

## Personal Services Contracts

**NOTE:** The website URL for **Workday reference guides** that are referenced in this section is:  
<https://confluence.esg.wsu.edu/display/WKB/Workday>

### OVERVIEW

Personal services are professional or technical services provided by a contract consultant to accomplish a specific study, project, task, or other work statement. Contractors who provide personal services serve the University as objective advisers by rendering professional opinions, judgments, or recommendations.

Personal services:

- Are generally infrequent functions of a professional or technical nature.
- Often assist the University with setting policy and/or making decisions.
- May range from simple projects, such as graphic design, to complex consulting engagements resulting in development of complex computer systems.

### Contractor's Services

A contract consultant's services may include:

- Offering advice based on specialized knowledge, skills and experience.
- Conducting studies.
- Analyzing and evaluating technical issues.
- Providing advice and training to improve managerial and administrative operations.

Independent contractors performing services for the University have occupations such as accounting, marketing, finance, engineering, architecture, legal services, auditing, organizational development, management services, medical and health services, strategic planning, research, and environmental technology.

### University Procedures

Departments are to follow the procedures in this section to establish contracts for personal services. This section provides instructions for departmental interaction with Purchasing Services. Purchasing Services is responsible for ensuring that the University complies with complex state requirements regarding personal services contracts.

Contact Purchasing Services for assistance.

## **Personal Services Contracts**

### **Applicability**

The policies and procedures in this section apply to all personal services contracts and amendments regardless of funding source. The only exceptions are for contracts supported by accounts in function FN068 (agency accounts).

### **Employee or Contractor?**

Refer to *BPPM* 60.01 for guidelines for determining whether the personal service should be provided by a University employee or an independent contractor.

### **Employees**

WSU does not issue personal services contracts to WSU employees performing services that are part of their official duties. When these services are provided by a WSU employee, WSU considers the duties a part of the employee's assignment or additional duties that may result in extra compensation. See *BPPM* 60.01 for more information.

An independent contractor may be an employee, if all applicable policies and regulations are met, but the services provided may not be similar to the official duties expected in the employee's employment capacity. Additional procedures must be applied to ensure that the employee, as independent contractor, is awarded the contract fairly, without influence, and the services are not part of official duties. See *BPPM* 70.15.

### **Retired WSU Employees**

Normally, WSU does not enter into personal services contracts with retired WSU employees.

- Payments for services may affect WSU retirement supplement amounts depending upon the criteria specified by the WSU retirement system rules.
- WSU may not use a personal service contract to employ a retired person to perform the same or similar duties the employee performed for WSU as an employee. The retired contractor's assignment must have the same characteristics as others in similar services contracts.

## **Types of Contractors**

### **Consultants**

A contract consultant may provide an independent, unbiased perspective on a problem. University administrators may find value in the service of a firm or individual who is not influenced by internal factors and who may contribute a fresh viewpoint.

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Consultants (cont.)

The University does not have direct supervisory or managerial control over the day-to-day activities of a consultant providing a service. The consultant's contract includes a specified deadline. The consultant does not have the authority to decide, command, or control University affairs.

Process payments for such consultants in accordance with this section.

Speakers and Conference Presenters

Speakers and conference presenters are also independent contractors and their fees and expenses may be processed as personal services contracts, depending upon the nature of their services. NOTE: If an individual teaches a class for which the University provides the facility, supplies, and directs the results of the class, the person is considered to be an instructor (employee), and not a speaker (independent contractor). See *BPPM* 60.01.

*Less Than \$10,000,  
Includes Travel*

If a speaker's or participant's fee is less than \$10,000 and includes travel expenses, complete a Spend Authorization in Workday to obtain approval to pay for services. See *BPPM* 95.01, 95.20, and 95.25 and the Workday Create Spend Authorization reference guide and the Create Expense Report reference guide for procedures on completing the Spend Authorization and the Expense Report in Workday.

*Less Than \$10,000,  
No Travel*

If the speaker fee is less than \$10,000 and does not include travel expenses, complete a State of Washington Invoice Voucher to request payment of the fee. See *BPPM* 30.45 and 95.25 for procedures.

*More Than \$10,000*

If the speaker fee is \$10,000 or more, complete a purchasing Requisition in Workday as indicated under [Contract Request](#). See *BPPM* 70.10, *BPPM* 95.25, and the Workday Create Requisition reference guide.

**EVALUATION**

**Departmental Personnel**

Prior to any contact with a prospective contractor, departmental personnel are to carefully consider the project. Considerations might include the nature of the problem, the source and availability of funds, the scope of the services desired, and the type and extent of the preliminary information to be shared with prospective contractors.

## **Personal Services Contracts**

Grants and Contracts                      If sponsored funds are to be used, departmental personnel are to review the grant or contract to be sure the service is allowed.

NOTE: If a grant worktag is used, the review and approval are automatically done in Workday.

**Purchasing Services**                      Purchasing Services reviews requests for independent contractors to determine whether the duties are appropriate for an independent contractor or for WSU employment.

Purchasing Services contacts the prospective independent contractors, completes negotiations, and reviews and approves contracts and files documentation centrally.

Competition                                      Purchasing Services coordinates solicitation to guarantee competition. State laws emphasize solicitation from a number of qualified contractors for any contract of \$10,000 and over.

Competitive Bids                                Purchasing Services identifies the kinds of services for which competitive bidding is required. The bidding procedures provide an equal opportunity to qualified parties, culminating in the selection of a contractor. Selection criteria may include the consultant's fee, ability, capacity, experience, reputation, responsiveness to time limitations, responsiveness to solicitation requirements, quality of previous performance, and compliance with statutes and rules relating to contracts or services.

Evaluating Contractors                      Purchasing Services requests a departmental recommendation after a competitive process.

Purchase Order                                      For contracts less than \$10,000, Purchasing Services may issue a Purchase Order. In some circumstances, Purchasing Services may ask the department to prepare a contract, depending on the complexity of the project.

## **REQUIREMENTS**

**Competitive Bidding**                              Purchasing Services is required to seek competitive bids for all personal services contracts except:

- Sole source contracts and amendments.
- Emergency contracts and amendments.
- Expert witness contracts and amendments.

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- Competitive Bidding (cont.)** • Contracts for less than \$10,000 (unless the contracts with a single contractor cumulatively equal or exceed \$10,000 in a fiscal year).

**Sole Source** The nature of the required service may restrict the selection to one person or company. Sole source requests require substantial justification. (see [Contract Request](#)).

## **PROCESSING A CONTRACT**

**Contract Request** To initiate a personal services contract, the department prepares a Create Contract Request in Workday which includes a brief description of the required services. (See the Workday Create Contract Request reference guide.)

**Sole Source** The department may identify a sole source supplier to provide the service. This requires completion of the sole source justification template available on Purchasing Services website at:

[purchasing.wsu.edu/general-information-about-purchasing/](http://purchasing.wsu.edu/general-information-about-purchasing/)

Provide the name, income tax address (1099 address), title, social security number (or federal employer ID number), and other information about the firm/person that would assist in evaluating the sole source contractor.

Attach the completed justification to the Requisition in Workday.

**Preparing the Contract** A contract is required if the agreement is for \$10,000 or more and may be necessary for agreements of less than \$10,000. The department prepares the personal services contract.

**Contract Template** A template for personal services contract is located on the Purchasing Services website:

[purchasing.wsu.edu/personal-services-contracts/](http://purchasing.wsu.edu/personal-services-contracts/)

**Documentation Checklist** A department completes the following to initiate a Personal Services Contract:

- Departmental Create Request in Workday (see the Workday Create Contract Request reference guide).

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### Documentation (cont.)

- Contract
- Supplier's quote
- Sole source documentation, if applicable

### Routing and Approval

The appropriate Cost Center Manager approves the personal services contract in the Create Contract process in Workday.

If Purchasing Services has directed the department to complete a contract and/or sole source documentation, attach these documents to the Contract Request in Workday. after the principal administrative officer has approved the Contract Request.

### Wait for Approval

The department must wait for notification from Purchasing Services before making a commitment to the contractor.

## **PAYMENT**

The contractor submits an invoice to the WSU Controller. The statement may be on a State of Washington Invoice Voucher (see *BPPM 30.45*) or the contractor's own invoice document. The invoice must include a reference to the WSU Purchase Order number or the applicable WSU contract number.

### **Payroll Taxes**

WSU does not collect social security taxes, withholding taxes, or any other payroll taxes from payments to independent contractors.

### **Fringe Benefits**

WSU does not provide fringe benefits to individuals providing services via personal service contracts.

### **Federal Income Tax**

If the total amount paid to an individual or a partnership on a personal services contract exceeds \$600 within one calendar year, WSU reports the total amount to IRS on form 1099. A copy of the 1099 is sent to the independent contractor.