

## **Business Manager Meeting Notes**

September 28, 2005

The September 28, 2005 Business Managers Meeting included information on Student Employment procedures, new cell phone plans available from Rocket Telecom, independent contractors, the role of contract administration, and an update on Project EntERPrise's HR Go Live.


Tom Page, Controller, opened the meeting. He first introduced our new General Accounting Manager, Becky Burdue. Tom also mentioned that revised cell phone procedures, effective September 1, 2005 are in place. If there are any questions about these procedures, please e-mail Tom. You may also refer to the Controller's web site, <http://controller.utoledo.edu/UTCCellPhone.asp> for the information

Kay Vargo, Budget Administrator in EIT, shared information about a planned computer systems outage on November 11, 2005 (Veteran's Day, a UT holiday). This day was selected so that the effect on students and employees will be as minimal as possible. The purpose of this outage is to perform a mandatory test of the fire suppression system in the University Computer Center (UCC) main computer room. At 6:00 am on Nov. 11, all computer systems will be shut down and fire systems will be tested and reset. After this is completed, the computer systems will be brought back online. The total outage time is estimated to be between five and eight hours.

Dr. Ardenia Jones Terry, Associate Vice President, Student Life, introduced Beth Nicholson, Assistant Director, Career Services, and Sheila Anderson, Student Employment representative. Beth mentioned that an initial letter on SEPA procedures went out within the past month. She showed a PowerPoint draft of a training session. Three training sessions are being scheduled for this academic year. Beth commented that there were 200 rejected time cards for the Sept. 16 pay date, and 127 rejected time cards for the Sept. 30 pay day. The reasons that the time cards were rejected include missing in/out times, inaccurate or missing account number, missing signature, account not set up, account not set up for the rate stated on the time card, assignment ended on account, account number start date doesn't match time card, and not on the Payroll system. The two biggest reasons time cards were rejected were for not being set up on the account or not on the Payroll system. Beth asked that the attendees share this information with those in the departments who fill out SEPA (Student Employment Personnel Action) forms and time cards. For complete guidelines, refer to the Career Services web site, <http://www.student-services.utoledo.edu/career/>.

Please note: Since this Business Managers Meeting, the Payroll Office has announced several changes to the due dates for PA's, timecards, and review of rejected time cards in November, December, and January. These changes are necessary due to the holidays and the Banner system conversion on January 1, 2006. Please refer to <http://payroll.utoledo.edu/PayrollNoticesSchedules.asp> and see the document dated October 28, 2005 for information on these changes.

Carole Sedlock, Telephone Coordinator, Rocket Telecom, did a presentation on the new cell phone programs available. UT partnership with Alltel will be ending, and the program will not longer be called Rocket Freedom. The program will be called Rocket Wireless, and customers may choose between plans offered by Sprint and Verizon. The conversion should be complete by the end of November. Rocket Telecom wants to keep existing customers and gain new ones. All current Alltel customers will receive a letter requesting that they set up an appointment to meet with someone from Telecom to discuss their cell phone choices. Current customers can keep their existing phone numbers. Information on the Rocket Wireless program, conversion schedule, and the plans and phones available with Sprint and Verizon is on the Rocket Telecom web site, <http://telecom.utoledo.edu/>.

Lynne Philibin, Senior Business Manager, Arts & Sciences; and Kwabena Kankam (KK), Director, Internal Audit: did a PowerPoint presentation on policies and procedures for independent contractors (Independent Contract 63KB). A committee comprised of Lynne; KK; Gary Andres, Director, Grants Accounting; Matt Dills, Director, Compensation and Employment Services; and Randy McElfresh, Director, Labor and Employee Relations; came up with these recommendations. To ensure correct classification as an employee or independent contractor, the President (and his delegates in his capacity as “Appointing Authority”) will determine the person’s status based on common standards. For determination of independent contractor status, contact Matt Dills or Randy McElfresh in Human Resources. Matt mentioned that the threshold is fairly high; the high exposure (risk) requires determination. If you have a question, contact Matt or Randy.

Colleen Miller, Contract Administrator, Business Services, discussed the role of contract administration. She mentioned a few major reasons for upholding signature authority: potential lawsuits, it’s the law, and an unauthorized person who signs may be held personally liable. Colleen’s role will be working more on the back-end compliance side, but she will still help with the front-end as needed. She reminded the group about a few key points: all contracts still go through Legal Counsel; in order to expedite contract payment, know the University’s terms and conditions; verify that the governing law is the State of Ohio; vendor terms are negotiable; and understand the time limitations on processing contracts. For more information on the contract review process, refer to the Contract Administration web site, <http://www.businessservices.utoledo.edu/ContractAdmin.asp>.

Brian Bushong, Director, ERP Project; and Rick Kessler, Manager, Employment Services, HR, and ERP Team Member; presented updates on Project EntERPrise and HR Go Live. Rick discussed items related to HR implementation and the go live lists for January 1, 2006 and beyond, [http://projectenterprise.utoledo.edu/HR\\_GO\\_LIVE.asp](http://projectenterprise.utoledo.edu/HR_GO_LIVE.asp). Brian stated that PA (Personnel Action) forms will change. Other forms that will change include absence reports, ATH (Authorization to Hire), and fee waiver forms, all of which we currently order through Office Depot.

Since the HR go live date is January 1, 2006, Brian asked that departments process PA's and retroactive pay PA's in a timely manner before then.

Things are going quite well converting tax tables, health care, and insurance. The conversion from SCT Plus to SCT Banner as a whole is going well; the team is dealing with the nuances of the systems. The last step will be job assignment detail.

The first parallel payroll run has since been tested for the October 14, 2005 pay. Overall, things looked quite good. If all goes as planned, the first pay in January will be from the Banner system.

Training on the new HR system will be in November and December. Details will be coming out soon.

Attachment:

Independent Contractor  63KB

# INDEPENDENT CONTRACTOR

## Policy & Procedures

**By Committee Members:**

Lynne Philibin

Gary Andres

Matthew Dills

Randy McElfresh

Kwabena Kankam

# Policy

- **3360-50-xx Independent contractors (including consultants).**
- To ensure proper classification as an employee versus an independent contractor, the University's "Appointing Authority" will determine the individual's status in accordance with established criteria. Each unit must obtain formal University approval before extending an offer to any individual who provides services.
- In accordance with the University policy "Classification and Pay," any of the persons holding the positions of chief finance and operations officer or chief human resources officer may act for the president in the president's capacity as "Appointing Authority."
- The president shall establish administrative procedures for implementing this policy.

# PROCEDURES

## **PROCEDURES FOR CONTRACTING WITH INDEPENDENT CONTRACTORS (INCLUDING CONSULTANTS)**

Designation of independent contractor (IC) status for an outside service provider is governed by the Internal Revenue code and common law. Significant tax penalties exist for incorrect classification of an employee as an independent contractor. In addition, contracting with an independent contractor may expose the University to significant risk. Therefore, it is imperative that common standards are applied in classification and contracting, and that each case is fully documented and auditable. Individuals who have not been certified by the University as an IC must be hired as an employee before providing services.

**PROCEDURES FOR CONTRACTING SERVICES WITH AN INDEPENDENT SERVICE PROVIDER (INDEPENDENT CONTRACTOR)**

Department/Principal Investigator	Human Resources	Accounts Payable
<p>1. If a vendor number for the service provider already exists in FRS, follow established purchasing procedures, beginning with "a" below.</p> <p>2. If no vendor number exists, collect vendor information on Form A.</p> <p>3. Contact Human Resources designee for determination of Independent Contractor (IC) vs. employee status.</p> <p style="text-align: right;">→</p> <p>If IC status is approved:</p> <p>a. Follow Purchasing procedures for contracted services.</p> <p>b. If a purchase requisition is not necessary, complete the IC agreement and obtain the signature of the IC. Obtain appropriate University signatures in accordance with established procedures before work begins.</p> <p>c. Submit executed contract, IC approval from HR for new vendor, and completed substitute form W-9 with payment requisition to Accounts Payable.</p> <p style="text-align: right;">→</p> <p>If IC status is not approved, follow established hiring procedures.</p>	<p>1. Make determination of employee vs. Independent Contractor status.</p> <p>2. Notify requestor of decision.</p> <p style="text-align: left;">←</p> <p style="text-align: center;">→ → → → → → → → →</p>	<p>1. Assign vendor number.</p> <p>2. Process requisitions according to established procedures.</p>

# Procedures - (Cont'd)

- The following outlines the three conditions that must be fulfilled **before** engaging an outside service provider:
  - I. Determination of status
  - II. Procurement of services
  - III. Risk management and insurance

# Procedures - (Cont'd)

## I. DETERMINATION OF STATUS

Contact Human Resources to determine employee versus IC status. Provide Human Resources with the information Requested on Form A – Independent Contractor Status. Exceptions to this procedure are described below:

1. The service provider is incorporated, a professional firm, or a partnership.
2. The payment is for the following:
  - a. Royalty or permission fee – a payment representing compensation for the sale or use of copyrighted or patented work
  - b. Prize or award (non-employee only) – reward or monetary gift for a competition or other scholastic achievement
  - c. Human subject fee – a nominal fee paid to an individual to participate in a research project, survey or study
  - d. One-time lecture fee (non-employee only) – compensation for a one-time service, such as a discourse or lecture to a class

# Procedures - (Cont'd)

3. The service provider has an existing vendor number assigned by Accounts Payable (indicating prior approval by Human Resources)
4. The amount of the contract requires bidding procedures. The Purchasing Department will obtain IC approval in this instance.

Human Resources will make a determination of employee versus IC status and notify the requestor. If HR determines the service provider should be an employee, follow established hiring procedures. If HR determines the service provider is an IC, continue to Section II.

# Procedures - (Cont'd)

## II. Procurement of Services

- A. Follow established University purchasing procedures for contracted services. (See University Policy Manual Sections V-4-4, Purchasing Policies; V-4-5, Unauthorized Purchases; and V-4-6, Bidding Policies and the University Purchasing website for current procedures.)
- B. If a purchase requisition is not necessary, complete the Independent Contractor Agreement and obtain the signature of the IC. Obtain appropriate University signatures in accordance with established procedures before work begins. Note: See Section III below before obtaining any signatures.
- C. Submit executed contract, IC approval from HR for new vendor, and completed substitute form W-9 with payment requisition to Accounts Payable.
- D. Accounts Payable will assign a vendor number and process requisitions according to established procedures.

# Procedures - (Cont'd)

- III. Risk Management and Insurance
- A. Contact Risk Management to determine what evidence of liability coverage, if any, is needed before executing the Independent Contractor Agreement.

**FORM A – INDEPENDENT CONTRACTOR STATUS**

1. What services are being provided? What is the anticipated total value of the services?

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2. Is the University the main workplace of the SP? Yes \_\_\_ No \_\_\_

3. Does the service provider (SP) set the sequence of tasks to accomplish the work? (i.e., the University has no right to set this sequence.) Yes \_\_\_ No \_\_\_

4. Is the SP subject to the instructions outlined in the contract, but otherwise is not instructed by the University about when, where and how to work? Yes \_\_\_ No \_\_\_

5. Does the SP furnish their own tools, materials and the like? Yes \_\_\_ No \_\_\_

6. Does the SP hire and supervise others to assist in the completion of the work? (i.e., the decision to hire assistants is solely within the control of the SP and in no way affects his/her remuneration.) Yes \_\_\_ No \_\_\_

7. Does the SP bear all business expenses associated with the performance of the work, including insurance (e.g., worker’s compensation, unemployment, general liability), travel, meals and lodging unless such expenses are spelled out in the contract? Yes \_\_\_ No \_\_\_

8. Does the SP provide the equipment and place to perform the service where it is customary trade practice to do so? Yes \_\_\_ No \_\_\_

9. Is the SP in a position to realize a profit or suffer a loss as a result of their services? Yes \_\_\_ No \_\_\_

10. Can the SP be discharged if the contract specifications are not being met? Yes \_\_\_ No \_\_\_

11. If the SP terminates the service contract with the University before fulfilling the terms, will the SP incur a liability? Yes \_\_\_ No \_\_\_

12. Does the SP make services available to the general public (outside the University community)? (This may include hanging out a “shingle,” holding a business license, advertising a service or listing of a business telephone.) Yes \_\_\_ No \_\_\_
13. Is the SP providing services that will become integrated into the day-to-day operations of the University? Yes \_\_\_ No \_\_\_
14. Is the SP free to work when, for whom, and for as many employers as they choose and not required to work full-time for any one employer? (i.e., there is no agreement of exclusivity with the University.) Yes \_\_\_ No \_\_\_
15. Are the hours of work chosen at the SP’s discretion? (When the work is performed on university premises, the independent contractor may be required to function within certain hours, but need not be present at any specific time.) Yes \_\_\_ No \_\_\_
16. Is the SP paid a fixed fee? Yes \_\_\_ No \_\_\_
17. Does the SP have a one-time relationship with the University? (Services may be considered continuing even though they are performed at irregular intervals, on a part-time basis, seasonally, or over a short-term.) Yes \_\_\_ No \_\_\_
18. Is the work being performed on University premises for the contract project only? Yes \_\_\_ No \_\_\_
19. Is the SP subject to training by the University? Yes \_\_\_ No \_\_\_
20. Has the SP worked as a University employee within the last calendar year? Yes \_\_\_ No \_\_\_

*Contact Human Resources upon completing this form*