

## **PSC Procedural Statement: Scope of Work (SOW)/Independent Contractor** <sup>[1]</sup>

Effective Date: September 1, 2015

### **Introduction**

This Procurement Service Center (PSC) Procedural Statement sets forth requirements for the review of services and costs of a proposed independent contractor, whether an individual or a sole proprietor operating under a Social Security Number.

- **Important:** Individuals/sole proprietors who operate under an Employer Identification Number (EIN) are not subject to Scope of Work review. However, active PERA members who operate under an EIN must submit the Disclosure of Compensation form to Employee Services (email to [SOW@cu.edu](mailto:SOW@cu.edu) <sup>[2]</sup>).

In these procedures, the proposed independent contractor is henceforth referred to as the service provider.

### **Procedural Statement**

Scope of Work review must be completed prior to any work being performed.

The requesting department and the service provider must complete the Scope of Work (SOW) form on the PSC website.

- All costs proposed to be covered by the University must be fully identified on the SOW form. Note: Independent contractors typically charge rates adequate to cover their miscellaneous expenses (e.g., travel). If such costs are not included in the service rate, then they must be listed as additional costs on the SOW form and covered using the same procurement method as the service payment (i.e., Marketplace Payment Voucher or Marketplace Requisition). It is prohibited to use other, separate procurement methods (Procurement Card, Travel Card, Marketplace Purchase Order, or Non-Employee Reimbursement form) to cover costs associated with an independent contractor.
- A background check must be performed on service providers who will be working with minors/vulnerable populations. "Working with minors" is defined as working with individuals under the age of 18. "Working with vulnerable populations" is defined as working in program activities including but not limited to academic programs and camps that include working or assisting with programs serving minors or at-risk adults; working or assisting in child care facilities; spending the night in a situation where minors are present; or, providing housing for minor undergraduate students.

Employee Services (ES) reviews the completed SOW form to decide if the service provider will be performing the work as an independent contractor. This determination is based on the

nature of the relationship between the service provider and the University.

If the service provider is an international individual/sole proprietor or a foreign national in or outside of the U.S. then the SOW form is also reviewed by an international tax specialist.

Service provider classification determines how payment is made – through the PSC or through ES.

The classification of the service provider (as an independent contractor or not) determines how the service provider will be paid.

To pay an independent contractor – if the SOW form is approved:

If the individual will function as an independent contractor, purchase and payment is made through the PSC. In this case, ES approves (signs) the SOW form and returns it to the requesting department. The department can then proceed with the appropriate procurement method, according to the total dollar amount and frequency of the payments.

- For total compensation up to \$5,000: As invoices are received from the service provider, complete Payment Voucher form in the CU Marketplace and attach fully approved SOW form and service provider invoice. (Multiple Payment Vouchers may be used if the service provider submits multiple invoices, however, total payment may not exceed \$5,000.)
- For total compensation over \$5,000: Prior to any work being performed, complete appropriate form (e.g., Non-Catalog, Sole Source) in the CU Marketplace and attach fully approved SOW form. A PSC purchasing agent will issue a purchase order (PO) to the service provider. As PO invoices are received, scan/email them to [APinvoice@cu.edu](mailto:APinvoice@cu.edu) [3].

To pay an individual in an employee relationship – If the SOW form is not approved (including if the service provider is a University of Colorado employee):

If an employer-employee relationship exists, payment is made through ES. In this case, ES notifies the department of the proper course of action to establish the service provider on payroll.

- For an individual who has never been an employee, submit the following information to your campus human resources (HR) office: (1) job description, including discussion of duties and estimated length of appointment; and, (2) offer letter, identifying hourly rate and start date – your campus HR office has a template for the offer letter.
- For a current or former employee, submit the following information to your campus HR office: (1) job description, including discussion of duties and estimated length of appointment; and, (2) offer letter, identifying hourly rate and start date – your campus HR office has a template for the offer letter.

In addition, submit to your department's business partner for processing: completed additional pay or one-time pay form.

- For a PERA retiree, submit the following information to your campus HR office: (1) job description, including discussion of duties and estimated length of appointment; and, (2) offer letter, identifying hourly rate and start date – your campus HR office has a template for the offer letter.

Campus HR office contact information is listed below.

## Exceptions

There are no exceptions to this procedural statement.

## Related Information

### Related Procedures

- [PPS Payment Voucher/Authorization](#) [4]
- [Hiring a CU Retiree](#) [5]
- [International Payments: Required Documentation](#) [6]

### Related Forms

- Disclosure of Compensation (available online at [www.copera.org](http://www.copera.org)) [7]
- [Scope of Work \(SOW\)](#) [8]

## Contact Information

Questions on completing the SOW form should be addressed to [SOW@cu.edu](mailto:SOW@cu.edu) [2].

Questions on review of foreign national SOWs may be directed to:

- Email: [IntlTaxAppts@cu.edu](mailto:IntlTaxAppts@cu.edu) [9]
- Website: <http://www.cu.edu/employee-services/contact-us/contact-international-tax> [10]

### Campus HR offices:

- Boulder: <http://hr.colorado.edu/> [11]
- Colorado Springs: <http://www.uccs.edu/~hr/> [12]
- Denver and Anschutz Medical Campus:  
<http://www.ucdenver.edu/about/departments/HR/Pages/default.aspx> [13]
- System Administration: <http://www.cu.edu/employee-services/cu-system-administration-hr> [14]

---

**Source URL:** <https://www.cu.edu/psc/procedures/scope-of-work-indepdent-contractor>

### Links

[1] <https://www.cu.edu/psc/procedures/scope-of-work-indepdent-contractor> [2] <mailto:SOW@cu.edu>  
 [3] <mailto:APInvoice@cu.edu> [4] <https://www.cu.edu/psc/policies/psc-procedural-statement-payment-voucher-authorization> [5] <https://www.cu.edu/psc/hiring-cu-retiree> [6] <https://www.cu.edu/employee-services/policies/international-ap-payments> [7] <http://www.copera.org> [8] <https://www.cu.edu/psc/forms/scope-work-sow> [9] <mailto:IntlTaxAppts@cu.edu>  
 [10] <https://www.cu.edu/employee-services/contact-us/contact-international-tax>

[11] <http://hr.colorado.edu/> [12] <http://www.uccs.edu/~hr/>  
[13] <http://www.ucdenver.edu/about/departments/HR/Pages/default.aspx> [14]  
<https://www.cu.edu/employee-services/cu-system-administration-hr>