

## Department of Administrative Services - State Accounting Enterprise

<b>Section</b> PRE-AUDIT	<b>Procedure Number</b> 240.102	<b>Page Number</b> 1 of 7	<b>Effective Date</b> July 1, 2003 Revised 11/26/08
<b>Subject</b> MISCELLANEOUS SERVICES CONTRACTING			

### 1. **Services Contracts Defined:**

Services contracts are contracts entered into by a state department to aid it in carrying out its programs and to provide specialized services through an independent contractor qualified by education, experience and/or technical ability. Services contracts may be with individuals, partnerships, firms, corporations or other business entities.

*"Service or services"* means work performed for a department or establishment or for its clients by a service provider and includes, but is not limited to:

- a. Professional or technical expertise provided by a consultant, advisor or other technical or service provider to accomplish a specific study, review, project, task, or other work as described in the scope of work. By way of example and not by limitation, these services may include the following: accounting services, appraisal services, analysis and assessment of processes, programs fiscal impact compliance, systems and the like, auditing services, communications, peer reviewers, attorneys, financial advisors, expert witnesses for litigation, architectural services, information technology consulting services, investment advisors and managers, marketing services, policy development and recommendations, program development, public involvement services and strategies, research services, scientific and related technical services, software development and system design, underwriters, physicians, pharmacists, engineers, and architects; or
- b. Services provided by a vendor to accomplish routine functions. These services contribute to the day-to-day operations of state government. By way of example and not by limitation, these services may include the following: ambulance service, aerial surveys, aerial mapping and seeding, charter service, boiler testing, bookkeeping service, building alarm systems service and repair, commercial laundry service, communications systems installations servicing and repair, court reporting and transcription services, engraving service, equipment or machine installation, preventive maintenance, inspection, calibration and repair, heating ventilation and air conditioning (HVAC) system maintenance service, janitorial service, painting inside and outside, pest weed control service, grounds maintenance, mowing, parking lot sweeping and snow removal service, towing service, translation services, and travel service.

*"Service contract"* means a contract for a service or services where the predominant factor, thrust, and purpose of the contract as reasonably stated is for the provision or rendering of services. Where there is a mixed contract for goods and services, and the predominant factor, thrust and purpose of the contract as reasonably stated is for the provision or rendering of services with goods incidentally involved, a service contract exists and these

## Department of Administrative Services - State Accounting Enterprise

<b>Section</b> PRE-AUDIT	<b>Procedure Number</b> 240.102	<b>Page Number</b> 2 of 7	<b>Effective Date</b> July 1, 2003 Revised 11/26/08
<b>Subject</b> MISCELLANEOUS SERVICES CONTRACTING			

rules apply. "Service contract" includes grants when the predominant factor, thrust, and purpose of the contract memorializing the grant is for the provision or rendering of services.

### 2. Policy Statement and Purpose:

- a. It is the policy of the State of Iowa that the expenditure of public funds for service contractors shall, insofar as practicable, be done through an open, competitive process.
- b. This policy is to be used when determining the Employer/Employee Relationships, and working with the PCQ, SS-8 and payment processes.
- c. Contracts between state departments, political subdivisions of the State of Iowa, federal government agencies, another state government or a political subdivision thereof are exempt from the PCQ process (see 11 IAC 106.4).
- d. Contracts with a Corporation, with a signed W9 attached to the claim, are exempt from the PCQ process.
- e. Contracts under \$1,000.00 (plus allowable expenses) are exempt from the PCQ process.

### 3. Basic Contracting Procedures:

- a. Procurement of services, which are information technology related, requires review and approval by the Office of the Chief Information Officer (OCIO) prior to contacting potential contractors or solicitation of services. (See Iowa Code Chapter 8A.207)
- b. DAS-CPE Administrative Rules Chapters 12 and 13.

### 4. Determination of Employer/Employee Relationship, PCQ, SS-8:

- (1) Prior to signing a contract, DAS-SAE-Daily Processing personnel must make a determination as to whether or not the contractor has an employer/employee relationship with the State. Contracts that create an employer/employee relationship are not allowed. See section 7, if an employer/employee relationship exists.

**Prior to signing a contract**, the department must review the VCUST (Vendor Customer Table) that is a part of the Iowa statewide accounting system (I/3). When DAS-SAE has reviewed and determined that no employer/employee relationship with the state exists, SAE will enter the SAE CONTROL # in the SAE Control # field on the VCUST table.

If an individual (using a social security number or a tax identification number) or a company has the SAE Control # field populated, enter the SAE Control # on the Pre-Contract Questionnaire and complete other department actions on the contract.

- (2) If the individual or company does not have an SAE Control #, then PRIOR to signing the contract the department MUST prepare and submit the original Pre-Contract Questionnaire

## Department of Administrative Services - State Accounting Enterprise

<b>Section</b> PRE-AUDIT	<b>Procedure Number</b> 240.102	<b>Page Number</b> 3 of 7	<b>Effective Date</b> July 1, 2003 Revised 11/26/08
<b>Subject</b> MISCELLANEOUS SERVICES CONTRACTING			

(see page 7 for a sample form), the completed Internal Revenue Service (IRS) form SS-8, if not contracting with a corporation (see pages 7-11 for a sample form or pages 12-13 for a sample short form), and the proposed, unsigned contract to DAS-SAE-Daily Processing.

- (3) When contracting with a corporation, you may send to DAS-SAE the PCQ to obtain the SAE Control #, OR, in place of the PCQ attach an original signed W9 to the claim and send the document to DAS-SAE, attention PCQ coordinator, to add the SAE Control # to the VCUST table and write the SAE Control # on the payment claim, OR, to save time, you may attach the original signed W9 to the claim, and send a photocopy of the claim and W9 to DAS-SAE-attention PCQ coordinator to add the SAE Control # to the VCUST table. For future payments to this vendor, you will need to look at the VCUST table to get the SAE Control # to write on future claims for payment.
- (4) If contracting with a group of individuals who will perform essentially the same function for the State and who will have essentially the same working relationship with the State, only one form SS-8 need be prepared. In preparing a "generic" SS-8, a statement must be attached outlining the estimated number of individuals per contract period. If the generic SS-8 must be later modified, then a new generic SS-8 must be processed through DAS-SAE-Daily Processing for approval.
- (5) If the contract is between the department and an individual, and the service is to be performed in three (3) days or less and sufficient evidence can be presented as part of the Pre-Contract Questionnaire or attachments so that DAS-SAE-Daily Processing can ascertain that no employer/employee relationship exists, no SS-8 need be completed.
- (6) In addition to the SS-8, a recap of the Twenty Common Law Factors used by the IRS to determine the presence of an employer/employee relationship is attached for guidance (see page 5).
- (7) If the contracting department has not pre-determined the existence of an employer/employee relationship and the contractor does not have the SAE Control #, then the completed SS-8 if not contracting with a corporation, along with the proposed, unsigned contract, must be attached to the Pre-Contract Questionnaire when it is submitted to DAS-SAE-Daily Processing. In certain instances, the contractor may be required to complete IRS form W-9, Request for Taxpayer Identification Number Certification.

DAS-SAE-Daily Processing will review the proposed, unsigned contract to determine if an employee/employer relationship will exist. If, after review of the Pre-Contract Questionnaire and supporting documents, DAS-SAE-Daily Processing concludes that an employer/employee relationship will exist, the department must either select another

## Department of Administrative Services - State Accounting Enterprise

Section	Procedure Number	Page Number	Effective Date
PRE-AUDIT	240.102	4 of 7	July 1, 2003 Revised 11/26/08
<b>Subject</b>	MISCELLANEOUS SERVICES CONTRACTING		

contractor that will meet the independent contractor test or use the State's third party contract with Temporary Staffing Services to pay the contractor.

- (8) After DAS-SAE review, the Pre-Contract Questionnaire and supporting materials will be returned.
- (9) Contracted services are not to be performed until all signatures are obtained and distribution of contract copies is made to the parties.
- (10) The contract should specify a starting and ending date. You should not enter into a service contract for a period of longer than six years (including extensions) unless you get a waiver of the duration limitation from the Director of DAS-CPE. See 11 IAC 106.11.
- (11) Contracts should include a termination clause including a non-appropriation clause. Service contracts may cross biennial and fiscal year lines, and, when they do the contract should specifically include a non-appropriation provision.
- (12) Create a sufficient number of copies of the contract so that the state department maintains a copy for its file, a copy can be sent to the DAS-SAE-Daily Processing when the first invoice is remitted for payment, and a copy for the contractor.

### 5. **Contract Payments:**

- (1) The payment voucher (GAX or PRC) or the first payment in a series requires:
  - A. A copy of the original contract signed by both parties
  - B. A copy of the completed, signed Pre-Contract Questionnaire (PCQ) with SAE Control #.
  - C. A copy of the Report of Sole Source Procurement if applicable (DAS-CPE form)
  - D. A copy of the Report of Emergency Procurement if applicable (DAS-CPE form)
  - E. The original invoice or original claimant signature
- (2) Subsequent payments shall include the following information on the voucher:
  - A. The number of payments processed in contract sequence.
  - B. The document number and date the initial claim of this contract series was processed through 1/3. (The initial claim of the series will have the contract attached.)
  - C. Original invoice or claimant signature.
- (3) Amended contract payment vouchers:
  - A. Attach a copy of the signed amendment.

## Department of Administrative Services - State Accounting Enterprise

<b>Section</b> PRE-AUDIT	<b>Procedure Number</b> 240.102	<b>Page Number</b> 5 of 7	<b>Effective Date</b> July 1, 2003 Revised 11/26/08
<b>Subject</b> MISCELLANEOUS SERVICES CONTRACTING			

- B. Amended PCQ, only if the Employer/Employee relationship changed.
- C. Make a reference to the document number and paid date of the first payment voucher.
- D. On any subsequent payments reference the document number and paid date where the amendments are attached.

(4) Object Codes:

Proper object codes shall be used. When paying attorneys use: 2462 Legal Fees, 2553 Adult Contract Legal Fees, 2554 Juvenile Contract Legal Fees. For other contractual services use the proper object code found on I/3 on the OBJ table.

(5) Expense Reimbursements:

When part of the contract includes specifically reimbursing individuals for expenses, the reimbursement shall not exceed the limits established for board and commission members (see DAS-SAE-Daily Processing Procedures #210.245 (3) and 210.305). It is the department's responsibility to ensure the appropriate rates are written into the contracts.

(6) Payment vouchers for contracts with individuals must contain the Taxpayer Identification Number (TIN).

(7) When payment is made on a PRC where a DAS-CPE contract is referenced, the department is responsible for the PCQ and the department should attach the Pre-Contract Questionnaire referencing the SAE Control #.

(8) Contracts in which the dollar amount is unknown, such as when payment is based on a percent of recoveries, certain generic contracts, etc., MUST have the Pre-Contract Questionnaire and the contract signed by the department director, or designee.

(9) Advance Payments:

See Procedure 230.550 #2.g. (1)

### 6. **Twenty Common Law Factors**

*For use in determining the existence of an employer/employee relationship.*

- A. Indicators of control by employer
  - 1. Set hours of work
  - 2. Full-time work requirement
  - 3. Set order or sequence of work
  - 4. Oral or written reports required

## Department of Administrative Services - State Accounting Enterprise

<b>Section</b>	<b>Procedure Number</b>	<b>Page Number</b>	<b>Effective Date</b>
PRE-AUDIT	240.102	6 of 7	July 1, 2003 Revised 11/26/08
<b>Subject</b>	MISCELLANEOUS SERVICES CONTRACTING		

- B. Other indicators of employer/employee relationship
  - 5. Personal service required
  - 6. Hiring, supervising, and paying helpers
  - 7. Payment of business or travel expense
  - 8. Work performed on employer's premises
  - 9. Furnishing of tools and materials
- C. Indicators common to independent contractors
  - 10. Significant investment
  - 11. Realization of profit or risk of loss
  - 12. Work performed for more than one firm
  - 13. Services made available to the public
- D. Strong indicator of employer/employee relationship
  - 14. Continuing work relationship
  - 15. Paid by hour, week, month, or piece-work
  - 16. Right to discharge
  - 17. Right to terminate
- E. Indicators of control by employer
  - 18. Training provided
  - 19. Instructions given
  - 20. Integration

# Department of Administrative Services - State Accounting Enterprise

<b>Section</b> PRE-AUDIT	<b>Procedure Number</b> 240.102	<b>Page Number</b> 7 of 7	<b>Effective Date</b> July 1, 2003 Revised 11/26/08
<b>Subject</b> MISCELLANEOUS SERVICES CONTRACTING			

Prepare and submit this form prior to entering into a Services Contract. If the Contractor is listed on the VCUST with the SAE Control Number under Organization, then enter the SAE Control Number from VCUST in the space below and submit this form with the first invoice for payment.

## Services Pre-Contract Questionnaire

SERVICES PRE-CONTRACT QUESTIONNAIRE

Prepare and submit this form prior to entering into a Services Contract. If the Contractor is listed on the VCUST with the SAE Control Number under Organization, enter the SAE Control Number from VCUST in the space below and submit this form with the first invoice for payment.

1. Department \_\_\_\_\_  
Contact \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_
2. Contractor \_\_\_\_\_  
Federal Tax ID or Social Security Number \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_
3. Contracted Service/Product \_\_\_\_\_
4. Contract Period From \_\_\_\_\_ To \_\_\_\_\_
5. Contract Cost: \$ \_\_\_\_\_  
Source of Funds: State \_\_\_% Fed \_\_\_% Other \_\_\_% Explanation \_\_\_\_\_  
Account Codes: Fund \_\_\_ Dept \_\_\_ Unit \_\_\_ Sub-Unit \_\_\_ Object \_\_\_
6.  New Contract  Amended Contract  Previous Contract Date \_\_\_\_\_

**For Department Use**  
Attach form SS-8 if not contracting with a corporation, attach PCS and signed contract, & forward to DAS-SAE  
Sole Source?  Yes  No  
Employer/Employee Relationship?  Yes

Generic Contract Number \_\_\_\_\_  
SAE Control Number \_\_\_\_\_

Signature of Department Director or Designee \_\_\_\_\_  
Typed Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

**For Department of Administrative Services Use**  
Employer/Employee Relationship?  Yes  No  
DAS-SAE Signature \_\_\_\_\_  
Date \_\_\_\_\_

PCD-23

## Determination of Worker Status for Purposes of Federal Employment Taxes & Income Tax Withholding SS-8

## Questions to be Completed with Pre-Contract Questionnaire Substitute SS-8

**Form SS-8** OMB No. 1545-0048

(Rev. May 2014)

**Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding**

► Information about Form SS-8 and its separate instructions is at [www.irs.gov/form8](http://www.irs.gov/form8)

Name of firm (or persons) for whom the worker performed services		Worker's name	
Firm's mailing address (include street address, apt. or suite no., city, state, and ZIP code)		Worker's mailing address (include street address, apt. or suite no., city, state, and ZIP code)	
Trade name	Firm's e-mail address	Worker's daytime telephone number	Worker's email address
Firm's fax number	Firm's website	Worker's alternate telephone number	Worker's fax number
Firm's telephone number (include area code)	Firm's employer identification number	Worker's social security number	Worker's employer identification number (if any)

**Note:** If the worker is paid for these services by a firm other than the one listed on this form, enter the name, address, and employer identification number of the payer ►

Disclosure of Information

The information provided on Form SS-8 may be disclosed to the firm, worker, or payer named above to assist the IRS in the determination process. For example, if you are a worker, we may disclose the information you provide on Form SS-8 to the firm or payer named above. The information can only be disclosed to assist with the determination process. If you provide incomplete information, we may not be able to process your request. See *Privacy Act and Paperwork Reduction Act Notice* in the separate instructions for more information. **If you do not want this information disclosed to other parties, do not file Form SS-8.**

**Part I - V:** All filers of Form SS-8 must complete all questions in Parts I-V. Part I must be completed if the worker provides a service directly to customers or is a subcontractor. If you cannot answer a question, enter "Unknown" or "Does not apply." If you need more space for a question, attach another sheet with the part and question number clearly identified. Write your firm's name (or worker's name) and employer identification number (or social security number) at the top of each additional sheet attached to this form.

**Part I General Information**

1. This form is being completed by:  Firm  Worker, for services performed \_\_\_\_\_ (beginning date) to \_\_\_\_\_ (ending date)
2. Explain your reason(s) for filing this form (for example, you received a bill from the IRS, you believe you erroneously received a Form 1099 or Form W-2, you are unable to get workers' compensation benefits, or you were audited or are being audited by the IRS):  
\_\_\_\_\_  
\_\_\_\_\_
3. Total number of workers who performed or are performing the same or similar services: \_\_\_\_\_
4. How did the worker obtain the job?  Application  Bid  Employment Agency  Other (specify) \_\_\_\_\_
5. Attach copies of all supporting documentation (for example, contracts, invoices, memos, Form W-2 or Form 1099-MISC issued or received, IRS closing agreements or IRS rulings). In addition, please inform us of any current or past litigation concerning the worker's status. If no income reporting forms (Form 1099-MISC or W-2) were furnished to the worker, enter the amount of income earned for the year(s) at issue: \$ \_\_\_\_\_  
If both Form W-2 and Form 1099-MISC were issued or received, explain why: \_\_\_\_\_
6. Describe the firm's business: \_\_\_\_\_

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.      Cat. No. 161067      Form SS-8 (Rev. 5-2014)

QUESTIONS TO BE COMPLETED WITH PRE-CONTRACT QUESTIONNAIRE  
(SUBSTITUTE SS-8)

1. Describe the work to be completed by the contractor:
2. Does the contractor receive any training from the department/agency?  Yes  No  
If "Yes", what type of training?
3. Who determines the methods by which assignments are performed?
4. Describe the contractor's daily routine (schedule, hours, etc.):
5. What types of reports are required from the contractor? (Progress/status reports, time sheets, etc.)
6. How often does the contractor report to the department/agency?
7. Will the contractor perform the service personally?  Yes  No
8. List the supplies, equipment, materials and property provided by each party:
  - a) Provided by the department/agency:
  - b) Provided by the contractor:
9. What expenses are incurred by contractor in the performance of service for the department/agency?
  - a) Is the contractor reimbursed for any of these expenses?  Yes  No