

OFFICE OF THE CONTROLLER

Policy and Procedure Updates
Compliance Matters – Part 2
August 2025





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Policy and Procedure Purpose



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Purpose

Last fiscal year, the Controller's Office undertook a comprehensive policy and procedure update project.

This webinar series will provide a high-level overview of Controller's Office policies and procedures, including updates.



University Policies and Procedures

The University-Wide Policies and Procedures Manual is maintained by the Office of the Provost.

Controller's Office policies are captured in the Administrative and Finance section (FINA) and are also included in our Resources and Training Toolbox (Policies & Procedures section) along with accompanying procedures and appendices.



Policy and Procedure Basics



Policy

Details what is required by federal, state, local, and/or University requirements and best practices



Procedure

Accompanies policies and details how compliance with those requirements is achieved

Additional supplemental policies and procedures can be developed internally at the unit or departmental level, but they cannot contradict the overarching policies and procedures of the University.



Compliance Policies and Procedures

Policy	Procedure
<u>FINA 1.30 – Records Retention</u>	<u>Records Retention</u>
<u>FINA 5.40 – Financial Management Disclosure</u>	N/A
<u>FINA 5.50 – Tax Exempt Bonds</u>	N/A
<u>FINA 5.60 – External Audit Management</u>	N/A
<u>FINA 7.10 – Tax Management</u>	<u>Tax Management</u>

FINA 1.30 – Records Retention

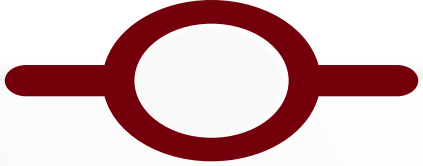


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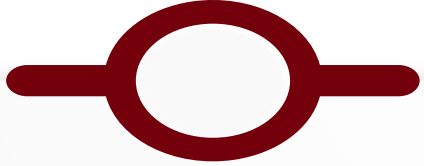
FINA 1.30 – Records Retention

- [2 CFR 200.334](#) and the [SC Department of Archives and History](#) require records to be maintained for a specific retention period.
- Financial records must be easily retrievable for examination by authorized departmental and central administrators, auditors, and other authorized individuals.
- Records must be maintained in a secure location that provides appropriate confidentiality and protection from unauthorized inspection, theft, and physical damage.

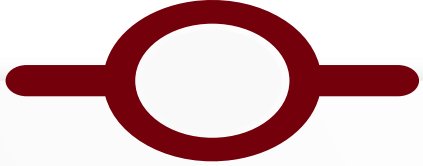
FINA 1.30 Procedure – Records Retention



The general records retention period is 3 years.



Endowment records must be retained for 10 years or until all funds are exhausted, except for permanent endowments, which must be kept in perpetuity.



Sponsored award records must be retained for 7 years after the contract end date

- Any retention schedule developed at the unit/department-level to meet individual operational needs **must** be approved by the University Controller.
- Electronic records maintained in PeopleSoft will be retained permanently.

NEW procedure



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**FINA 5.40 –
Financial
Management
Disclosure**



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FINA 5.40 – Financial Management Disclosure

Certain financial information must be communicated to the Board of Trustees to ensure consistent and relevant disclosure for informed decision making.

All financial issues occurring at the unit or department level, regardless of amount, should be promptly communicated to the Controller's Office by unit/departmental personnel.

The Controller's Office will make the appropriate determination regarding which matters need to be subsequently reported to the Board of Trustees.

FINA 5.50 – Tax Exempt Bonds



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FINA 5.50 – Tax Exempt Bonds

- Per [SC Code of Law 59-117-320](#), only the Board of Trustees is authorized to secure bonds on behalf of the University. The Chief Financial Officer and University Controller serve as appointed designees.
 - All bonds require final review and approval from the Board of Trustees, the Joint Bond Review Committee, and the State Fiscal Accountability Authority prior to issuance in coordination with the State Treasurer's Office.
- The Controller's Office monitors post-issuance compliance for the University's tax-exempt bonds, including private business use, arbitrage, the expenditure of bond proceeds, retention, and disclosure.

FINA 5.50 – External Audit Management



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FINA 5.60 – External Audit Management

The University undergoes periodic external audits of fiscal and administrative management to ensure that funds and resources are used and reported appropriately.

The Controller's Office is the designated point of contact for all external audits and is responsible for audit coordination.

Departments must promptly notify the Controller's Office of external audit requests and should not engage with auditors or attend meetings without its representative.

FINA 7.10 – Tax Management



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FINA 7.10 – Tax Management

- The University's tax function is centralized within the Controller's Office to promote standardization, compliance, and limit tax exposure.
- All activity between the University and tax authorities or regulatory bodies (e.g., IRS, SCDOR) **must** flow centrally through the Controller's Office Tax Team.
- Only the Controller's Office is authorized to use the University's FEIN for tax-related purposes.
- Refer to policy for the primary responsibilities of the Controller's Office and units/departments.

NEW policy

FINA 7.10 – Tax Management



The University is generally exempt from federal income tax, per IRC Section 115; however, in certain circumstances, activity may be taxable as unrelated business income.



The University **is not** generally exempt from state and local sales and use tax.¹ Only the Controller's Office is authorized to provide exemption and/or reseller certificates for use by a unit/department.



Non-resident suppliers not registered with the SC Secretary or State or SC Department of Revenue will be subject to additional withholding tax for certain payments.

¹. This includes sales, use, accommodations, hospitality, and admissions tax.



FINA 7.10 – Tax Management



- Applicable transactions are subject to an additional accommodations and admissions tax.
- The University is required to provide Form 1099s to suppliers who receive certain payments exceeding \$600 (or \$10 for royalty payments). The Controller's Office Tax Team generates 1099s, but to ensure accuracy, **units/departments must use the appropriate account codes for payments** and suppliers must furnish appropriate information during the registration process.



FINA 7.10 – Tax Management

- Income paid to a foreign person/entity is taxable unless exempt under a treaty or Internal Revenue Code section or foreign sourced income.
- Foreign nationals are strictly limited in what sources of income they are authorized to accept. Payment allowability is based on visa status and compliance with explicit documentation requirements.
- Scholarships, fellowships, and grants awarded to non-resident aliens that exceed the cost of required tuition and fees are subject to a 14% tax withholding unless a treaty exists between the U.S. and the student's country that reduces or exempts the tax rate.
- In lieu of a Form 1099, a Form 1042-S is used by the Controller's Office Tax Team to non-resident aliens.



FINA 7.10 – Tax Management

- Only student organizations whose funds are accounted for separately, versus within the University, may apply for their own EIN. Use of the University's FEIN is not permitted.
- Giveaways or prizes that qualify as taxable fringe benefits must be reported to Payroll for proper W-2 reporting.
- Remote employees are taxed based on their work location and must keep their address updated in the payroll system to ensure correct withholdings.



FINA 7.10 Procedure – Tax Management



All domestic and international suppliers must register in the Supplier Self-Service Portal with required documentation.



The University does not work with sanctioned, suspended, or debarred entities.



A weekly TIN match is conducted to ensure supplier name and TIN accuracy.



Employees must avoid and disclose any actual or perceived conflicts of interest when selecting suppliers.

FINA 7.10 Procedure – Tax Management

- On an annual basis, the Controller’s Office Tax Team distributes a UBIT Questionnaire. Units/departments are required to submit timely and accurate information.
- The Tax Team completes and submits monthly state tax returns for sales/use, accommodations, and admissions tax. **Units/departments must submit required information to the Tax Team by the 10th of every month.**
- The University does not have a Value Added Tax (VAT) number. The University should not have to pay VAT for goods or services to be used in the U.S. If VAT-related issues arise, please coordinate with the Tax Team.



FINA 7.10 Procedure – Tax Management

1099 Reporting					
Withholdable Account Codes					
1099-MISC (Payments <u>should not</u> be associated with a provided service)			1099-NEC (Payments <u>should</u> be associated with a provided service)		
52071	CONTRACTUAL SER MEDICAL SUPPOR	52040	REPAIRS	52201	LITIGATION SETTLEMENT TO CLAIM
52074	CONTRACTED SER MEDICAL SUPPORT	52041	REPAIRS TO EQUIPMENT-NON USC W	52250	HONORARIUM AND GUEST LECTURER
52255	ROYALTIES	52044	REPAIRS TO BUILDINGS NON USC W	54531	STIPENDS FOR SERVICES RENDERED
54010	RENTS	52045	GENERAL EQUIPMENT MAINTENANCE	57031	ARCHITECTURAL SERVICES
54013	RENTS-NON DATA PROCESSING EQUI	52046	INFO TECH SOFT AND HARD MAINT	57032	ENGINEERING SERVICES
54014	RENTS	52048	CAPITAL EQUIP MAINT CONTRACTS	57033	SURVEYING SERVICES
54015	RENTALS	52050	PRINTING AND ADVERTISING	57034	TESTING SERVICES
54017	CONTINGENT COPIER RENTAL PAY	52052	PRINTING-NON USC WORK	57035	GENERAL SERVICES
54031	BINDING LEASES-STATE OWNED PRO	52054	ADVERTISING	57100	SITE DEVELOPMENT
54033	NON-BINDING LEASES-NON-DATA PR	52066	MARKETING SERVICES	57110	BUILDING CONSTRUCTION
54034	BINDING LEASES-NON STATE-OWNED	52067	PROMOTIONAL SERVICES	57120	RENOVATIONS-BUILDING INTERIOR
54040	EQUIPMENT LEASES	52069	TRAVEL CONTRACTUAL SERVICES	57130	RENOVATIONS-UTILITIES
54520	PARTICIPANT TUITION AND FEES	52070	CONTRACTUAL SERVICES	57140	ROOFING-REPAIRS AND RENOVATION
54525	GRADUATE ASSISTANT TUITION SUP	52072	CONTRACTUAL SER LEGAL	57150	RENOVATIONS-BUILDING EXTERIOR
54530	FELLOWSHIPS ON GRANTS	52073	CONSULTANTS	57160	OTHER PERMANENT IMPROVEMENTS
54533	INCENTIVE UNDER 50.00	52075	CONTRACTED SER ANIMAL CARE	57170	LANDSCAPING
54534	INCENTIVE OVER 50.00	52076	CONT SERV SUBRECIPIENTS-FIRST	59501	EVENT GAME OFFICIALS
54535	HUMAN SUBJECT INCENTIVES	52077	CONTRACTED SER MOVING EXPENSE	59503	EVENT OPERATIONS
54536	PARTICIPANT STIPEND	52078	SYSTEM CONTRACT INSTRUCTION	59504	EVENT FOOD
54541	PARTICIPANT TRAVEL	52080	SECURITY - CONTRACTUAL	59510	OTHER TEAM MEALS
54550	SCHOLARSHIPS	52084	SUBRECIPIENTS	59520	OTHER TEAM TRAVEL EXPENSE
54551	SCHOLARSHIP RECOVERIES NON REP	52085	CONTRACTUAL SERVICES OTHER NON	59521	TEAM LODGING
54560	PARTICIPANT HOUSING	52086	CONT SERV-EMPLOYMENT AGENCY	59522	TEAM MEALS AND PER DIEM
54563	PARTICIPANT MATERIALS	52089	SOM IRB CONTRACT SVCS	59523	TEAM TRANSPORTATION
54570	PRIZES AND AWARDS-USC REPORTAB	52090	DATA PROCESSING SERVICES-COMME	59524	VISITING TEAM EXPENSE
54580	PRIZES AND AWARDS USC NON REPO	52091	SITE LICENSE FEE	59525	AD EVENTS POST SEASON
59401	ATH SCHOLAR-TUITION & FEES	52092	GLOBAL/DOMESTIC CLASSROOM STUD	59526	AD PRESEASON EVENTS
59408	ATH SCHOLARSHIP COST OF LIVING	52093	SOFTWARE AS A SERVICE	59527	AD SEC CHAMPIONSHIP TRAVEL
59532	MEDICAL SERVICES	52100	DATA PROCESSING SERVICES	59531	LAUNDRY SERVICES
59533	AD EVENT EXP RENTALS	52102	AD PUBLIC RELATIONS	59534	REPAIRS OF EQUIPMENT
54590	HUD RW FINANCIAL ASSISTANCE	52103	PROMOTIONAL SUPPLIES	59535	GROUNDS MAINTENANCE
		52104	AD ADVERTISING	59537	EVENT PARKING
		52105	ATH PUBLIC RELATIONS - EVENTS	59541	UNIFORMS AND APPAREL
		52110	JANITORIAL SERVICES - CONTRACT	59544	TICKET SUPPLIES
		52125	DOIT CLOUD SERVICES	59547	PHOTOGRAPHY SERVICES
		52130	PERSONNEL SERVICES -IIT	59560	GRAPHICS

Refer to the [Withholdable Account Codes](#) resource for a listing of the account codes that generate 1099s.

A properly completed W-8 will be required before a foreign individual/entity is set up as a supplier and a payment is issued. Refer to the [Payments to Foreign Nationals Matrix](#) for the documentation requirements.



FINA 7.10 Procedure – Tax Management

The following employee fringe benefits are taxable:

01



Cash and Cash Equivalents

(e.g., gift cards)
regardless of value.

02



Swag Giveaways

(e.g., items with
University logo)
exceeding \$50.



Training and Communication



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Office of the Controller
Office of the Controller
General Accounting
Grants and Funds Management
Compliance and Tax Management
Payroll Department
Operational Management and Reporting
External Financial Reporting and Transparency
Resource and Training Toolbox

Business Manager

Grant Administration

Principal Investigator

Policies & Procedures

Tax Cuts and Jobs Act 2017

Forms

Newsletters

PeopleSoft Finance Training Schedule

Policies and Procedures

The University-wide [Policies and Procedures Manual](#) is maintained by the Office of the Provost. The Controller's Office is the owner and designated administrative office for many of those policies, which are detailed below along with any accompanying procedures.

Policies detail **what** is required by federal, state, local, and/or University requirements and best practices, whereas accompanying procedures detail **how** compliance with those requirements are achieved. Additional supplemental policies and procedures can be developed at the unit or department level, but they cannot contradict the overarching policies and procedures of the University.

Chart of Accounts

General Accounting

Treasury Management

Compliance

Travel and Reimbursement

Capital and Assets

Sponsored Awards

Payroll

Expand all



Where to Find the Resources

For Policy and Procedure resources, visit the [Policies and Procedures](#) page found in the Resource and Training Toolbox section.





Office of the Controller

Office of the Controller

General Accounting

Grants and Funds
ManagementCompliance and Tax
Management

Payroll Department

Operational Management
and ReportingExternal Financial Reporting
and TransparencyResource and Training
Toolbox

Business Manager

Grant Administration

Principal Investigator

Policies & Procedures

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Business Manager

The role of each Business Manager at the University of South Carolina varies across each college and department. Each Business Manager handles several responsibilities that directly influence the success of their departments and the University overall. They provide business expertise on a variety of topics including, but not limited to budget, expenses, supplier onboarding, transaction corrections, and University policies and procedures.

Below is a list of tasks a Business Manager may be responsible for within their college/department. Sections include links to training resources that support each task.

Note: Each year the Controller's Office provides refresher trainings starting the month of February thru the end of April. Registration links for all scheduled trainings are sent to our BIZMANAGER listserv end of January, provided in our monthly newsletter, and in a prior week reminder email. On demand training can be found in the sections below.

Account Funding Change

Expand all



AP Uploads



Business Expense Prepaid Cards



Cash Advances



Cost Transfer



Departmental Deposits



Employee Reimbursement (Non-travel)



Endowments



Finance Intranet

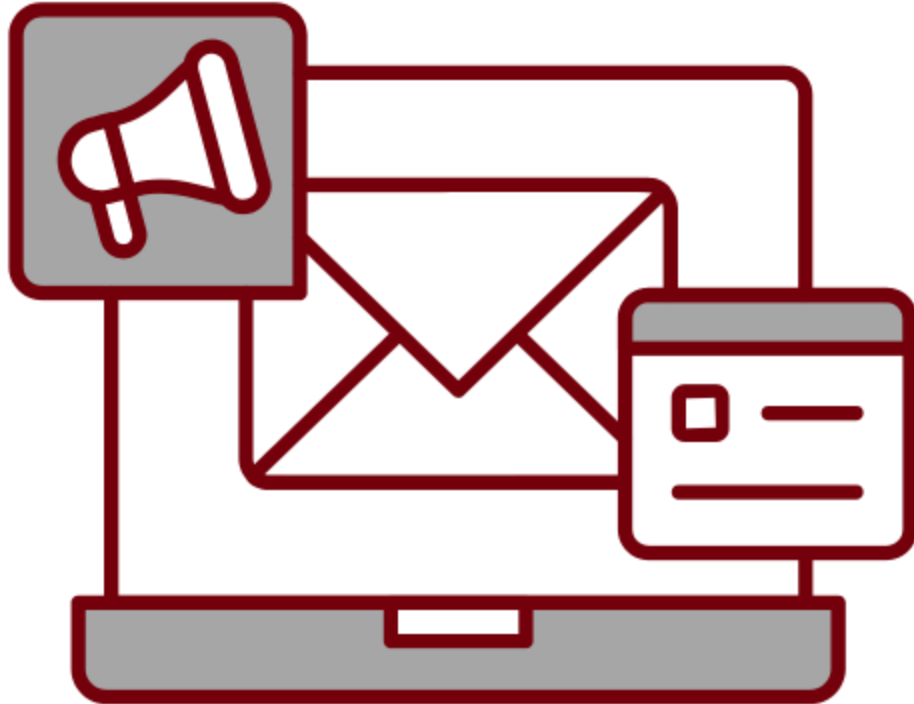


Where to Find the Resources

For training resources,
visit our Business
Manager page in the
Resource and Training
Toolbox section.



Contact Us



For specific questions, please visit our [website](#) to find the appropriate contact.



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Questions



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THANK YOU!

Office of the Controller



Alone, we can do so little; together,
we can do so much.



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