



Independent Contractor Procedures

Purpose:

Designation of Independent Contractor (IC) status is governed by the Internal Revenue Service (IRS) tax code and common law. Significant tax penalties exist for incorrect classification of an employee as an independent contractor. In addition, contracting with an independent contractor may expose the University to significant risk. Therefore, it is imperative that common standards are applied in classification and contracting, and that each case is fully documented and auditable.

Procedures:

Prior to engaging the services of an independent contractor, you must obtain independent contractor approval status from the Controller's office in Business and Finance. You can request approval by submitting a completed [Independent Contractors Approval Request](#) form.

Status will be determined based on IRS and DOL (Department of Labor) standards.

If IC Status is Approved as Independent Contractor

The requesting Dept. will be notified by the Controller's Office and an [Independent Contractor Agreement](#) must be completed along with a [Statement of Work \(SOW\)](#) and submitted to the Purchasing Department along with an on-line requisition. Once Purchasing has received a completed IC contract and SOW they will create a Purchase Order (if over \$5,000 or to be paid in more than one installment). If the payment is a onetime payment for less than \$5,000 send the IC contract, SOW, and invoice to Accounts Payable along with a Direct Pay voucher providing the work is completed.

Once the dept. has completed the Independent Contractors Approval Request Form, the Independent Contractor contract and the Scope of Work form, only then, may they engage the services of the Independent Contractor. Any subsequent work engagements with the same IC contractor will only need a SOW, submitted with the online requisition or the Direct Pay Voucher and invoice once work is completed.

If IC Status is Approved as Employee Consultant

The requesting Dept. will be notified by the Controller's Office and the Independent Contractors Approval Request form will be sent to the Department along with the website link to the [Hiring Packet](#) (Additional Compensation Request, I9, and Employee Consultant Agreement)

Once the dept. has completed the Independent Contractors Approval Request Form, the Employee Consultant Agreement, the I9 and the Additional Compensation Request form, only then, may they engage the services of the consultant. Any subsequent work engagements with the same EC will only need an Additional Compensation Request form.

