



EL PASO COMMUNITY COLLEGE PROCEDURE

For information, contact Institutional
Effectiveness: (915) 831-6740

CF-1 Service Agreements

APPROVED: November 1, 1979 **REVISED:** May 6, 2010
Year of last review: 2021
AUTHORIZING BOARD POLICY: CF

Classification: Administrative
Vice President or Associate Vice President: Vice President of Financial and Administrative Operations
Designated Contact: Director of Purchasing and Contract Management

OBJECTIVE: To define *Service Agreements* and provide guidelines for their application.

PROCEDURE:

I. General

A *Services Agreement* is used when it becomes necessary to hire an individual to provide expertise in the review or evaluation of, or guidance in, the improvement of a process, provide correction of a problem, or provide other service(s). In selecting the individual (supplier/vendor), the responsible budget head shall base the selection on demonstrated competence, knowledge, qualifications, and on the reasonableness of the proposed fee. Such an individual is not classified as an employee of the District.

Prior to submitting the *Services Agreement* for approval, the responsible budget head must be certain that he/she has complied with Internal Revenue Service guidelines regarding independent contractor versus employees in the selection of the supplier/vendor. Although whether a person is considered an independent contractor or employee by the IRS depends on the facts of each case, the general rule is that an individual is an independent contractor if and only if the District and/or its employees have the right to control or direct only the result of the work and not the means and methods of accomplishing the result. According to the IRS, facts that provide evidence of the degree of control and independence fall into three categories: behavioral (i.e. does the District control or have the right to control what the vendor/worker does and how the vendor/worker does his job?); financial (i.e. are the business aspects of the vendor's/worker's job such as how the vendor/worker is paid, whether expenses are reimbursed, and who provides tools and/or supplies, controlled by the District?); and type of relationship (i.e. are there written contracts or employee type benefits; also will the relationship continue and is the work performed a key aspect of the District's business?). The regulations of the IRS, and any judicial interpretation thereof, shall take precedence over these procedures.

If the District or any of its employees intend on being able to control the means and methods of accomplishing the results for which the District is intending to hire the supplier/vendor, then a *Services Agreement* cannot be used. Instead, the budget head should consider going through the Human Resources Department to enlist the services of the individual as an employee of the District.

Employees of the District and members of their immediate families may not be utilized as suppliers/vendors in compliance with El Paso Community College Policy CFE (Legal) *Purchasing and Acquisition, Vendor Relations*.

II. Process

A. The *Services Agreement* must be submitted to, and approved by, the Director of Purchasing and Contract Management before the supplier/vendor begins work and before the District is financially obligated to the supplier/vendor.

1. There must be sufficient funds available in the "consultant fee" line item of the corresponding cabinet officer's budget.
2. The department requesting the services must submit the *Services Agreement* to the corresponding cabinet officer for his/her approval.
3. If approval is given, the corresponding cabinet officer shall forward the *Services Agreement* to the Director of Purchasing and Contract Management for contract signature.

4. Once the *Services Agreement* is signed by the Director of Purchasing and Contract Management, a copy of the fully executed *Services Agreement* along with a copy of the service order generated through BANNER will be mailed to the budget head.
5. The Director of Purchasing and Contract Management has the authority to sign incidental *Services Agreements* valued at less than \$50,000.
6. Any *Services Agreement* for \$50,000 or more must be approved by the Board of Trustees prior to execution.
7. Changes to the *Services Agreement* shall be requested through a memorandum signed by the budget head and routed, through the corresponding cabinet officer for his/her approval, to the Director of Purchasing and Contract Management.
8. The requestor shall contact the Purchasing and Contract Management Department and communicate any changes and/or problems during the process of completing the project.
9. If applicable, special grant conditions shall be considered when selecting a supplier/vendor under this procedure.

B. The *Services Agreement* must contain the following information:

1. Account number,
2. Date initiated,
3. Name and complete address of the supplier/vendor (must be an individual),
4. Scope of services to be rendered, in detail,
5. Date the supplier/vendor will begin the work,
6. Number of days required to complete the work,
7. Per diem deduction for not completing the work on time (state "Zero, 0" if none),
8. Fee,
9. Compensation method and any special payment requirements,
10. Reimbursable expenses and amounts, if applicable (state "None" if none),
11. Supplier/vendor claim limit (state "Zero, 0" if none), and
12. The signature of the budget head, cabinet officer, and the supplier/vendor.

C. A completed *Authorization for Payment of Services* form and an *Internal Revenue Service W9* form must be submitted to the Accounts Payable Department after the services have been performed satisfactorily. If applicable, an invoice, receipts, and/or statement should be submitted with the *Authorization for Payment*.

1. The authorization should bear the signatures of the supplier/vendor, the budget head, and the appropriate cabinet officer.
2. The authorization must be accompanied by an itemized expenditure statement from the supplier/vendor with original receipts attached (e.g., travel, lodging, meals), if applicable.
3. No expense will be paid for family members of the supplier/vendor.
4. Daily per diem cannot exceed the \$30.00 per day normally paid by the District, unless the District has agreed to reimburse for special working luncheons and/or dinners.