CP – 2.15.2

INDEPENDENT CONTRACTORS

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INDEPENDENT CONTRACTORS

Craven CC hires individuals as full-time and part-time regular employees for its regular work force and when necessary, hires temporary employees to meet short-term labor needs. On occasion, in order to meet College objectives and requirements, it may be necessary to consult with professionals who provide specialized services in a particular field and to engage individuals for specific periods and/or specific assignments to provide short-term expertise. These personnel may be classified as Independent Contractors.

An Independent Contractor is not intended to be a substitute for a regular or a temporary employee. A Craven CC employee is generally not eligible to perform work as an Independent Contractor during the same year in which they worked as a College employee. Exceptions must be approved by the Vice President for Administration.

Misclassifications can result in College liability for state and federal tax withholding, social security and Medicare withholding, state unemployment insurance, and the College's share of Medicare, social security and state disability. In addition to paying the taxes not withheld and the College's portion of the taxes, the College may also be liable for civil penalties.

Before an individual can provide services as an independent contractor, the necessary paperwork must be completed. This is intended to assist managers in meeting their business needs and to provide information necessary to be in compliance with the law and avoid putting Craven CC at risk of incurring any financial penalties associated with non-compliance.

This procedure applies to individuals doing business in their own name or an assumed business name. These procedures are not required for doing business with an established business entity with multiple employees.

Independent Contractor Test

Craven CC uses CP 2.15.2a, *Independent Contractor Determination Test*, to assist the classification of workers. The hiring supervisor bears full responsibility for completing the form and the accuracy of the test information and all necessary paperwork required to determine Independent Contractor status. The worker does not have the option of choosing Independent Contractor status, nor will a signed contract or agreement convey Independent Contractor status if the 6-factor test indicates otherwise. The *Independent Contractor Determination Test* must be provided to the Human Resources Department to make a determination as to the classification of the individual. The results of the test will be shared with the applicable Vice President, Supervisor, and/or department personnel in order to discuss the results and address any concerns. The person seeking employment or the project work is not a part of the classification determination other than answering the test questions; final determination is made by the results of the test and the appropriate College personnel.

Roles and Responsibilities

Managers/Department Heads:

- Collect the Craven Community College Vendor Information Form from the individual.
- Complete the *Independent Contractor Determination Test*.
- The Craven Community College Vendor Information Form and the *Independent Contractor Determination Test* are turned in to Human Resources for analysis.
- Contractors must be certified by Human Resources prior to beginning work.
- As Craven CC's representatives, initiate and ensure complete authorization of Personal/Professional Services Agreement after independent contractor has been certified.
- Approve all invoices upon receipt from the independent contractor by signing, dating and approving for payment.

Human Resources:

- Ensure Personal/Professional Service Agreements and other related documents are up-to-date and current information is provided to managers.
- Refer any inconsistent paperwork to managers for review and resolution.
- Ensure up-to-date requirements for independent contractors are maintained and current information made available to managers.
- Review all forms submitted by workers for independent contractor status and make a final determination.
- Notify the department if the individual does not meet the test for independent contractor status (the individual must then be hired as a temporary employee and paid accordingly).

Accounts Payable:

- On receipt of an approved invoice, issue checks directly to the independent contractor.
- Ensure that the independent contractor is paid only with the purchase documents and completed H.R. certification, so IRS form 1099 is generated for tax reporting purposes.

Pre-Approved Independent Contractors

For the following types of contractors—and where the proposed independent contractor is not otherwise a College employee and is not subject to the College's supervision or control in the performance of work—

the hiring department does not need to follow the above procedures. Supervisors may simply submit a proposed contract and invoice for these services for approval and payment:

- Businesses which are "C Corporations" (often indicated by the use of "Inc." or "Incorporated" in the business name- refer to the contractor's Craven Community College Vendor Information Form to determine the corporate type).
- Guest speaker or lecturer, when providing services during a period of 1 week or less.
- Certain service providers who are hired for a single-engagement event such as performance artists or musicians. "Single-engagement event" means a stand-alone non-recurring event in a single location, or a series of events in the same location no more than once a week.

Associated Handbooks and Forms

2.15.2a., *Independent Contractor Determination Test*