

**Treasury and Policy Board
Public Service Commission**

Personal Services Contracts

Q&A for Government Departments

September 2005

Why is the government changing its personal services contract regulations and policy?

Government has approved new regulations to replace an existing administrative procedure.

The policy has been revised to reflect the approval process for personal services contracts, as set out in the regulations.

What prompted this regulatory and policy change?

In support of Government's commitment to accountability, there was an identified need to clarify the use of and approval process for personal services contracts.

When do the new regulations and policy come into effect?

They come into effect on January 1, 2006.

What organizations are required to comply with the regulations/policy?

The regulations apply to personal services contracts in all departments and government agencies.

What is a personal services contract?

A personal services contract is an agreement that establishes an employment relationship between an individual and a department, office or government agency, whether or not it is in writing, and includes any amendment or extension to the agreement.

Are personal services contracts in departments required to be in writing?

Yes. Personal services contracts in departments must be in writing and follow a contract template.

What are the main parts of the regulations and policy?

There are two main parts:

1. What is compensation?

Compensation is more than salary. It includes an employee's *annualized* base salary and any other monetary benefit paid by the employer including: pay for performance, employer contributions to health/pension plans, memberships, sabbaticals, etc.

2. Who needs to review and approve a proposed contract?

The appropriate approval level is based on annualized compensation thresholds in the proposed contract.

2. Contracts worth \$75,000 or less must be approved by the Deputy Head of the department.
3. Contracts worth \$75,000 to \$120,000 must be approved by the Deputy Head, the Public Service Commissioner *and* the Deputy Minister of Treasury and Policy Board.
4. Contracts worth more than \$120,000 must be approved by Executive Council or Treasury and Policy Board.

The detailed process to obtain these approvals is set out in the personal services contracts policy.

When are departments allowed to employ an individual by contract?

Personal services contracts may be considered for use in departments in the following circumstances:

- The nature of the work or employment circumstances prevent the creation of a civil service position;
- The work is considered project work requiring unique skills, knowledge or qualifications;
- The work is considered short term and
- There must be an FTE and funding.

Departments must consult with the Public Service Commission before negotiations to enter into a personal services contract begin.

Are departments required to use a standard form for personal services contracts?

Yes. The regulations and policy contain a contract template to be used by departments when they are engaging the services of a person by contract.

Are there any situations where the new regulations/policy will not apply?

The regulations/policy do not apply to any of the following:

- contracts under s. 64(3A) of the *Education Act*
- civil service appointments
- employment governed by a collective agreement
- contracts whose terms fall within a compensation framework approved by Executive Council
- occupational groups with a contract template approved by Executive Council
- casual employees

Do the new regulations and policy apply to existing contracts or just new contracts?

The regulations and policy apply to new contracts and the *renewal or amendment* of existing contracts.

What happens if a contract is not reviewed and approved by the appropriate authority?

Contracts that do not comply with the regulations and policy are not enforceable.

Are signed contracts required to be filed?

Yes. Departments are required to file a fully signed copy of all personal services contracts with the Public Service Commission.

Where can I get copies of the regulations and policy?

There will be a direct link to the regulations and policy on the Treasury and Policy Board and Public Service Commission websites www.gov.ns.ca/tpb/ www.gov.ns.ca/psc/.