

Revised Procedures Professional Service Contracts:

(Rev 02/02)

Steps before submitting a professional service contract to the Vice Chancellor for Business Affairs office for his approval:

- Determine that the contract does not create an employment relationship. This is extremely important because should the IRS find that the contract created an employment relationship, your Department/College will be liable for all employment taxes in addition to penalties if such a finding is forthcoming. Please review the link concerning Independent Contractor or Employee provided by the IRS that outlines several factors to consider in determining the type of relationship. If you need further assistance in determining the proper approach for the proposed contractual relationship, please consult with the Department of Human Resources.

- Forward a completed Professional Service Contract to the office of the Vice Chancellor for Business Affairs. Include the following attachments (examples of these attachments are available in the G drive directory and the web) where appropriate:

1. A **memo** to the Vice Chancellor concerning the purpose, duration, specific goals and objectives, measures of performance, and a plan for monitoring the services to be provided under the contract.
2. **W-9 form** - the IRS mandates this form or the contractor will automatically be subjected to 31% withholding to be remitted to the IRS. Please notify Accounting Services if the corporation is a Non-profit corporation.

3. For contracts in excess of \$20,000.00, a **Certification Letter** must be attached.

4. Provide a resume for consultants

5. For consulting contracts \$50,000.00 and over, competitive bidding is required.

6. For corporation contracting with LSUS, they must provide:

- **Board Resolution** indicating that the person signing the contract is an authorized agent of the corporation.
- **Disclosure of ownership** affidavit which has been filed with the Secretary of State's Office if contractor is a for profit corporation whose stock is not publicly traded.**
- **Certificate of Authority** to do business in Louisiana if contractor is an out of state corporation.**

****A Corporation is exempt from the Disclosure of Ownership if the corporation is a Non-profit corporation or if the corporation is a For-profit corporation whose stock is publicly traded. Out of state businesses do not have to file for Disclosure of Ownership or the Certificate of Authority if they are physically located (doing business) in the state for less than 30 days, however they must state, on letterhead, that they will not do business in the state for more than 30 days.**

- The office of the Vice Chancellor for Business Affairs will return a copy of the contract (upon approval) with a contract number assigned to it.

- For payments under the contract:

1. Must be requested by the person authorized under the contract using a Check Request Form.
2. An invoice from the independent contractor/corporation must support the request for payment
3. Reference to the contract number should be made in the description/explanation section of the check request form.
4. A completed Contract Evaluation Form should be included. *Please note that if the contract is greater than \$20,000, the OCR-recommended performance evaluation must be completed.*