




Policy & title	PAY007 – Goods or services provided to UCT by staff or connected parties
Effective date	1 December 2009
Objective	<p>The purpose of the policy is to:</p> <ul style="list-style-type: none">• Address the risks (financial and reputational) associated with staff members, or connected parties, providing goods or services to UCT;• Clarify the circumstances in which staff members, or connected parties, can provide goods or services to UCT; and• Define the procedures related to staff members, or connected parties, providing such goods or services.
Definitions	<p>For the purposes of this policy, the following definition applies:</p> <p><i>Goods</i> – physical (tangible) products, capable of being delivered and involves the transfer of ownership from seller to purchaser e.g. catering.</p> <p><i>Services</i> – intangible products that usually relate to the provision of time and expertise e.g. editing.</p> <p><i>Connected party</i> - includes anyone who is a family member or friend, or is a business entity containing either of the above.</p>
Scope	<ul style="list-style-type: none">• Includes all payments to staff, or connected parties, from UCT funds for goods or services provided to UCT, whether directly or indirectly. Examples include: translating/editing/proof reading, accounting services, private consulting, accommodation.• Excludes payments between staff, for goods or services provided, where the transaction is between colleagues. <p> Note</p> <p>Where staff are providing goods or services to colleagues within working hours, or using UCT resources, this must be authorised by the line manager, based on a motivation by the staff member.</p> <p>If the activity is authorised, the line manager must monitor the effect on UCT resources e.g. time, e-mail, phone.</p> <p>Examples include: direct sales (e.g. Tupperware/jewellery/perfume), private catering, car wash.</p>
Applicable to	All UCT staff, including UCT Joint Staff on PGWC or NHLS conditions of service.
Additional information	<ul style="list-style-type: none">• Related policies:<ul style="list-style-type: none">- Funds deposited with or held by UCT [GEN001]- Reimbursements [PAY005]- Advances [PAY006]- UCT policy on private work• Related guidelines:<ul style="list-style-type: none">- Contractor’s questionnaire [FG002]
Policy	<ul style="list-style-type: none">• As an employer, UCT is required to deduct tax for all payments related to work performed by staff members, irrespective of the nature and timing thereof.• The general principle is that goods or services provided to UCT,<ul style="list-style-type: none">- By a staff member, are<ul style="list-style-type: none">○ reasonably priced;○ of appropriate quality;○ with reasonable conditions (e.g. guarantees);○ are provided with the authority of the line manager; and○ are taxed accordingly.



- **By a party connected to a staff member**, are
 - o reasonably priced;
 - o of appropriate quality;
 - o with reasonable conditions (e.g. guarantees); and
 - o the association with the staff member is disclosed upfront.
- Payments to staff members, for services rendered to UCT, can therefore not be processed via purchase order.

 **Note**

This includes payments via a reimbursement, where the services are rendered to another UCT staff member (e.g. editing), for payment out of a UCT fund.

Procedure

- Where the goods and services are provided to UCT by a staff member:
 - The staff member’s line manager must authorise this in writing, taking into account the effect on UCT resources.

 **Note**

Services rendered must be done in the staff members’ own time, taking leave if necessary.

- The fund-holder authorising the payment must
 - o be made aware that the provider is a staff member;
 - o have a copy of the line manager’s authorisation;
 - o ensure that the price, quality and conditions are reasonable.
- If the payment is for
 - o goods – this must be processed via a purchase order, based on a valid invoice, and not via a staff reimbursement;
 - o services – this must be processed via HR.
- Where the goods and services are provided by a party connected to a staff member:
 - The fund-holder authorising the payment must
 - o be made aware of the association between the provider and the staff member;
 - o ensure that the price, quality and conditions are reasonable.
 - All payments for goods and services must be processed via a purchase order, based on a valid invoice.

 **Note**

All payments for services, including payments to parties connected to UCT via association or previous employment, must be accompanied by a completed contractor’s questionnaire in order to assess independence.

Implementation responsibility

The line manager is responsible for ensuring all policies and procedures are communicated to and implemented by the individual(s) concerned, including research staff. The faculty/PASS finance manager is to ensure reasonable controls exist to support the implementation of this policy.

Contact

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Policy category	Payments
Policy owner	The Executive Director of Finance
Last reviewed	New policy
This review	December 2009
Approval	Audit Committee