damages, claims or causes of action, and any related expenses including reasonable attorneys’ fees that are caused, directly or indirectly, by or as a result of the performance by Contractor or his/her employees or agents of the Project, provided that nothing herein shall be construed to require Contractor to indemnify USC from or against the gross negligent acts of USC or its employees. Contractor is not an employee and will indemnify and hold harmless USC for any injuries or claims suffered by Contractor or his/her employees or agents that would otherwise be subject to the Worker’s Compensation Act. USC reserves the right to withhold from the payment due and owing to the Contractor any damages that are caused, directly or indirectly, by or as a result of the performance by Contractor or his/her employees or agents of the Project.
(h) Each of the Parties hereby agrees that any and all disputes or claims arising under or in connection with this Agreement shall be submitted to Judicial Arbitration and Mediation Services, Inc. (“JAMS”) or successor organization for binding arbitration in Los Angeles County by a single arbitrator who shall be a former California Superior Court judge. The arbitrator shall be selected by JAMS in an impartial manner determined by it. Except as may be otherwise provided herein, the arbitration shall be conducted under the California Arbitration Act, Code of Civil Procedure 1280 et seq. The parties shall have the discovery rights provide in Code of Civil Procedure 1283.05 and 1283.1. The arbitrator shall have complete authority to render any and all relief, legal and equitable, appropriate under California law, including the award of punitive damages where legally available and warranted. The arbitrator shall award costs of the proceeding, including reasonable attorney’s fees, to the party determined to have substantially prevailed. This Agreement shall be governed in all respects by the laws of the State of California.

Contractor certifies that the data supplied above is true and correct.

Principal Investigator or Department/Unit Dean, Director or Business Officer Certification:
(a) The services to be performed by the Contractor are necessary and cannot be performed by anyone currently an employee of USC or for which a position should be created. The University has the right to control or direct the result of the work and not the means and methods of accomplishing the result.
(b) A selection process has been utilized to determine that the Contractor is the most qualified individual available to perform the required services.
(c) Considering the nature of the services to be performed, the qualifications of this contractor, and his normal charges, the fee requested is appropriate.
(d) The payment is for services rendered, not to exceed $2,500.00.
(e) Contractor is not an employee, nor has been an employee in the current calendar year, of USC.

Principal Investigator, or Dean, Director or Senior Business Officer

USC Account No.

Print Name and Title

Department of Contracts and Grants

(Signature required if sponsored project)
GUIDELINES FOR SHORT-FORM CONTRACTOR AGREEMENT FOR ONE-TIME SERVICE  
(APPENDIX C, PAGE 2)

- This agreement may not be used for Contractors unless they are individuals only.
- This agreement is to be used for services to be performed for one day or less (e.g., speaker’s fee), including payments of honoraria.
- Payments made to Contractors under this Agreement shall not exceed $2,500.
- The Contractor will have the payment amount reported for tax purposes on a Form 1099.
- It is not necessary to complete a Form W-9 if this agreement is completed in its entirety.
- Check Requests must be used to pay Contractors under this agreement.
- An ‘Employee vs. Independent Contractor Status Checklist’ is required to be filled out, signed and submitted with this agreement.
- This agreement may not be used for a Contractor more than three (3) times per calendar year. If a Contractor's services are required more than three (3) times per calendar year, the long-form Contractor Services Agreement must be utilized. Contact Purchasing Services website: http://www.usc.edu/bus-affairs/admin_serv/purchasing/.
- If Contractor is an employee, then payment must be made through Payroll Services and included in employee's university compensation.
- The government (federally sponsored projects) does not allow payment for honoraria when the primary intent is to confer distinction on, or to symbolize respect, esteem or admiration for the recipient of the honorarium.
- National Science Foundation and other sponsors limit the daily rate that can be paid to a contractor. Contact the Department of Contracts and Grants for allowability.
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