



Procurement Services

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
- Executive Search Firms
- Web Design
- Graphic Design
- Miscellaneous/Other

Professional Services that require professional training, licensing, 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

- All 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. Usually the second Tuesday of each month.
- Any Contracts over \$10,000 you must reach out to Procurement Services as this must go through the Request for Proposal(RFP) process, once complete must be submitted to the LRC prior to the start of work.
- Contracts under \$10,000 do not require an Request for Proposal but 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.

PERSONAL SERVICES CONTRACT PAYMENTS

- Vendors must submit a Personal Services Contract Invoice Form with each invoice. This is a statutory requirement.

[PSC INVOICE FROM](#)

- 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

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

Secretary of State registration

<https://sos.ky.gov/bus/Pages/default.aspx>

Campbell Co. and City of Highland Heights Occupational Licenses

[Highland Heights/Campbell County Occupational Licenses](#)

3. Complete a Proof of Necessity(PON) form

Department must sign

Complete all sections .

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. The vendor must be invited to PaymentWorks (NKU's onboarding Process) if they are not set up in SAP as a vendor.

6. Forward completed PCS or MOA, PON Form to Procurement Services at least 14 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. 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

8. Once you receive an email from Procurement Services indicating that the PSC or MOA & the PON has been submitted to the KY LRC. You can now enter a purchase requisition into SAP for the full amount of the PSC contract. Be sure to use "AU" and not "EA" under UNIT on the purchase requisition in SAP. The PO will be set up for progress payments using a PSC PO47.

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 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

Helpful Tips for Submitting Documents

- Provide a complete and accurate description of the work to be performed.
- Reference the RFP number on the PSC & PON if it applies to the contract.
- Clearly identify the source of funds cost center/grant on the PSC form.
- Make sure to send the PSC, MOA & PON to Procurement Services 14 business days prior to work starting, to give time for our office to submit to the LRC.
- Visit Procurement Services website for forms and additional information regarding PSC, MOA & PON :
<https://inside.nku.edu/procurement/Personalservicecontracts.html>
- Questions: Reach out to Blaine Gilmore - gilmoreb@nku.edu or Holly Vasquez – vasquzh1@nku.edu or send your questions to purchasing@nku.edu

Other Information

- Kentucky Secretary of State
 - <https://sos.ky.gov/bus/Pages/default.aspx>

- Kentucky Department of Revenue
 - <https://revenue.ky.gov/Pages/index.aspx>

- Kentucky Model Procurement Code (KRS 45A)
 - <https://apps.legislature.ky.gov/law/statutes/chapter.aspx?id=37250>

- [Highland Heights/Campbell County Occupational Licenses](#)