

CONTRACTING AND PURCHASING SERVICES POLICY MANUAL

 NORTHERN ARIZONA UNIVERSITY	POLICY PUR 303-04
	Section: Orders and Requisitions
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	Responsible office: Purchasing
	Origination date: 07/01/1996
Subject: Independent Contractors	Effective date: 07/01/1996
Source: University policy	Revision date:

PURPOSE

To specify the process needed to retain independent contractors.

POLICY

PUR 303-04-01: Use of Independent Contractors

When specialized skills, knowledge, resources, and experience are required and services are not available by existing staff or University service departments, services may be obtained from vendors and/or individuals outside the University.

Independent contractors are required to provide a certificate of insurance prior to beginning work for the University. Requirements are outlined on the Independent Contractor Request form.

PUR 303-04-02: Definition

Independent Contractor: As defined for federal tax purposes, is an individual having no employment relationship to the State of Arizona, including Northern Arizona University (University), either by statutory, common-law, or regulatory tests. Therefore, the State of Arizona has no FICA or income tax withholding obligations for the Independent Contractor. An Independent Contractor shall be generally referred to as a “non-employee.” An Independent Contractor possesses specialized knowledge and skills, provides a specific product or service and functions autonomously in determining when and how the work shall be accomplished. The University utilizes Independent Contractors for services, skills or capabilities, which are not available from within the University.

PUR 303-04-03: Independent Contractor Request Form (ICR)

The ICR form shall be used to determine that the relationship between the Independent Contractor and the State of Arizona, including the University is not one of employee/employer, that the Independent Contractor is not related to a State of Arizona employee involved with the work, or determining the outcome, and that the Independent Contractor is not a current State of Arizona employee.

The ICR form shall be required for Independent Contractors reporting income/payments to a Social Security Number (SSN), regardless of the amount. The ICR form shall not be required for Independent Contractors reporting income/payments to a Federal Identification Number (FID).

State of Arizona employees performing work outside of their job description or performing within their job description, but outside of their home department shall be paid through their applicable payroll system. These individuals shall not be considered Independent Contractors for the purpose of this policy.

It shall be the originating department's responsibility to determine if the service provider is an employee or an Independent Contractor. If it is determined that an employer–employee relationship does not exist, consulting services may be procured, as outlined below, based on the cost of the services.

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PUR 303-04-04: Independent Contractor Services Costing up to \$5,000

For Independent Contractor services costing up to \$5,000, the department shall process a PD document. In cases where an Agreement or Contract is required, the department shall utilize a requisition document. The department may select the firm or individual that shall provide service. Selection shall be on the basis of the best qualified at a fair and reasonable price.

A completed ICR form shall be forwarded to Contracting and Purchasing Services for approval. If the fee is to be charged to a Sponsored Project account, the ICR form shall be forwarded to the Sponsored Projects Department prior to submitting to Contracting and Purchasing Services for final approval. The completed ICR form shall reference the PD document number.

PUR 303-04-05: Independent Contractor Services that cost greater than \$5,000, but less than \$25,000

For Independent Contractor services costing greater than \$5,000, but less than \$25,000, the department shall process a requisition document and forward all supporting documentation to Contracting and Purchasing Services for processing. Contracting and Purchasing Services shall determine the need for competitive bidding. Contracting and Purchasing Services and the department shall select the vendor or individual that shall provide service. Selection shall be on the basis of the best qualified at a fair and reasonable price.

Contracting and Purchasing Services shall determine the need for an Agreement or Contract for services. This determination shall be made after consultation with the department. It shall be the responsibility of Contracting and Purchasing Services to prepare and/or review the Agreement or Contract documents and secure signatures.

An ICR form shall be forwarded to Contracting and Purchasing Services for approval. If the fee is to be charged to a Sponsored Project account, the ICR form shall be forwarded to the Sponsored Projects Department prior to submitting to Contracting and Purchasing Services for final approval. The completed ICR form shall reference the RQS document.

PUR 303-04-06: Independent Contractor Services Costing more than \$50,000

For Independent Contractor services costing more than \$50,000, a sealed competitive solicitation and a formal written Contract for Services, executed by both parties, shall be required.

An ICR form shall be forwarded to Contracting and Purchasing Services for approval. If the fee shall be charged to a Sponsored Project account, the ICR form shall be forwarded to the Sponsored Projects Department prior to submitting to Contracting and Purchasing Services for final approval. The completed ICR form shall reference the requisition document.

CROSS REFERENCE

PUR 301-09 Requisition Documents
PUR 303-00 Competitive Bidding (Complete Section)
[PUR 600-01 Reporting Receipt of Order](#)
[Independent Contractor Request Form](#)