2.7 Independent Contractor/Contract Employee

Independent Contractors are defined in Section A-18 of the State procedural handbook as persons who are in business for themselves. For example, physicians, lawyers, dentists, veterinarians, construction contractors, public stenographers and others who follow an independent trade, business, or profession in which they offer their services to the public.

A Contract Employee is an individual who performs services subject to the will and control of an employer, both as to what shall be done and how it shall be done. It does not matter that the employer permits the employee considerable discretion and freedom of action, as long as the employer has the legal right to control both the method and result of the services.

College Requisitions for an Independent Contractor/Contract Employee initially require the review and approval of the University Office of Human Resource Administration. An Independent Contractor Questionnaire (see Section 3.7) that is established by the Internal Revenue Service and available from the University Office of Human Resource Administration, must be completed by the department and accompany the College Requisition. As always, if you are requesting a sole source, a memo of explanation/justification must be attached. However, if the requisition is less than or equal to $20,000 the sole source memo must be addressed to the Vice President for Business and Finance with a signature line to indicate that he/she concurs with your request. If you are not requesting a sole source you must establish a technical review committee, obtain three proposals from qualified firms/individuals, evaluate the proposals and submit a memo addressed to the Vice President for Business & Finance with a signature line to indicate that he/she concurs with your recommendation identifying the individuals on the committee, the criteria used for the evaluation and a recommendation for the final selection.

If the review by the URI Office of Human Resource Administration indicates the worker’s status as that of a true independent contractor and upon accounting approval, the University Purchasing Department will:

a) Over $20,000 - prepare a State Requisition and forward it along with the Questionnaire to the State Department of Human Resources for review. Upon approval, the documents will be forwarded to the State Division of Purchases for a competitive procurement analysis or based on the sole source justification completion of the requisition transaction.

b) $20,000 and under - prepare a transmittal letter to the Associate Commissioner for Finance, Office of Higher Education requesting approval. Upon approval, by the Office of Higher Education the documents will be returned to the University Purchasing Department for completion of the transaction.
It is important to note that under no condition will independent contracting work commence until all approvals are received and a purchase order is issued. Because of the time required for review, approvals, and the issuance of a purchase order, it is imperative that departments properly plan and allow a sufficient period of time for processing independent contracting requests.

If, however, review indicates a factor in favor of classifying the worker as a Contract Employee, a Request for Monthly Payment (Form MP7) must be completed and forwarded to the Office of Human Resource Administration. The Contract Employee shall be paid with a monthly payroll check, subject to the withholding of FICA tax, federal income tax and state income tax. This status shall not confer upon the Contract Employee any employee rights or fringe benefits. Contract Employees are paid on the second Wednesday of the month following their employment.

Honoraria, payments for one time guest speakers or lecturers, performing artists, etc. are processed on Invoice Vouchers with the appropriate documentation attached, e.g., contract, letter of offer and/or acceptance, etc., and forwarded to the Accounting Department (see Invoice Vouchers on the Controller's Website).