

Independent Contracts (IC)

An **independent contractor** is defined as an individual who operates a business and is paid to provide services to complete a specific project. Such individuals are under a contract to provide an end result. IC's control how, when and where the work is to be done, rather than the contracting organization. Per the Internal Revenue Service (IRS), any payments made to an independent contractor for services rendered that are more than **\$600**, for the calendar year, must be reported.

The IC Agreement Process

1.

Administrator/Faculty/Staff (**Originator**) – submits a **Scope of Work (SOW)**. **Scope of Work (SOW)**: will list the Project – beginning and end date, **Deliverables** (specific outcomes listed) and **Compensation** amount.

There are additional forms needed in order to process the IC such as: W-9, form 587 or 590, Proof of Business License, Proof of General Liability Insurance Coverage and the SMU IC Checklist. The Finance and Admin Office - FA) Administrative Assistant is responsible for making sure these forms have been submitted and completed.

2.

The Admin – Will create the IC agreement after the SOW, W-9 Form 587 or 590, Proof of Business License, Proof of General Liability and SMU Checklist have been received.

Two original agreements will be mailed to the vendor for his/her signature.

3.

Once the signed agreement is returned, the VP of Finance will sign. The Admin will send a copy of the executed IC, W-9 and form 587 or 590 to **Originator** and Corine Harris.

The Originator is responsible for following up with the Vendor (re: returning the signed contract) and processing the contract for payment.

4.

Originator will complete a **Purchase Order (PO)**. The **Originator** will make a **copy of the IC, W-9, form 587 or 590 and the completed PO**. Originator should then submit copies to ABSMC Materials Management.

After the contract is in place, a purchase order must be submitted (to ABSMC Materials Management) with the executed contract. Once a PO# is assigned, the Independent Contractor's invoice can be submitted to ABSMC Accounts Payable for payment. The invoice should include: the PO#, Cost Center/Account Code, Signature and Date.

Should the Vendor exceed his/her contracted dollar amount, the Originator should contact the FA Admin to draft an addendum to the contract.

Contracts and Lease Agreement - The Process

Definition of Contracts: A contract is a legal and binding agreement between SMU and an outside vendor/company agreement(s) written by the vendor/company.

Administrator/Faculty/Staff (**Originator**) – will submit a **contract/lease for review** to the Admin Assistant (FA Office). The Admin will review and make recommended changes. All lease agreements must be sent to Sutter Health for review.

Once the contract and or lease has been reviewed and approved, the Admin will have the VP of Finance sign the agreement. The Admin will forward a copy of the executed agreement to the Originator. It is the responsible of the Originator to follow up with the vendor and process payment.