



Personal Service Contracts: What You Need to Know

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What is a Personal Service Contract?

A personal service contract is an agreement whereby an individual, firm, partnership, or corporation is to perform certain services requiring professional skill or professional judgment for a specified period of time at an agreed upon price.

The University's policy governing personal service contracts is established by state law in the Kentucky Revised Statutes (KRS 45A.690 to 45A.725).





Examples of Personal Service Contracts

- Attorneys
- Licensed Medical personnel (not employment agencies)
- Auditing/Accounting
- Architect/Engineer
(Managed by Capital Project Management Division, KRS 45A.730 to 45A.838)
- Consulting Services
- Executive Search Firms
- Insurance Adjusters
- Web Design
- Graphic Design
- Auctioneers
- Veterinarians
- Other

Requirements

- Each contract must include a thirty (30) day cancellation clause.
- Contracts are reported for review to the Government Contract Review Committee (GCRC) of the Kentucky state legislature.
- The GCRC meets on the second Tuesday of the month in Frankfort.
- Contracts must be submitted to the GCRC prior to the close of business of the last working day of the month for review at the following month's meeting.

Requirements

- By policy, the GCRC has promulgated maximum hourly rates for certain professions including attorneys and auditors.
- It is suggested that contracts run thru June 30th, however, no contract may extend beyond the current biennium.
- Out of state firms must be registered as a foreign corporation with the Kentucky Secretary of State.
- If required, all firms must be registered with the Kentucky Department of Revenue for tax collection purposes.





How to Submit a Contract for Consideration

Two types of Contracts

- \$1,000 to \$10,000
- Over \$10,000


Timing is important. To be considered at the following month's committee meeting contracts need to be submitted to the Government Contract Review Committee by close of business on the last day of the previous month.

Email contracts to jamison.barton@uky.edu and allow enough time to get the necessary signatures in order to meet that deadline.

\$10,000 or less

- A competitive solicitation and/or UK contract is **NOT** required.
- Contracts must be reported to the Government Contract Review Committee (GCRC) within thirty (30) days of the effective/start date of contract.
- Requires signatures from the contractor, department, and Chief Procurement Officer.

Personal Service Contract
(\$10,000 or less)

 University of Kentucky
Procurement Services

Personal Service Contract Number: _____ (To be assigned by Purchasing)

This Personal Services Contract for professional services to _____
is made and entered into this _____ day of _____, 20____ by and between _____

Name of Individual or Firm (The Second Party) _____ Social Security or Federal ID Number _____

Street Address _____ City _____ State _____ Zip Code _____

Services: University of Kentucky has determined that personnel are not available to perform the described services or use of personnel would not be feasible. Therefore, the Second Party will perform the services described below:

Payment: As fee for the services described, University of Kentucky agrees to pay the Second Party a sum not to exceed \$ _____ upon receipt of an invoice and a completed and signed Personal Service Contract Invoice Form located at www.uky.edu/Purchasing/psinvoiceform.pdf. No other fees or expenses are authorized unless specifically identified in this contract. Payment will be made as described below:

Other Expenses: The Second Party shall be reimbursed for no other expenses of any kind, except as specifically described below:

Contract Dates: Beginning: _____ Ending: _____ Cancellation by either party upon 30 days written notice.

The Second Party is an independent contractor for University of Kentucky; therefore, University of Kentucky is not liable for Social Security Contributions pursuant to Section 418.42 U.S. Code. Furthermore, IRS Form 1099 will be forwarded at the end of the calendar year if total payments exceed \$600.00.

This Standard Contract for Personal Services is subject to the University's General Terms and Conditions, unless otherwise agreed to in writing. The University's General Terms and Conditions may be viewed at www.uky.edu/Purchasing/terms.htm.

FIRST PARTY: _____ **SECOND PARTY:** _____
Department Signature Date Type Name of Firm/Individual

Dean, Vice President or Provost (if necessary) Signature Date

OFFICIAL PURCHASING APPROVAL:


Purchasing Director/Asst. Director Date

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Over \$10,000

- A competitive solicitation and UK contract **IS** required.
- Contractors may not begin work until the contract is reported to the Government Contract Review Committee (GCRC).
- Requires signatures from the contractor, Office of Legal Counsel, Executive Vice President for Finance and Administration, and Chief Procurement Officer.

Standard Contract for Personal Services



Personal Service Contract Number PS _____

Account No. _____

Encumbrance Amt. _____

This Contract is effective on _____
(The date of its delivery to the Legislative Research Commission)

This Contract expires _____

THIS CONTRACT is made and entered into this _____ day of _____, 20____,

by and between _____
(Agency)

UNIVERSITY OF KENTUCKY
(Agency)

Commonwealth of Kentucky, hereinafter referred to at the University or as the First Party, and _____
(Name of individual or firm) _____
(Social Security / FEIN Number)

_____ (Address)

hereinafter referred to at the Contractor or as the Second Party.

WHEREAS, the University, in the exercise of its lawful duties, has determined upon the necessity of the performance of the following-described function(s): _____

WHEREAS, the University has concluded that either University or State personnel are not available to perform said function, or it would not be feasible to utilize University or State personnel to perform said function; and

WHEREAS, the Second Party is available and would be qualified to perform such function; and

WHEREAS, for the hereinbefore-stated reasons, the University desires to avail itself of the services of the Second Party,


NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:

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Proof of Necessity (PON)

- The Proof of Necessity form **IS** required for all contracts, \$10,000 or less and over \$10,000.
- It provides information for the GCRC such as contract costs and source of funds and identifies how the contract was awarded.
- Departmental signatures are required to complete the form.
- Contractor's signature is not required.

Legislative Research Commission
Personal Services Contract
Proof of Necessity

 University of Kentucky
Procurement Services

Contract No. _____

Agency _____ Division, Branch, etc. _____

TYPE OF CONTRACT: New Renewal or Extension for Time Only

NOTE: All questions must be answered fully. If space provided is insufficient, additional pages should be attached referencing the specifically numbered item. Questions regarding this form should be directed to the Bureau/Staff Office Contract Officer.

1. Name and Address of Contractor: _____ 2. Effective Period of Contract:
Start Date: _____
End Date: _____

3. Explain work to be performed. (Be specific. Include: Description of project, type(s) of service to be delivered; reports or products to be prepared; reason for duration of contract, etc.)

4. A. Does an identified or anticipated reason now exist which would indicate a need to renew the contract for the succeeding fiscal year? YES _____ NO _____
If yes, explain: _____

B. Will the contract provide for cancellation by the Department upon a maximum of 30 days or less written notice to the contractor? YES _____ NO _____

5. FINANCIAL AND CONTRACT COST DATA:

A. Total Projected Cost of Contract: \$ _____
Source of Funds: Federal: \$ _____ State: \$ _____
Local/Other: \$ _____ Identify _____

B. If contract is supported by federal funds, indicate: grant/project title, grant I.D. number and DFDA number:


C. If contract is supported by state funds, indicate source(s) and amount(s). (i.e., General Fund, Trust and Agency, Other):

D. Was the contract cost included in the original Budget Request? YES _____ NO _____ (If no, explain)

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Notice of Amendment

Notice of Amendment of Personal Service Contract



Name and Address of Individual or Firm

Personal Service Contract Number PS _____
Amendment No. _____
Account No. _____
Net Increase _____
Net Decrease _____
Revised Contract Amt. _____

Confirming the verbal agreement made between you and the University of Kentucky, _____

(Agency)
Contract No. _____, dated _____, is being amended as follows:

All other terms and conditions of the contract, except as modified above, are hereby ratified and confirmed. The period within the current fiscal year in which services are to be performed under this amendment is from _____ to _____

Please signify your acceptance of the above amendment to Contract No. _____ by affixing your signature in the space provided below.

FIRST PARTY: _____ BY: _____ Dean/Director _____ Vice President/Provost (if necessary) _____ Date	SECOND PARTY: _____ Type Name of Firm or Individual BY: _____ Signature _____ Date
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RECOMMENDED FOR APPROVAL:

Director/Asst Director, Purchasing Division

EXAMINED AS TO FORM AND LEGALITY:

University Legal Counsel

OFFICIAL APPROVAL:


Executive Vice President for Finance and Administration

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- The Notice of Amendment is used to add additional services and/or increase the dollar amount of the contract.
- Requires signatures from the contractor, department, Office of Legal Counsel, Executive Vice President for Finance and Administration, and Chief Procurement Officer.
- Contracts cannot be amended for at least ninety (90) days after the contract was initially reviewed by the GCRC.

Notice of Extension

Notice of Extension of Personal Service Contract



Name and Address of Individual or Firm

Personal Service Contract Number PS _____
Account No. _____
Encumbrance Amt. _____
Pre-Audit No. _____
This Contract Is Effective _____ <small>(date of delivery to LRC)</small>
and Expires _____

This is to notify you that under the provisions of the contract, the University elects to extend Contract Number _____, dated _____, between you and _____
(Agency)

with the same terms and conditions as set forth therein. The period within the current fiscal year in which services are to be performed under this extension is from _____ to _____.

Please signify agreement to such an extension of said contract by affixing the proper signature as indicated herein under.

FIRST PARTY: UNIVERSITY OF KENTUCKY **SECOND PARTY:** _____
Type Name of Firm or Individual

BY: _____ **BY:** _____
Dean/Director Signature

_____ _____
Executive Vice President for Finance and Administration Date

_____ _____
Date

RECOMMENDED FOR APPROVAL:

_____ _____
Director/Asst Director, Purchasing Division

EXAMINED AS TO FORM AND LEGALITY:

_____ _____
University Legal Counsel

OFFICIAL APPROVAL:

_____ _____
Executive Vice President for Finance and Administration

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- The Notice of Extension is reviewed at a scheduled GCRC meeting.
- The Notice of Extension of Contract is used to extend a contract for an additional period of time.
- Requires signatures from the contractor, department, Office of Legal Counsel, Executive Vice President for Finance and Administration, and Chief Procurement Officer.
- It can only extend a contract that has not already expired.

Memorandum of Agreement (MOA)

MEMORANDUM OF AGREEMENT UNIVERSITY OF KENTUCKY

THIS AGREEMENT, made and entered into this _____ day of _____ 20____

By and between _____
(Name of Individual or Firm)

(Address) (Zip Code)

hereinafter referred to as the First Party, and the

(Name of Company) (Address)

hereinafter referred to as the Second Party:

WHEREAS, the First Party, in the exercise of its lawful duties, wishes to obtain certain services, as described below:

1. SERVICES:

WHEREAS, the Second Party is willing to perform such services. The Second Party agrees to perform the services as hereinafter described with particularity as follows

NOW, THEREFORE, it is hereby and herewith mutually agreed by and between the parties hereto as follows:

2. CONSIDERATION

A. **Fee:** For the services as hereinbefore set forth, the First Party agrees to pay the Second Party, the sum of \$_____ payable upon the receipt of billing from the Second Party. Payment is due within thirty (30) days after the date of the Second Party's invoice.

B. **Travel expenses,** if authorized, herein. The contact shall be paid for no travel expenses unless and except as specifically authorized by this paragraph as follows:

C. **Other expenses,** if authorized herein. The contractor shall be reimbursed for no other expenses of any kind, unless and except as specifically authorized in the paragraph below

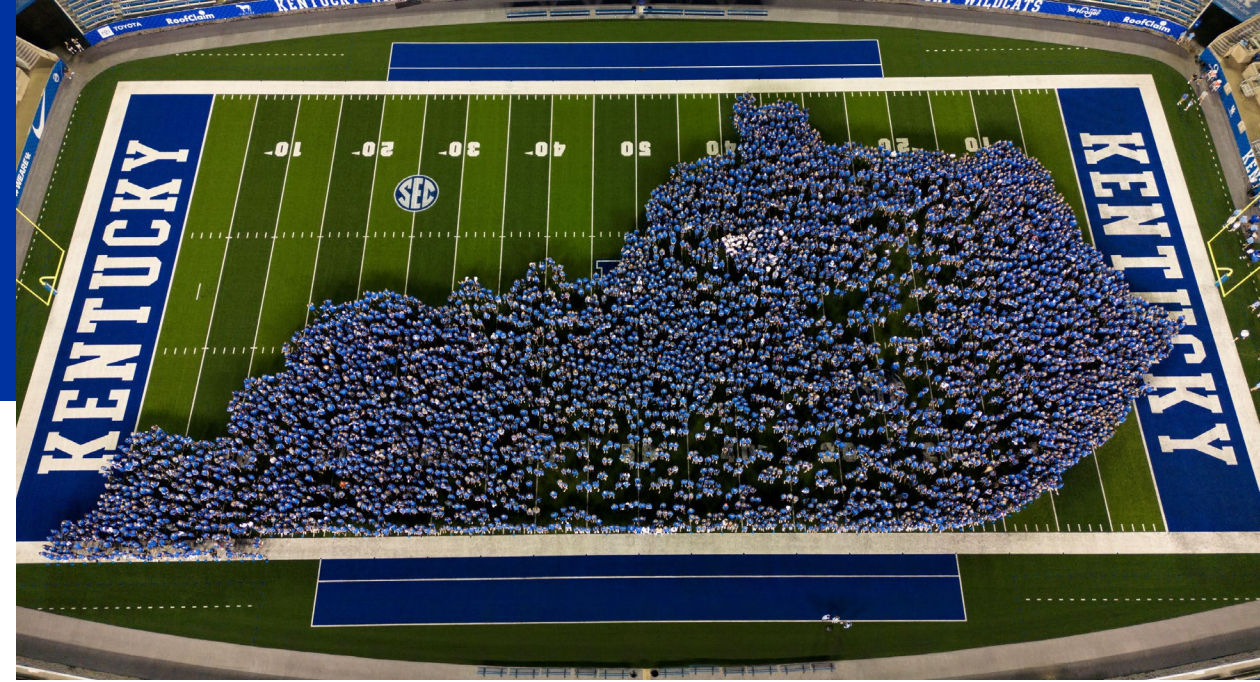
D. Maximum for fee and expenses

The contractor's fee, travel expense reimbursement (if any) and other reimbursement (if any) relative to the services shall not exceed a total of \$_____

- Memorandum of Agreements (MOA) are only used for personal service contracts between in-state, public agencies such as other state universities or colleges, local education districts, the Commonwealth of Kentucky, or any local governmental agencies.
- A Proof of Necessity must be submitted with the Memorandum of Agreement.
- There is no standard Memorandum of Agreement form.

Helpful Tips

- Provide a complete and accurate description of the work to be performed.
- Be sure to avoid abbreviations or acronyms.
- Reference the RFP number on the Proof of Necessity form if it applies to the contract.
- Clearly identify the source of funds on the Proof of Necessity.
- Be sure to ask for sufficient dollar amounts. Contracts cannot be amended for ninety (90) days.
- An SRM Shopping Cart or SAP/ECC requisition is needed for a purchase order to be issued for payment.
- The procurement card or a PRD are **NOT** allowed for payment.
- Each department is responsible for obtaining signatures from the department and contractor.



Online Forms



All forms are located on the UK eForms page at <https://www.uky.edu/eForms/> or

- Standard Contract for Personal Services
<https://purchasing.uky.edu/sites/default/files/2024-02/personsvc.pdf>
- Personal Service Contract (\$10,000 or less)
<https://purchasing.uky.edu/sites/default/files/2024-02/personsvclass10k.pdf>
- Personal Service Contract Proof of Necessity
<https://purchasing.uky.edu/sites/default/files/2024-02/proofnec.pdf>
- Notice of Extension of Personal Service Contract
<https://purchasing.uky.edu/sites/default/files/2024-02/personsvcext.pdf>
- Notice of Amendment of Personal Service Contract
<https://purchasing.uky.edu/sites/default/files/2024-02/personsvcamend.pdf>



Contact Us:

UK Procurement Services
322 Frank D. Peterson
Service Building
411 S. Limestone
Lexington, KY 40506
859-257-9100

<https://purchasing.uky.edu/>

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