**Guidance Notes on Making a Payment or Setting up a new Supplier**

This information is for anyone within the University wanting to make a payment for goods/services/works. It is intended:

1) To ensure that University achieves VFM through good procurement practice and process

2) To ensure that payment is made efficiently and correctly for goods/services/works

3) To ensure the University complies with HM Revenue and Customs’ rules on employment status and that, where required, income tax and National Insurance Contributions are deducted from payments and remitted to HMRC.

The University processes around 300,000 invoices to suppliers annually and the Oracle Finance System contains records of more than 10,000 suppliers. There is a cost associated with generating payments and maintaining accurate supplier records and users should bear this is mind when asking for new suppliers to be created. The University strives to conduct its purchasing and payment activity in the most efficient manner possible, for both the benefit of our staff and our suppliers, and you can assist in this by ensuring that:

1) Supplier records are created (or re-activated) only where absolutely necessary, and;

2) Payment has to be made by the Accounts Payable office

Before submitting a request to set-up (or re-activate a supplier) you need to follow the steps below.

**Step 4:** Consider and assess employment status

**Step 3:** Consider value for money aspects

**Step 2:** Check the most efficient means of paying

**Step 1:** Ensure that a supplier record is essential

**Step 5:** Complete set-up forms fully

**A Supplier Record needs to be created (or re-activated) where:**

* The goods/services/works cannot be obtained from another supplier already set up on Oracle

With over 10,000 suppliers set up within Oracle you should make use of one of these unless there is no existing alternative.

**a) Suppliers with formal arrangements or ‘Contracted Suppliers’:**

There is an extensive list of contracts and suppliers available for use. These suppliers have formal arrangements in place with the University. These are available to view via the contracts repository HeContracts (formerly known as GeM):

<http://www.procurement.manchester.ac.uk/buying/contract-database/>

**b) Active suppliers:**

Oracle has a number of active suppliers (i.e. that are set up on the system possibly without any formal agreement) and you should check if the supplier record already exists. A report exists in ‘Discoverer’ that enables users (with AP Enquiry access) to search for suppliers:

* **22\_Supplier Post Code Search** – supplier postcode search which allows either full or partial postcode information to be entered.

Detailed ‘how to’ guidance, on how to search, is available on the Oracle Financial homepage:

<http://documents.manchester.ac.uk/protected/display.aspx?DocID=11396>

**c) De-activated suppliers** *(those that haven’t been used for 18 months are de-activated):*

A number of supplier records are ‘de-activated’ as part of ongoing maintenance or are set up to automatically expire after a set date. To re-activate them a formal request via the Supplier Set-up / Reactivation Form is required with full details of why the re-activation is needed along with confirmation that important details remain unchanged (see below).

Any requests for IT or building/maintenance suppliers should be referred to your local IT or Estate contact to confirm that they do not conflict with existing arrangements.

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**Payments can be made by a variety of means:**

* The supplier can be paid by Corporate Card

The Corporate Card can be used to procure goods and services where this is not practical through the normal procurement route. Corporate cards will be used typically for one-off purchases (e.g. conferences, hotels or for low-value purchases). They must never be used to pay self-employed people or a company providing services where payments must be made net of income tax and NICs.

To enable larger value one-off purchases to be made, it may be necessary to arrange for a temporary uplift on the current transaction limit of £1,000 and this can be arranged by Emailing: [RBSOneCard@manchester.ac.uk](mailto:RBSOneCard@manchester.ac.uk)

If the supplier can be paid by this method, and you do not hold a card, then you should contact either your local Finance Operational Manager or your Operational Buyer.

If the supplier accepts payment by corporate card you do not need to create a supplier account unless you intend to use the supplier frequently.

* The supplier will be used and paid only once

If you need to pay a supplier who will only be used once and they cannot be paid by Corporate Card then it may be appropriate to use the sundry payments system rather than setting up a supplier account, this does not apply to payments that are made annually and therefore “one-off” in the financial year e.g. subscriptions. Sundry payments must never be used to pay self-employed people or a company providing services where payments must be made net of income tax and NICs.

The following categories of payment will normally be dealt with as sundry payments:

* Student Refunds (where there is no existing supplier account)
* Student Accommodation Refunds (where there is no existing supplier account)
* Conferences (where there is no existing supplier account)
* Genuine ‘one-off’ payments:
  + Where the value is less than £5,000, or;
  + Where you have agreed that the payment is acceptable as a one-off with either the Head of Transactional Services or the Transactional Services Manager.

The form to be used for sundry payments can be found via the link below:

<http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=7645>

Sundry payments are made via bank transfer and it is important to provide full bank details for all ‘one–off’ payments.

* If the payment is to a student

You must refer the request to the Student Funding and Financial Support Team in the Student Services Centre. This team is headed up by Patrick Ryan ([patrick.ryan@manchester.ac.uk](mailto:patrick.ryan@manchester.ac.uk)).

**If a payment is required that is not covered by one of the scenarios above then a supplier record will be created so that payments can be made through Accounts Payable.**

**Step 4:** Consider and assess employment status

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**To comply with the University’s Financial Regulations and deliver value for money:**

* You want to book a hotel, plan a conference or arrange travel

It is not usually necessary to set up a supplier account for payments if you want to book a hotel or book/plan a conference. Travel and accommodation should be booked via the University’s Travel Management System, which offers processing and price benefits.

Details of the system can be found at:

<http://www.staffnet.manchester.ac.uk/services/procurement/forstaff/travel/>

Alternatively you can make use of the University’s own in house specialists who can arrange and book conferences on your behalf; they can be contacted via: [conference@manchester.ac.uk](mailto:conference@manchester.ac.uk) or call the Conference Sales Office on 0161 306 4100

* The supplier been selected following an appropriate procurement procedure

The University’s Financial Regulations require that good procurement practice be followed and value for money achieved, for example a minimum of 3 quotations for all goods/services over £5,000 (excl VAT). This applies even when using contracted suppliers if more than one supplier is contracted for any given product or service.

An explanation of the procurement process is available from the following flowchart:

<http://documents.manchester.ac.uk/display.aspx?DocID=6550>

* If the supplier is not based in the UK

Before a payment is to be made to a foreign supplier, you should satisfy yourself that the issues above have been considered. Where possible you should use a UK supplier or a supplier with a Registered Office in the UK as this reduces risk for the University.

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**It is essential that the University complies with HMRC rules on payments to self-employed people and those service providers operating via a company (a personal service company).**

All payments to such people must be made after deducting income tax and National Insurance contributions.

Firstly, consider if the new supplier will be providing the University with goods or services. The term “services” encompasses (but is not limited to) consultants, lecturers, temps, trainers, designers, computer experts, architects, design engineers, quantity surveyors and similar roles.

If the new supplier will be providing “services” of any description, consult with the supplier and consider whether it has **any** of the characteristics below:

* Less than 5 employees
* Not VAT registered
* Has “consulting” or “consultancy” in its name
* The person undertaking the work owns all or part (more than 5 per cent) of the shares in the company
* The supplier is an individual or self-employed person
* The name of the person undertaking the work is also part of the company’s name

You can verify who owns the shares of a limited company by accessing its records on the Companies House website: [www.companies-house.gov.uk](http://www.companies-house.gov.uk)

There is no charge for accessing the Companies House database.

If the proposed supplier has **any** of the features listed above, then their employment status **must** be assessed using the HMRC online tool at: [https://www.gov.uk/guidance/check-employment-status-for-tax](https://outlook.manchester.ac.uk/owa/redir.aspx?C=feFjpQxijJbjog2Jpxx7ePjtfBAYuWBM-pBweLpH2GUdjKrsC2TUCA..&URL=https%3a%2f%2fwww.gov.uk%2fguidance%2fcheck-employment-status-for-tax)

The assessment using the HMRC online tool must be (a) saved, (b) printed off, (c) verified by your HR Partner and (d) attached to the supplier set-up form. If the assessment concludes that the supplier is “akin to a worker”, then under HMRC rules the University must deduct income tax and NICs from all payments made to them.

If a supplier is “akin to a worker”, then, before they can be paid, you must obtain from the supplier the following information:

* Their National Insurance number
* Their full name and address
* Their date of birth
* A P45 or P60 form (if possible)

You should discuss with your HR Partner whether it would be preferable to engage the supplier as a casual employee.

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**Step 2:** Check the most efficient means of paying

**Step 1:** Ensure that the supplier record is essential

**Step 4:** Consider and assess employment status

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**Where Steps 1-4 have been addressed setting up a new supplier record is appropriate but when completing any request please note:**

* If the supplier is an individual or a single person company

Where the University is dealing with an individual, either self- employed or through a trading company, the requester must first complete the ES1 process.

Detailed guidance and the ES1 form is available on the following HR website: <http://documents.manchester.ac.uk/DocuInfo.aspx?DocID=11011>

Individuals with a University payroll number or Email address should be paid via the fees system.

If the outcome of the ES1 analysis confirms that it is appropriate to pay an individual as a supplier (i.e. they are providing a contract **for** services) then they can be set up on the Oracle System but such accounts will be set up to automatically expire after 12 months. Where continued use of a supplier is required the ongoing relationship must be tested and an ES1 form completed before re-activation will take place.

**Note:** Individuals must provide a unique tax reference number (UTR) on HMRC letterhead. However the provision of a UTR by an individual is not, of itself, sufficient to justify the creation of a supplier record and payment through this route.

* **REQUESTING A NEW SUPPLIER (OR RE-ACTIVATING AN OLD ONE)**

Once you have considered steps 1 -4 and you do require the supplier to be set up on Oracle you need to complete and submit a new supplier request form, follow the link below:

<http://documents.manchester.ac.uk/display.aspx?DocID=3998>

The Supplier Set-up/Reactivation form should be **completed fully** and evidence from the supplier forwarded to the [Master Data team](mailto:customer-suppliersetup@manchester.ac.uk) to substantiate that the supplier set-up or change is bona fide. Incomplete forms will be returned and no supplier record created.

**Payment Considerations**

* + **The University will only make payment by bank transfer.**
  + **Before a supplier is activated full bank details must be obtained by the requestor.**
  + **Invoices received by Accounts Payable without a valid PO number will be rejected and returned to the supplier.**

Queries on supplier set-up or payments should be directed as follows:

* The set up and management of suppliers on the Oracle System etc. Master Data Team: x65784 or [Customer-suppliersetup@manchester.ac.uk](mailto:Customer-suppliersetup@manchester.ac.uk)
* Payments etc. Accounts Payable; x66140 or [ap-helpdesk@manchester.ac.uk](mailto:ap-helpdesk@manchester.ac.uk)