Independent Contactors

@

Case

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Q: What are my options if I need an employee or contractor for my project?

A: There are several options:

1. Full Time Employee - More than 37.5 hours per week.
2. Part Time Employee - Less than 37.5 hours per week, for a duration longer than 12 months.
3. Term Employee - Can be full or part time, for a duration longer than 12 months, but less than 3 years.
4. Temp Employee - Can be used for any period less than 12 months.
5. Independent Contractor
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- **Contracts for Services**
  - A new contract is **required** every time an external vendor provides a service to the University.
  - Everything requires a written agreement to be in place prior to the work starting. These external vendors are commonly known as independent contractors.
Independent contractors at Case Western Reserve University are individuals or companies that provide specialized services in a particular discipline.

The use of independent contractors allows Case to tap their unique expertise necessary to project-specific work, recognize the contractors' desire for independence, and to save on benefit and administrative costs.
Q: How can I tell the difference between an independent contractor and an employee?

A: The IRS looks at 3 sets of criteria when evaluating worker status which focus primarily on which party controls the *method* and the *means* of completing the task:

The first focus is on behavioral control of a worker, which is the method portion of the test. If explicit, detailed instructions on how to complete the task are given to the worker, it shows that the organization retains control over the method. This tends to indicate that the worker is an employee of the organization. If the organization provides training to the worker, that is even stronger evidence of employee status. Further examples of behavioral control include work hours set by the organization, and organizational dictation of where the work is to be conducted.
The second focus is financial control. If a worker has a significant investment in the tools used to complete the work, it tends to indicate that they are a contractor rather than an employee. If a worker does not receive reimbursement for business expenses such as materials, supplies, or travel, then it tends to indicated contractor status. If the worker has an opportunity to realize a profit or loss from their relationship with the organization using their services, it is an indicator of contract status.
Finally, the relationship between the parties is examined. If an organization pays benefits to a worker, it is a strong indication that they are an employee. If a contract exists between the parties, it usually explicitly states that the worker is an independent contractor. While this is evidence that the worker actually is a contractor, this can be overshadowed by the conduct of the parties if it is more in line with an employer/employee relationship.
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IF….. an independent contractor is appropriate for the project, the following steps need to be taken:

1. Fill out the independent contractor information form completely.

   Independent Contractor Form

2. Check PeopleSoft to find out if the service provider is already an existing vendor. If they are not, then provide both a completed supplier form and IRS form W-9.

   a. Supplier Form

   b. IRS Form W-9
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3. Enter requisition for vendor payment into PeopleSoft. Payment request forms are not acceptable for any contract processed after 11/01/2005.

4. Procurement creates and mails two signed copies of the contract to the vendor.

5. Vendor signs one copy, which they return to Procurement, and retains one copy for their files.

6. Procurement receives the fully executed contract back from the vendor and scans it into electronic format.
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7. Procurement e-mails a copy of the contract to those persons listed on the Web Form as copy recipients.
8. Procurement generates a purchase order.
9. Vendor submits invoice for services per instructions in contract Exhibit A.
10. Accounts Payable pays vendor.

All paperwork must be filled out completely, and the contract between Case and the vendor must be properly signed by both parties before any work can begin.