

**SECURING AND PAYING FOR CONSULTANTS
AND INDEPENDENT CONTRACTORS
POLICY AND PROCEDURE**

I. PURPOSE:

The primary purpose of this policy and procedure statement is to guide the institution in three areas: (1) To properly classify employees, consultants and independent contractors; (2) To properly establish, maintain and execute consulting arrangements with non-MSU individuals/organizations; (3) To properly establish and execute intra-institutional consulting arrangements.

All MSU policies and procedure guides inconsistent with the policy and procedures contained herein are hereby rescinded.

II. POLICY:

It is the University's policy that an individual may not act both as an employee and an independent contractor for the institution. Therefore, an individual's status as an employee or independent contractor must be established prior to work/services being performed. Further, no work shall be performed by an independent contractor/consultant prior to the receipt of a properly approved services contract (attachment D.).

III. PROCEDURE:

A. Procedures for determining contractor/consultant classification

The Classification Checklist, HRM-323 (Attachment A, 2 of 2), must be completed prior to the individual performing any services for the University. Upon completion, the Classification Checklist must be forwarded to Human Resources Management for review and determination of classification. Contact HRM if the proposed consultant is a PERS retiree.

In the event that HRM determines the individual to be an employee, a copy of the checklist will be forwarded back to the department for initiation of the appropriate employment paperwork. If the individual is deemed to be an independent contractor, a copy of the checklist will be routed back to the department. The department will then follow the procedures for obtaining appropriate institutional approvals to engage a consultant or independent contractor as outlined below.

B. Procuring Fee-Based Independent Contractor Services from E&G or Designated Funds

After the Classification Check List, HRM 323, has been approved by HRM, a services contract will be initiated by the Department of Procurement and Contracts via the following steps:

1. The originating department or unit will complete the Consulting Services Cover Sheet, P&C-322, and Parts A and C of the MSU Services Contract (Attachment D). Any special terms and conditions should be noted in Part C (note the service contract Part B may not be altered).
2. The department or unit shall secure approval and signature from the appropriate Administrative Channels on the completed P&C-322.
3. The department or unit will e-mail the Consulting Services Cover Sheet, P&C-322, HRM-323 and the completed MSU Services Contract to the Department of Procurement and Contracts.
4. The Department of Procurement and Contracts will assign a contract number to the proposed contract and will then, review, and if all is in order, approve, and sign the services contract which will then be electronically mailed to the consultant/contractor who must review, sign and return the fully executed contract to the Department of Procurement and Contracts. The letter accompanying the contract will also advise the contractor to include the contract number on all invoices.
5. Upon receipt of a fully executed Consulting Agreement, the Department of Procurement and Contracts will e-mail a copy to the department. The department will maintain a copy at the departmental level for reference in evaluating invoices and approving and processing payments through Procurement and Contracts as outlined in section III.D of this policy.

C. Procuring Fee-Based Independent Contractor Services from Restricted Funding

After the Classification Check List, HRM 323, has been approved by HRM, a services contract will be initiated by Sponsored Programs Administration via the following steps:

1. The originating department or unit will complete the Consulting Services Cover Sheet, P&C-322 and attach the services contract (Attachment D) and any special terms and conditions (note the service contract may not be altered).
2. The department or unit shall secure approval and signature from the appropriate Administrative Channels on the completed P&C-322.
3. The department or unit will e-mail the Consulting Services Cover Sheet to Sponsored Programs Administration.
4. Sponsored Programs Administration will review, and if all is in order, approve, and sign the services contract which will then be electronically mailed to the

consultant/contractor who must review, sign and return the fully executed contract to Sponsored Programs Administration.

5. Upon receipt of a fully executed Consulting Agreement, the department will maintain an original copy at the departmental level for reference in evaluating invoices and approving and processing payments through Procurement and Contracts as outlined in section III.D of this policy.

D. Processing Payments for Fee-Based Independent Contractor/Consultant Services

The Consultant shall submit a Statement of Services and expenses (Detailed Invoice), including the contract number identified in Section B4, to the Department. The department shall attach the documentation from the Consultant along with a copy of the Consulting Services Cover Sheet (form P&C-322) and the Classification Checklist (form HRM-323) or the approved PERS check list if the consultant is a PERS retiree to the APDP form or the A-06 form and submit to Accounts Payable for processing. If the invoice includes the contract number, the P&C-322 and HRM-323 will not be required as they will be part of the electronic contract file maintained by Procurement and Contracts. Payments in excess of the value of the services contract are unallowable unless the services contract is formally amended by Procurement and Contracts or Sponsored Programs Administration.

E. Special Exempt Services (and related payment processing procedures)

There are certain types of services that do not require the use of a formal consulting agreement. For non-MSU employees, these services may be procured using the MSU APDP, and, as necessary, the MSU form A-08, Attachment C. The following Exempt Services may be transacted in this manner:

- Advertising
- Appraisal Services by certified/licensed appraisers
- Architect/Engineering Fees associated with building contracts
- Athletic Medical Services by accredited hospitals and medical clinics
- Athletic Officials (SEC or NCAA only)
- CVM Animal lab and medical fees
- Employee Applicants (reimbursement for actual expenses only)
- Hospital EMT and CPR training services
- Maintenance contracts on Equipment
- Moving/Transportation Services
- No-Fee Based, Non-MSU Personnel Travel
- Outside Catering Fees
- Pager Services
- Pest Control
- Postal Charges (i.e. to Mailboxes, Etc., Campus & City Mail Services, etc...)
- Project/Subject Participants

Public Accounting, Real Estate and other services as approved
Speakers
Telephone Services
Temporary Employment Agencies
Utilities

Further procedures for approval of exempt services may be required by the responsible division. Refer to your division procedures for further guidance in this matter.

Review

This policy and procedure will be reviewed every four years or as needed by the Vice President for Research and Economic Development and the Vice President for Finance and Administration.

Recommend:

/s/ Kirk Schulz
Vice President for Research & Economic Development

/s/ Michael J. McGrevey
Vice President for Finance & Administration

Review:

/s/ Don Zant 5-12-09
Director, Internal Audit

/s/ Charles Guest 5-14-09
General Counsel

Approved:

/s/ Mark Keenum 10-7-09
President

NOTE - THIS POLICY HAS BEEN SUPERSEDED