Title: Independent Contractor

Policy Reference: 6150: Independent Contractors
6180: Travel
6140: P-Card
1110: Conflict of Interest

I. Purpose & Overview

The purpose of this document is to provide campus users with sufficiently detailed information to complete Independent Contractor Payments in accordance with University policy and central administration requirements. Independent Contractors are paid through Blanket Purchase Agreements (BPA) in the system.

The Accounts Payable (AP) Department receives requests generated by users for payment to supplier classified Independent Contractors approved by AP and Tax Reporting Compliance and determined based on IRS, DOL, and Supreme Court criteria and regulations.

II. Procedure

1) Process Flow

2) Definitions

   a) **Independent Contractor (IC):** An individual who provides a service to the university, has been classified as an Independent Contractor, and has a signed contract.

   b) **Blanket Purchase Agreement (BPA):** The mechanism used in OFC to track and pay Independent Contractors by Accounts Payable.

   c) **Supplier:** A non-employee individual or entity.

   d) **Charge Account:** Indicates the funding source used to pay each line item on a purchase requisition.

   e) **Requester:** Indicates the employee requesting the payment and drive standard approval workflow.

   f) **POET:** Indicates a restricted funding source used to pay the specific line item on a payment request. It will include a project number, department segment, account code, and task number.
3) Requirements

a) Submit Independent Contractor Classification Checklist
   i. Accounts Payable will review and approve/reject.
   ii. Approved Independent Contractors will be assigned a BPA number by Accounts Payable.

b) Complete Contract/Agreement

c) Catalog Request: Search by BPA Number
   i. Amount: Enter from invoice.
   ii. Description: Auto-filled according to the contract details.
   iii. Justification: Enter Date of Service, State Services Provided, and Scope of Work.
   iv. Attachments:
      (1) Invoices: Upload all relevant invoices for direct payment to independent contractor.
      (2) Contract/Agreement: Redact any Tax Identification Number (TIN) that may appear on the contract prior to upload. Sensitive information should not be attached to the transaction.
      (3) Department-Specific: Upload additional documentation according to your department business process.

v. Billing: Enter funding source information for the transaction.
   (1) POET: Used to enter project funding sources.
      a. Project Number: Ten digit project segment.
      b. Task Number: Use 100001.
      c. Expenditure Type: Six digit account segment.
      d. Expenditure Organization: Five digit department segment.
   (2) Charge Account: This describes the funding source and should only be updated for non-grant funding sources. Each segment should be entered.
      a. Funding Source: Select a favorite from your drop down. <OR> Enter
      b. Fund: Four digit fund segment.
      c. Department: Five digit department segment.
      d. Cost Center: Seven digit cost center segment.
      e. Account: Six digit account segment.
      f. Supplemental: Ten digit supplemental segment; enter zeroes if not used.
      g. Interfund: Default to 0000.
      h. Project: Ten digit project segment; enter zeroes if not used.
      i. Future1: Default to 0000000000.

vi. Note to Buyer: Any special instructions should be entered for Accounts Payable in this field.

d) Approval Workflow
   i. Funding Source Person: The Independent Contractor payment will be electronically routed to the funding source person of the department segment entered for each Charge Account entered for compliance and budget review and approval.
   ii. Supervisor: The Independent Contractor payment will be electronically routed to the supervisor of the employee that is entered as the Requester for strategic review and approval.
   iii. Principle Investigator (PI): The PI will be added to the approval workflow with project-funded transactions for review and approval.
iv. **Additional Approval Levels**: The Independent Contractor payment will be electronically routed to additional levels of approval for higher dollar amounts.

   (1) >$9,999: Department Head, Chair, Director  
   (2) >$24,999: Dean, Associate Vice President  
   (3) >$50,000: Vice President

v. **Modifying**: Approvers are able to modify the approval workflow to delegate, reassign, or add approvers in the approval workflow according to department business process.

e) **Review & Payment**

   i. **Justification**: Confirm that the business purpose contains dates of service, scope of work, and state of service.
   
   ii. **Contract**: Confirm that the contract is attached and relates to the justification for payment.
   
   iii. **Supplier**: Confirm that address is correct on the record.
   
   iv. **Invoice**: Confirm dates, scope, and amount match the requisition details.
   
   v. **Special Handling**: Address special handling instructions included as note to buyer.

4) **Supporting Documentation**

   a) **Invoice**: Provided by a supplier as a request for payment for goods and/or services provided. Invoices should be itemized and legible.
   
   b) **Vendor Information Form**: Complete and email this form to Accounts Payable with taxpayer identification number (TIN) for entities that expect payment as a supplier for the university. This should NOT be attached to the transaction in OFC.
   
   c) **Contract for Services**: Used to define agreement between the university and Independent Contractor. Sensitive information should be redacted prior to attaching to a transaction in OFC.
   
   d) **Department-Specific Documentation**: Check with your business manager for additional department documentation requirements.

5) **Best Practices**

   a) For reoccurring payments to an Independent Contractor, use the Duplicate functionality to copy and revise requisitions previously submitted.
   
   b) Ensure the Requester and Funding Source are correct prior to submitting to ensure standard approval workflow is correct.
   
   c) Attachments should not contain sensitive information such as Social Security numbers, banking or credit card account numbers, etc.
### III. Additional References

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<thead>
<tr>
<th>Source</th>
<th>Link</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oracle Financials Cloud (OFC)</strong></td>
<td>System</td>
<td>Expense Reports are entered in OFC for expense items, approval, and reimbursement.</td>
</tr>
<tr>
<td><strong>Contract for Services</strong></td>
<td>Form</td>
<td>Required for every Independent Contractor to define the agreement between the university and contractor.</td>
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<tr>
<td><strong>Vendor Information Form</strong></td>
<td>Form</td>
<td>Used to comply with IRS requirements for paying employee and non-employee entities.</td>
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<tr>
<td><strong>Creating and Submitting Independent Contractor Requisitions</strong></td>
<td>Training</td>
<td>This tutorial will guide you through creating and submitting an Independent Contractor payment in OFC.</td>
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<tr>
<td><strong>Reviewing and Approving or Rejecting Purchase Requisitions</strong></td>
<td>Training</td>
<td>This tutorial will guide you through approving or rejecting Purchase Requisitions.</td>
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<tr>
<td><strong>Reviewing Purchase Requisition Status</strong></td>
<td>Training</td>
<td>This tutorial will guide you through reviewing the status of a submitted Purchase Requisition.</td>
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