



WPI

Title: Professional Services on Sponsored Projects
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Summary

The purpose of this document is to set forth the procedures for engagement of consultants (independent contractors) for professional services *on sponsored projects* to be in compliance with Federal and Sponsor regulations. Consultants receiving \$2,000 per year or more on a sponsored project are required to have a Professional Services Agreement (PSA) in place. Please refer to the Controller's Office Professional Services Policy for guidance to engage professional services providers supported by non-sponsored funds.

A consultant provides advice or services (such as providing technical assistance or training) that is not otherwise available at the university. Consultants do not receive salary from grants but receive a fee as a transaction for their service. Consultant rates are determined to be fair and reasonable by the Principal Investigator (PI), and invoices are approved by the PI before they are paid. Typically, PIs name their chosen consultant(s) in their funding proposals.

PSAs must be structured on a fixed hourly basis with invoices providing an hourly breakdown by activity OR by fixed dollar amount for specific deliverables.

- Hourly paid consultants must track their hours weekly. Invoices must contain dates and reflect the actual hours worked
- If payment is based on deliverables, the consulting agreement would have a schedule of all the deliverables with fixed dollar amounts and delivery dates. Deliverable based payments will not be made until the deliverable is accepted by WPI through the PI's approval of the invoice.

Identification of Relationship to be Created

Prior to the commencement of any engagement, the relationship of the parties must be identified to determine if the service provider should be classified as an employee of the University or as an independent contractor. PSAs cannot be issued to current employees of the University. Any additional compensation to current employees must be processed through Talent and Inclusion.

In accordance with Internal Revenue Service ("IRS") guidelines, a service provider must be free to determine how and when work is to be performed. In the absence of such independence, a worker should normally be classified as an employee. The following questionnaire should be used as a tool to determine the appropriate classification.

http://www.wpi.edu/Images/CMS/HR/IRS_20_RULE_TEST_FOR_ESTABLISHING_EMPLOYMENT_RELATIONSHIP.pdf

Procedures and internal controls for Executing a PSA Agreement

When the services of an independent contractor are required on a Sponsored Project the PI or other department personnel should request a PSA by completing the [Request for PSA form](#) found on the OSP website. Agreements greater than \$10,000 also require the WPI supplier selection form be attached in adherence with WPI's purchasing policy regarding federal funds. OSP will review the request to determine if the scope of work is clear and there is an approved rate of pay or deliverable payment schedule.

OSP will draft an agreement and forward to SPA to confirm there are available funds and the agreement falls within the period of performance of the sponsored award. Once approved, a member of OSP will check the consultant in Visual Compliance and SAM.gov to confirm there are no exclusions. OSP's approval on the PSA at this step is confirmation there are no exclusions as of the date signed. The agreement is next routed to a member of OSP management to approve the agreement on behalf of the University. On completion of Sponsored Programs approvals, the agreement is forwarded to the PI for acceptance and signature. The PI's signature confirms the scope and reasonableness of rates in the agreement. The agreement then routes to the consultant to fully execute the agreement. Once all parties approve, a copy of the fully executed agreement is sent to all signatories and SPA will process the agreement in Workday. All PSAs are processed using AdobeSign which controls the routing and maintains data integrity.

Procedures and internal controls for Processing PSA Payments

All consulting invoices must be based on the agreed upon payment structure and submitted to SPA via grantaccounting@wpi.edu. A Grant Administrator in SPA will enter the invoice in Workday to route it for approvals. The PI will review the invoice and their approval will confirm either the hours submitted are appropriate in relation to the work completed, or the deliverable has been met. The invoice will also be reviewed by SPA to confirm available funding is remaining and work is completed within the PSA period of performance. The SPA reviewer will ensure the invoice has been submitted based on the approved payment structure in the PSA. If there is a discrepancy, a member of SPA will contact the consultant for further information.

Modifying an Existing Professional Services Agreement

Once signed, a PSA is a legally binding document that cannot be changed without the mutual consent of the parties. In some cases, a PSA may need to be amended, such as to increase available funds, adjust the period of performance, change the scope, etc. In the event an agreement requires modification, the PI or requesting department should contact the Office of Sponsored Programs. OSP will draft a PSA modification based on the request and forward to the applicable parties for review and approval. Once all parties approve, the PSA modification will be sent to SPA to process the change in Workday.

Definitions of Terms Used in This Policy

Professional Services Agreement ("PSA") - A bilaterally executed contract that establishes the relationship of employer-independent contractor, outlining the specified service to be provided.

Independent Contractor - An individual or organization having no connection or relationship with the University engaged to perform a specific service not readily available from within the University workforce. An independent contractor is bound by contract to perform services as the master of their own time, with full liability for job- related actions, and responsibility for all aspects of the service to be performed.

Employee - A person paid through the University payroll system to perform a service for the University. Typically, the University controls the work to be performed, as well as how, when, and where it will be performed. Employees are provided the facilities and tools necessary to perform and are not at risk for profit or loss.