

# FEE-FOR-SERVICE CONTRACTS

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## **BACKGROUND**

SVCCT accounts are used for the management of fee-for-service contracts. These contracts are based on services provided due to excess capacity of the provider. Fee-for-service contracts are required to contain provisions for overhead to support the services provided by both central administration and departmental administration. The contracts are handled as outlined below.

## **WHAT IS A FEE-FOR-SERVICE AGREEMENT**

Fee-for-service agreements include one or more of the following criteria:

- Faculty member provides a service at price/unit cost
- Have a per unit cost budget, not a line item budget
- Revenues and expenditures are managed by the departments

## **PROCEDURE**

The University's overhead rate for fee-for-service agreements is 26%. The 26% should be built into the rate being charged in the agreement. If the other party will not pay the 26% rate, an indirect cost reduction request must be approved to accept the lower rate on the agreement. If the contracting party has a formal policy regarding overhead rates, then their policy is generally accepted by OUHSC. This policy must be written and consistently applied for similar circumstances. Any exceptions to this policy must be approved by the Vice President of Research or his designee. Anything negotiated above the 26%, will be for the department's benefit. Agreements that bring in less than the 26%, will be split 13% to central administration and the remaining to the department. (Example: 15% rate. 13% to central administration and 2% to the department).

Fee-for-service agreements must be routed through the Office of Research Administration through Sooner Track. Once awarded, ORA will send the applicable information to Grants and Contracts Accounting. GCA will set up a project in PeopleSoft and send the project number to the department contact. All revenues and expenditures must be managed through the chartfield received from GCA. GCA is also responsible for the quarterly transfer of overhead from the SVCCT account. GCA will provide cursory reviews of allowability and is responsible for the approval and processing of SVCCT cost transfers.

If the contract cannot be fully negotiated before the start date, the department can request an advance account (ECAV). The SVCCT [advance account form](#) should be sent to [gca@ouhsc.edu](mailto:gca@ouhsc.edu). The department is responsible for any expenditures that are incurred if the fee-for-service agreement does not come to fruition.