

## **Consultant and Other Professional Service Agreements using Sponsored Funds**

If consulting or other professional service costs are included in a sponsored agreement OR are subsequently anticipated at any point during the project, the following guidelines should be followed regarding dollar threshold requirements for consultant and other professional costs:

### **If consulting or other professional services will total \$5,000 or more:**

The \$5,000 limit is applicable to the overall contract commitment with a particular consultant or other professional, regardless of the number of sponsored agreements or other projects involved. Departments must consider all payments that will be made to the consultant or other professional, including travel reimbursements and payments over multiple fiscal years and/or from multiple projects when considering the dollar thresholds. Example: A three-year agreement (even if each year is budgeted in a separate award or project) at a cost of \$2000 per year is a \$6000 contract and purchasing approval is required. **\*Payments shall not be split to avoid the \$5,000 limit\***. Splitting payments is in violation of state law and University purchasing policies.

- Before a consultant or other professional can begin work or receive payments, the services must be bid or approved as sole source by the KSU Purchasing Office. Once a department receives a sponsored award that includes consultant or other professional costs or as soon as such costs are anticipated, the department should
  1. Contact Roger Johnson in Purchasing for assistance in bidding or for sole source approval.
  2. Submit to the KSU Purchasing Office a purchase requisition (PR) with specifications for bidding purposes
  3. OR submit to the KSU Purchasing Office a purchase requisition (PR), Prior Authorization form, and supporting documentation if service is to be obtained as a sole source purchase. Sole source justifications must be documented and approved as applicable on the KSU Prior Authorization form PRIOR to obtaining such services. This form must be prepared for each consultant or other professional services agreement and submitted to the KSU Purchasing section of the Controller's Office.
- Once the consulting or other professional services are approved or awarded by Purchasing, they will assign a contract number and forward the information to Sponsored Projects Accounting.
- Sponsored Projects Accounting will document the Purchasing approval information and forward to Rex Goff in Pre-Award Services for preparation of the contract. Pre-Award Services will prepare the contract, incorporating terms & conditions as applicable to contracts associated with sponsored agreements and will obtain necessary signatures.
- Sponsored Projects Accounting will provide KSU Purchasing section of the Controller's Office with a copy of the fully signed contract prepared by Pre-Award Services.
- For proper monitoring by the Controller's Office, the department must reference Purchasing's contract number on all associated payment documents (APV's).
- NOTE - If consultant or other professional service costs exceeding \$5,000 are to be charged to the project, and no agreement was established through the process described above, such payments cannot be processed until appropriate action is taken by the department to bid or get sole source approval for **\*each payment prior to these costs being incurred\***. This is most likely going to occur when a PI wants to pay to bring a collaborator, fellow researcher, seminar speaker, etc. to campus on a sponsored project. Bringing an individual in more than once or for more than a few days can push the total cost to over \$5,000, so please take care to take the appropriate steps prior to scheduling these visits.

**If consulting or other professional services will total under \$5,000:** Contracts, bids and/or sole source approvals are not necessary.

Finally, as with any cost charged directly to a sponsored project, the cost must meet all allowability criteria, no matter what the dollar amount is. Allowable direct costs are those that are necessary for completion of that specific project, are incurred during the project period and are not expressly disallowed by the sponsor.