

RETAINING CONSULTANTS & INDEPENDENT CONTRACTORS

The process of contracting for consultants and independent contractors is driven by the University Procurement Code established by the Regents, Arizona conflict of interest law, and the Federal tax code. Here is what you need to do in order to ensure that the work you need is properly performed, and the contractor is promptly paid.

First, if the proposed contractor is an individual doing business under a Social Security number, and the payment is more than \$500, send a completed Consultant/Independent Contractor Determination Checklist draft contract and Sole Proprietor Workers Compensation Waiver form to Tempe campus Financial Services tax unit, University Services Building (USB), Mail Code 5812, or to the Compensation Section of ASU West Human Resources, FAB Annex 102, Mail Code 2051, for the West campus. This form is used to determine that the prospective contractor is not a University employee, is not related to any University employee who has any connection to the service to be performed, and cannot be considered an employee for tax purposes (for more information, see the Staff Personnel Policies and Procedures Manual -- SPP 210, "Consultants/Independent Contractors").

ASU infrequently enters into short-term consulting agreements with individuals who are incoming employees with a start date typically 6 months or less in the future or separating employees who typically are finishing up a project or otherwise assisting in the transition to a new hire. Since these engagements are established as transitional positions to facilitate the appropriate payment of wages to either exiting or entering staff, the job title is strictly a temporary one for which no waiver of employments is required. See FIN 421-01 for additional information.

Second, an IRS Form W-9 is required from all firms and individuals for set up in the vendor table. If an entry appears in the Tax Country field (ex: US102008), then an IRS Form W-9 (or Sub W-9 has been previously submitted. It is not necessary for the vendor to submit a new W-9 unless there is a change of address, name, or tax identification number for that vendor. If there is no entry in the Tax Country field, then a Substitute W9 or equivalent must be completed and sent to Purchasing and Business Services, University Services Building, Mail Code 5212 before a payment can be made. For guidance, see FIN 421-01 and/or FIN 425-04. A reproducible copy of the Substitute W9 is enclosed with this handout. Foreign vendors are required to complete the Form W-8 BEN.

Third, with the exception of construction related services, the expected dollar amount to be paid to the contractor determines whether or not a contract may be executed at the department. If the total amount, including expense reimbursements, is \$10,000 or less, the department and the contractor may complete a Departmental Professional Services Order. Payment is made by completing a Payment Voucher (PV), and submitting it along with the Departmental Professional Services Order, and a completed Consultant/Independent Contractor Determination Checklist if required, to Financial Accounting Support. For guidance, see FIN 421-01. If the expected dollar amount to be paid is more than \$10,000, submit a Purchase Request (RX), to Purchasing and Business Services, along with a completed Consultant/Independent Contractor Determination Checklist, if one is required. Purchasing

will determine the level of competition required and the contract forms to be used. Note: if the potential contractor is a building contractor, architect, engineer, or other professional whose services will result in a construction project, then submit a Purchase Request (RX), to Purchasing in any dollar amount. Purchasing will ensure that the specific required contract forms are used. For guidance on services that will result in a construction project, refer to PUR 402-02 and 402-03. For information on contract forms, see PUR 504-02.

For further information, contact Lorie Sheppard at 480.727.6954 or Pollie Carter at 480.965.2316 in Purchasing and Business Services.

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