

**Professional Services Agreement (PSA)**  
**Professional Services Agreement - Work Made for Hire**

**Contract Guidelines**

- a) PSA terms and conditions may NOT be changed.
- b) Value of the PSA must not exceed \$10,000.
- c) Use the PSA “Work Made for Hire” form when the university hires an independent contractor to complete a specific task that will result in a product and you want that product to belong to the university, including all intellectual property rights (e.g., design and content of brochures, web pages, etc.).
- d) Be sure to complete all requested information, including service provider information, AU contact information, date, services to be performed, term of agreement, and payment. Sign and print your name at the bottom of the PSA under AU and write “For” before the Director of Procurement & Contract’s name and title. Attach a Statement of Work if applicable.
- e) The term of the PSA should never exceed one (1) year.
- f) PSA’s may not be renewed more than twice in a year without review by Procurement & Contracts.
- g) Determine if service provider is a US citizen or foreign national and check applicable box on the PSA agreement. If service provider is a foreign national, you must contact the payroll office (x6171) to determine if the United States has a treaty with the service provider’s home country that would eliminate the requirement to withhold taxes. Absent such a treaty, payment must be made through payroll and applicable taxes withheld.
- h) Determine that service provider is truly an “independent contractor” (applies to individuals, not corporations) as defined by the IRS (see IRS Publication 15-A, Employer’s Supplemental Tax Guide), and therefore eligible to be paid as a non employee. The following questions will serve as a guide. If you answer ANY ONE of them “Yes”, then the individual should not be hired using a PSA:
  - a. Is the service provider a current AU employee?
  - b. Is the service provider directly supervised by an AU employee (does AU define the service provider’s work hours and schedule)?
  - c. Will you provide training to the service provider in order for him/her to complete the scope of work?

- i) For audit purposes, a fully executed copy of the PSA must be kept on file in your department for one (1) year.