



RUTGERS POLICY

Section: 20.1.17

Section Title: Administrative Policies, Procedures, and Services

Policy Name: Professional Service Provider Policy

Formerly Part of Policy Section: 40.2.5 (which has been modified)

Formerly Book: 6.1.4

Approval Authority: Senior Vice President for Finance and Treasurer
(Board of Governors approval required for any significant revisions to this policy)

Responsible Executive: Senior Vice President for Finance and Treasurer

Responsible Offices: University Procurement Services Department and the Controller's Office

Originally Issued: 7/1/2010

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Errors or changes: University Procurement Services 848-932-4375

1. **Policy Statement**

The university may require the services of a professional service provider for specialized services that cannot be performed by university employees. The engagement and payment of these service providers must adhere to all university purchasing and payment policies.

2. **Reason for Policy**

- To ensure that university engages and pays for professional services in accordance with all applicable Federal, State and local laws, regulations, codes, and ordinances;
- To ensure appropriate stewardship of university resources; and
- To provide employees and professional service providers with requirements for the engagement and payment of professional service providers.

3. **Who Should Read This Policy**

All members of the university community who use university funds to engage and pay for professional service providers.

4. **Related Documents**

- a. Policy 20.1.11 Purchasing Policy
- b. Policy 60.1.14 Employment of Current and Former Public Officials
- c. Policy 60.4.2 Code of Ethics for Administrative and Professional Staff Members in the University
- d. Procedures for Engaging and Payment of Professional Service Providers

5. **Contacts**
Executive Director, University Procurement Services
848-932-4375

Tax Director, University Controller
848-445-2054

6. **The Policy**

20.1.17 PROFESSIONAL SERVICE PROVIDER POLICY

I. POLICY STATEMENT AND GENERAL PRINCIPLES OF ENGAGEMENT AND PAYMENT OF PROFESSIONAL SERVICE PROVIDERS

On occasion, the university requires the services of a professional service provider to perform specialized services which cannot be performed by university employees. The engagement and payment of these specialized services shall comply with all applicable laws, university regulations, and the policies of the Board of Governors and the university administration.

Generally, individuals performing services to the university for payment must be hired as employees of the university and paid through the university's payroll system. However, under certain circumstances it may be appropriate to engage a professional service provider to perform specialized services for the university.

Employees of the university cannot be engaged as professional service providers. If an employee performs services outside of his or her current job responsibilities, that individual must be paid as other pay in the appropriate payroll system. Individuals who retire from the University may not be retained to provide the same work as professional service provider that they performed when they were employed by the university.

A. Classifications of Services

The Internal Revenue Service has strict requirements regarding the classification of an individual performing services, and therefore, it is important to understand the various classifications of services.

1. **A Professional Service Provider** is an individual or company that provides infrequent, technical, or specialized services to Rutgers.

Examples of professional service providers include, but are not limited to:

- Web designers and developers, analysts etc.
- Market researchers, organizations compiling statistical data
- Accounting firms

Pursuant to the Purchasing Policy 20.1.11 (section III.C), engagement of and payment for legal services is delegated to the Office of the Senior Vice President and General Counsel, and for architects and other design professionals to Facilities.

For a list of examples of professional service providers please see the University Procurement Services Department website.

2. **An Independent Contractor** is an individual that contracts with Rutgers to provide a defined set of services, for which Rutgers controls, at most, the desired results of the service, but does not control the means or method of accomplishing the result. An independent contractor is sometimes referred to as a consultant.

Key characteristics of an independent contractor include:

- Generally an engagement for a fixed period of time at an agreed rate of payment;

- Deliverables and milestones can be identified;
- Work which is not directly supervised by the university department;
- Independent research/investigation is conducted; and
- The provision of expert advice with recommendations in the form of a written report or an intellectual product.

3. **An Employee** is an individual who provides Rutgers with services, for which Rutgers controls the desired result and the means and method for which the individual achieves such results.

Key characteristics of an employee include:

- Rutgers provides instructions on how the work should be completed;
- Rutgers furnishes equipment and materials for the work to be performed; and
- Rutgers establishes the work hours of the individual.

If the services needed fall under the classification of an employee, the department must contact University Human Resources.

4. **A General Service Contractor** is an individual or company that provides useful manual skills or labor that may or may not produce a tangible commodity.

Examples of services that are considered general service contractors include, but are not limited to:

- Trade service providers (for example, plumbers, carpenters, electricians, painters);
- Cleaning services

For information on how to purchase the services of general service contractors, please refer to the Purchasing Policy 20.1.11.

II. **RESPONSIBILITY FOR ENGAGEMENT AND PAYMENT OF PROFESSIONAL SERVICE PROVIDERS**

All university departments and employees are expected to comply fully with the policies and established procedures related to the engagement and payment of professional service providers, purchasing and payment policies.

A. **Departmental Responsibilities**

Departments are responsible for the following when engaging and paying for professional service providers:

1. Establish the need for the professional service and ensure adequate funding is available.
2. Select the Professional Service Provider pursuant to Purchasing Policy 20.1.1.
3. Determine that no conflict of interest exists between the selected professional service provider and Rutgers.
4. Be knowledgeable of, and comply with, the university purchasing and payment policies and all applicable procedures.
5. Use the appropriate university system for all engagement and payments of professional service providers.
6. Appoint a Project Director to manage the professional service provider engagement and to monitor the engagement for quality assurance.

7. Maintain accurate and complete files for all professional service provider engagements. These records are subject to audit.
8. Review, approve and forward professional service provider invoices to Invoice Processing for payment.

B. University Procurement Services Responsibilities

The University Procurement Service Department is responsible for implementing the policy and applicable procedures and shall assist all units with the engagement of professional service providers. This includes:

1. Assisting departments with the competitive bid process;
2. Ensuring that purchasing policies and procedures are followed;
3. Executing all Professional Service Provider Agreements;
4. Issuance of all Purchase Orders for professional service provider engagements.

C. Controller's Responsibilities

The Controller's Office is responsible for implementing the policy and applicable procedures and shall assist all units with the payment of professional service providers. This includes:

1. Issuance of all Check Request for certain professional service providers;
2. Issuing payment against approved invoices and open Purchase Orders for professional service providers;
3. Ensuring that all payment and check request policies and procedures are followed;
4. Reporting of payments to the Internal Revenue Service and the State of New Jersey.

D. Board of Governors Responsibilities

The Board of Governors, or designated committee thereof, must review a report of Professional Service Providers annually.