

**CLAREMONT UNIVERSITY CONSORTIUM  
Policy and Procedure Manual  
Finance and Business - 4000**

**Policy No. 4006: Policy on Request for Check  
Date: November 21, 2002**

**1. PURPOSE**

The purpose of this policy is to delineate the use of the Request for Check (RFC) and standardize the procedures used in requesting a check.

**2. POLICY**

The request for check form (RFC) is to be used for payments to vendors for services or the purchase of tangible property. The form may also be used for payments to individuals receiving reimbursements or allowable advances. The form is not to be used for payments to individuals that should be processed through payroll.

**3. PROCEDURES**

Payroll vs. Request For Check:

When individuals are paid for services performed for Claremont University Consortium, caution should be exercised in determining how the individual should be paid. Paying an individual as an independent contractor when an employer/employee relationship exists is a violation of Internal Revenue Service regulations and subjects CUC to penalties for nonpayment of appropriate payroll taxes. If the individual being paid is not performing services through a legitimate business, chances are that an employer/employee relationship exists, and he/she should be paid as an employee.

Many situations require a degree of judgment to determine if an employer/employee relationship exists. The guide in Appendix A should be used to determine how the individual should be paid.

Supporting Documentation:

All RFCs are to include some form of third-party documentation as support. This generally means an invoice from a vendor. If the vendor is an independent contractor, an invoice in memo format is acceptable provided that it includes an original signature (photocopies are not acceptable). The envelope with a valid postmark should also be included. More specific procedures for prepayments, advances and reimbursements are described below:

Prepayments:

At times it may be necessary to prepay a vendor in order to receive goods or services. All prepayment requests in the ordinary course of business must be supported by a valid document from the vendor that includes the vendor's name, address and phone number, such as a price quote on a preprinted statement. If the document is in a letter or memo format, the document must have the vendor's original signature. After the goods or services are received, an original vendor invoice or receipt must be submitted. Exceptions require approval by the Treasurer or Chief Executive Officer.

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Petty Cash Advances:

Each office or department must designate one individual to be responsible for petty cash. See the CUC Policy No. 4003 on petty cash. Petty cash advance checks will only be issued to the employee responsible for petty cash custody. Petty cash advance checks will not be sent back to the requesting department – they must be picked up from Financial Services (see Distribution of Vendor Checks below).

Other Cash Advances:

Cash advances in the ordinary course of business will be granted only for meals and miscellaneous expenses during travel or full-day seminars. These advances must be approved by the office Director or Chief Administrative Officer and include an acknowledgement signed by the employee requesting reimbursement. Exceptions require the approval of the Treasurer or Chief Executive Officer. Cash advances for transportation or lodging for out of town travel are considered to be exceptions.

Reimbursements:

Ordinary business purchases should be made by one of the above methods, petty cash or by using a CUC issued purchase card (CUC Policy No. 4004). Employees may be reimbursed within the guidelines of the CUC Policy for Reimbursement of Expense for Travel, Entertainment and Other Business Expenses No. 4005. An RFC submitted for employee reimbursement must include an acknowledgement signed by the employee requesting reimbursement. Reimbursements will not be made to individuals who are not CUC employees; an exception to this is a reimbursement to a job candidate traveling from out of town to CUC for a job interview (if approved in advance by the office Director or Chief Administrative Officer).

Acquisition of Equipment or Payments For Major Projects:

CUC Major Acquisition and Projects Policy No. 4008 describes the process of obtaining **prior** approval for the purchase of certain equipment and initiation of certain projects. This policy defines approval for **all** payments (other than payroll) that may or may not fall under the criteria of Policy No. 4008.

Distribution of Vendor Checks:

In general, vendor checks (including checks issued for prepayments, cash advances and reimbursements) may not be picked up in Financial Services; they are to be mailed directly to the payee's off-campus address. Petty cash advance checks are to be picked up at Financial Services by the petty cash custodian.

At times, there may be a valid reason for a department to distribute a vendor check directly; department distribution only for the convenience of the department or vendor is not a valid reason. If a check must be picked up for department distribution, the pick-up box on the RFC should be checked. These checks must be picked up from the CUC Assistant Controller, the Treasurer/Controller or the CUC Budget Director.

Signature Approval:

Payment requests via the RFC Form and purchase requisitions are subject to the approval limits described below. Directors may implement lower policy limits within their offices subject to approval in writing by the Treasurer.

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Up to \$2,000	Signature authority assigned by each office Director. Assistant Controller if initiated by Financial Services staff. Assistant Controller if charged to a balance sheet account.
\$2,001 to \$10,000	Director <u>or</u> other designated management personnel as approved by the Treasurer, or CUC Budget Director. Assistant Controller if initiated by Financial Services staff. Assistant Controller if charged to a balance sheet account.
\$10,001 to \$50,000	Director <u>and</u> Assistant Controller or Treasurer or Chief Administrative Officer. Must be approved by Treasurer if: <ul style="list-style-type: none"><li>• payment for consulting,</li><li>• to an individual (independent contractor for services, reimbursement, etc.),</li><li>• charged to a balance sheet account.</li></ul>
Over \$50,000	Director <u>and</u> Treasurer and Chief Executive Officer or Chief Administrative Officer.
Monthly payments of benefit plan premiums, payroll taxes and utilities above \$20,000 are subject to the following limits:	
\$20,001 to \$200,000	Director <u>and</u> Assistant Controller.
Over \$200,000	Director <u>and</u> Treasurer or Chief Executive Officer or Chief Administrative Officer.

Signature Approval Authorization:

Directors must submit a written request to the Treasurer to designate office personnel to approve payments in accordance with the guidelines described in the Signature Approval section above.

All Directors and designee personnel must submit sample signatures to the Treasurer when requested.

**GUIDELINES ON REQUEST FOR CHECK**  
**APPENDIX A**  
**EMPLOYEE VS. INDEPENDENT CONTRACTOR**

Determining if an individual is an employee or independent contractor can be difficult. The IRS looks at factors in three broad areas: behavioral control, financial control and type of relationship between the worker and the business. Key factors that help decide which type of relationship exists are provided below. In many cases, no single factor can determine the type of relationship; all factors must be considered together.

**Behavioral Control** – Does the business have the right to control where, when and how the individual works?

Employee: must work where and when the business tells the worker.

Independent Contractors: usually able to perform services where and when the worker chooses and may work for more than one client at a time.

Employee: work hours are generally set by the business.

Independent Contractor: generally sets own work hours.

Employee: may be given written or oral instructions on how to do the work.

Independent Contractor: decides how to do the work.

Employee: may receive training from the business.

Independent Contractor: receives training from sources independent of the business.

**Financial Control** - Does the business have the right to control the business aspects of the worker's job?

Employee: offers services solely to the employer.

Independent Contractor: offers services to the general public.

Employee: business pays the individual's business expenses and provides the necessary equipment to perform the job.

Independent Contractor: pays own business expenses and uses own equipment to perform the job.

Employee: pay is based on the amount of time spent performing the job.

Independent Contractor: pay is usually based on the overall job.

**Type of Relationship** – what is the nature of the relationship between the business and the worker?

Employee: has an intended, continuing relationship with the business.

Independent Contractor: relationship is based on a specific project or time period.

Employee: can typically be discharged by the business at any time.

Independent Contractor: relationship with the business can only be terminated according to the terms of an agreement or contract.

Employee: provides services that are integral to the business.

Independent Contractor: provides services that require a special skill and are not tied to the overall operation of the business.