

LEHIGH UNIVERSITY

Office of Research and Sponsored Programs

USE OF CONSULTANTS ON SPONSORED PROJECTS

A. Purpose

This document describes the policy and procedures for the use of consultants on sponsored projects. It establishes the requirements for obtaining the services of consultants and for providing adequate documentation for consulting fees paid for such services.

B. Applicability

This policy applies to the use of individual consultants who are engaged to give professional advice or services for a fee. It applies primarily to non-University employees, but also to those unusual circumstances in which an employee may be a consultant.

Consulting fees for non-University employees are paid through the University's Purchasing and Accounts Payable systems. Consulting fees for University employees are paid through the University's payroll system, and the usual taxes deducted.

C. Consultant Services Requirements

It is the policy of the University to obtain the services of consultants for sponsored projects **only** when services cannot be provided by persons receiving salary support or other direct compensation for their services under the project.

Principal Investigators are expected to anticipate consulting requirements and to indicate the need for proposed consultants in grant applications or contract proposals. Some agencies require prior approval for the use of consultants and, in some cases, restrict or limit the rate of reimbursement. Any such requirements will be specified in the Terms and Conditions of the award document. Questions concerning the allowability of the use of consultants or payment of consultant fees should be directed to the Office of Research and Sponsored Programs (ORSP).

D. Approval to Use Consultant Services

Principal Investigators are responsible for documenting that (1) the services to be provided are essential and cannot be provided by persons receiving salary support under the project or otherwise compensated for their services; (2) a selection process has been employed to secure the best qualified person available to perform the required tasks; and (3) the charge is appropriate considering the qualifications of the consultant, normal consulting charges, and the nature of the services rendered.

To document this information, the PI must complete a **Consultant Services Approval Form**, which is available in the ORSP and on the network by typing ORSP at the main LUNA menu and selecting "Consultantapproval."

The Consultant Approval form requests the information needed to generate a Consulting Agreement, including a Statement of Work that describes the duties and deliverables expected of the consultant. The completed Consultant Approval form should be sent to the ORSP for review and University approval.

The ORSP will prepare the **Consulting Agreement**, which will be reviewed and signed for the University and sent to the Consultant for signature.

No consultant, either non-University employee or University employee, will be paid without a completed Consultant Services Approval form and signed Consulting Agreement.

E. Allowable and Unallowable Costs

Allowable Costs

1. Compensation for effort rendered. The rate of compensation for effort rendered may either be an hourly or daily rate up to a stated maximum, or lump sum for the entire project.
2. Travel expenses, in accordance with University travel policies, may be specified in the Consulting Agreement as a separate reimbursable item. If travel expenses are specified, then reimbursable amounts must be for **allowable actual expenses or per diem amounts** as specified in the Consulting Agreement. All travel reimbursements for non-university employees are included on annual 1099 forms as other income. Original receipts should be kept by the consultant for tax purposes.
3. Other expenses may be specified in the Consulting Agreement as separate reimbursable items. Such expenses must be considered allowable, reasonable, and in accordance with the stipulations of the sponsoring agency award document.

Unallowable Costs

1. Alcoholic beverages.
2. Donations or contributions.
3. Entertainment.
4. Fines and penalties.
5. Any personal (non-business) costs.
6. Anything prohibited by any applicable federal, state, or local law or regulation.
7. Any costs unallowable under the stipulations of the sponsoring agency award document or the federal Office of Management and Budget circulars.

F. Payment of Consulting Fees

Payment Procedures

1. Non-University Employees (Outside Consultants)

To initiate the procedure for paying an outside consultant, the PI should prepare a Purchase Requisition for the consultant's services, and forward it to the ORSP. A copy of the signed Consulting Agreement (including the Statement of Work) will be attached. The package of materials will then be submitted to Purchasing for the preparation of a Purchase Order for the consultant.

The consulting agreement and the PO will direct the consultant to send the invoices to the PI. The PI will review the invoice for accuracy. If approved, the PI will initiate payment by attaching a signed Accounts Payable Payment Approval form to the invoice and sending both to the ORSP for processing.

2. University Employees

Charges representing extra compensation (above the salary base paid to a salaried University employee) for consulting are allowable only in unusual cases and only if **all** of the following conditions exist:

- a.) The consultation is specifically provided for in the project agreement or approved in writing by the sponsor. (In the case of some federal agencies, authority has been delegated to Lehigh's Prior Approval System, i.e., ORSP approval.)
- b.) The consultation is across departmental lines or involves a separate or remote location.
- c.) The work performed is in addition to the individual's regular department workload.

The **Consultant Services Approval Form** should be used to document compliance with these conditions.

Payment will be through the Payroll system. Faculty are paid using the **Lehigh University Faculty Additional Compensation Request Form**. If an exempt staff member is used, a completed **Request to Provide Compensation for On-Campus Consulting Services to be Performed by a Lehigh University Exempt Staff Member** form must be attached to the Additional Compensation form.

3. Federal Employees

Fees paid to Federal employees are not normally allowable as charges to Federal grants and contracts. Before making any arrangements for such consulting, please contact the ORSP to determine allowability.

Conditions Required for Payment

1. Payments will be made to a Consultant only for effort rendered and expenses incurred, and only within the terms of the Consulting Agreement.
2. Payments will be made to Consultants when the Consultant has provided an invoice that includes the following information;
 - a.) The name and address of the Consultant.
 - b.) The Consultant's Social Security number (if a private Consultant) or Federal Identification Number (if a sole proprietorship, partnership, or corporation).
 - c.) The inclusive dates of the billing period for which compensation is claimed.
 - d.) The Purchase Order number (for outside consultants).
 - e.) An indication if this is a partial billing or final billing.
 - f.) A brief general description of the services rendered.
 - g.) An itemization of all claimed effort rendered and expenses incurred as follows:
 - i.) Rate (\$/unit of time) and number of hours, days, or claimed effort for that billing period.
 - ii.) All separate travel expenses and separate miscellaneous expenses allowable by the Consulting Agreement clearly detailed, with appropriate receipts attached (receipts for all non-travel expenses and for travel expenses of \$25 or more). *NOTE: University employees acting as consultants are required to submit original receipts. IRS regulations require outside consultants to retain original receipts, so copies may be substituted.*
3. All billings must be reviewed by the PI. Approval by the PI indicates that the Consultant has performed the work satisfactorily at reasonable expense.
4. All billings must be reviewed by the ORSP to ensure that the claimed charges are within the terms of the Consulting Agreement.
5. Cumulative payments may not exceed the stated value of the Consulting Agreement. If there is a need for additional work beyond the value of the Consulting Agreement, a Modification must be completed for the additional amount.

LEHIGH UNIVERSITY

CONSULTANT SERVICES APPROVAL FORM - SPONSORED PROJECTS

Name of Consultant: _____ Address: _____
Title: _____
Institution/Firm _____

1. DOCUMENTATION:

- a. Purpose (Prepare the attached Statement of Work)
- b. Need (Explain why services of consultant are essential. When Lehigh personnel are used, is consultation in addition to regular workload? ___ YES ___ NO. Across department lines? ___ YES ___ NO.)
- c. Selection Process (Describe the process used to secure a highly qualified person).

2. BUDGETARY DATA:

- a. No. of days/hours _____ b. Daily or hourly fee \$ _____
- c. What is the customary fee for services of this nature? _____
If substantially different from fee to be paid, explain:
- d. Are transportation and/or subsistence costs included in fee? ___ YES ___ NO
If no, are they to be billed separately? ___ YES ___ NO
If yes, what is estimated cost? \$ _____
- e. Other Costs? (Give cost and explain.)

3. SOURCES OF FUNDS

- a. LU Account No. _____
- b. Budget Line Item(s) _____
- c. Is sponsor approval required?
___ YES ___ NO
If yes, has it been obtained?
___ YES ___ NO

Requestor: _____ Date _____

Account Executive (if not Requestor) _____ Date _____

Approved by: _____ Date _____
Office of Research & Sponsored Programs

Authorized Institution Official

Date

STATEMENT OF WORK

1. Task Description:

2. Specific Duties:

3. Reporting Requirements/Deliverables:

4. Any Additional Requirements:

5. Scheduling (dates of required services):

6. Performance Site(s):

7. Point of Contact for Scientific/Technical Matters

Dr. _____
Department of _____

Lehigh University

Bethlehem, PA 18015
Phone: _____
FAX: _____
E-mail: _____
8. Point of Contact for Administrative Matters

(Program Administrator)
Office of Research & Sponsored Programs
526 Brodhead Avenue
Bethlehem, PA 18015
Phone: (610) 758-_____
FAX: (610) 758-5994
E-mail: _____

[Address]

[]
[]
[]

RE: Consulting Agreement
 Grant/Contract No.:
 Principal Investigator:

Account No.

Dear _____:

Enclosed are two copies of a Consulting Agreement for the referenced project.

If you are willing to render the services described in the Statement of Work included with the Agreement under the conditions specified, please sign both copies of the Agreement and return one copy to the Director, Office of Research and Sponsored Programs, 526 Brodhead Avenue, Bethlehem, PA 18015. The second copy is for your file.

When we have received your signed agreement, Lehigh's Purchasing Office will send you a Purchase Order for the consulting services. Please use the Purchase Order number in all subsequent correspondence.

Should you require any additional information, please contact the Director at (610) 758-3021 or via e-mail at inors@lehigh.edu.

Sincerely,

[PA]
[Title]

[PA:typist]

cc: [PI]
 ORSP File

LEHIGH UNIVERSITY
[MODEL]
CONSULTING AGREEMENT

This Agreement by and between Lehigh University (hereinafter University) and consultant (hereinafter Consultant) constitutes an agreement for the provision of consulting services under the University's grant/contract # _____ with sponsor (hereinafter Sponsor). The project is under the direction of Dr. _____ of the Department of _____. The requested services are described in the attached Statement of Work, which is made a part of this Agreement. The work is to be performed at _____ and is to be completed by _____ (date) _____.

Compensation for this effort will be made at the rate of \$ _____ per _____. [Insert details on travel or other expenses] The total cost of the effort is not to exceed _____. No guarantee is hereby given or implied that the total for the effort will reach the limit for total cost.

Payment of the amounts due will be provided by the University on receipt of an invoice which states the number of consulting days, the rate, any authorized travel, subsistence, or other costs accompanied by receipts and the total amount due. The invoice should also reference the Purchase Order number, the billing period, and whether it is a partial or final bill, and include a brief description of services rendered. The invoice must be signed and include the name and address to which payment should be sent and the Consultant's social security number or federal identification number.

The invoice is to be sent to Dr. _____ for his/her approval. Reimbursement will be contingent on acceptable performance of work specified and receipt of appropriate materials listed in the reporting requirements in the Statement of Work.

The University considers the Consultant to be an independent contractor while performing these services. Therefore, the University will not deduct Social Security taxes, income tax, Workmen's Compensation, and other benefits from the fee. The payment of these items, if applicable, will be the Consultant's responsibility.

Written reports will be provided by the Consultant as required by Dr. _____ to fulfill the requirements of the attached Statement of Work.

During the period of this consulting activity, any invention, improvement, or discovery made or conceived, or first reduced to practice, relating to the subject matter of these consulting activities will be promptly brought to the attention of the undersigned University representative for appropriate review and determination of rights. All reasonable steps shall be taken to enable the University to comply with the patent rights requirements of the Sponsor.

The University may terminate this Agreement, in whole or in part, at any time by giving written notice. If this Agreement is terminated, the Consultant will be entitled to payment in accordance with the rate of payment for only those services furnished before the date of termination.

The provisions of the Sponsor are made applicable to this Agreement to the extent not already provided for or superseded in the preceding.

The Consultant certifies, by execution of this Agreement, that he/she is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

CONSULTANT

LEHIGH UNIVERSITY

Signature

Signature

Typed Name

Typed Name

Title

Title

Date

Date