



## TEXAS TECH UNIVERSITY™

### Operating Policy and Procedure

#### **OP 72.17: Procurement of Independent Contractors**

**DATE:** December 11, 2018

**PURPOSE:** The purpose of this Operating Policy/ Procedure (OP) is to set forth the policies and procedures for procuring the services of independent contractors to provide services for the university.

**REVIEW:** This OP will be reviewed in November of even-numbered years by the Chief Procurement Officer with substantive revisions forwarded to the Vice President for Administration & Finance and Chief Financial Officer and the Provost and Senior Vice President.

#### **POLICY/PROCEDURES**

##### **1. Policy**

It is the policy of Texas Tech University that the services of independent contractors are procured in accordance with state of Texas laws and federal regulations. All services shall comply with Internal Revenue Service (IRS) regulations. Policy for distinguishing independent contractors from university employees is set forth in [OP 62.37, Establishing Employee/Independent Contractor Status](#). Independent contractors include individuals and businesses operated as sole proprietorships.

In addition to general business services, independent contractor services may include guest speakers, visiting lecturers, external members of committees and advisory boards, individuals conducting collaborative research, and others qualifying as independent contractors in accordance with [OP 62.37, Establishing Employee/Independent Contractor Status](#). Independent contractors will be selected based on demonstrated competence and qualifications at a fair and reasonable cost that does not exceed any maximum allowances authorized by state law and university policy.

In addition to this policy, the policies for procuring consultants or professional services are set forth separately in OPs [72.08, Use of Consultant Services](#), and [72.20, Professional Services](#), respectively.

##### **2. Current and Previous Employees**

Current employees of the Texas Tech University System or a component institution may not be paid for services as independent contractors. Any allowable employee payments must also comply with [OP 72.03, Conflicts of Interest Relating to Purchasing, Payments, and Contracts](#). Former or retired employees who have been paid by Texas Tech University System or a component institution during the previous twelve months also may not be paid for services as independent contractors with appropriated funds (funds beginning with 11-14) in accordance with Texas laws. Procurement of services to this class of former/retired employees may be paid from

other sources provided the independent contractor criteria set forth in [OP 62.37, Establishing Employee/Independent Contractor Status](#), have been met. Allowable payments for services to current and former employees are processed through the Employee One-Time Payment System (EOPS) as a payroll expense.

### 3. Procurement Requirements

- a. Services for independent contractors are procured in accordance with [OP 72.09, Procurement of Good and Services](#), and encumbered through TechBuy. To comply with IRS and state requirements, both the *Vendor Setup Form* <https://www.depts.ttu.edu/procurement/forms/documents/vendors/procurement-new-vendor-setup-form.pdf> and the *Independent Contractor Questionnaire* <http://www.depts.ttu.edu/opmanual/OP62.37A.pdf> are required to be attached to the requisition. The independent contractor must comply with all vendor requirements, including debarment rules for the State of Texas and the federal government. For research participants, a W-9 form will be allowable in lieu of the *Vendor Setup Form*.
- b. For any independent contractors seeking reimbursement of travel or business expenses, original receipts must be submitted to Procurement Services. (Note: for expenses to be processed as a non-taxable reimbursement, the independent contractor must submit receipts that comply with IRS accountable plan rules within 60 days after the expense is incurred or 45 days after the services are rendered, whichever is sooner.)

For services provided under sponsored projects (funds beginning with 21-23), the *TTU Research Provider* form in TechBuy is used to document the scope of work and payment terms.

- c. For all funding sources where a formal contract is required, the Chief Procurement Officer or their designee will assist in the preparation of the contract. The contract and the *Contract Routing Sheet* <https://www.depts.ttu.edu/procurement/forms/documents/contracting/procurement-contract-routing-sheet.pdf> must be attached to the requisition for review, modification, and execution.
- d. If the service is not procured competitively and exceeds \$15,000 per annum, explanation is required on the *TTU Justification for Proprietary Purchase* form for non-sponsored project funds. For sponsored projects funds 21, 22, and 23, the *TTU Research Provider* form is required.
- e. Special payment requests must be noted on the requisition in TechBuy by checking the Advance Pay button and including internal notes.