



6.1.4 Payments to Consultants and Non-Employees

Chapter 6 - Fiscal	Original Effective Date: July 2000
Section: 6.1 Accounting	Date Last Reviewed: May 2011
Responsible Entity: Assistant Vice President for Business Affairs	Date Last Revised: May 2011

I. Purpose

To establish the principles and procedure for the payment process to consultants and non-employees by UT Health San Antonio (UTHSA). This policy ensures that payments made to consultants and non-employees is in compliance with any legal requirements and maintain the UTHSA's financial integrity.

II. Scope

This policy applies to all UT Health San Antonio (UTHSA) administration, faculty, staff, and individuals who make payments to or receive payment from UTHSA in a consultant or non-employee capacity as defined herein.

III. Policy

Advance approval must be obtained prior to the contract finalization or engagement of (1) consultants and (2) persons other than employees (except for patients in research studies and new employee moving expenses). UT Health San Antonio (UTHSA) is required by the federal government to check all perspective individuals described above at a minimum against the Office of the Inspector General's (OIG's) Program Exclusion Report and the General Services Administration's (GSA's) List of Parties Excluded from Federal Procurement and Non-Procurement Programs. In order to perform such checks, forms must be delivered to the approving offices at least five (5) working days prior to the commencement of the services to be performed.

To obtain such approval, a [Prior Approval](#) (payment request form for approval of payments to consultants or for services performed by persons other than employees) including the [Employee/Independent Contractor Classification Checklist](#) must be completed for individuals and individuals doing business as a sole proprietor company.

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The [Employee/Independent Contractor Classification Checklist](#) is designed to determine whether the individual performing services, or individual doing business as a sole proprietor company, should be paid through the UTHSA payroll process, or paid as a non-employee, independent contractor through the voucher process.

If answers to the [Employee/Independent Contractor Classification Checklist](#) indicate that the individual should be treated as an employee, rather than completing the [Prior Approval](#) form, appropriate employment procedures found in the Institutional Handbook of Operating Policies (IHOP) [Chapter 4, General Personnel Policies](#), must be followed.

An authorized signatory (Project Manager approver) of the project ID signs the completed [Prior Approval](#). The Chair or the Director then signs the form; if that signatory is the same as the authorized signatory of the project ID, then both places must be signed. Retain the gold copy for department files. Forward the white and yellow copies to either the Vice President and Chief Financial Officer or to the Office of Sponsored Programs (grant funds only).

After approval, the original [Prior Approval](#) must be attached to the [Local/State Voucher](#) when submitted for payment. All vouchers submitted for consultation or personal services, regardless of source of funds, must contain the following information:

1. The authorized signature of the person responsible for the funds being disbursed. This signature indicates that the services were rendered, and that documentation is available to support this fact.
 2. The signature of the payee (recipient's signature) and the signature of a witness of the payee.
 3. The permanent mailing address of the payee. All checks will be mailed to the permanent address given. Any exceptions must be approved in advance by the Accounting Office or the Vice President and Chief Financial Officer. An explanation of the reason for the request for "check pick up" by the department must be on the voucher or in an attachment to the voucher.
 4. The PeopleSoft vendor number of the payee or a "[Vendor Payee Set Up Form](#)" for new payees.
 5. The date services were performed and a complete description of the services.
- A. Payments to State of Texas Employees and Prospective Employees
- [Prior Approval](#) is required. Travel reimbursement should be processed on a [Travel Voucher](#). Travel rules must be followed. See [Chapter 6.2, Travel Policies and Procedures](#) of the IHOP. The signatures needed on the [Travel Voucher](#) are recipient, witness, and authorized signature for the project ID. All payments other than travel expenses should be processed on a [Local/State Voucher](#).

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When the services of employees of another State of Texas institution are necessary and a consultation fee of \$2,499.99 or less for the fiscal year is involved, a [Prior Approval](#) is required. If the fee will be \$2,500.00 or greater for the fiscal year, the Office of the Vice President and Chief Financial Officer will negotiate an interagency contract with the other agency. In these cases, a memorandum requesting approval of such services is needed in addition to the [Prior Approval](#). The memo should state that the proposed payee has received approval from the appropriate officials of the proposed payee's agency and should include the name, address, and telephone number of the individual to contact in order to negotiate the contract. The request memo must be submitted at least forty-five (45) days prior to the date of performance of the proposed services.

B. Payments to Non-Resident Aliens for Independent Personal Services

Payment to a non-resident alien (NRA) for independent personal services, except participation in patient studies, is authorized by a [Prior Approval](#) form. The [Local/State Voucher](#) requesting payment to the NRA must be approved by the Office of International Services as to the eligibility of the NRA for payment under U.S. Immigration law. Generally, Internal Revenue Service (IRS) withholding at a rate of 30% is required on any payment in excess of documented travel and living expenses, unless specifically exempted by a tax treaty between the United States and the country of official residence of the NRA. Payments in excess of documented travel and living expenses and related withholding, if any, will be reported annually to the NRA and the IRS on [IRS Form 1042S](#). Detailed procedures are contained in the "Handbook for Payments to International Visitors" that may be accessed online via Payroll Office Web site at <http://www.uthscsa.edu/business/payroll/>

C. Payments for Professional Services

Payments for professional services are processed on a [Local/State Voucher](#). Professional services have been defined by the Texas Government Code as services performed within the scope of practice of accounting, architecture, land surveying, medicine, optometry, professional engineering, professional employment, legal counseling, investment counseling, actuary, and medical/dental service providers.

D. Payments for Consultant Services

Payments for Consultant Services must have an element of studying or advising.

1. If the entire amount of the contract, regardless of the length of time, is over \$25,000, the contract must be referred to the Purchasing Office for processing on a Purchase Order.
2. If the entire amount of the contract, regardless of the length of time, is \$25,000 or under, payments can be processed on a [Local/State Voucher](#).

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E. Payment for Services from Grants and Contracts

Payment of fees to consultants for essential services may be charged to grants and contracts, provided the following minimum standards of documentation exist:

1. The necessity for services.
2. The selection process to secure the most qualified person available.
3. An appropriate fee, considering the qualifications of the consultant and the services rendered.
4. Appropriate approval by a senior officer of the institution; the designated senior officer will be the respective Chair for faculty in the department, and the respective Dean for grants where the Chair is the Principal Investigator.
5. The filing of written documentation which supports the first three standards.

To conform to these standards, the [Local/State Voucher](#) for consultant services must include a Grant or Contract Consultant Certification for charges to any grant or contract. The certification statement should read as follows:

Grant or Contract Consultant Certification

The services provided by this consultant are (1) essential and cannot be provided by persons receiving salary support under the grant or otherwise compensated for their services; (2) a selection process has been employed which sustains that the payee is the most qualified individual available considering the nature and extent of services required; (3) the fee is appropriate; (4) proper documentation is on file; and (5) the consultant (is) (is not) specifically named and approved in the grant/contract proposal.

Investigator

Chair or Dean

The applicable documentation, which is subject to audit, must be kept by the investigator and retained for three years after the filing of the Final Report of Expenditures which is usually submitted three months after a grant expires.

The above procedures apply to outside consultants. For employees serving as paid consultants, the above standards also apply. In addition, the consultation must be across departmental lines, and the individual must be specifically identified in the grant or contract proposal that is approved by the President. Questions concerning payments to consultants from grant or contract funds should be addressed to the Assistant Vice President for Research and Sponsored Programs.

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F. Payments for Other Services

Payments for services that do not fit into the above categories:

1. If the amount of the service is \$5,000 or more, the payment must be processed through the Purchasing Office on a Purchase Order.
2. If the amount of the service is under \$5,000, payments can be made on a voucher.

Payments from federal funds for administrative and clerical services to be performed must be properly indicated at the bottom of Section II of the [Prior Approval](#) and require an attached approval from the appropriate Federal agency (i.e., approved budget, pink sheet notes, etc.).

G. Contractors and Vendors

See IHOP, Policy [8.7.11 Contractors and Vendors](#), for additional requirements when contracting services from a contractor, subcontractor, or vendor.

IV. Definitions

There are no defined terms used in this Policy.

V. Related References

There are no related documents associated with this Policy.

VI. Review and Approval History

- A. The approving authority of this policy is the University Executive Committee.
- B. The review frequency cycle is set for three years following the last review date, a time period that is not mandated by regulatory, accreditation, or other authority.

Effective Date	Action Taken	Approved By	Date Approved
07/2000	Policy Origination	Executive Committee	07/2000
05/2011	Policy Review	Executive Committee	05/2011