

## **FINANCE**

### **Accounts Payable**

#### **Payments for Services to Businesses and Individuals Other Than Fairfax County Public Schools (FCPS) Employees**

This regulation supersedes Regulation 5330.1.

#### **I. PURPOSE**

To describe procedures and responsibilities and to ensure compliance with reporting requirements of the Internal Revenue Service (IRS) with respect to payments for services made to noncorporate businesses and individuals who are not FCPS employees. The provisions of the current version of Regulation 5640 shall apply to services performed by FCPS employees.

#### **II. DEFINITIONS**

##### **A. Employee**

Any individual who has received a payroll payment during the calendar year, has a record in the payroll system, or has retired from active service with FCPS is considered an employee. In addition, any individual who does not meet either one of the two requirements for an independent contractor, which are provided in section II.B., must be paid as an employee through the payroll system.

##### **B. Independent Contractor**

Individuals, even those defined as employees, and businesses shall be considered independent contractors if at least one of the two requirements listed below are satisfied:

1. The individual or business is customarily engaged in an independently established trade, occupation, profession, or business and has a federal employer tax identification number (FEIN) or business license. A Social Security number is not acceptable in lieu of an FEIN number.
2. The individual or business can provide evidence that the services performed for FCPS are offered to the general public and the individual works with little or no direct supervision, including establishing the work plan and setting the hours. An advertisement or a business card is considered proof that the services are available to the public.

**C. Payment for Services**

Payment for services includes the cost of goods and services provided and expenses reimbursed to or paid for the provider.

**III. INTERNAL REVENUE SERVICE REQUIREMENTS****A. Authority**

Section 6041 of the Internal Revenue Code requires FCPS to report to the IRS the combined total of all payments for goods and services made from appropriated and local activity funds totaling \$600 or more during a calendar year to any noncorporate recipient and to furnish a statement of those payments to the recipient. Examples are payments to consultants, performers, judges, ticket takers, and concession operators. Failure to comply with this provision may result in a penalty being levied by the IRS against FCPS.

**B. Responsibility**

The Department of Financial Services, Accounts Payable Section, shall be responsible for complying with the reporting requirements as prescribed by the Internal Revenue Code.

**IV. PROCEDURES FOR APPROPRIATED FUNDS****A. Contracting for Services**

1. A school or department may contract directly for services, except professional services as described in the current version of Policy 7418, so long as the total cost does not exceed \$5,000 and a signed agreement or contract is not required. Approval from the Office of Procurement Services is required for services costing in excess of \$5,000 or when a signed agreement or contract is required.
2. Payments for services shall be charged to subobject code 5535 (other professional services) for unincorporated businesses or individuals.
3. Pursuant to the Code of Virginia, services may not be performed until funds are encumbered by the Department of Financial Services.

**B. Establishment of an Encumbrance**

1. Form FS-22 (Attachment A), Commitment for Services, shall be used for requisitioning services.
2. The school or department shall be responsible for completing form FS-22. The vendor's FEIN or Social Security number (SSN) must be provided (this is required by the IRS).

3. The completed form FS-22, along with a completed form W-9, shall be forwarded to the Department of Financial Services, Accounts Payable Section, for processing.
  - a. If the service is funded by appropriated funds and the total cost does not exceed \$5,000, the Department of Financial Services will encumber the funds and return a copy of the form to the originator as confirmation that funds have been encumbered.
  - b. If the service is funded by appropriated funds and the total cost exceeds \$5,000, the Department of Financial Services will forward the form to the Office of Supply Operations.

**C. Payment for Services**

The following procedures apply to services with a total cost no greater than \$5,000. For services that exceed \$5,000 and that are processed through the Office of Procurement Services, the normal purchase order and receiving report process shall apply.

1. Form FS-42 (Attachment B), Commitment for Services Payment Request, shall be used to request payment for services that have been provided.
2. The school or department shall be responsible for obtaining receipts and invoices and for completing form FS-42.
3. Form FS-42, receipts, and invoices shall be forwarded to the Department of Financial Services, Accounts Payable Section.
4. Payment shall be made only to the vendor specified on form FS-22 (Attachment A).

**V. PROCEDURES FOR LOCAL ACTIVITY FUNDS**

**A. Contracting and Paying for Services**

1. A school may contract directly for services in accordance with the current version of Regulation 7413.
2. The school shall be responsible for obtaining the provider's legal name, address, and tax identification number. The school shall also be responsible for determining whether the provider of the service is incorporated or is an FCPS employee. This may be done verbally by asking the provider or by requesting the provider to complete substitute form W-9, Request for Taxpayer Identification Number and Certification, which can be found at [www.fcps.edu/fs/finance/forms/w-9.pdf](http://www.fcps.edu/fs/finance/forms/w-9.pdf). This link is available only from computers within the FCPS network (FCPSnet).

3. The school shall be responsible for making payment directly to businesses and individuals other than FCPS employees.
4. In order to meet IRS reporting deadlines, payments shall not be made to individuals and nonincorporated businesses from December 16 through December 31.
5. Payment to FCPS employees shall be made in accordance with the current version of Regulation 5640.

**B. Reporting Payments for Services**

1. A school shall report all payments made directly to businesses and individuals who are not incorporated to the Department of Financial Services, Accounts Payable Section.
2. A Local School Payments to Nonemployees report (Attachment C) shall be submitted within 15 business days after the end of each month. If no reportable payments were made during the month, a report must be submitted stating that no reportable payments were made. In order to meet IRS reporting deadlines, the December report shall be submitted by December 15. The school shall maintain a file copy of the report.

See also the current version of: Regulation 5640, Payment for Summer School, Curriculum Development, and Other Temporary Assignments  
Regulation 7413, Procurement of Goods and Services by Individual Schools Using Nonpublic Funds  
Policy 7418, Procurement of Professional and Consultant Services

Attachments



# COMMITMENT FOR SERVICES

CS \_\_\_\_\_

Requesting School or Department:	Preparation Date:	Date Required:	Payment Terms:
School or Department Contact and Telephone:		Vendor Contact and Telephone:	
Vendor Number _____ Vendor Tax ID No. _____  <div style="border-left: 1px solid black; border-bottom: 1px solid black; padding: 5px; display: inline-block; margin-left: 20px;">           A D D R E S S  N A M E         </div>		Deliver to:   Bill to:	
Date(s) of Service(s)	Description of Service(s) Ordered	Price	
	Total Price		
SOURCE OF FUNDING:                      APPROPRIATED FUNDS <input type="checkbox"/> LOCAL ACTIVITY FUNDS <input type="checkbox"/>			
FINANCIAL ACCOUNTING DATA:      INDEX _____      SUBJECT _____      \$ _____			
Requested by:  _____ Principal or Program Manager                      Date		Funds Availability Certification:  _____ Dept. of Financial Services                      Date	



# COMMITMENT FOR SERVICES PAYMENT REQUEST

Commitment for Services Number: **CS** \_\_\_\_\_

Requesting School or Department:	School or Department Contact and Telephone:
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Vendor Name and Address:

Date(s) of Service(s)	Description of Service(s) Provided	Price
	<b>Total Price</b>	

This form may be used in lieu of an invoice if signed below by the provider. I hereby certify that the above services were provided and request payment for those services in the amount of the total price.

Signature of Provider	Date
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I certify that the services specified above have been performed and accepted as satisfactory, except as shown hereon.

Sponsor or Teacher	Date
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Approved By:

Principal or Program Manager	Date
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## Fairfax County Public Schools LOCAL SCHOOL PAYMENTS TO NONEMPLOYEES

School: \_\_\_\_\_ Month/Year: \_\_\_\_\_ Page \_\_\_\_\_ of \_\_\_\_\_

Contact: \_\_\_\_\_ Phone: \_\_\_\_\_

Payments Made During the Month:

Vendor Name and Address	Vendor Tax ID Number	School Check #	Amount Paid	Purpose	W-9	
					Att.	On File
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>