**PennDesign**

**Guide to Individual Payment Types**

***Effective August 20, 2018***

|  |  |
| --- | --- |
| **Independent Contractor (IC)**Independent Service Provider (ISP)Object Code: **5319****Description: External Other Professional Services** Payments to individuals for services not specifically identified elsewhere, (e.g., skilled labor for a specified task, independent contractors, etc.). **Approved Use:** For this payment type-please consult with the finance office prior to entering an agreement or allowing services to commence. All IC must be approved for payment and registered as purchase order vendors by Penn Purchasing, there are restrictions regarding international IC that may affect their ability to receive payment.**Additional Information**:* Please refer to the [Independent Contractor Guide](https://www.design.upenn.edu/sites/default/files/uploads/Independent%20Contractors_Protocols_March%202017_0.pdf) for policy and procedure information
* IC must invoice for agreed upon travel expenses and is considered taxable by the IRS
* Business entities registered as individual/sole proprietor or single-member LLC must follow IC procedure
 | **Limited Service Engagement (LSE)**Independent Service Provider (ISP)Object Code: **5313****Description: Lecture/Critic Fee** Payment to an individual (non-employee) for the presentation of a dissertation, lecture or discourse before a class or a closed audience. **Approved Use:** Intended for guest speakers, guest lecturers, artists, performers, writers/editors, board members, critics, preceptors, and mentors or those services meeting the fee guidelines.**Additional Information:*** Please refer to the [Limited Service Engagement Guide](https://www.design.upenn.edu/sites/default/files/uploads/PMP%20LE%20Service%20Provider%20Guide.pdf) for policy and procedure information
* A Limited Engagement Fee is a payment to an individual (non-faculty/staff/student) for providing a service of an academic nature, short duration, and low dollar amount ($1,000 or less per transaction; $5,000 per year max).
* LSE must invoice for agreed upon travel expenses and is considered taxable by the IRS
 |
| **Honorarium**Distinguished SpeakerObject Code: **5314****Description:** Payment intended to confer distinction, or to symbolize respect, esteem, or admiration for the recipient. **Approved Use:** Public lectures, symposia, conferences, and workshops. **Additional Information:** * Not to be used where a fee or deliverable of services are expected
* Not to be used for guest critic or guest lecturer payment—*see Limited Service Engagement for lecture/critic payments*
* Travel may be arranged/reimbursed-*subject to Penn Policy and Procedure*
* An honorarium is an unallowable charge against a federal research contract or grant.
 | **Prizes & Award**Penn Affiliate or External CandidateObject Code: **5344****Description: Prizes & Awards**. Payments to non-employee individuals primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement or as the result of entering a contest, and not for performing a service.**Approved Use:** * Internal: Student awards such as year-end academic awards or prizes i.e. *iDesign Prize*
* External: i.e. the *Carnot Prize*

**Additional Information:** The use of prizes and awards is not a widely used or appropriate payment type for external individuals with few exceptions. If you feel you may have a reason to issue an award to an external candidate, please check in with the finance office prior to issuing an award notice or payment request. |

**For additional information, please refer to Financial Policy #2319** [**Individual Payments**](http://www.finance.upenn.edu/vpfinance/fpm/2300/2300_pdf/2319.pdf)