

TROY UNIVERSITY

POLICY AND PROCEDURE FOR CONTRACT SERVICES (INCLUDING CONSULTANTS)

INTRODUCTION

To enhance daily business operations and services of the University, certain services may be necessary when specific Professional or para-professional services are not readily available through current University resources. Such services are generally referred to as contract services. A "Contractor" is defined as an individual providing professional services undertaken for personal compensation beyond the payment of an honorarium for appreciation and/or reimbursement for expenses.

Services to be rendered will be reviewed **PRIOR** to being performed to determine independent contractor/consultant or employee status as defined by the Internal Revenue Service (IRS). If the proposed services the individual will render should by definition be categorized as an employee, the individual will be paid through the University's payroll department. Bona fide independent contractor/consultant services will be paid through Accounts Payable with earnings reported on IRS Form 1099. All Contractors must be engaged by the University through the standard *Independent Contractor/Consultant Agreement*.

Contractors shall be selected using the following criteria:

- 1) The requested services are essential and cannot be provided by persons receiving salary or otherwise compensated for their services by Troy University.
- 2) A selection process has been employed to secure the most qualified contractor/consultant available.
- 3) The charges are appropriate considering the qualifications of the Contractor, Contractor's normal charges, and the nature of the services rendered.

CONTRACTOR/EMPLOYEE FACTORS

An individual is considered an employee if the individual providing services is subject to the will, control, and direction of the service recipient. The IRS has established twenty criteria to consider when determining if an individual is an employee. Examples of these criteria are: instruction and training required; who sets hours of work; is work performed on service recipient's premises; who furnishes tools and materials; does individual provide services to more than one firm. Based on the nature of the work, if any criteria are met, the individual may be considered an employee.

PROCEDURE

PRIOR to utilizing an individual to render services for the University, an *Authorization to Provide Services* (APS) form must be completed and submitted to Human Resources, which will review each request to determine independent contractor/employee status and method of payment/employment to be used. The *Authorization to Provide Services* is returned to the originating department with the determination from Human Resources. Based upon this determination, the department will submit the proper paperwork to pay the individual upon completion of the service.

APPROPRIATE PAPERWORK FOR EMPLOYEE SERVICE

If it is determined that the proposed Contractor should by definition be categorized as an employee, and he/she is **not currently employed** by the University in another capacity, the following paperwork should be submitted to Human Resources by the Department:

- 1) Request for Personnel-to create the position
- 2) Personnel Action-enter the individual into the payroll system
- 3) Tax forms, manpower input form, and I-9 form (with proper verification of identification)

If the individual **holds a current position** with the University and has been authorized to provide supplemental services, a *Supplemental Pay* form should be submitted with the proper signatures to Human Resources as a means of obtaining prior approval and generating payment for services.

The Supplemental Pay form should be used to pay employees compensated for services they will not perform on a routine basis. Supplemental pay requests that are repetitive must be approved on a Record of Personnel Action form, and follow standard approval guidelines.

Employee payments will be made in arrears for services rendered, not in advance; taxation is in accordance with Internal Revenue and Social Security guidelines; pay dates are relative to pay periods based on an individual's employment status, and employee compensation is allocated over the applicable pay periods in which the services are rendered. This policy applies to all University employees including faculty, administrators, classified and professional staff, and students.

***All employees will be paid through the University's Payroll Department.**

APPROPRIATE PAPERWORK FOR INDEPENDENT CONTRACTOR SERVICE

If an individual is deemed to be a Contractor, an *Independent Contractor/Consultant Agreement* should be completed by the requesting department. The department will ensure that all required signatures are obtained. The agreement must be signed by the Contractor prior to securing any signatures from University authorities. **The Contractor may not begin work prior to the receipt and approval through administrative channels of an officially signed contract.**

It is the responsibility of the benefiting department to ensure that the daily fee paid is reasonable. If funded by a sponsoring agency, the fee should not exceed the maximum approved rate of that agency. The Office of Sponsored Program Accounting will monitor the payment process to further ensure that proper rates are used when federal funds are expended.

When completing the agreement, the initiating department should make certain all requested information is provided as outlined below:

- 1) Indicate date agreement is signed by the University.
- 2) The overall and specific objectives should be clearly stated in the spaces provided. If additional space is needed, a continuation sheet may be attached and referenced.
- 3) The projected beginning and ending dates of the agreement should be indicated.
- 4) The rate of pay should be calculated before considering other expenses for which the Contractor may be reimbursed.
- 5) Reimbursable expenses should include all costs other than the Contractor fee. (Please note that if the University purchases and pays for the airfare associated with the consulting effort, the University's travel procedures apply to the air travel related expenses).
- 6) **Contractors/Consultants hired on accounts starting with 12x must receive approval from their sponsored program accountant prior to processing.**

PAYMENT TO CONTRACTOR

To obtain payment, the department requesting payment will submit a Request for Independent Contractor/Consultant Payment form. This form can be found on the Financial Affairs website, under the Controller link. Please make sure to include the items listed below when requesting payment to an independent contractor/consultant:

- 1) The original "Independent Contractor/Consulting Agreement." The Accounts Payable Department will perform a review to insure that Sponsored Program Accounting Services has approved the agreement.
- 2) The original "Authorization to Provide Services" form.
- 3) An original W-9 form, signed by the individual. A W-9 must be on file in the Accounts Payable department.
- 4) Generally, bona fide independent contractor services require the submission of an invoice to receive payment. (Attach if provided).

*** All Contractor payments will be paid through the Accounts Payable Department. Accounts Payable will not process a payment to either an independent contractor or consultant, regardless of the amount to be paid, unless the above items are completed.**