

DHHS POLICIES AND PROCEDURES

Section VII:	Procurement and Contract Services
Title:	General Contracting Manual
Chapter:	Chapter 4; Personal Services Contracts
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Purpose

The purpose of this document is to provide guidance to Department of Health and Human Services (DHHS) staff as it relates to personal services contracts

Policy

Personal Services Contract Rates

Contracted positions should not be paid at a rate greater than a similar State position performing the same tasks. This policy of "leveling" cannot be modified unless approved in advance by the Secretary of Health and Human Services or his/her designee. In addition, the Classification and Compensation Section of the Division of Human Resources must approve any payment rates that exceed the following maximum levels:

1. Physicians, dentists, and psychiatrists may be paid a maximum of \$100.00 per hour while providing direct medical services or follow fee schedules if they do not exceed the usual and customary charges determined in accordance with Medicaid principles. In addition, they must have regular private practices or otherwise be employed full-time in the private sector. The total compensation for any service shall not exceed an eight hour billing per day. (20% of a typical 40 hour per week work period).
2. Attorneys may be paid a maximum of \$75.00 per hour for legal services and a maximum of \$60.00 per hour for non-legal services. The total compensation for any service shall not exceed an eight hour billing per day (20% of a typical 40 hour per week work period).
3. Any person providing training, consultation and/or other services may be paid a maximum of \$50.00 per hour, not to exceed \$400.00 for any one day's service. No payment will be allowed for preparation time.
4. Personal services contracts for hard-to-recruit professional occupational groups such as interpreters for the deaf, speech and language pathologists, and occupational and physical therapists may be approved up to a maximum for the comparable salary range. If the work to be performed requires 20% or less of a typical 40 hour per week work period, an additional 18.8% above the maximum of the salary range may be paid. This additional compensation represents the value of certain fringe benefits that state employees performing comparable work would receive. The additional compensation is

permitted in order to facilitate obtaining the services of these hard-to-recruit professionals.

5. Travel and subsistence may be paid in addition to the contractual fees described above, but the time spent traveling may not count as hours of service that are reimbursed at an hourly rate. Travel and subsistence will be paid under prevailing State rates and policies

Summary of Legislative Changes Impacting Personnel

The following is a summary of changes impacting personnel from the budget approved for this fiscal year (2005-06), SB 622.

The definition of Retirement has been changed to mean "termination of employment and the complete separation from active service with no intent or agreement, express or implied, to return to service. A retirement allowance under the provisions of this Chapter may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must render no service, including part time, temporary, substitute, or contractor service, at any time during the six months immediately following the effective date of retirement." This provision becomes effective November 1, 2005. If you have questions, please contact the Division of Human Resources.

Also Reference: 25 NCAC 01D .2701 and G.S. 143-27.2 :

Any employee separated from State government and paid severance wages under this section shall not be employed under a contractual arrangement by any State agency, other than the constituent institutions of The University of North Carolina and the constituent institutions of the North Carolina Community College System, until 12 months have elapsed since the separation.

Implementation

1. **Personal Services Contract Delegations**

All Personal Services contracts must be processed through the Initiator, the Division/Office/Facility/School Contract Office, the Budget Office, HR Office, the COE Chair and the Division Director or Designee. Additional approvals required for Personal Services Contracts are listed below. (Refer to Budget Manual for Dual Employment approvals.)

2. **Contracts Requiring Approval of the Division/Office/Facility/School Personnel Office**

All Personal Services contracts must be approved by the Division/Office/Facility/School Personnel Office. The Division/Office/Facility/School Personnel Office has authority to approve Personal Services contracts that are less than \$10,000.00 and do not have personnel-related issues that require the approval of the Division of Human Resources.

3. **Contracts Requiring Approval of the DHHS Division of Human Resources**
 - A. Personal services contracts that are less than \$10,000.00 and have personnel-related issues identified by the Division/Office/Facility/School Personnel Office.
 - B. Personal services contracts that are equal to or greater than \$10,000.00.
 - C. Personal services contracts that exceed established rates.
4. **Contracts requiring Approval of the DHHS Division of Budget and Analysis**
All Personal Services Contracts exceeding the established rate.
5. **Contracts requiring Approval of the Division of Information Resource Management (DIRM).**
All personal services contracts must be approved by DIRM if the contract meets any conditions outlined on the IT checklist.
6. **Contracts requiring Approval of the Public Information Office (PIO).**
The DHHS Public Information Office will review and approve any contract for media, public relations, or associated services.

Signature Authority For Personal Services Contracts

1. **Contractor**
Only the individual contractor (or if the person is employed by a firm, those persons authorized legally to bind the contractor (President, Vice President, or equivalent)) shall sign contracts.
2. **Division/Office/Facility/School**
All Personal Services Contracts, including speaker contracts, shall be signed and dated by the Division/Office/Facility/School Director or designee. If the Division/Office/Facility/School director authorizes a designee to sign contracts, a letter of authorization shall be on file with the Division/Office/Facility/School contract office and the DHHS Office of Procurement and Contract Services.

Personal Services Contract Templates

The Personal Services Contract template has been approved by the Department to be used by the Divisions.

See the Procurement & Contract Services Manuals and forms

Documentation for Contract File

Each division/office/facility/school director may designate an individual to be responsible for the contracts and to serve as the division's/office's/facility's/school's liaison to DHHS. The responsible individual is expected to maintain the division's/office's/facility's/school's permanent contract file.

The division's/office's/facility's/school's permanent contract file should be organized by contract number. All contracts and related information, including but not limited to contract amendments, budget amendments or budget revisions should be maintained in individual folders.

The final Contract Folder should contain at least the following items:

- **Personal Services Contract Approval Form**
The Contract Approval Form acts as the base document/requisition for the contract or contract amendment including basic data about the contract as well as all required approval signatures.
- **Contract Justification Memorandum or Amendment Justification**
The information listed on justification memorandum and amendment justification memorandum provides a comprehensive outline of the contract or contract amendment as well as answers to the basic questions as to why the contract should be entered into or is being amended. All questions must be responded to as they pertain to the contract.
- **IT Checklist**
The IT Checklist is to be completed for each contract. This is a two page document. The first page must be completed for all contracts, the second page must be completed only if “yes” was checked on page one, meaning the contract has an IT component.
- **NCAS Header Sheet or copy of E-Procurement Purchase Order Sheet**
 - The NCAS Header Sheet is obtained by printing the PHI screen of the North Carolina Accounting System. When this screen is completed, the system will assign the purchase order number that identifies the contract. This number should be entered at the top of the contract approval form, entered in the DHHS Contract System, and entered on all invoices. The NCAS screens necessary to encumber funds will be completed after all approvals are entered on the contract approval form.
Note: The NCAS Procedure P95-006 is included on the COE web site. This explains how to enter contracts into NCAS. In the event a contract is canceled, contact NCAS Purchasing Support Team within the Office of Procurement and Contract Services for instructions on removing it from NCAS.
 - The E-Procurement Purchase Order Sheet is obtained after entering the requisition information into the E-Procurement System and the requisition is approved. The approval generates a Purchase Order number that identifies the contract. This number should be entered into the DHHS Contract System in place of the NCAS # as EPXXXXXXXXX and entered on all invoices.

- **Form 319--Employment Relationship Questionnaire.**
The Contract Administrator (Initiator) will complete the 319 - Employment Relationship Questionnaire at the direction of the Division/Office/Facility/School Personnel Manager to assist in determination of employee/employer relationship for federal withholding. The Personnel Manager will approve the completed questionnaire, assure all determinations are correct, and all necessary forms have been completed. Attach forms to the contract package and return to the Contract Office.

- **Federal Assurances:**
Sign appropriate certifications as applicable per source of funds and applicable to all agencies except Federal Agencies or an agency acting in the behalf of a Federal agency.
 1. Federal Disclosure of Lobbying Activities
 2. Federal Certification instructions
 3. Federal Certification Regarding Lobbying Form
 4. Federal Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transactions
 5. Federal Certification Regarding Drug-Free Workplace Requirements
 6. Federal Certification Regarding Environmental Tobacco Smoke

- **Executed Contract and/or Contract Amendments**
An original of the completely signed contract or contract amendment with all required and applicable attachments. (Applicable attachments may include HIPAA, Federal Certifications, applicable IT authorizations)

- Other applicable required approvals specific to each Division/Office/Facility/School.

Distribution of Finalized Contracts

At this point the contract has received all required approvals for intent to contract and the FINAL SIGNATURE APPROVAL--FUNDS BUDGETED signature has been secured. The original contracts have been submitted to the Contractor for signature and all other required signatures have been secured on the original contracts and the contract is ready for distribution to appropriate offices.

The minimum required distribution is as follows. Additional copies and/or originals may be required based on the contractor and the Division’s/Office’s/Facility’s/School’s needs.

1. One original contract is maintained in the Division Central Contract Office.
2. One original contract is returned to the Contractor.

3. One copy is submitted to the DHHS Controller Office, together with a copy of the completed approval form.
4. One copy to the Division/Office/Facility/School Personnel Office if the payment will deduct social security, state and federal taxes.
5. One copy should be maintained by the Contract Administrator especially if monitoring is required.

Refer to the Procurement & Contract Services Manuals and forms for information, instructions, examples and contract forms, templates, general terms and conditions, performance-based contracting (PBC) requirements, performance measures, sample amendments, supplemental material to required forms and miscellaneous information.

For questions or clarification on any of the information contained in this policy, please contact [Procurement and Contract Services](#).