

Financial Services Manual (FIN)

FIN 421–01: Guest Lecturers, Consultants, and Other Independent Contractors

Effective: 6/1/1985

Revised: 11/1/2023

Purpose

To permit payment for professional services rendered to the university by individuals, corporations, and other business entities not associated with ASU

Sources

Internal Revenue Service

Arizona Revised Statutes §§ 38–501 to –511

Arizona Board of Regents Policy Manual - 3-803

University policy

Applicability

This procedure applies to all professional services payments to independent contractors, including honoraria and reimbursements for travel, meals, and lodging. Professional services include the following types of activities:

1. guest lectures, speeches, and presentations
2. consultant services by individuals, partnerships, and corporations
3. performances
4. special purpose programs where the fee is based in part on attendance

and

5. other professional services performed by nonemployees.

Background

An independent contractor is broadly defined as an individual or organization contracted to perform a particular service whereby the person who does the work exercises a greater degree of control and direction than does ASU over the manner in which the job is done. Individuals performing services for ASU under conditions whereby ASU exercises a greater degree of control and direction are treated as employees for tax withholding and reporting purposes. Independent contractors are issued IRS Forms annually reporting the amount paid for services, if required.

For tax reporting purposes, an independent contractor may not designate his or her fee to be paid to a charitable organization or other third party. Payment for services must be made to the individual or organization contracting to provide the service. Limited exceptions exist for contractors working with agents or other intermediary organizations.

Policy

Justification for procurement of services from lecturers, consultants, and other independent contractors is covered in the Purchasing and Business Services Manual-Section 200 University Requirements as well as the Procurement Guide and should be reviewed relative to the dollar amount and contract type.

In addition, in accordance with university policy and *Arizona Revised Statutes* §§ 38–501 to 38–511 (Conflict of Interest of Officers and Employees), neither the org manager, nor anyone else participating in the award decision, nor a relative may benefit financially from or be a recipient of any outside services order or related payment. Any potential conflict of interest situation must be reported to the Office of General Counsel (see the *Academic Affairs Policies and Procedures Manual*—[ACD 204–08](#), “Conflict of Interest,” for additional information).

Employee Treatment

ASU infrequently enters into short-term consulting agreements with individuals who are incoming employees with a start date typically six months or less in the future, or separating employees who typically are finishing up a project or otherwise assisting in the transition to a new hire. For tax withholding and reporting purposes, these individuals will need to be paid through the ASU payroll system.

Since these engagements are established as transitional positions to facilitate the appropriate payment of wages to either exiting or entering staff, the job title is strictly a temporary one for which no waiver of employment is required. These are not faculty appointments. These appointments must be supported by a written agreement and will not be benefits eligible, but are covered by workman’s compensation.

Any exception to this policy requires approval of the associate vice president for finance, or director, financial services, tax, and may necessitate a review by external tax counsel, with the requesting department being responsible for the external legal fees.

Prior Approval

University departments must ensure that individual payees are appropriately treated as independent contractors rather than employees. Prior approval from the Tax Unit in Financial Services must be obtained before making any commitment to and/or final agreement with a consultant unless one of the exceptions found on the Tax Website applies.

The approval process includes completion of the Employee/Independent Contractor Determination Checklist by the proposed service provider and the department, and a subsequent review and approval of the statement of work by the Tax Unit. Additional information may be required before an accurate determination can be made.

If employment treatment is indicated as opposed to independent contractor treatment, the department will be referred to Human Resources for assistance with the hiring process. Refer to the Staff Personnel Policies and Procedures Manual-[SPP 210](#), “Consultants/Independent Contractors”, for additional guidance.

Additional procedures and forms are found on the Tax Website

Expense Reimbursements

In addition to payments for services, independent contractors may also be reimbursed for specific expenses that are a result of their work for the university. These reimbursements must still adhere to university policies based on the nature of the reimbursement.

Lecturers and consultants should pay for expenses from personal funds and then request reimbursement. A lecturer or consultant who charges his or her costs to a credit card usually receives ASU's reimbursement before payment on the

credit card is due if the engagement is of a short duration. Payments in excess of ASU standard amounts must be authorized by the hosting department and may, at the discretion of Financial Services, require approval of the area's provost/vice provost/vice president.

Forms for Payment to Independent Contractors

The Employee/Independent Contractor Determination Checklist is used for all service providers except:

1. payments less than or equal to \$600 per recipient, per calendar year
 2. guest lecturers and speakers visiting campus for less than two weeks
 3. individuals performing external peer review consulting services as part of departmental or program accreditation or performance monitoring
 4. performers giving a limited number of performances
 5. athletic officials
- and
6. corporations/other business entities with an employer identification number (EIN).

Refer to [SPP 210](#) for more information.

The ASU Substitute W-9 and Vendor Authorization applies to all individuals receiving payments for services. The manual reference for this information is [FIN 421-04](#).

A Purchase Order, bidding documentation, and a written contract are required for all independent contractor payments greater than \$10,000. A Purchase Request must be submitted to Purchasing and Business Services. Refer to [PUR 402-01](#) for more information.

IRS Form 8233, W-8ECI, or W-8IMY4 is required for eligible nonresident alien independent contractors. See [FIN 425-04](#) for more information.

An Alien Data Collection Form is required for all nonresident alien individuals performing services in the U.S. See [FIN 425-04](#) for more information.

Note: Independent contractor payments of any amount cannot be made to university faculty and staff unless they are the result of competitive bidding. This requirement does not apply, however, to a corporation in which an employee has a substantial interest so long as the corporation was not formed to avoid this requirement. If an employee has a substantial interest in the corporation, he or she must make that interest known to Purchasing and Business Services or the Office of General Counsel and must refrain from participating in any manner in such procurement.

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Expense Reimbursements for Guest Lecturers and Consultants

Air travel—transportation by a scheduled flight is paid at the lowest airfare available on the date of the flight, excluding excursion or economy fares. If a lecturer or consultant takes a side trip for another engagement, ASU will divide the transportation cost with the other institution proportionally. If the side trip is personal, the lecturer or consultant should assume a proportionate share of the airfare.

Mileage—mileage incurred by a lecturer or consultant to travel by personal vehicle from home to the airport and back home is paid at the current mileage rate allowed by the Arizona State Department of Administration (see the [ASU Travel Guide](#) for the current rate). Mileage reimbursement is in lieu of reimbursement for original gas receipts. A lecturer or consultant may also claim reimbursement for mileage if a personal vehicle is used for transportation to Tempe; however, the reimbursement can be no higher than air coach fare to Phoenix or mileage by the most direct route, based on least cost to the university.

Lodging and food—Total meal and lodging expenses should not exceed allowed rates for Maricopa County. (See the [ASU Travel Guide](#) for the current lodging and per diem rates.) Charges in excess of those allowed under ASU travel policies will require a written justification and may, at the discretion of Financial Services, require dean, provost, vice provost, or vice president approval. Lodging is reimbursed at single occupant rates. Original receipts are required for hotel charges and must be provided. Itemized receipts are preferred and may be required in certain circumstances before reimbursement is made. Meals are reimbursed at actual cost. Receipts are required for meals exceeding the allowable per diem. Consultants should not claim reimbursement for meals provided at no cost.

In-town transportation—transportation costs such as charges for airport limousines and taxicabs are paid if hotel courtesy shuttle service is not available. If costs exceed \$25, original receipts must be attached.

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Cross-References

For information on prohibiting staff or their relatives from deriving monetary or proprietary benefit from professional services rendered to the university, see the *Academic Affairs Policies and Procedures Manual*—[ACD 204-08](#), “Conflict of Interest.”

For information on defining personal/professional services and in selecting the appropriate contracting mechanism, see the *Purchasing and Business Services Manual*-Section 200 University Requirements.

For information on the use of and payment to consultants, lecturers, and other professionals on sponsored projects, see the *Research and Sponsored Projects Policies and Procedures Manual*—[RSP 503-03](#), “Consultants, Lecturers, and Other Professional Services for Sponsored Projects.”

For information on defining a process for determining whether an employee-employer relationship exists or whether a consultant/independent contractor relationship exists in order for the university to properly comply with state and federal laws, see the *Staff Personnel Policies and Procedures Manual*—[SPP 210](#), “Consultants/Independent Contractors.”