

## How to Contract for Professional Services

The policies and procedures to contract for Professional Services are based on the total anticipated fees and allowable expenses for the duration of the contract including all renewal periods. For any Professional Services agreements entered into with individuals, departments must follow the administrative procedures outlined in [Classification of Independent Contractors versus Employees](#) section of this policy.

### Guidelines for Selection of Professional Services Provider

- A determination is made that the services **cannot** be performed more economically or satisfactorily through the University employment process.
- An appropriate and competitive selection process is used to secure the most qualified firm or business entity or person available, subject to the constraints of timeliness and costs.  
**Note:** A competitive process should be done each time an agreement has expired.
- Charges are appropriate considering the qualifications of the Independent Contractor, the Contractor's normal fees and the nature of the services.
- Conflict of interest is avoided. In general, the following individuals are prohibited from contracting with the University:
  - Members of The Board of Trustees
  - University Officers and Employees
  - One's Spouse and Minor Children
- If the services are to be provided by an individual and not by a business entity or firm, the Service Provider is properly identified and classified as an Independent Contractor versus an employee. The first step in contracting is to make this classification determination using the University's policy and guidelines contained in [Classification of Independent Contractors versus Employees](#) section of this policy.

**Note:** The Internal Revenue Service (IRS) may impose penalties on an employer that fails to correctly classify an individual as an employee and thereby fails to withhold the required income and employment taxes. If an individual is classified as an employee, departments should contact Central University Human Resources for information and assistance on how to process an appointment or payment for the individual in question.

- In unusual cases where consultation is across organizational lines, and the work performed is in addition to the individual's regular workload, special approval may be requested from the Office of the General Counsel and Human Resources to enter into a separate consulting contract with the employee, including payment of a reasonable and customary consulting fee. This fee is in addition to the employee's salary as an employee. The Office of the General Counsel and Human Resources are authorized to approve such consulting arrangements with an employee only if the services are deemed essential to the University. If such a request is approved by these respective offices, a written copy of the approval must be provided to Purchasing along with the other required supporting documents to process the Purchase Requisition.

In addition, if a University employee is paid a Consultant fee or additional compensation from restricted funds provided by the U.S. government, **prior written approval must be**

**obtained from the sponsoring agency.**

Additionally, Sponsored Projects Administration (SPA) should also be contacted relative to information regarding possible payment limitations.

- Procedures for contracting for Professional Services with resident aliens are the same as detailed in this section. No Immigration and Naturalization Service (INS) or IRS restrictions exist regarding contracting with resident aliens for services.
- Instructions for contracting for Professional Services with nonresident aliens as Consultants, scholars, and dignitaries who will receive a University payment for services can be found in <http://finance.columbia.edu/content/foreign-vendor-payments>. This includes University payments either directly to or on behalf of the nonresident alien for services as an Independent Contractor or expenses (i.e., Hotel, Meals, Transportation, etc.). Services as an Independent Contractor include Lecturing, Consulting, or Other activities for which the nonresident alien provides a service for payment to the University.

### **Contracting Methods and Related Documentation**

Before services commence, the department should ensure that all required documentation for contracting for a Service Provider has been completed **PRIOR** to the performance of any service(s).

Department should not sign any document presented by Service Provider (i.e. Letters of Intent, Engagement Letters, Scope of Work, Agreements, etc.) without first providing these documents to Purchasing for review.

Payment may not be made to the Contractor without a fully executed Purchase Order. **Note:** There will be Auto-sourced POs with only UWPA Vendors (i.e., Apple, Dell, etc.).

Please make sure the Scope of Work Value agrees to the Requisition Value prior to submission. You can create a PO for the full amount and encumber any amount you choose up to the PO value.