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Parent Policy: [Supply of Goods and Services Policy](#)

## Contracting for Services with Individuals and Small Businesses Procedure

<b>Office of Administrative Responsibility:</b>	Supply Management Services
<b>Approver:</b>	Associate Vice-President (Finance and Supply Management Services)
<b>Scope:</b>	Compliance with this university policy/procedure extends to all Academic Staff and Colleagues and Support Staff as outlined and defined in Recruitment Policy (Appendix A and Appendix B).

<b>Contact for questions about this procedure:</b>	<b>SMS Customer Service</b> <b>780-492-4668</b> <b>customerservice@sms.ualberta.ca</b>
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### Overview

Supply Management Services (SMS) oversees the acquisition of goods and services on behalf of the University. The role of SMS is one of a consultative nature assisting University units with the procurement of required goods and services while ensuring that all applicable University policies and procedures, sponsor terms and conditions as well as all applicable federal and provincial legislation and regulations governing the acquisition of goods and services are adhered to.

SMS is the delegated authority to enter into agreements for services as approved by The Board of Governors of the University of Alberta through the *Contract Review and Signing Authority Policy*.

This procedure does not apply to project management, design, maintenance and trade services for facility construction. The *Contracting for Project Management, Design, Maintenance and Trade Services related to Facility Construction Procedure* provides details related to these services.

### Purpose

The University Services Requisition or Purchase Order authorized by SMS ensures that the Contractor is informed of its obligations including the services to be provided.

This procedure also provides standard criteria for University units to use in determining if a **contract for services** exists and to safeguard the University from the potential liability associated with the wrongful categorization of work.

## **PROCEDURE**

1. Proposed services in excess of the *Competitive Bid Thresholds* are subject to a competitive bid process as outlined in the *Competitive Bid Procedure*. Submit a completed Purchase Requisition to SMS clearly detailing the scope of services. Any associated components (detailed information, drawings, etc.) must be included with the Purchase Requisition.

2. For proposed services that are under the competitive bid threshold, complete the *Determination of a Worker's Status Checklist*. The Checklist outlines the **four standard tests** used by Canada Revenue Agency (CRA) in determining the nature of the relationship. Failure to classify a relationship correctly can result in interest and penalties under the Income Tax Act, the Employment Insurance (EI) Act and the Canada Pension Plan (CPP) Act for both the University and the Individual. Please review the *Determination of a Worker's Status Procedure* for further details.
3. If the Checklist result indicates an employment relationship, payments will be processed with all required deductions through Human Resource Services. If a CRA ruling is subsequently received indicating a Contractor status, the contract and payments will be corrected. Contractors may not apply rulings from other seemingly similar situations, as small changes in context may change the decision of CRA. If an out of date CRA ruling is provided for the same scope of work, SMS may request an updated ruling but will process the contract.
4. If the Checklist result indicates an independent Contractor, prepare a *Services Requisition*. The Services Requisition is the authorization to initiate the procurement process; it enables a Purchase Order to be generated (if applicable) and provides the account details to be entered into the financial accounting system. The Services Requisition must be completed and include a clearly defined scope of work, term, and the fees for the services. Any associated components (eg. Contractor proposal or quotes) must be included with the Services Requisition. The Services Requisition must be signed by an authorized University staff member and include their printed name. It should be noted that authorized University staff who sign a Services Requisition with individuals or businesses are responsible for ensuring that the appropriate means of engagement have been undertaken and is consistent with this procedure. The Services Requisition and completed Checklist are forwarded to SMS.
5. All Services Requisitions must be signed by the Contractor. Agreement details from the Services Requisition may be transferred to a Purchase Order if the value exceeds \$5000 or multiple payments will be processed. The Services Requisition or Purchase Order will be issued to the Contractor by SMS.
6. A fully authorized Purchase Order or Services Requisition must be in place prior to commencement of any work or services. In order for a Services Requisition to be considered fully authorized, the agreement must be signed by an authorized representative in SMS and the Contractor.
7. Services will be subject to the University's terms and conditions as provided in the Services Requisition. SMS, in consultation with the individual University unit, may revise or issue more detailed terms and conditions if there are complexities or higher risks associated with the services. Terms and conditions in the Services Requisition may not be amended or changed without approval from SMS.
8. All services must be provided in strict compliance with all sponsor terms and conditions and the University's policies and procedures.
9. Contractors are required to issue invoices for payments related to services. Approved invoices must be forwarded to SMS for payment. SMS will self assess and remit Workers' Compensation Board (WCB) fees for all payments to Contractors without an active WCB account. The fee will be charged against the account details provided on the Services Requisition. GST (if applicable) must be included on the invoice in accordance with tax regulations.
10. Certain transactions may fall under the non-resident tax legislation and may be subject to withholding of tax. In accordance with the provisions of the Income Tax Act (Canada), the University will withhold and submit 15% of the fees charged on each invoice for services performed in Canada by the non-resident unless the Contractor obtains from CRA a waiver or reduction in the amount to be withheld.
11. Any revisions and corrections to a Services Requisition or Purchase Order must be done by way of a *Change Order Draft*. The completed Change Order Draft must be forwarded to SMS for amendment to the existing agreement referencing the Services Requisition or Purchase Order number.
12. Services Requisitions must be requested only by authorized University employees in accordance with the *University Signing Authority and Delegation of Signing Authority Policy – All Funds and the Signing Authority and Approval Procedure*.

Agreements for services with limited or incorporated companies are processed through SMS in accordance with the *Contracting for Services with Limited and Incorporated Companies Procedure*.

## **DEFINITIONS**

Any definitions listed in the following table apply to this document only with no implied or intended institution-wide use. [[▲ Top](#)]

<b>Contract for Services</b>	A contract for services is an agreement by which a Contractor undertakes to carry out physical or intellectual work or provide a service to the University for a stipulated fee. The Contractor is free to choose the means of performing the work and no relationship of subordination exists between the Contractor and the University in respect of such performance.
<b>Four Standard Tests</b>	<p>The Canada Revenue Agency uses four criteria to determine the nature of the worker's status. The four standard tests will not necessarily be given equal weighting in determining the type of contract.</p> <ol style="list-style-type: none"> <li>1. Control – the ability of the individual to determine his/her own work plan.</li> <li>2. Integration – the extent to which an individual forms a component part of the department or unit's operations and organization. This test is often considered to be a secondary test to the control test.</li> <li>3. Economic Reality – involves examining the test of control, ownership of tools, chance of profits and risk of loss.</li> <li>4. Specified Results – the overall nature of the engagement that the independent contractor has been hired to perform.</li> </ol>

## **FORMS**

Should a link fail, please contact [uappol@ualberta.ca](mailto:uappol@ualberta.ca). [[▲ Top](#)]

[Change Order Draft](#)

[Determination of a Worker's Status Checklist](#)

[Services Requisition](#)

## **RELATED LINKS**

Should a link fail, please contact [uappol@ualberta.ca](mailto:uappol@ualberta.ca). [[▲ Top](#)]

[Competitive Bid and Exception Procedure](#) (UAPPOL)

[Competitive Bid Thresholds](#) (University of Alberta)

[Contract Review and Signing Authority Policy](#) (UAPPOL)

[Determination of a Worker's Status Procedure](#) (UAPPOL)

[Signing Authority and Approval Procedure](#) (UAPPOL)



**U of A Policies and Procedures On-Line (UAPPOL)**

[Signing Authority and Delegation of Signing Authority Policy – All Funds](#) (UAPPOL)