

TITLE: FEE FOR SERVICE CONTRACTS

POLICY STATEMENT:

Fee for Service contracts may be used for purchases of instructional services where instruction is not related to a credit or apprenticeship offering and for purchases of services directly related to the course instruction, such as guest lecturers and visiting artists.

PURPOSE:

This Policy and related guidelines are intended to provide the framework to employees and officers of the College for purchasing non-credit instructional services from business and individuals that are not assessed to be in an employee-employer relationship with the College.

SCOPE:

The Policy and associated guidelines apply to all employees and the contractors engaged by the College.

PRINCIPLES:

The College enters into contracts for purchase of services ensuring adherence to the

- Laws of Canada and the Province of Alberta,
- Canada Revenue Agency's (CRA) rules and regulations, and
- Collective agreements in force with the bargaining units of the College, while maintaining high ethical standards and accountability for the public resources.

DEFINITIONS:

Contract: any written or verbal arrangement (agreement, contract, letter of intent, memorandum of understanding or similar) that creates a legally binding commitment for the College.

Fee for Service (FFS) Contract: a standard contract form used to contract with a vendor for a provision of non-credit instructional services, including services of guest lecturers and self-employed visiting artists.

Independent contractor: a person or business that performs services for another party under an express or implied agreement and is not subject to that party's control or right to control the manner and means of performing services.

Non-credit instructional services: instructional services where instruction is not related to a credit or apprenticeship offering.

Signing authority: legal power delegated by the Board through the President of the College to organizational positions appointing them as agents of the College to perform transactions and execute contracts.

Spending authority: authority to approve ordering of goods and services thus creating, on behalf of the College, an obligation to pay.

Signing officer: officer or representative vested with signing or spending authority or both, that empower them to commit the College to a binding agreement.

Total value: value of a contract or agreement over its term, not taking into account optional renewals.

GUIDELINES:

1. Fee for Service contract is a viable form of purchase of services when the following conditions are met:
 - The contract is for the purchase of instructional services not related to credit and apprenticeship offering at RDC.
 - The contract does not contravene a collective agreement.
 - The contract is between the College and an independent contractor, a status supported by an Article of Incorporation or the CRA ruling in written form, and
 - The results of the assessments through the College guidelines in Appendix A indicate that such a contract is suitable.
2. Where the College engages on a FFS Contract an individual that does not meet the criteria in the Appendix A, the individual must provide to the College a CRA ruling on the employment status.
3. A ruling from 2. above is not required for a self-employed artist when one is engaged on a one-time basis to achieve a defined objective, is given freedom required to achieve that objective and is paid remuneration that is directly related to particular rehearsals and performances.
4. An eligibility to contract with **an individual** that is also employed by the College in another capacity or has been employed by the College within a current calendar year is established only when the:
 - Contract does not contravene a collective agreement,
 - Individual is engaged to complete a specific project, as opposed to performing ongoing tasks,
 - Engagement is not an extension of the worker's normal employment duties,
 - Work is performed outside of the contractor's regular work hours at the College, and
 - Individual provides similar services to other clients.
5. Financial Services reserves the right to request, under certain circumstances, that a service provider obtain an advanced ruling from CRA on their status under the Canada Pension Plan and/or the Employment Insurance Act.

PROCEDURE:

1. Any employee of the College can initiate and manage a FFS Contract, but only a College signing officer, as per the current College *Signing Authority and Contract Execution Policy* in force, can execute the contract and authorize expenditure.
2. The process for purchase of services and resulting Fee for Service Contract adheres to the current College *Purchasing Policy* in force.
3. The signing College officer is responsible for reviewing the contract to ensure all of the conditions from the Guidelines section in this Policy are met.

4. Upon contract execution, the form is reviewed and approved for processing by the Director of Finance.
5. The approved and executed Fee for Service Contract is recorded as a commitment in the College's General Ledger until the corresponding invoice is received and paid.
6. Invoices related to the Fee for Service Contracts are paid as per the College's normal business practice, 30 days from the day of invoice.

OFFICER RESPONSIBLE: Vice President of College Services

RECOMMENDING AUTHORITY: Service Council

CONSULTATION FOR REVIEW: Service Council, Human Resources

POLICY REVIEW DATE: December 2019

EFFECTIVE DATE: January 1, 2015

REVISION HISTORY: August 23, 2001 (Fee for Service Contracts Standard Practice)
January 1, 2015 (Standard Practice replaced by Fee for Service Contracts Policy)

RELATED POLICIES:

- [Purchasing](#)
- [Signing Authority and Contract Execution](#)
- [Conflicts of Interest and Mandatory Disclosure](#)

CONNECTION TO BOARD POLICIES:

All RDC policies support relevant Board of Governors policies.

Appendices

Appendix A



FEE FOR SERVICE CONTRACT GUIDELINES

Complete the following assessment to determine whether the service provider qualifies to form a Fee for Service or employment contract with Red Deer College. Submit this form with the Contract.

SECTION I

1	Is the service provider to be engaged to teach a credit or apprenticeship offering?	<input type="checkbox"/> YES <i>Employee</i>	<input type="checkbox"/> NO Go to question # 2
2	Is the service provider to be engaged in non-credit teaching?	<input type="checkbox"/> YES Go to question # 3	<input type="checkbox"/> NO Go to Section II
3	Is the provider of service of non-credit teaching incorporated or has obtained a CRA ruling on the employment status?	<input type="checkbox"/> YES <i>Fee for Service Contract</i>	<input type="checkbox"/> NO <i>Employee</i>

SECTION II

1	Is the provider of non-teaching services incorporated or has obtained a CRA ruling on the employment status?	<input type="checkbox"/> YES <i>Fee for Service Contract</i>	<input type="checkbox"/> NO Go to Section III
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SECTION III

1	Will the service provider's earnings from RDC comprise a significant portion of her/his annual income?	<input type="checkbox"/> YES <i>Employee</i>	<input type="checkbox"/> NO Go to question # 2
2	Does the service provider perform similar services for other clients?	<input type="checkbox"/> YES Go to Section IV	<input type="checkbox"/> NO Contact Financial Services

SECTION IV

1	Does RDC supply any tools, equipment, office space, administrative assistance or other resources to carry out the service?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
2	Is the service provider expected to attend departmental or organizational meetings unrelated to the service to be provided?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
3	Does RDC control and direct day to day activities of the service provider?	<input type="checkbox"/> YES	<input type="checkbox"/> NO

Any "YES" answers in Section IV indicate the Fee for Service Contract is not an option. Contact Human Resources.

05/12

Appendix B

References and Resources

- [Canada Revenue Agency \(CRA\) Guide: Employee or Self Employed? RC4110\(E\) Rev. 14](#)
- [CPT1 Request for a Ruling as to the Status of a Worker Under the Canada Pension and/or the Employment Insurance Act form](#)
- [Employment Insurance Act](#)
- [Canada Pension Plan](#)