

Contract Rules & Procedures Last Updated 9/1/10

To maintain compliance with IRS code, Minnesota state law, and MNSCU guidelines, Bemidji State University and Northwest Technical College enforce the following contract rules and procedures:

1. Whenever services are procured, a contract and insurance certificates are required in advance. (Professional/Technical and Guest Lecturer contracts, however, are usually exempt from insurance requirements.)
2. Step-by-step instructions to guide you through the contract process are available at http://www.bemidjistate.edu/offices/procurement_logistics/purchasing/consultants/ . MNSCU contract forms must be used and are available at the following MnSCU website: <http://www.finance.mnscu.edu/contracts-purchasing/contracts/forms/index.html>
Please obtain all contract forms from the MnSCU website so you are sure to have a current form with current language. MnSCU updates the contract forms as needed.
3. Contracts must be completely signed and on file with the Purchasing Office AND a purchase order must be completed **before the beginning date of the contract**. Consultants may not commence work until a completely signed copy of the approved contract is received back from the Purchasing Office. Late contracts will be rejected and returned to the originating department for valid explanation and are subject to final approval by the BSU Business Manager and/or the Vice President of Finance and Administration.
4. Contracts will be examined for compliance with the Internal Revenue Service definition of an independent contractor. **If the relationship with the contractor or the service provided by the contractor would cause the contractor to be considered an employee under any one of the 20 IRS factors, the contract may be rejected to protect BSU and/or NTC from employment tax liability and penalties.**
5. The following are examples of contracts that may be automatically rejected:
 - Contracts for credit generating instruction.
 - Contracts with current state employees.
 - Contracts with current BSU or NTC students.
 - Contracts that create a continuing relationship with BSU or NTC, unless awarded as the result of a formal bid process.
 - Contracts that create the appearance of a special relationship with BSU or NTC or any of its employees, unless awarded as the result of a formal RFP process.
 - Contracts that specify payment based upon hourly, weekly, bi-weekly, or monthly rates. (Payment should be based upon completion of a project or completion of defined phases of a project.)
 - Contracts for services that are an integral part of BSU or NTC operations.
 - Contracts for performing duties of a vacant position or duties regularly assigned to faculty, counselors, librarians, MSUAASF members, managers, or classified employees.
6. Follow this link http://www.bemidjistate.edu/offices/procurement_logistics/forms/ to the **Independent Contractor/Employee Status Form** to be used to determine Independent Contractor or Employee Status. Complete and submit this form if you desire determination by Administration or wish to request special permission for a questionable situation.