

Standard Operating Procedure: **Service Agreements**

Division: Office of Sponsored Programs

Effective Date: 12/01/2020

Executive Director Approval: _____

Reference to ASC or State Policy: CSU Business Practices Section 5.0

Revisions: CSU Memo 2012-01

CSURMA Procedural Manual

- I. **PURPOSE:** The purpose of the service contracts/agreements is to establish the standard procedure to document the execution of service contracts/agreements and supporting documents prior to the rendering and payment of services.
- II. **SCOPE:** This procedure applies to all service contracts/agreements including independent contractor agreements seeking payment through ASC financial services division.
- III. **OBJECTIVE:** The objective of the service contracts/agreements is intended to ensure that ASC personnel identify the need to execute service contracts/agreements and oversee the contractual agreement before processing the invoice payment. This process helps to make sure that expenditures are properly supported, terms and conditions are clearly outlined, risk management provisions are met, and decreases ASC financial liabilities and exposure.
- IV. **WHEN A SERVICE AGREEMENT IS REQUIRED:** The project or Program is hiring or engaging a business or vendor to provide services: Service Agreements are required when a business (*sole proprietors should use an Independent Contractor Agreement*) or corporation is providing services to ASC, Campus Programs, and Sponsored Programs.
- V. **INITIATING A SERVICE AGREEMENT ON SPONSORED PROGRAMS OR CAMPUS PROGRAMS:** A fully executed service agreement and certificate of insurance or insurance waiver must be on file prior to work beginning. The requestor should contact their ASC or Sponsored Programs project administrator to discuss the use of a Service Agreement on their project and to secure preliminary allowability.
- VI. **INSURANCE REQUIREMENTS:** Hiring someone (individual, contractor, corporation, etc.) to perform a service for CSU Fullerton Auxiliary Services Corporation involves risks. The type and level of risk will vary depending on the services to be performed.

The CSU requires contracts to contain certain minimum insurance coverages and limits in order to mitigate those risks. The vendor (individual, contractor, corporation, etc.) must provide evidence of adequate insurance coverage including a certificate of insurance that includes additional insured endorsements. The endorsement is to be on a separate page and the wording on the endorsement is to be exactly as follows:

The State of California; the Trustees of The California State University; California State University, Fullerton; CSU Fullerton Auxiliary Services Corporation; and the officers, employees, volunteers, and agents of each of them are included as additional insureds.

Coverage shall not be canceled, modified, or reduced without thirty (30) days advance written notice to the University, delivered by certified mail, return receipt requested.

1. **INSURANCE WAIVER:** Low-risk activities valued at under \$3000 in aggregate in a calendar year may qualify for an insurance waiver. The insurance waiver request form should be completed by the Principal Investigator/Project Director and submitted to ASC for review and approval prior to the full execution of the service agreement.

VII. INTERNAL PROCEDURE: The following statements outline the CSU Fullerton Auxiliary Services Corporation procedure to document of the execution of service contracts/agreements.

All service contracts/agreements for campus programs and sponsored programs are submitted to and reviewed by the Office of Sponsored Programs (OSP) administrator. If service contracts/agreements are for the ASC project, they are submitted to each department director for the review.

Upon completion of review of service contacts/agreements, it will be forwarded to the ASC Executive Director for signature.

Signed service contracts/agreements will be forwarded to ASC Business & Financial accounts payable personnel.

Accounts payable personnel will evaluate the fully executed agreement to see if necessary requests need to be made to OSP administrators for additional documentation or information prior to assigning the contract PO. Once the contract PO has been assigned to the fully executed agreement, the accounts payable personnel can process the payment for the service invoices.

Accounts payable personnel will verify insurance requirements or certificates for sole proprietors based on independent contractor agreements. All other agreements are determined by the agreement if the insurance or certificate is necessitated.

Upon receipt of the invoice for services performed, accounts payable personnel will not be able to process payment of invoices until fully executed service contracts/agreements, and certificate of insurance or insurance waiver are on file. If not, service invoices will be forwarded to the assigned OSP administrator or each department's director to document the execution of service contracts/agreements and supporting documents.

All invoices will be tracked by reference to the assigned contract PO.

If the service contract/agreement is from a new vendor, accounts payable personnel will need to obtain a completed and signed vendor maintenance form and W9 for their supervisor's review.

VIII. APPROVALS: All service contracts/agreements are reviewed by OSP administrator and each department's ASC director; it must then be approved and signed by the ASC Executive Director and authorized account signers.

IX. CONTROL & COMPLIANCE: ASC accounts payable personnel will process the invoice payment when (1) service contracts/agreements are fully executed, (2) all supporting documents are on file, reviewed and approved by OSP administrator, and (3) approved by the ASC Executive Director. If accounts payable personnel do not have fully executed service contracts/agreements or adequate documents on file, the invoice payment request will be forwarded to the assigned OSP administrator.