Personal Services Contracts

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 fairly 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.

Statutes/Regulations

*WSU employees involved in obtaining personal services from independent contractors are to comply with the applicable laws. (RCW 39.29)*

*WSU employees who violate applicable regulations and statutes may be subject to civil penalties of $300. Contractors who knowingly violate regulations and applicable statutes may also be subject to civil penalties. (RCW 39.29)*
**Purchasing Services Contracts**

**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.

**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 program 17C (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. 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.

**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.

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.
## Personal Services Contracts

**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.

<table>
<thead>
<tr>
<th>Less Than $10,000, Includes Travel</th>
<th>If a speaker's or participant's fee is less than $10,000 and includes travel expenses, complete a Travel Authority to obtain approval to pay for services. See BPPM 95.25 for procedures on completing the Travel Authority and Travel Expense voucher.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than $10,000, No Travel</td>
<td>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 95.25 for procedures.</td>
</tr>
<tr>
<td>More Than $10,000</td>
<td>If the speaker fee is $10,000 or more, complete a Departmental Requisition as indicated under <a href="#">Departmental Requisition</a> and forward it to Purchasing Services.</td>
</tr>
</tbody>
</table>

### 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.

**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.

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

Purchasing Services contacts the prospective independent contractors, completes negotiations, and reviews and approves contracts and files documentation with OFM when applicable.

**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.
Personal Services Contracts

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.
- Contracts for less than $10,000 (unless the contracts with a single contractor cumulatively equal or exceed $10,000 in a fiscal year).
- Certain other contract types specified in SAAM 15.10.20.

Sole Source  The nature of the required service may restrict the selection to one person or company. Sole source requests require substantial justification. (see Departmental Requisition).

Filing with OFM  The Office of Financial Management (OFM) reviews and/or approves personal services contracts for all state agencies. Purchasing Services completes the Personal Services Contract filing with OFM and includes copies of the contract and documentation. For further information, refer to the OFM Personal Services Contracts Database website at:

www.ofm.wa.gov/

Select Contracts-->Personal Service Contracting.
Personal Services Contracts

OFM Filing Requirements

Institutions of higher education file with OFM only those personal service contracts or amendments that are "state funded" in whole or in part, and meet the following applicable filing dollar thresholds: (SAAM 15.30.15.g)

• The University files sole source contracts and amendments when at least $10,000 or more in state funds are included.

• The University files competitive contracts and amendments when at least $100,000 or more in state funds are included.

Filing Deadlines

Discuss filing deadlines with Purchasing Services well in advance of the contract start date in order to assure that state requirements are met. Following are two of the more common deadlines.

Sole Source Contracts

Sole source personal services contracts supported by state funds for $10,000 or more must be filed with OFM at least ten working days prior to the anticipated start of the contract. NOTE: In order to meet this deadline, Purchasing Services must receive the documentation at least 30 days prior to the contract starting date.

Emergency/Expert Witness

Emergency personal service contracts and contracts for expert witnesses for purposes of litigation must be filed within three days after the date of execution or the commencement of work (whichever is sooner) if the personal services contract is for $10,000 or more.

Approval by OFM

All sole source personal service contracts with $10,000 or more in state funds must have positive, prior OFM approval.

Competitively awarded personal service contracts with $100,000 or more in state funds must also have prior approval by OFM. Approvals must be received prior to any commitment to the contractor and prior to the contract start date. Many such contracts require filing with OFM at least ten days prior to the proposed start date. (SAAM 15.30.15.b)

Department Notification

Purchasing Services notifies the department when any necessary OFM approval is received.

Purchasing Approval

Purchasing Services has authority to authorize those contracts that are exempt from OFM filing or OFM approval. OFM may still audit such contracts for compliance with the law.
Personal Services Contracts

PROCESSING A CONTRACT

Departmental Requisition
To initiate a personal services contract, the department prepares a Departmental Requisition which includes a brief description of the required services (see Figure 1). See BPPM 70.10 for a complete description of the Departmental Requisition form.

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

purchasing.wsu.edu/

Select Special Types of Purchases, then Select Personal Services Contracts

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.

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/

Select Special Types of Purchases, then Select Personal Services Contracts.

Documentation Checklist
A department completes and sends the following to Purchasing Services to initiate a Personal Services Contract:

- Departmental Requisition (see BPPM 70.10 and Figure 1)
- Contract
- Vendor's quote
- Sole source documentation, if applicable

Routing and Approval
The appropriate dean, director, or other principal administrative officer indicates approval of the personal services contract on the Departmental Requisition.

If Purchasing Services has directed the department to complete a contract and/or sole source documentation, route these documents to Purchasing Services with the Departmental Requisition after the principal administrative officer has approved the requisition.

Wait for Approval
The department must wait for notification from Purchasing Services before making a commitment to the contractor.
**Personal Services Contracts**

**Figure 1**

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**Washington State University**

**DEPARTMENTAL REQUISITION**

Send original to Purchasing Office; Mail Code 1020.

**DEPARTMENT**  
Counseling Psychology

**MAIL CODE**  
2131

**DEPT. FAX NO.**  
335-1234

**DATE**  
9/9/2009

**DEPT NUMBER**  
1234

**REQUISITION NUMBER**  
5790

**VENDOR NAMES, ADDRESSES, FAX AND TELEPHONE NUMBERS**

Include Vendor Number, if known.

**Example:** catalog, previous order, telephone, written, estimate. (If previous order or catalog, add number and date. If written, attach copy of quotation.)

<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>ITEM – List Catalog Number and Complete Description</th>
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<tbody>
<tr>
<td>1.</td>
<td>Double Space Between Items</td>
</tr>
<tr>
<td></td>
<td>Personal services contract for a consultant for WSU Special Education Grant. 28 days at $600 per day.</td>
</tr>
<tr>
<td></td>
<td>Consultant’s activities include project development, research, external evaluation, and related responsibilities. See attached job description.</td>
</tr>
<tr>
<td></td>
<td>Fee represents the total amount to be paid for stipend, travel, and related expenses.</td>
</tr>
<tr>
<td></td>
<td>Contract work is required for a federally-funded grant. Duties related to Dr. Smithson’s professional skills in specialty areas.</td>
</tr>
<tr>
<td></td>
<td>Funding was based on Dr. Smithson’s qualifications and agreement to participate in this project.</td>
</tr>
<tr>
<td></td>
<td>Recommendation: Dr. Smithson’s qualifications and agreement to participate in this project.</td>
</tr>
<tr>
<td></td>
<td>Professor, College of Education, University of Iowa</td>
</tr>
<tr>
<td></td>
<td>2102 Harris Hall</td>
</tr>
<tr>
<td></td>
<td>Iowa City, IA 47203</td>
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<table>
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<tr>
<th>QUANT</th>
<th>UNIT</th>
<th>UNIT PRICE</th>
<th>AMOUNT</th>
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<tbody>
<tr>
<td>28</td>
<td>day</td>
<td>600.00</td>
<td>16800.00</td>
</tr>
</tbody>
</table>

**Signature/Date of Dean, Director, or Principal Administrative Officer**

Fremont G. Freeze, Department Chair

Signature of Expenditure Authority

X

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**DO NOT WRITE IN THIS BLOCK**

**VENDOR NO.**  

**PURCHASE ORDER NO.**

**DELIVERY**

**AUTHORITY**  

**PLACEMENT**  
F.O.B.

**PRICE SOURCE**  
QUOTE DATE  
FREIGHT

**WSU BID NO.**  

**PAYMENT TERMS**

**VENDOR QUOTE NO.**  
SOLE SOURCE

**SPOF APPOVAL**  
BUYER APPOVAL

**EXPENDITURE AUTHORIZATION**

**NAME AND TITLE OF EXPENDITURE AUTHORITY (TYPE OR PRINT)**

Fremont G. Freeze, Department Chair

Signature of Expenditure Authority

X
Personal Services Contracts

**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.