

NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS

PERSONAL SERVICES CONTRACT

A Personal/Consultant Services Contract is used when a department identifies the need to hire an independent contractor. An independent contractor cannot be a permanent employee of the school based on IRS policy. There is one process to follow when hiring an independent contractor.

All Personal Services Contracts must be handled through Human Resource who provides assistance to the hiring manager in identifying that the hire is an independent contractor.

All independent contractor hires are contingent on availability of funds.

Note: If the service provider is an employee of another State Agency, the **Dual Employment Policy** applies. The dual employment policy is a state-wide uniform policy to be followed when one state agency secures the services of an employee of another State agency on a part-time, consulting or contractual basis. A Dual Employment Request Form must be completed and approved by the Chancellor and a Form **CP-30** is used for payment and reporting purposes involving dual employment. (See Dual Employment)

Advertising

Advertising for an independent contractor is not required. Departments may advertise for independent contractors on the Schools website or in local newspapers.

Identifying an Independent Contractors

An independent contractor is identified by completing the "Independent Contractor Classification Documentation" and by a review of the 20 Common Law Factors.

DEPARTMENT RESPONSIBILITIES

When a department identifies that the service provider who will be providing the temporary services is an Independent Contractor, the department completes a **Request for Personal/Consultant Services Form**. The request form is forwards to Human Resources along with other supporting documentation for approval. Once approved by Human Resources, the request form will be forwarded for approval to the funding office for approval of funds.

The "Request for Personal/ Consultant Services" form can be found in the UniCenter on the Human Resources Homepage, the Business Office Homepage or the Foundation Homepage under Forms.

Requests for contracted personal services must be submitted **two weeks** prior to the effective date to allow time to determine dual/additional or foreign national status, to allow time for approval of funds and to allow time for a **Criminal Background Check** to be initiated, if applicable. Incomplete forms will be returned to the requesting department which will delay the timely approval of the request.

The personal service provider must provide the following documentation prior to employment.

- Pre-Contract Checklist for Personal Service Providers
- Form W-9 Request for Taxpayer Identification Number and Certification
- Criminal Background Check (if applicable)
- Evidence of Independent Contractor status

The required documentation may be mailed or faxed to the service provider prior to employment, requesting that it be returned so that it can be submitted alone with the Request for Personal/Consultant Services Form for approval. (See Required Documentation for approval)

Timelines for Contracted Services

Request for services must be less than six (6) months. If services are needed beyond six (6) months, a new Request for Personal/Consultant Services form must be submitted for approval along with a letter of justification giving the reason for the additional 6 months request. If the dates on the original Request for Personal/Consultant Services form are extended, a new form must be completed, however, additional documentation from the service provided is not required. Any services needed over six (6) months, must be approved by the Office of Human Resources. Initials are not accepted on original request forms to extend the dates of needed service.

Personal Service Contract effective dates can not extend over fiscal years. For example, if a service provided is needed for 6 months and the 6 months request dates are within the end of the fiscal year (June 30) or beginning of a new fiscal year (July 1), two requests will be required. One request would be dated to end of June 30th and the second request would begin July 1st. This requirement is due to encumbering funds within fiscal years.

Required Signatures

Obtain Dean/Director and Vice Chancellor approvals prior to submitting the request form to Human Resources and at least two (2) weeks prior to the dates of needed services.

- Human Resources will forward the request to the appropriate funding office for signature.
- The funding office will forward the request for final approval and signature to the Chancellor.

Employee vs. Independent Contractor

Human Resources can assist the department in determining if the service provider is an employee or an independent contractor, dual employment, additional employment, or foreign national. “**Definitions of Employment**” can be found on the Human Resources Homepage of E-Central.

A service provider designated as an “Independent Contractors” can be determined according to the **20 Common Law Factors** developed by the IRS.

If the selection of a service provider is foreign national, confirm eligibility for employment by requesting a copy of the Permanent Resident Card (Visa) or Alien Registration Receipt Card (Green Card) that provides an expiration date for authorization to work. Non-US Citizens must confirm eligibility to be compensated before performing any work. Approval for the Personal/Consultant Services may be delayed due to additional time needed to confirm eligibility for employment for foreign nationals.

Students are not eligible to work under this service.

Required Documentation

All service providers who are not employees of NCSSM must provide a **Form W-9** with appropriate documentation and are subject to a criminal background check.

The department must confirm that there are no conflict of interests (e.g., employment of relatives, employee/agent services) as outlined in NC General Statute {14-234 (c) - 14-236} and the State Personnel Policy. If there is a conflict of interest, an **Anti-Nepotism Statement** must be attached to the Personal/Consultant Service Request form.

When the Request for Personal/Consultant Services form is submitted to Human Resources, be sure to attach:

- Independent Contractor Classification Documentation
- Pre-Services Checklist

- Brief description and justification of the work
- Evidence of Independent Contractor Status
- Form W-9 Request for Taxpayer Identification Number and Certification
- Criminal Background Check form (if applicable)
- Anti-Nepotism Statement (if appropriate)

Pay and Funding

Human Resources can assist the department in determining the job classification equivalence of the work and appropriate pay rate based on the State of North Carolina Classification and Compensation guidelines.

The Business Office, Foundation Office, or the SCSSI Accountant can assist the department to be sure that funding is in the appropriate account. If funding is not in the appropriate account, the department must submit a budget transfer. The department must confirm budget approval prior to submitting the Request for Personal/Consultant Services form to Human Resources.

If lapsed salary from a vacant position is the source of funding, contact the Business Office for prior approval. Be prepared to provide the position number from which lapsed salary is to be drawn.

A final bill for services must be provided to the Payroll Department. When the work is completed by the independent contractor, the department must:

- Submit the bill of the services along with a Check Request and a copy of the approved Request for Personal/Consultant Services form to the funding office for payment.

Contact the Business Office, Foundation Office or SCSSI Accountant for additional information if needed.

HUMAN RESOURCES RESPONSIBILITIES

When Human Resources receives the Request for Personal/Consultant Services form, an approval is made based a review and confirmation of:

- Type of services needed
- "Employee" vs. "Independent Contractor"
- Dual/additional/foreign national service provider status
- Length of time services are needed
- Salary/classification based on description of the work needed
- Completion of needed documentation attached to the request form
- Completion of salary source information identified

Human Resources identifies if a Back-Up Withholding calculation is required based on information provided by the service provider on the Form W-9. FICA and retirement tax are not calculated and deducted for the service provider who is identified as an independent contractor.

Human Resources forwards the Request for Personal/Consultant Services form to the appropriate funding office for completion of the process.

BUSINESS/FOUNDATION/SCSSI RESPONSIBILITIES

The Business Office, Foundation, or SCSSI approves all funding for the services provider.

An independent contractor is not subject to withholding taxes. An independent contractor transaction is treated like an outside vendor, with all concurrent considerations for 1099's, federal ID numbers and payment invoices and is paid through the accounts payable system.

Once all approvals are obtained:

- A contract letter is prepared for a service provider designated as an "independent contractor". The contract letter and the Request for Personal/Consultant Services form are forwarded to the Chancellor for final approval and signature.
- The hiring department is notified of the approval to hire the service provider by notification from the Business Office, the Foundation Office or the SCSSI Accountant.
- The contract letter is sent to the service provider and a copy to the hiring department.
- The original approved Request for Personal/Consultant Services form, all attached documentation and the contract letter is filed with the Business Office, Foundation Office or the SCSSI Accountant.

Once services have been completed for a service provider:

- Department Dean or Director must send an approved bill and check request to the Business Office, the Foundation Office or the SCSSI Accountant. A review is made of the contract agreement and the approved bill to ensure correct payment to the service provider.
- An independent contractor is paid on the weekly pay cycle

Criminal Background Check Form

All individuals performing work in an NCSSM program are potentially subject to a criminal background check before commencing work. It is determined by the Director of

Human Resources whether to order a background check based on the degree to which the individual will have significant unsupervised access to students, unsupervised access to physical or electronic facilities, any access to financial materials, the length of contract, and status as a current or retired NCSSM employee without a break in service.

If an independent contractor completes services off campus and does not have any interaction at the school and/or with students, no criminal background check will be required. However, a statement must be submitted along with the Request for Personal/Consultant Services from the hiring department that identifies where the services will be performed. Through this statement, Human Resources documents approval that no criminal background check is required. (An example for not requiring a criminal background check is: Athletic Booking Fees, Outside Evaluations or Report Writing, or Development of Digitizing Slides)

Fees for a criminal background check for services providers by Personal Service Contracts are charged to the requesting department. The Director of Human Resources reviews the background check and determines, in consultation with the General Counsel if necessary, whether disqualification of submitting the background check is appropriate.

A previous conviction does not automatically disqualify an applicant from consideration from employment with the School. However, an individual who fails to reveal any previous conviction is automatically disqualified from service in any NCSSM program. The Director of Human Resources reports eligibility/disqualification to General Counsel. Further information is available in the NCSSM Criminal Background Check Procedure.

Related Forms:

- Request for Personal/Consultant Services
- Pre-Services Checklist
- Independent Contractor Classification Documentation
- Form W-9
- Criminal Conviction Check