Individual Service Providers: Expansion of Limited Engagement Classification

ABA Meeting
4/23/18
Limited Engagement

- New category of service - subset of Independent Contractors. Waives completion of independent contractor classification forms

- A Limited Engagement Fee is a payment to an individual (non-employee, non-student) for providing a service of an academic nature, short duration:
  - This is intended for guest speakers, guest lecturers, artists, performers, writers/editors, board members, critics, preceptors, and mentors
  - Service provided by an individual of a low dollar amount ($1,000 or less per transaction; $5,000 per calendar year max). This is not to pay individuals on an hourly basis.

- Limited Engagement Agreement Form
  - Send to Purchasing for review and signature prior to performance of services
  - Signed Limited Engagement agreement, invoice, and tax forms uploaded into Penn Marketplace as a Non-PO Payment Request

- Travel expenses associated with this engagement should be included on invoice. These reimbursements will be charged to the service fee and will be reportable on the 1099-Misc
Limited Engagement Process

If the provider’s services falls under the Limited Engagement category:

- Have them complete and sign the Limited Engagement agreement
- Forward the Limited Engagement agreement to sourcing@exchange.upenn.edu for review and signature
- The signed Limited Engagement agreement will be returned to the hiring office
- If the individual is not an existing supplier, Request Non-PO payee be added as a new supplier. If onboarding payee as their proxy, W9 will need to be securely obtained and uploaded.
- Non-PO Payment Request is prepared and the signed Limited Engagement agreement, and statement of work/supporting documents, if any, are uploaded.
Limited Engagement Process (cont’d.)

LE doing service outside of the US

*If services falls within the LE guidelines, no additional approval needed by GSS.*

- Have the individual service provider complete and sign the [Limited Engagement NRA](#) agreement
  - *The Tax Residency Status and Immigration Status sections do not need to be completed*
- Forward the Limited Engagement agreement to sourcing@upenn.edu for review and signature
- The signed Limited Engagement agreement will be returned to the hiring office
- For payment in US dollars, [Request Non-PO payee be added as a new supplier](#); Non-PO Payment Request is prepared and the signed Limited Engagement NRA agreement, W-8BEN, Certificate of Foreign Source Income, and statement of work/supporting documents, if appropriate, are uploaded
- For payments in foreign currency, a PDA-FC form is used and sent to AP with signed Limited Engagement NRA agreement, W-8BEN, Certificate of Foreign Source Income, and statement of work/supporting documents, if appropriate
Limited Engagement Process (cont’d.)

LE Process under grant funding

If service falls within these categories, no further review required by ORS*:

- Service on a Data Safety Monitoring Board
- Service on a Scientific Advisory Board
- Service on other Advisory Boards (e.g. Community Advocate or Patient Engagement)

- Have individual service provider complete and sign the Limited Engagement agreement Forward the Limited Engagement agreement to sourcing@upenn.edu for review and signature
- The signed Limited Engagement agreement will be returned to the hiring office
- If the individual is not an existing supplier, Request Non-PO payee be added as a new supplier
- Non-PO Payment Request is prepared and the signed Limited Engagement agreement, and statement of work/supporting documents, if any, are uploaded. If onboarding payee as their proxy, W9 is uploaded also

*If service falls outside the ORS LE categories, contact Missy Peloso (epeloso@upenn.edu or 215-746-0234). ORS will provide documentation that the activity meets the Limited Engagement criteria or that the individual should be further classified.
Penn Marketplace Enhancements

- Suppliers self-register; insuring greater security of sensitive information
  - Suppliers will have option to have payment direct deposited
  - Individuals are invited to use the portal to register. They enter their tax and payment preference (ACH Direct Deposit, check) information through a secure site.

- Hiring office can onboard individual service providers
  - Proxy registration only allows payment by check

- PDAs are now Non-PO Payment Requests
Questions and Discussion

- Website
  - www.hr.upenn.edu/service-provider-classification
Thank you
Independent Contractor

- Classification must occur **prior** to agreement with individual or performance of services
  - *Service Provider Questionnaire (SPQ)* completed by the potential service provider
  - *Service Provider Evaluation Form* completed by hiring manager, in concert with school/center HR director

- Procured through Purchase Order

- Exclusions from Independent Contractor classification
  - Current University faculty, staff and students
  - Former University employees, including retirees – If the individual is providing a service that is the same or similar to his/her previous position or that of a current employee
  - Tutors
  - Instructors
  - Academic Coaches and Advisors