

UUFB Hiring of Independent Contractor Guidelines

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Definition of an Independent Contractor

- Discusses a project's scope and terms directly with the customer
- Is not entitled to employment benefits
- Has a personal investment in contracting business and may incur profit and losses as a result
- May hire employees or subcontractors to help complete services
- Invoices customers
- Signs an independent contractor agreement
- Subject to self-employment taxes
- Works on a fixed term or fixed project basis
- Uses their own tools or equipment

The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.

Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral: Does the company control or have the right to control what the worker does and how the worker does his or her job?
2. Financial: Are the business aspects of the worker's job controlled by the payer? (these include things like how worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)
3. Type of Relationship: Are there written contracts or employee type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?

Businesses must weigh all these factors when determining whether a worker is an employee or independent contractor. Some factors may indicate that the worker is an employee, while other factors indicate that the worker is an independent contractor. There is no "magic" or set number of factors that "makes" the worker an employee or an independent contractor and no one factor stands alone in making this determination. Also, factors which are relevant in one situation may not be relevant in another.

The keys are to look at the entire relationship and consider the extent of the right to direct and control the worker. Finally, document each of the factors used in coming up with the determination.

Definition of Employee

- Employer creates job description, controls employee's wages, determines when, where and how the employee carries out their work
- Employer has signed a Letter of agreement with employee
- Employer may provide benefits

Hiring an Independent Contractor Guideline

1. The Board will assess the need for a position in a particular area. *Request for an independent contractor position may be initiated by a committee or staff person.*
2. The Board will determine whether an employee or contractor is desired for that particular task. *The independent contractor may choose to be considered an employee in some situations to avoid self employment paperwork. UUFB members are not allowed to be financially remunerated for doing work for the Fellowship unless special circumstances exist and OK'd by the Board and Minister.*
3. The Board will appoint a committee, a person or working group to develop a job or project description.

*To include the following:**

- *Detailed description of position or project*
- *Financial costs associated*
- *Payment and billing terms (retainers or deposits, frequency of payments, late payment penalties, hourly rates, weekly/monthly, or on satisfactory completion of project)*
- *Responsibilities of contractor and of UUFB*
- *Project or employee timeline and deadlines*
- *Termination conditions*
- *Non-disclosure terms, confidentiality issues, rights*

4. Board reviews the proposal and approves. *(Finance committee may be consulted regarding budget impacts and compensation suggestions).*
5. Board assigns responsibility to person or persons to seek providers of the service and to obtain bids where appropriate. Consideration to seek bids include cost of the project or position, whether there are multiple providers available for the service and reputation of applicants. Lowest cost is not a required criteria. *(Monitory amounts may be set by the board to determine whether multiple applicants are needed, for example project or position cost needs to be greater than \$1500)*
6. Responsible person(s) will interview potential candidates and check references, insurance coverage (bonded or not bonded) and do background checks where appropriate.
7. Responsible person(s) will submit a written recommendation of their choice to the Board for approval to hire.
8. Board will select a supervisor for the position or project.
9. Independent Contractor Agreement will be signed by the Board president or designee and the contractor. *
10. Board may require reports on progress or evaluations

** The Internet has standard independent contractor forms and check lists. The Independent Contractor may have their own.*