

Original Approval Date: December 4, 2009
Most Recent Approval: December 4, 2009
Editorial Amendments: September 23, 2024

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

Contracting for Services Procedure

Office of Administrative Responsibility:	Finance, Procurement and Planning (Procurement and Contract Management)
Office of Accountability:	Vice-President (University Services, Operations and Finance)
Approving Authority:	Associate Vice-President (Finance, Procurement and Planning)

Purpose

Finance, Procurement and Planning (FPP) – Procurement and Contract Management (PCM) oversees the acquisition of goods and services on behalf of the University. Through consultation, guidance and advice, PCM assists business units with the procurement of goods and services while ensuring that the units adhere to all applicable University policies and procedures, sponsor terms and conditions, and applicable federal and provincial legislation and regulations governing the acquisition of goods and services.

PCM 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 outlines the process for initiating a Purchase Order (PO) for a **Contract for Services** (CFS). A CFS can be issued by PCM to an individual, a small business (unregistered) or a limited or incorporated company (“Contractor”) in order to provide services to the University. The PO and its associated terms and conditions, approved by PCM, ensure that the Contractor is informed of its obligations including the specific services to be provided.

This procedure also provides information for business units to use to determine if the criteria for a CFS, as directed by the Canada Revenue Agency (CRA), can be met in order to safeguard the University from the potential liability associated with the wrongful categorization of work. Proposed services in excess of Competitive Bid Thresholds are subject to a competitive bid process as outlined in the *Competitive Bid and Competitive Bid Exception Procedure*.

Definitions

A definitions table as attached establishes the terms used in this policy document and any unique rules of interpretation that apply to this policy document.

Scope/Application

Compliance with this university procedure extends to all academic, support and excluded staff, postdoctoral fellows, and academic colleagues as outlined and defined in the Recruitment Policy (Appendix A and Appendix B: Definitions and Categories); undergraduate, graduate and Continuing Education students; emeriti; members of the Board of Governors; visitors to campus, including visiting speakers and scholars; third party contractors; and volunteers.

Procedure

1. CONTRACTING WITH AN INDIVIDUAL OR SMALL BUSINESS

- a. Complete a Determination of a Worker's Status Checklist. The Checklist outlines the **four standard tests** used by the Canada Revenue Agency (CRA) in determining the nature of the relationship. Failure to correctly classify a relationship may 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 business unit and the individual or small business. For further details, refer to *Determination of a Worker's Status Procedure*.
- b. If the checklist result indicates an employment relationship, then as per CRA rules a CFS cannot be issued. Contact Shared Services - Human Resource Services and follow appropriate HR Services employment procedures.
- c. If the checklist indicates a Contractor relationship, proceed to section 2 of this procedure "Initiating a Contract for Services".

2. INITIATING A CONTRACT FOR SERVICES (CFS)

Limited and incorporated companies are considered contractors, as are individuals and small businesses that have a contractor relationship as per the Determination of a Worker's Status Checklist. In all of these instances, the business unit should initiate a CFS.

- a. Using SupplyNet, complete a Purchase Request (PR) including a description of the scope and term of the services and the value of the services, including all forms of remuneration such as fees and commissions and potential contract extensions. Any associated components (e.g. Contractor proposals or quotes) must be included with the PR. The PR is required to provide account details and to initiate the procurement process.
 - i. If the CFS is for Project Management, Design, Maintenance and Trade Services, attach a completed Standard Contract Criteria form.
- b. University staff approving a PR for a CFS are responsible for ensuring that the appropriate means of engagement have been undertaken and are consistent with this procedure.
- c. The PR will route in SupplyNet for approvals based on configuration and workflow rules.

- i. Agreements for services that are \$75,000 and above require a signed Services Agreement, which may be completed by the department to assist with clarifying contract details. PCM will review the documentation and/or prepare the Services Agreement for issuance to the Contractor upon request. Only PCM may amend or change terms and conditions in the Services Agreement.
 - ii. Agreements for services that are under \$75,000 do not require a signed Services Agreement. The details provided with the PR will be issued by Purchase Order (PO) to the Contractor. The PO terms and conditions as referenced on the PO will govern these transactions.
- d. Once fully approved, the SupplyNet PR will generate a PO with reference to the governing terms and conditions or agreement. A PO must be in place prior to commencement of any work or services.
 - e. PCM is the signing authority for purchase agreements and will lead any required contract reviews in accordance with the *Contract Review and Signing Authority Policy*. PCM, in consultation with the business unit, may revise or issue more detailed terms and conditions if there are complexities or higher risks associated with the services.
 - f. All contracted services must be made in strict compliance with all sponsor terms and conditions and adhere to the University's policies and procedures.
 - g. PCM 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 PR. GST (if applicable) must be included on the invoice in accordance with tax regulations.
 - h. 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 nonresident unless the Contractor obtains from CRA a waiver or reduction in the amount to be withheld.

3. CHANGES TO A PURCHASE ORDER / CONTRACT FOR SERVICE

- a. Any revisions or corrections to a Purchase Order must be done through a change request in SupplyNet. The change request will route for on-line approvals based on the initial PR workflow and system configuration. If the change requires an amendment to the initial agreement, the business unit will attach the information and FPP will draft and execute the amendment.

Definitions

Any definitions listed here apply to this policy document only with no implied or intended institution-wide use.

Contract for Services	A contract for services is an agreement by which a Contractor undertakes
------------------------------	--

	<p>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.</p>
<p>Four Standard Tests</p>	<p>The Canada Revenue Agency (CRA) 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"> 1. Control – the ability of the individual to determine their own work plan. 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. 3. Economic Reality – involves examining the test of control, ownership of tools, and chance of profits and risk of loss. 4. Specified Results – the overall nature of the engagement that the independent contractor has been hired to perform.

Related Policy Documents (UAPPOL)

- [Competitive Bid, Competitive Bid Exception and Multiple Quote Procedure](#)
- [Contract Review and Signing Authority Policy](#)
- [Determination of a Worker’s Status Procedure](#)
- [Supply of Goods and Services Policy](#)

Related Links

- [Determination of a Worker’s Status Checklist](#)
- [Forms Cabinet: Procurement - Services Agreement](#)
- [FPP SupplyNet Training](#) and [FPP Transaction Processing Guide](#)
- [Shared Services HR Services](#)
- [Standard Contract Criteria Form](#)

For questions surrounding policy document interpretation or implementation, please contact the Office of Administrative Responsibility.

Contact for questions about this procedure: Finance, Procurement and Planning, Procurement and Contract Management: procure@ualberta.ca

For the most recent version of this document please visit <https://www.ualberta.ca/policies-procedures/index.html>