

SUNY POTSDAM

PAYROLL POLICY

Effective January 1, 2000 the following College Payroll Policy will apply to all payroll type transactions associated with accounts within PACES, including Agency Accounts, the Potsdam College Foundation, Inc. and the Student Government Association.

College Employees

It is assumed that college employees receiving compensation from the organizations listed above is as a result of their existing position at the college. As such, departments will follow the extra service compensation policy as outlined in the SUNY Potsdam Faculty Handbook. (see attachment)

As part of the approval process, the office of Human Resources will identify the appropriate payroll for payment. Payroll systems include the State payroll, Research Foundation payroll and the PACES payroll.

All Others

Payment for all other individuals providing services to the college will follow the guidelines issued by the Internal Revenue Service. The first step in this process is to determine whether the individual is an employee or a consultant. The office of Human Resources will make this determination.

Employee

Generally an employee relationship exists when the organization for which services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work, but also as to the details and means by which the result is accomplished. Reimbursement to an employee is in the form of a payroll check. An individual being paid by the hour for hours worked is an employee.

Consultant

Any individual or firm rendering services or performing work of a short duration in a non-employee relationship. Included would be consultants, lecturers and others to include individuals or firms providing professional, technical or clerical service for a fee. Short duration would be defined as not to exceed seven (7) consecutive days and where a single payment is made.

Right of Control

The IRS regulations provide that the critical factor in determining whether an individual is an employee or an independent contractor is the “right of control” the employer has over the individual. Where the employer controls and directs only the “results”, rather than the “means” by which the results are obtained, the individual is generally an independent contractor. If the employer has the power to control the means by which the results are obtained, however, the IRS will consider the individual to be an employee and not an independent contractor, even if that power is not actually exercised.

The IRS recognizes that the “right of control” test is difficult to apply. Here are the factors that IRS auditors consider in making their determination:

- Are instructions given to the worker by the employer?
- Is the work an integral part of the employer’s business?
- Does the employer set the hours of work?
- Is the work performed on the employer’s premises?
- Does the employer set the order of sequence of the work to be performed?
- How is the worker paid?
- Who furnishes the workers’ tools and materials?
- Is the worker required to make a significant investment to accomplish the work?
- Does the worker incur any risk of profit or loss?
- Does the worker make his services available to the general public?

Selection of Consultants

1. There must be evidence that the services to be provided are essential and cannot be provided by college employees.
2. There must be evidence that a selection process has been employed to secure the most qualified person available and that the selection has been approved by the appropriate Vice-President.
3. There must be evidence that the charge is appropriate considering the qualifications of the consultant, their normal charges and the nature of the services rendered.

Method of Payment

Consultants who work in excess of seven (7) days must be paid by a payroll check. Consultants who work less than seven (7) days may be paid by appropriate check request.

Reimbursement documentation for consultants should normally consist of an invoice furnished by the consultant containing, at a minimum, the following:

- Date of invoice
- Name, home address and business affiliation of consultant
- Consultant's social security or federal identification number
- Purchase order, contract or other agreement number reference
- Description of services rendered
- Dates of performance where applicable
- Computation of fee
- Statement of related expenses

Consultants will be included on the appropriate payroll system as determined by the Office of Human Resources. Payroll systems include the State payroll, Research Foundation payroll and the PACES payroll.

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