



Personal Services Contracts

Policies and Procedures



GENERAL INFORMATION

A Personal Services Contract (PSC) is a formal contract that is created when professional services, which are not available within the University, must be provided by an outside vendor.

A Memorandum of Agreement(MOA) is very similar to a PSC. It is used when the agreement is between the University and another Kentucky state agency or government entity.

PSC'S and MOA's are governed by state law in the Kentucky Revised Statutes (KRS 45A.690 - 45A.725). The University's policies have been established in compliance with these statutes.



GENERAL INFORMATION

The following types of services require a PSC or MOA:

- Consulting
- Legal
- Auditing
- Architectural and Engineering
- Medical
- Appraisal
- Auctioneering
- Miscellaneous Professional Services that require professional training, licensing, or certification and are not available through the sealed bid process.

A PSC may not be used for anyone who is an employee or student.



GENERAL INFORMATION

All PSC's and MOA's should include the following information:

- Department Name
- Vendor Name, Address, & Social Security Number or Federal Tax ID
- Description of Services
- Begin and End Dates
- Fixed fee or fee schedule
- Description of allowable reimbursable expenses
- Not to Exceed amount (fee plus allowance for reimbursable expenses)
- Signatures- Vendor, NKU Department Representative monitoring contract
- Approval- Director of Procurement
- Proof of Necessity Form completed and submitted with the PSC



LEGISLATIVE REVIEW

- PSC's and MOA's must be submitted to the Legislative Research Commission(LRC) in Frankfort. The Government Contract Review Committee(GCRC) meets once monthly to review and approve all contracts submitted to the LRC the previous calendar month.
- Contracts over \$10,000 must be submitted to the LRC prior to the start of work.
- Contracts for \$10,000 and under must be submitted to the LRC within 30 days of the effective date of the contract.
- Contracts cannot extend beyond the end of the current fiscal biennium.



LEGISLATIVE REVIEW

- A contract amendment or extension must be submitted if the contract amount must be increased over the original contract amount or if the work will extend beyond the contract end date. If both conditions exist, 2 separate forms must be submitted, one for the amendment and one for the extension.
- The LRC has established the following 90 day policy for contract amendments:
 - “no personal service contract amendment coming before the committee for review shall be in order any sooner than ninety (90) days after a committee action on the contract, unless the amendment is supported by a detailed explanation, addressed to the committee, citing specific valid and justifiable reasons for amendment of the contract. The failure of a contracting body to accurately estimate the total amount of a contract or proposed contract shall not constitute the sole reason for amending a government contract”.



LEGISLATIVE REVIEW

- If contractual work needs to continue beyond the end of a fiscal biennium, a new contract must be submitted to the LRC as a renewal for the new fiscal biennium.
- Payments cannot be made on a contract until approval is received from the LRC.
- Rates for some types of services (legal, audit, auctioneer, real estate appraisal) are restricted by Maximum Allowable Rates established by the LRC. Contact the Procurement office if you will be using these types of services.
- Legal Contracts must be approved by the Governor before they are submitted to the LRC.



VENDOR REGISTRATION INFORMATION

- Foreign Corporations (out of state vendors) doing business within the Commonwealth of Kentucky are required to be registered with the Secretary of State, New Capitol Building, Frankfort, Kentucky and must be in good standing. This applies to corporations, LLC's, and LLP's. It is not required for vendors being paid as individuals.
- All vendors performing work or services on NKU campus must possess a Campbell County Occupational License and a City of Highland Heights Occupational License and must pay applicable payroll taxes. It is the vendor's responsibility to contact these government entities to determine licensing and tax requirements.
- Information and web links can be found on the PSC Form.



PERSONAL SERVICES CONTRACT PAYMENTS

- Vendors must submit a Personal Services Contract Invoice Form with each invoice. This is a statutory requirement.
- The PSC Invoice Form must be signed by the Vendor and by the NKU department representative who is monitoring the contract.
- The approved invoice and Invoice Form should be submitted to the Procurement Office for contract verification. The invoice will then be forwarded to Accounts Payable for payment.
- Care should be taken to include all allowable fees and reimbursable expenses when creating a PSC, as payment can only be made for fees and expenses stated in the contract.



SPEAKERS, ENTERTAINERS, and HONORARIA

- Contracts for speakers, entertainers, and performing artists are exempt from GCRC review.
 - Contracts for these types of services should be submitted on the Speaker/Entertainer Contract Form.
- Honorarium payments do not require a written contract
 - use only when payment is \$1,000 or less and there are no reimbursable expenses being paid.
- Payments to International/non-US Citizen individuals require approval from the Payroll department to ensure all state & federal requirements for International payments have been met. Please contact Payroll for approval before completing a contract. Information regarding International payments can be found on the Payroll website.



HOW TO PROCESS A PERSONAL SERVICES CONTRACT

1. For contracts over \$10,000, please contact Procurement Services before proceeding to determine if a Request for Proposal or Single Source Justification is required.
2. Advise vendor of Registration Requirements
 1. Secretary of State registration
 2. Campbell Co. and City of Highland Heights Occupational Licenses
3. Complete a Proof of Necessity(PON) form
 1. Department must sign
 2. Complete all sections
 3. Provide adequate detail- this is your justification for the contract and is used by the GCRC to approve your contract



HOW TO PROCESS A PERSONAL SERVICES CONTRACT

4. Complete a Personal Services Contract form
 - Vendor and Department must sign
 - Provide adequate detail-info is used by the GCRC to approve your contract. Inadequate or unclear descriptions may delay the approval of the contract.
 - Use Memorandum of Agreement form if the agreement is with another Kentucky state agency or government entity.
5. Ask vendor to complete a Vendor Setup Form if they are not in SAP as a vendor.
6. Forward completed PCS or MOA, PON, and Vendor Setup Form to Procurement Services at least 5 business days prior to start of contract.
 - Include additional backup documents such as Single Source Justification or RFP documents if required.



HOW TO PROCESS A PERSONAL SERVICES CONTRACT

7. Enter a purchase requisition into SAP for the full amount of the contract.
8. Procurement Services will
 - Review your contract documents
 - Verify vendor registration with the Secretary of State's office
 - Submit your contract to the LRC
 - Issue purchase order
 - Notify you when your contract has been approved
9. Work may begin when a purchase order is issued, or when Procurement has advised you that your contract has been submitted to the LRC and it is ok for work to proceed. Payments may not be made until the contract has been approved by the GCRC.
10. Invoices must be submitted with a completed Invoice Form.



HOW TO PROCESS A PERSONAL SERVICES CONTRACT

11. All changes to a contract must be submitted to the LRC on a PSC Renewal/Amendment/Extension form. Contracts cannot be amended within 90 days of the original contract unless it is submitted with a “90 Day Letter” (contact Procurement Services for info on 90 Day Letter requirement)

12. When your contract is complete, notify Procurement Services to:
 - Close contract
 - Close purchase order if there is an open balance



HOW TO PROCESS A SPEAKER/ENTERTAINMENT CONTRACT

1. Advise vendor of Occupational License requirements for Campbell County and the City of Highland Heights. It is the vendor's responsibility to contact these government entities to determine licensing and tax requirements.
2. Complete Speaker/Entertainment Contract and submit to Procurement Services.
3. Ask vendor to complete Vendor Setup form if they are not set up as a vendor in SAP. Submit form to Procurement Services after all signatures are obtained.
4. Enter a purchase requisition into SAP. Procurement Services will issue a purchase order.
5. Submit vendor invoice, signed and approved for payment, to Procurement Services after services are complete.



PSC information can also be found in printable pdf form on the Procurement Services website:

Forms can be found on the Procurement Services website at:

<http://procurement.nku.edu/Personalservicecontracts.html>

For information on registration with the Secretary of State, please visit:

<http://onestop.ky.gov/Pages/default.aspx>

For information on Occupational Licensing for Campbell County and the City of Highland Heights, please call 859.292.3884 or visit:

<http://campbellcountyky.org/index.php/home/services/occupational-license>

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