

SECTION 2.07 – CONTRACTUAL SERVICE AGREEMENTS

Contact: Purchasing @ Extension 4180

A. **Overview**

Occasionally it is necessary to purchase services from individuals through the use of a contractual agreement rather than through the payroll process. This type of contract is usually issued to individuals who offer specialized services outside of the scope of existing staff. Such individuals must be in the business of contracting out their services and must certify that they are “independent contractors.”

To be considered an independent contractor rather than an employee, the following tests should be met:

1. The individual is free from the type of direction and control the district would have on an employee, ***and***
2. The individual holds themselves out to the public as providing contract services, ***and***
3. The individual has met business registration and filing requirements, if any, with local, state, and federal agencies.

Retired district employees who are returning under contract to provide services should familiarize themselves with the regulations of their retirement plan as it pertains to the number of hours that may be worked, when they can be available to work after retirement, etc.

B. **Contract Services vs. Regular Purchase Request**

The following are examples of how typical transactions may be handled. Remember that contractors must meet the three (3) criteria above to be considered independent, rather than an employee.

Contract Services:

- Translation services
- Inside (in-house) training/speaker
- Assembly
- Specialized consultants

Regular Purchase Request:

- Subscription services
- Maintenance/service on equipment
- Maintenance/service on facilities

C. Completing the Contractual Services Agreement

- The [Contractual Services Agreement form](#) shall be completed in full and signed by the contractor and the district employee with budget authority for the contract cost. Details of the service to be provided, hourly or flat fees, and any other expenses (for example: travel, mileage, meals, printed materials) should be agreed upon and detailed on the contract.
- A [W-9](#) must be submitted for all contractual services. The [W-9](#) needs to be submitted only once per contractor unless there is a change in information or the IRS requires resubmission.
- The Federal Tax Identification or Social Security number must be provided. The Department of Revenue UBI number should be provided for all contracts, if possible, but is required for contracts in excess of \$12,000.
- Contractors are responsible for their own insurance. The [Contractual Services Agreement](#) includes an indemnification clause and insurance provisions. In instances where the contractor will be providing direct services to students or the general public on the district's behalf, they must provide the district with a certificate of insurance evidencing that they have at least \$1,000,000 combined single limit liability coverage.

D. Processing the Contractual Services Agreement

- Enter the contract information on-line in BusinessPlus in the same way a regular Purchase Request is entered. Be sure to code the request to a "C" for contract on your Purchase Request. Refer to your [BusinessPlus Manual](#) for instructions.
- Send all copies of the completed, signed contract to the purchasing office. Purchase Requests for contracts will be processed after the completed contract is received.
- After the completion of service:
 - Invoice. **Every consultant must bill us for their services.** Submit the approved invoice to the accounting office for payment. The district [invoice](#) form may be used, however, it should be signed by the consultant.
 - Receive the service on-line in BusinessPlus as normal.

E. Contract Revisions

- Contracts may be revised, but the revision must be issued for the same scope of work or project. Contact the purchasing office for assistance.

F. Determination of “Employee” vs. “Contractor”

CRITERIA	EMPLOYEE	INDEPENDENT CONTRACTOR
1. Is the individual required to comply with instructions about when, where, and how to work?	YES	NO
2. Is the individual trained by the employer to perform services in a particular manner?	YES	NO
3. Is the individual's services integrated into the business and does the continuity of the business depend to an appreciable degree upon the performance of these services?	YES	NO
4. Are the services rendered personally by the individual without the ability to hire substitutes?	YES	NO
5. Does the individual lack the authority to hire, supervise, and pay assistants without employer's approval?	YES	NO
6. Is there a strong continuing relationship between the individual and the “employer”?	YES	NO
7. Has the “employer” established a set hours of work schedule for the individual?	YES	NO
8. Is the individual required to devote his full time to the business of the employer?	YES	NO
9. Is the individual doing work on the employer's premises?	YES	NO
10. Must the individual perform the services in an order or sequence set by the employer?	YES	NO
11. Does the individual have to report in with a supervisor to account for his or her actions in doing the work?	YES	NO

CRITERIA	EMPLOYEE	INDEPENDENT CONTRACTOR
12. Is the individual paid by the employer at regularly stated intervals, such as the hour, week, or month?	YES	NO
13. Does the employer pay the individual's travel expense?	YES	NO
14. Does the employer furnish the tools and materials used by the individual?	YES	NO
15. Does the individual lack a significant investment in facilities or equipment?	YES	NO
16. Does the individual work for only one firm at a time?	YES	NO
17. Does the individual fail to make his (her) services available to the general public?	YES	NO
18. Does the employer have the right to discharge the individual prematurely?	YES	NO
19. Does the employer have the right to terminate at any time without incurring liability?	YES	NO
20. Does the employer realize an economic profit or loss as a result of the individual's services?	YES	NO
21. Does the individual have a business license number?	NO	YES

The list above is not all inclusive nor does it apply to every situation. The list above may be used as a general guide rather than a hard and fast rule. NOTE: Answering "YES" to one question does not mean the individual is an employee. There are times when a consultant performs services at our facility. For example, a safety consultant would have to inspect the facility to write a report (#9). Consultants usually provide written reports at the end of the project, but they do not have to report in day by day for approval of their work (#11).