

# REGULATION MONTGOMERY COUNTY PUBLIC SCHOOLS

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**Related Entries:** DIA-RA  
**Responsible Office:** Chief Operating Officer  
**Related Source:** *Annotated Code of Maryland*, Education Article, § 5-108

## Payments for Personal Services and Reimbursements For Expenses from School Independent Activity Funds (IAFs)

### I. PURPOSE

To establish guidelines and procedures for payments to employees, students, and independent contractors for personal services and reimbursements from school Independent Activity Funds (IAFs). An IAF manual is published and provides the detailed procedures to be used by schools.

### II. DEFINITIONS

- A. *Expenses* are payments for goods or services and may include the cost of special clothing, equipment, or specialized educational materials used in the classroom or sponsored activity.
- B. *Independent Activity Funds (IAF)* are funds that, unless otherwise specifically designated, belong to the student body currently in attendance and must be used solely for the benefit of the student body.
- C. *Independent contractors* are all persons receiving payments for personal services or expenses who are neither Montgomery County Public Schools (MCPS) employees nor MCPS students.
- D. *Personal services* are those services that are unrelated to the procurement or delivery of goods or the reimbursement of expenses.

### III. PROCEDURES

- A. Payments for Personal Services
  - 1. MCPS Employees

- a. Payments for personal services to MCPS employees must be processed through the MCPS payroll system. Payroll procedures are published by the Employee and Retiree Service Center.
- b. Schools will be billed monthly for the payroll amounts incurred as a result of using the process set up by the Division of Controller. Schools are expected to make complete payments when billed. No school or activity should incur payroll costs without having sufficient resources to make payment.

2. MCPS Students

Wages earned by students at a school where they are enrolled normally do not constitute wages for purposes of employee's and employer's social security (FICA) taxes and are generally exempt. Such payments may be made directly from a school's IAF account.

3. Independent Contractors

Each payment for personal services rendered must be made by a check to the independent contractor drawn on the school IAF bank account. Before payment is made, the school must obtain a completed IRS Form W-9, *Request for Taxpayer Identification Number and Certification*. No deduction for either FICA or income tax shall be made from payments to an independent contractor.

B. Payments for Expenses

1. MCPS Employees

- a. MCPS employees may be reimbursed for approved expenses they incur on behalf of schools. Form 280-54: *Independent Activity Funds Request for a Purchase*, must be prepared and approved before any reimbursable expense is incurred. Detailed procedures are provided in the IAF manual.
- b. MCPS employees may be reimbursed for local travel expenses as defined in MCPS Regulation DIE-RA: *Local Travel*. Expenditures for local travel must conform to the regulations and any claim for reimbursement that exceeds sums specified must be fully explained and documented.

- c. Out-of-state travel is governed by MCPS Regulation DIE-RB. The principal must authorize expenditure of IAF for this purpose using MCPS Form 281-1: *Request/Accounting for Overnight Travel Funds*, and reimbursements are not to exceed the limits stated in the regulation.
- d. It is permissible to issue a single check to one payee for distribution to other employees and students. In such cases a receipt must be obtained from each of the ultimate recipients and retained in the school business office.

2. MCPS Students

The same procedures as those for MCPS employees, described in III.B.1 above, apply to MCPS students.

3. Independent Contractors

The procedures described in III.B.1. also apply to independent contractors for payment of expenses.

C. Reporting Requirements

1. MCPS Students

- a. Each school that has made payment(s) to MCPS student(s) for personal service(s) shall submit to the Division of Controller, MCPS Form 280-47: *Independent Activity Funds Report of Payment to MCPS Students for Personal Services*. This report shall show, for each such student, the full name, the address, the social security number, and the total school IAF personal services payments. Schools that do not submit such reports will be assumed to have made no such payments to MCPS students during the calendar year.
- b. The reports for each calendar year shall be submitted by schools to the Division of Controller quarterly and no later than December 15 in any event, in order that an IRS Form 1099-MISC: *Miscellaneous Income*, for each such MCPS student may be issued to the federal and state taxing authorities and to each student by the due date provided by law. Payments for personal services rendered after December 15 shall be (1) made to the students and (2) reported on MCPS Form 280-47: *Independent Activity Funds Report of Payment to MCPS*

*Students for Personal Services*, in the following calendar year. All effort should be made to complete payments by December 15.

2. Independent Contractors

- a. Each school that has made payment(s) to independent contractor(s) for personal services shall submit to the Division of Controller MCPS Form 280-47A: *Independent Activity Funds Report of Payments to Independent Contractors*. This report shall show, for each such person or business, the full name, the social security number or federal tax identification number, the total school IAF personal services payments, the complete home address, and the nature and dates of the services provided. Schools that do not submit such reports will be assumed to have made no such payments during the calendar year.
- b. The above reports for each calendar year shall be submitted by the schools to the Division of Controller no later than December 15 so that IRS Form 1099-MISC: *Miscellaneous Income* and IRS Form 1096: *Annual Summary and Transmittal of U.S. Information Returns* may be issued to the taxing authority and to each independent contractor by the due date provided by law.
- c. Payments for personal services rendered in December of each year shall be a) made to the independent contractors and b) rendered on MCPS Form 280-47A: *Independent Activity Funds Report of Payments to Independent Contractors* by December 15 if at all possible, and no later than December 31.

D. Audit

In its regular audits of the IAF at each school, the Office of Shared Accountability shall verify that the school has adhered to above guidelines and procedures. Such verification shall be accomplished on a test basis in accordance with generally accepted audit standards. Reports of audit work shall be distributed to the principal, community superintendent and other appropriate administrators. Reports shall be available to the public in the school media center.

**Regulation History:** Regulation No. 280-1, July 24, 1981; directory information updated January, 1983; revised May 2, 1988; revised October 29, 2008.